

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

25 September 2025

Report by Head of Finance (Chief Financial Officer)

2024/25 ANNUAL ACCOUNTS AND DRAFT ANNUAL AUDIT REPORT FOR EAST
RENFREWSHIRE COUNCIL

PURPOSE OF REPORT

1. The Audit of the Council's Annual Accounts for 2024/25 has been completed and a copy of the Accounts is now submitted for consideration by the Audit and Scrutiny Committee. In addition, the draft Annual Audit Report to the Council and the Controller of Audit for 2024/25 has been prepared by the External Auditors making reference to the International Standard on Auditing (ISA) 260 to those charged with governance.

RECOMMENDATION

2. The Committee is invited to: -

- consider the draft 2024/25 Annual Audit Report to the Council and the Controller of Audit which makes reference on ISA 260 matters to those charged with governance;
- note and comment on the content of the Council's Annual Accounts for 2024/25, including the Management Commentary, Annual Governance Statement, Accounting Policies and Audit Certificate;
- consider the Letter of representation from the Council to Ernst & Young (Appendix 2); and
- remit the report to Council for consideration.

BACKGROUND

3. The external audit of the Council's Annual Accounts for 2024/25 has now been completed and the Council has been awarded an audit certificate which has no qualifications. A copy of the Accounts is attached as Appendix 1.

REPORT

4. Despite continuing to face finance challenges around constrained funding and increasing demand, the financial management framework of the Council continues to be satisfactory. In particular, the Accounts show that: -

- The Council's financial affairs have again been managed within its operational budget, returning departmental budget surpluses totalling £2.5m, which is in line with that

reported to Cabinet in March 2025. The underspend related mainly to staff turnover and a reduction in utility costs, as well as a reduction in the anticipated departmental restructuring costs. In addition, the Council received additional income, as well as increased interest earned on temporary investment balances. These were partially offset by increased costs relating to homelessness and temporary accommodation pressures.

- The £2.5m under-spend enabled the transfer of £1m to the Capital Reserve, as anticipated in the Revenue Estimates report to Council in February 2025, leaving the balance of £1.5m retained in the Council's un-earmarked General Reserve, increasing this to 2.7% of the overall 2024/25 budgeted net revenue expenditure and 2.5% of the 2025/26 budgeted net revenue expenditure (i.e. within the recommended 2%-4% range).
- The Council's overall General Fund reserve balances as at 31 March 2025, totals £45.852m and are set out in Note 11 of the Accounts. This is an increase of £4.086m from last year and is comparable with the budgeted position of a reduction of £8.477m, representing an improved in-year position of £12.563m. This improved position is mainly due to the transfer of the in-year pension gains, of £6.3m, to the new Investment in the Future Reserve, as well as a contribution of £4.6m to the Service Concessions reserve, reflecting the approved extension to the write-off period of PPP/PFI debt over the life of the asset instead of the life of the contract. In total, over £37m of General Fund reserve balances are earmarked for specific purposes.
- Capital Expenditure of £64.760m was invested across both General Fund and HRA projects.

DRAFT ANNUAL AUDIT REPORT AND LETTER OF REPRESENTATION

5. A copy of the draft Annual Audit Report, which provides an overview of the main issues arising from the 2024/25 Audit of the Council, has been prepared and makes reference on ISA 260 matters to those charged with governance. In addition, the Letter of Representation is also attached. The Committee is invited to consider the documents. The External Auditors will be attending the Audit and Scrutiny Committee meeting to speak to and discuss these. The finalised Annual Audit Report will be circulated to members in due course.

RECOMMENDATION

6. The Committee is invited to: -

- consider the draft 2024/25 Annual Audit Report to the Council and the Controller of Audit which makes reference on ISA 260 matters to those charged with governance;
- note and comment on the content of the Council's Annual Accounts for 2024/25, including the Management Commentary, Annual Governance Statement, Accounting Policies and Audit Certificate;
- consider the Letter of representation from the Council to Ernst & Young (Appendix 2); and
- remit the report to Council for consideration.

REPORT AUTHOR

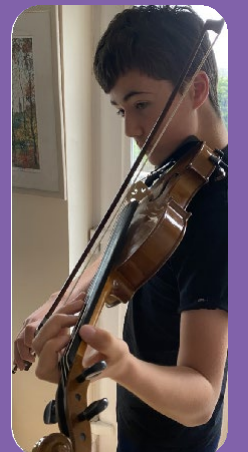
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Report Date - 15 September 2025

BACKGROUND PAPERS

This report refers to the Council's Annual Accounts for 2024/25 and the External Auditor's Annual report to the Council and the Controller of Audit for 2024/25, and Letter of Representation.

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EAST RENFREWSHIRE COUNCIL AUDITED ANNUAL ACCOUNTS 2024/25





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Management Commentary

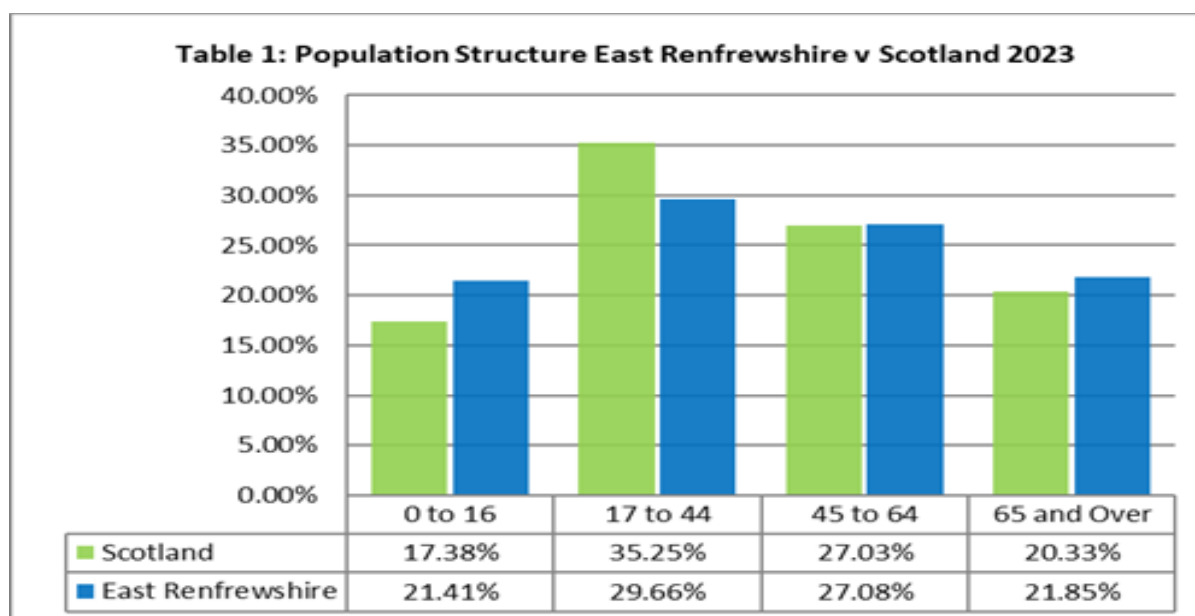
1. Introduction

This statement outlines key messages on the objectives and strategy of the Council and its financial performance during 2024/25, and also indicates issues and risks which may impact upon the finances of the Council in the future.

East Renfrewshire and the local authority

East Renfrewshire is situated to the south of Glasgow. It covers an area of 67 sq. miles (174 sq. km). The region comprises the urban areas of Giffnock, Newton Mearns, Clarkston, Thornliebank and Barrhead, alongside the villages of Uplawmoor, Neilston, Waterfoot and Eaglesham. Approximately 16% of the area is urban and 84% is rural.

The population of East Renfrewshire at 30th June 2023 was 98,600*. This is our highest ever population, with an increase from 2022 of 1.47%. The 2018 Population Projections show that East Renfrewshire's population is to continue to steadily increase, but at a lower rate than the previous projection. The table below compares the current population of Scotland and East Renfrewshire, and shows that East Renfrewshire has a higher proportion of the population under the age of 16, compared to that of Scotland, as well as a higher proportion of those aged 65 and over.



*Source 2023 Mid-Year Population Estimates, National Records of Scotland

The Council provides a wide range of vital services to the public such as schools, social care, highways and footpaths, parks, refuse collection and housing. There are eighteen councillors, across five multi-member wards, representing the interests of the community. The composition of both the Council and administration in 2024/25 was 5 SNP, 5 Labour, 5 Conservative and 3 independent, with a minority administration comprising 5 Labour and 1 independent. The management of East Renfrewshire was led by the Chief Executive, Steven Quinn, who is the fourth Chief Executive of East Renfrewshire Council.

Annual Accounts

The Accounts for East Renfrewshire Council are set out on the following pages in the form of statements which, as certified by the Chief Financial Officer in the Statement of Responsibilities, present a true and fair view of the financial transactions of the Council operating as a going concern



Management Commentary (cont'd)

during the year to 31st March 2025. The Accounts are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom.

The financial statements show the Council's main sources of funding and provide an account of expenditure on service activities. A summary of the Council's Financial Performance is provided later in this Commentary.

The accounts identify two major categories of expenditure, Revenue and Capital. Revenue spending covers the day to day operational expenditure for each service while capital spending covers expenditure on the acquisition, construction and improvement of assets needed to provide services where the benefits will be derived over a number of years.

Objectives and Strategy of the Council

This year marks the conclusion of the East Renfrewshire Community Plan, which set out a vision to be a modern, ambitious council creating a *fairer future with all* and, as a result, is the final time we shall report on the 5 outcomes, agreed with our community planning partners. These are set out in our [Community Plan 2018-2028](#) incorporating [Fairer East Ren Delivery Plans 2023/24](#), our local outcome improvement plan. Our outcomes were -

Early Years and Vulnerable Young People	All children in East Renfrewshire experience a stable and secure start to their lives and are supported to succeed	
Learning, Life and Work	East Renfrewshire residents are healthy and active and have the skills for learning, life and work.	
Environment and Economy	East Renfrewshire is a thriving, attractive and sustainable place for businesses and residents.	
Safer, Supported Communities	East Renfrewshire residents are safe and live in supportive communities.	
Older People and People with Long-term Conditions	Older people and people with long-term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives.	



Management Commentary (cont'd)

New Corporate Strategy – A Place to Grow

The Council, together with community planning partners, developed a new ambitious vision and strategy for East Renfrewshire – A Place to Grow between now and 2040. The vision is for East Renfrewshire to be a place where children and young people flourish, communities and places thrive and everyone lives well. A Place to Grow delivery plan 2025-26 was approved at Council in April 2025. Link to plan [here](#). The new performance management framework to measure the impact of A Place to Grow was approved by Council on 23 April 2025.

EAST RENFREWSHIRE A PLACE TO GROW

a future where . . .



Our ambition is that every child and young person, regardless of background or circumstance, will fully flourish on their journey to adulthood.

Every child and young person will:

- Be loved, safe and happy
- Be as healthy as they can be
- Have friends and adults they trust
- Be successful learners and well prepared for the future
- Have their voices heard and their rights recognised, respected and nurtured

Our children, young people and families that face challenges and disadvantage will:

- Access the right support as early as possible
- Receive support that is compassionate and aspirational and builds on their strengths

Our learning establishments will:

- Deliver a curriculum that inspires and prepares children and young people well for the future
- Continue to improve achievement for all

Our ambition is an inclusive, connected and green place, with a fair, sustainable and healthy local economy, that our residents are proud to call home.

Our places will:

- Be attractive and safe
- Have sustainable and well-designed housing options
- Have an accessible and connected network of active travel and public transport routes
- Have good digital connectivity through a modern technological infrastructure
- Provide opportunities to live, work, play and participate in community life

Our residents will:

- Have access to more affordable housing
- Have opportunities to develop new skills and learning
- Have flexible and accessible fair work opportunities

Our local economy will:

- Have a strong and diverse mix of local businesses
- Attract new investment
- Provide a wide range of work opportunities

Our environment will:

- Be reaching net zero carbon emissions
- Have protected natural spaces for biodiversity and wildlife
- Be well prepared for climate challenges

Our ambition is that everyone can live well at all stages of life and communities will be taking the lead in driving change for good health and wellbeing.

Our communities will:

- Be stronger, connected and leading the way in solutions to support each other to live well
- See health inequalities reduced
- Be actively involved in volunteering and community leadership
- Have varied and diverse groups and third sector organisations that are respected and valued partners

Our residents will:

- Be supported to age-well and live healthy, active lives
- Have routes out of poverty
- Be empowered to make healthy choices and have access to high quality sports and physical activity facilities
- Have access to creative and vibrant cultural experiences and opportunities to celebrate diverse heritages
- Have opportunities and support to participate in lifelong learning

We will achieve this by committing to our three capabilities



PREVENTION

EMPOWERING
COMMUNITIES

DIGITAL CHANGE

and living our values in everything we do



Ambition



Kindness



Trust



Management Commentary (cont'd)

Strategic Planning and Performance Outcomes

The Council has well established strategic planning and performance management arrangements. These are embedded into the work of all employees linking our vision, strategic plans and outcomes through to services' improvement plans and employees' roles.

Our plans

- Community Plan 2018-2028 (incorporating Fairer East Ren, East Renfrewshire's Local Outcome Improvement Plan) sets out the strategic outcomes and priorities for the Community Planning Partnership. For the Partnership and the Council there are joint strategic outcomes spanning individuals' life stages, highlighted above.
- Fairer East Ren (FER)** Delivery Plans 2024-2025 are the part of the Community Plan focusing on tackling inequalities and closing the gap between communities. These plans cover reducing child poverty, inclusive economic recovery, accessible transport, improved mental health and wellbeing, and safe and connected communities.
- Outcome Delivery Plan (ODP)** 2024-2025 conveys what the Council is doing to contribute to the delivery of the Community Planning local outcomes, as well as a set of organisational outcomes focusing on our customers, employees and levels of efficiency.

One year updates of Fairer East Ren and the Outcome Delivery Plans were approved at Council in April 2024. [Council Item 09 - 24 April 2024.pdf \(eastrenfrewshire.gov.uk\)](#)

Our performance

The [annual strategic end year performance report 2024-25](#) was considered at Council in June 2025. The Council's strategic performance management arrangements also include a six-monthly cycle of performance review meetings involving the Chief Executive, each Director and service managers, as well as elected members' scrutiny of performance at Council.

Performance overview Outcome Delivery Plan 2024-25

		Target Status ¹			Monitoring Only	Total
Early years and vulnerable young people		0	2	2	0	4
Learning, life and work		7	9	2	0	18
Economy and environment		6	1	2	0	9
Safe, supportive		5	1	1	0	7
Older people and people with long term conditions		4	1	1	1	7
Customer, Efficiency and People		2	3	0	3	8
Total		24	17	8	4	53

On target Target still to be achieved Off Target



Management Commentary (cont'd)

An analysis of the strategic indicators in the Council's Outcome Delivery Plan showed 24 targets were met, 17 indicators had an amber status (where although target was still to be achieved, the indicator was trending in the right direction or the deviation from target was not impacting on the achievement of strategic goals). A further four indicators were for monitoring purposes only and no targets set. These included a national indicator on adults supported at home who agreed that they are supported to live as independently as possible and a measure on reducing the gender pay gap. Eight indicators were off target. Further information on these areas, and examples of the work undertaken, to achieve the outcomes for our residents, businesses and communities, is listed below.

Despite ongoing budget restrictions, impact of our demographic profile and the additional demands still being placed on services overall, we performed well across our strategic outcomes such as: educational attainment, including closing the gap between most and least deprived areas, supporting local businesses, providing new affordable housing, improving the energy efficiency of our street lighting, and achieving sector leading recycling rates.

Strategic Outcome 1 - All children in East Renfrewshire experience a stable and secure childhood and succeed.

East Renfrewshire continues to be the sector leading in Children's Services, supporting parents to provide a safe, healthy and nurturing environment for their families. Despite high levels of referrals we continue to make decisions in a timely manner, ensuring any safeguarding decisions are shared and with robust multi-agency safety plans. Our Signs of Safety approach, rooted in strengths-based and solution-focused social work practice, aligns closely with The Promise. It promotes safe connections and seeks wider participation to promote safety, growth and well-being. Latest data shows that 87% of children with child protection plans were assessed as having an increase in their level of safety. During 2024/25, over 90 staff and carers underwent Signs of Safety training, including how to create and support positive networks. Breastfeeding rates have reduced in our most deprived (Scottish Index of Multiple Deprivation: SIMD 1) area and missed target, however this measure is based on very small numbers and small changes result in large fluctuations in performance. There has been an increase in mixed (breast and formula) feeding, from 5.8% in 2022/23 to 14.8% in 2023/24. This pattern of performance is also reflected in the results of East Dunbartonshire Council (our comparator Council for benchmarking).

All eligible children, including those choosing to defer entry to primary 1, are able to access their statutory entitlement of up to 1140 hours of funded early learning and childcare. In seeking to meet their individual circumstances, families have a range of different models and settings to choose from, across both local authority and funded independent provision, including opportunities to access full time hours or purchase additional sessions to meet different commitments, such as employment, training or caring responsibilities. The recently launched Early Years Outreach Service has placed a focus on providing early intervention to neuro-diverse children and accompanying high-quality professional learning to build staff capacity across the sector.

A key priority of the Council remains supporting children and young people with their attendance and engagement in learning with the Learn Well Service, with a new base at Braidbar House, offering targeted bespoke support in this area. Working in close partnership with young people, their families and schools, both online and in person, staff within the service look to ensure the educational needs of young people are met and that a range of opportunities remain open for them. In addition, the service offers extracurricular activities aimed at young people and their families to encourage positive engagement within the family unit and participation in wider social experiences.

We continue to support vulnerable young people as they move from support for children into adulthood. The HSCP Transitions Team are working alongside 91 young people going through transition to young adulthood. Partnership working is stronger between schools and key services, allowing early access to support and links to Community Pathways opportunities. Improved



Management Commentary (cont'd)

appropriate and relevant information sharing across multi-agency teams is leading to better transition experience for young people and their families.

The Healthier Minds Service, continues to support the mental health and wellbeing of children and young people. 242 children and young people were referred to and discussed at the Healthier Minds Hub. This year we have seen more primary school boys accessing the service, bringing them in line with their female peers. 53 children and young people were directly supported by the Healthier Minds Service. 97% of children and young people supported by the Healthier Minds Team reported improved outcomes. All parents who completed the parental evaluation reported that they would recommend the service to others

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

Learning

East Renfrewshire Council continues to perform at the highest level ranking (1st) across 9 of the 10 attainment indicators (2nd place in the other indicator), continuing to achieve the ambition to be Scotland's top performing education authority. In addition, the department continues to perform strongly across all other achievement measures.

The Council continues to have a strong focus on closing the attainment gap, with significant progress being achieved in this area and an improved position in national benchmarking, now ranked 2nd in numeracy and 13th in literacy at primary level (up from 26th and 25th the previous year). The improvement in this position results from an increase at all levels although, importantly, with those from a lower SIMD having seen a larger improvement, resulting in the narrowing of the gap. Through the effective use of Pupil Equity Funding and Strategic Equity Funding by schools, with support from the Education Department, the department is taking forward a range of interventions to achieve ambitious stretch aims.

For 2023/24, the participation rates of the education and employment activity of 16-19 year olds was the 2nd highest nationally, with 96.9% of 16-19 year olds participating. A total of 98.2% entered positive destinations (i.e. higher education, further education, employment, training, personal skills development and voluntary work). This remains well above the national average of 95.7%, demonstrating the strong partnership approaches in place between schools, the Developing the Young Workforce team and Skills Development Scotland.

Work

The Work East Ren Employability service worked with over 707 local residents, supporting 274 people into employment, 319 to complete training or qualifications and 83 supported into further education/higher education. The service works closely with local businesses to promote and advertise local job vacancies and match jobs to our active caseloads of clients. Our employment recruitment incentives and funded work placement programmes allow us to support parents, young people and long term unemployed people to return to the working environment in a supported and inclusive way.

Through our No One Left Behind approach, we are able to reach those most in need and our Parental Employability Support programme has provided a wide range of support for parents to achieve their employment goals such as mental health support, vocational training and paid placements. As a result of the focus approach of the local employability partnership parent sub-group, over 100 accredited courses have been completed by parents in the past year. Further opportunities have been provided in partnership with Recovery Across Mental Health (RAMH) and East Renfrewshire Culture & Leisure to provide health-based support, including counselling, anxiety management and physical training opportunities.



Management Commentary (cont'd)

Strategic Outcome 3 - East Renfrewshire is a thriving, attractive and sustainable place for businesses and residents

East Renfrewshire Council continues to work with partners to ensure East Renfrewshire remains a thriving, attractive and sustainable place for businesses and residents. A focus has been to assist those furthest from the labour market into sustainable employment, training or education as well as helping increase footfall in our town centres by encouraging people to shop local via the Scotland Loves Local initiative and our Shop Local campaigns.

Although there has been an underspend in the City Deal budget, due to previously announced delay to the completion of the Aurs Road improvements, there has been progress in other regeneration projects.

The UK Shared Prosperity Fund Communities and Place programme invested over £1 million to support town centre and neighbourhood regeneration. Projects supported this year include; the Thornliebank Town Centre and Shopfront Improvement Scheme, Dunterlie Multi-Use Games Area (MUGA), the Netherlee to Stamperland Walkway and new planters at various roundabouts across the area.

The most up-to-date available Local Government Benchmarking Framework data shows that recycling rates increased in 2023/24 (56.0% to 58.2%), placing East Renfrewshire back as the top recycling council in Scotland. There has also been a significant improvement in our independently monitored street cleaning quality standard, Local Environmental Audit and Management System (LEAMS), with our levels of clean streets going up from 89.9% to 94.7%.

The latest Citizens' Panel results show a small decrease in respondents rating our parks and open spaces positively (88% to 83%). We completed a range of projects to improve the quality and ensure variety in the type of open space, play and sports facilities available to residents. This included 10 play park refurbishments, various improvements in Cowan Park, e.g. the construction of a new 1km circuit footpath.

Our Local Housing Strategy target of bringing a minimum of 45 new affordable homes into the housing supply was exceeded in 2024/25, with the Council taking ownership of 110 new affordable homes in the year. All homes were for social rent from the Council. Investment of £1m by the Council's General Fund also saw the purchase of 6 homes to boost the supply of homeless temporary accommodation in 2024/25. This is, in response to the extreme pressure from waiting lists and the declaration of a local housing emergency in September 2024. Challenges remain with the delivery of homes due to market conditions, the availability of land, labour and the costs of materials. However, discussions are ongoing to maximise projects to be taken forward in 2025/26 in order to utilise available grant funding for new homes. £3.2m has been invested in capital programme improvements for our tenants during 2024/25, including new windows, kitchens, and roofs.

Our Capital Improvement Programme (2024-2028) continues with the additional investment of £3.5m per year in our road network. 57 carriageway and 8 footway resurfacing schemes were completed in 2024/25 with assessment and prioritisation of schemes being based on agreed criteria. Our programme of replacing our street lighting lanterns with LEDs continues with 99.8% completed, helping to reduce our carbon footprint. The remaining lanterns are programmed for completion in summer 2025. Overall, the Council's operational emissions reduced by 0.56% in 2023/24, (latest data available on this indicator). This indicator is influenced by several external factors.

We continue to deliver infrastructure and invest in behavioural change initiatives supporting sustainable travel, with improvements for pedestrians in Clarkston and increasing the A77 Ayr Road, providing a continuous active travel route between Maidenhill and Newton Mearns town centre. The



Management Commentary (cont'd)

Local Transport Strategy is in development and will go through the review and approval stage in 2025/26. This will set the context for a new transportation plan for the area.

Strategic Outcome 4 - East Renfrewshire residents are safe and live in supportive communities

East Renfrewshire remains one of the safest places to live in mainland Scotland and we work with our partners to maintain communities' safety. Data on noise complaints dealt with by community wardens showed a reduction from 8.9 % to 7.9% on the proportion of repeat calls from customers who had reported anti-social issues. This is an improving trend down from 10.4% in 2021/22, as we work to meet our challenging target of 7.5%.

Targeted youth work programmes focussed on; risk-taking behaviour, and helping reduce anti-social behaviour remains a priority. A Safer Choices programme, run in all secondary schools, has supported young people to make informed choices about their risk taking behaviour, safety and respecting others in the community they live in. We have supported capacity building for 20 new and existing community groups across all localities of East Renfrewshire with over £20,000 funding secured. Support has also included training to develop skills, developing policies and planning and organising events to enhance community groups' capacity.

Within the Justice Social Work Service, the measure on impact of Community Payback on reoffending was off target (82%, target 100%). The results are based on voluntary completion of surveys and are a small percentage of the total orders concluded. Nine out of eleven survey respondents confirmed their belief that completion of the order effected a positive change in their behaviour.

HSCP continue to work to ensure people can access recovery- focused support in a timely manner. Our data shows that 97% of people accessed recovery-focused treatment within three weeks during 2024/25, up from 93% for the previous year and continuing our trend of meeting our target (90%) since 2021/22. This is achieved through close monitoring and rapid assessment and allocation of new referrals within the Alcohol and Drug Recovery Service.

We continue to protect our residents from harm and abuse. Data from Women's' Aid East Renfrewshire shows that 92% of the people they support reported improvements in safety and wellbeing outcomes. During the year a total of 1,116 women and children were supported across Women's Aid three core service areas – a 5% increase on the previous year. For the past seven years, 100% of individuals identified as being at risk of harm have had a protection plan put in place.

Strategic 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

Despite continuing demand pressures on HSCP services, we remain committed to supporting older people and people with long-term conditions to live independently and performance in this area is positive. Latest data shows that 97% of individuals aged 65+ live in housing rather than a care home or hospital. The complexity of the needs of service users has meant less people are suitable for reablement services, therefore we are missing the target in this area.

There has been a slight decrease in the percentage of people aged 65 or over with long term care needs receiving personal care at home (60%), and we have fallen below our target of 62%. This trend was to be expected following the implementation of the HSCP's Supporting People Framework. While our care home population has remained stable, the number of people receiving care at home reduced (as we focus on fewer people with higher levels of need) impacting this measure. Redressing the balance of care and allowing people to remain at home and be more independent for as long as possible remains a priority for the HSCP.



Management Commentary (cont'd)

We aim to ensure that our unpaid carers are valued and their wellbeing needs are met. Survey findings show we continue to see a high proportion of unpaid carers reporting their needs are being met at 84% and above our target.

The HSCP are working closely with East Renfrewshire Carers' Centre to identify and support all unpaid carers including those who are part of the local workforce. The HSCP commission the Carers' Centre to be the main information and advice service for carers. The Carers' Centre have a key role, leading many of the activities that will deliver the strategic priorities of the East Renfrewshire Carers' Strategy. The strategy also promotes the use of the HSCP Talking Points network to provide support to carers, embracing the principles of prevention and early intervention.

Organisation Outcomes – Customer, Efficiency, People

We have three organisational outcomes under the themes of Customer, Efficiency and People in the Outcome Delivery Plan (ODP). These focus on how we are delivering for our customers, supporting our staff and ensuring all our resources are managed efficiently.

Our latest Citizens' Panel results show an overall positive rating of 62% respondents satisfied with Council services, however this result missed the ambitious target of 67%. This rating compares favourably with the broadly comparable rating from the Scottish Household Survey findings (2023), where 42% of respondents agreed councils provide high quality services. The Council's Organisational Health Check Plan, which is the new tool for reporting the Council's annual performance in relation to our own customers, people and efficiency, was approved at Council in April 2025. It sets out a range of activities aimed at ensuring we have satisfied customers that have had their needs met.

In these challenging times, when budgets are strained, it is essential that all our assets are managed efficiently. We continue to maintain a robust approach to financial planning and have effective monitoring processes in place. Our processes and prudent financial management have enabled us to achieve an expenditure level of 97.14% of the agreed annual budget in 2023/24. Data for 24/25 will be available in September 2025.

Finally, our staff absence levels have improved, with a reduction in average days lost from 11 to 10.3 days. The introduction of a staff absence management dashboard has provided more accurate real time data for managers to support better monitoring.

Public Performance Reporting

For more information on how the Council is performing, including trend data, planned activities, targets, benchmarking information and our annual performance video, visit:- www.eastrenfrewshire.gov.uk/performance

Our People

Our People vision is to have engaged employees who are motivated to deliver quality services for our customers. We aim to deliver this through:

- Engaged, empowered and resilient employees
- An ambitious skilled workforce who deliver customer satisfaction
- An organisation that promotes and values equality, diversity, inclusion and belonging
- Inspirational and effective leaders at all levels



Management Commentary (cont'd)

Delivered by:



Our employees are our greatest asset and we recognise the need to invest in them, seek their feedback, and ensure they are able to work efficiently and effectively. By supporting and developing our employees, we will continue to live our values and develop progressive, people-orientated policies and practices.

Our aspiration is to be a learning organisation; one that continuously transforms through the learning and development of our people. Learning has a clear link to growth, innovation and motivation. Becoming a learning organisation means we can respond faster to change, through effective problem solving and the introduction of talent strategies to develop and keep and attract the best people. This will lead to improvements in performance and customer satisfaction.

We want inspirational and effective leaders, who ensure employees are supported and developed to build the necessary knowledge, skills and understanding required for their roles.

We will utilise the experience and skills of our employees and engage with them to inform improvements in the way we work and the services we provide. Through this we will deliver a customer focused, One Council approach.

We are focused on developing our workforce ensuring access to learning and skills development opportunities, making the best use of technology; and iterating the way we work to support our local residents. Alongside this, we support our employees' health and wellbeing and value the equality and the advancement of diversity.

Workforce planning is essential to ensure we have an ambitious, skilled workforce who deliver customer satisfaction. It is a core business process which aligns changing organisation needs with the People Strategy, and is undertaken annually. In workforce planning we review demand drivers for future change, and undertake gap analysis between our current workforce, workforce supply and future demands.

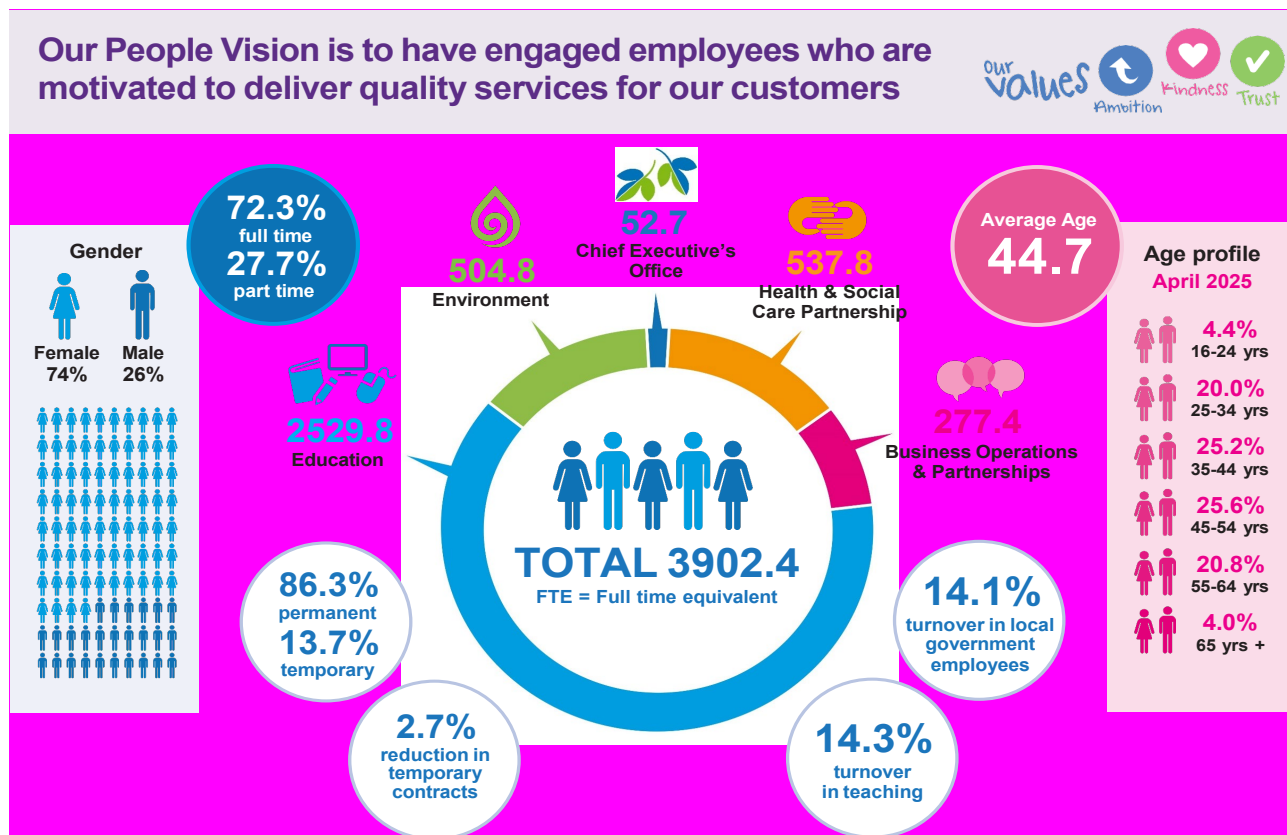
The Council's Workforce Plan is aligned with our budget planning. A single year budget has been set for 2025/26. Longer term financial planning allows for better prediction of potential changes to workforce shape and size, and gives time to plan appropriately. Nationally, it is hoped there will be a return to a multi-year budget process in future years, which would make it easier to align budget and workforce planning, however, following the outcome of the UK Government multi-year spending



Management Commentary (cont'd)

review and the publication of the Scottish Government's Medium Term Financial Strategy, both in June 2025, this will rely on the Scottish Spending review, which will follow on from these and is due to be published in December 2025. Public sector budgets are, however, expected to remain a challenge and there will be continued pressures on workforce numbers.

The Council's workforce demographics are shown



To support our workforce ambitions, it is important that we have employees with the correct skills, are able to recruit in the correct areas within services and promote learning and skills development across our workforce. We continue to have the appropriate number of Local Government Employees and Teachers with the correct qualifications, registration and skills in the correct roles. We support our employees with many different learning and development opportunities appropriate for current and future roles. During these challenging financial times, we continue to review our structures and operating models to introduce and establish more cross-functional and collaborative working to improve resilience within teams.

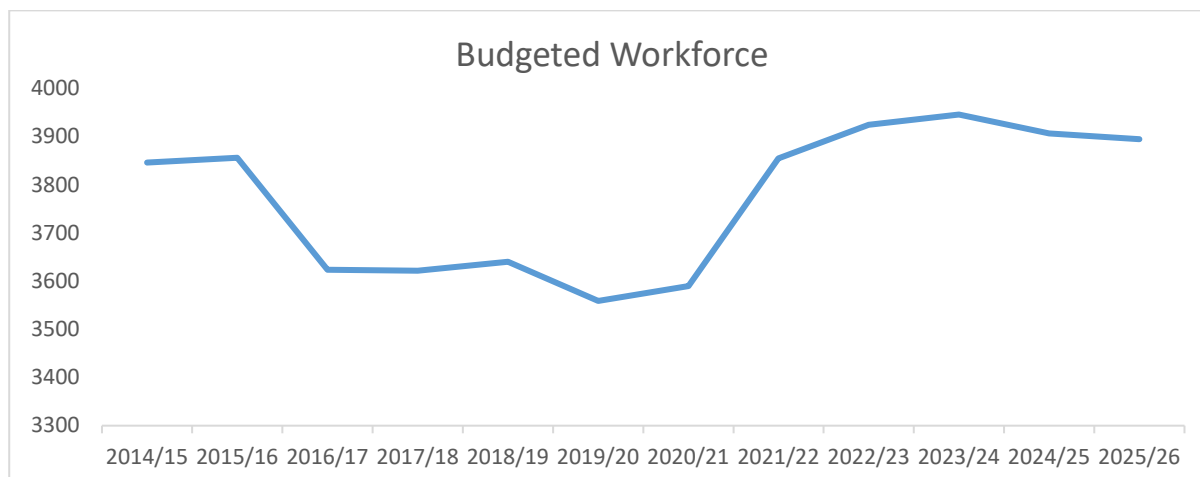
The Council has developed a Medium Term Financial Strategy for 2025-2030, however, as a result of the Scottish Government settlement, announced in December 2024 and detailing figures for only one year, a detailed revenue budget could be set for 2025/26 only. As part of settling this budget, a budget gap of £7.066m had to be addressed. This was achieved through increasing Council Tax by 8%, the use of reserves (£0.385m) and the identification of recurring savings of £1.235m, of which £0.844m had previously been agreed by Council. While the savings approved were significantly lower than in previous years, the impact on the workforce of previous savings is still ongoing. In addition, it is estimated that there will be a reduction of up to 12 full time equivalent employees from the current Council structure as a result of the savings approved as part of the 2025/26 budget. We have continued to manage reductions through natural turnover, voluntary early retirement and redundancies and a commitment has been made that this approach will continue for 2025/26.



Management Commentary (cont'd)

Due to the Council's programme of efficiency reviews, 25 employees took the option of voluntary redundancy or other packages in 2024/25. This resulted in an in-year cost of £0.86m, with an average payback period of just over 1.6 years.

The chart below shows how the Council's budgeted workforce has changed in recent years*:-



*The decrease in staff between 2015/16 and 2016/17 is due to the transfer of staff to East Renfrewshire Culture & Leisure Trust which commenced on 2 July 2015. The increase in 2021/22 reflects the rolling out of the Early Learning and Childcare 1140 hours initiative.

Consultation and Communication with Workforce

East Renfrewshire Council has employee governance arrangements in place to ensure its employees are well informed, involved in decisions, appropriately trained, treated fairly and consistently, and provided with a safe environment. The Council engages with employees via surveys and focus groups to seek views, in addition to regular consultations with staff and trade unions.

Regular meetings are held with the Trade Unions and there are regular internal communications using various communication channels including newsletters from the Chief Executive and Directors.

Financial Planning, Monitoring and Performance in 2024/25

Budget Process

The Council has operated in an environment of constrained financial resources for many years, and this has necessitated difficult decision making. Following our successful previous multi-year budget approach, the Council undertook extensive community engagement during autumn 2022, on setting its budget for future financial years. Reflecting on that engagement, together with the responses from our annual Citizens' Panel, alongside discussion and engagement at the Council's cross-party Budget Strategy Group, the budget for 2025/26 was set on 26 February 2025.

The Council recognises that the future financial position is likely to remain difficult in terms of spending pressures, demand for services and the level of government grant. Accordingly, while the 2025/26 Local Government settlement was better than anticipated, the Council has adopted a medium-term financial planning approach that assumes a real terms reduction in available budgets in future years.

Recognising these ongoing financial pressures, as noted above, the Council has developed a Medium Term Financial Strategy for 2025 - 2030, however, as a result of the Scottish Government

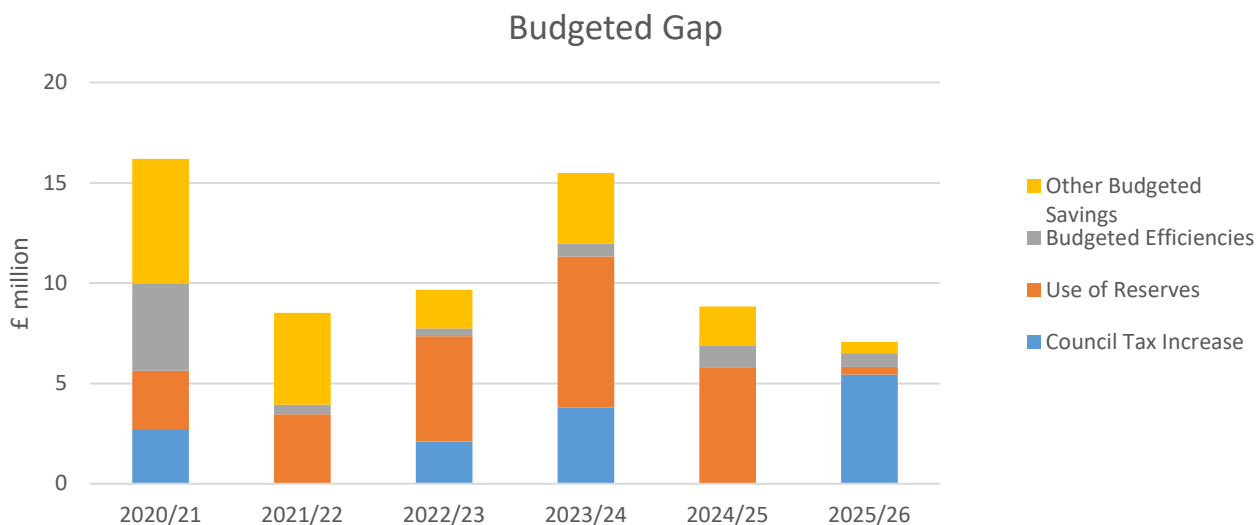


Management Commentary (cont'd)

settlement, announced in December 2024 and detailing figures for only one year, a detailed revenue budget could be set for 2025/26 only. It is hoped that detailed multi-year budget setting can resume in the near future, but this will rely on the receipt of multi-year funding information. The outcome of the UK Government and Scottish Government multi-year spending reviews is expected to align with the Council's assumption of a real terms reduction across the medium term, and it is anticipated that this reduction will continue to impact on the level of service delivery moving forward.

The Council has had to make significant budget savings for a number of years in order to ensure that it complies with its statutory requirement to set a balanced budget whilst meeting the needs of residents. A total of £15.84m budget savings has been approved for the most recent 5 year period covering 2021/22 to 2025/26. In addition, both Council Tax increases and the use of reserves have been used to balance the budget gap over this period. For 2024/25 the approved savings totalled £3.067m and were all achieved. The total of savings achieved from 2021/22 to 2024/25 is therefore £14.33m. As noted previously, the budget gap for 2025/26 was £7.066m. Total savings agreed for 2025/26 were £1.235m and these are currently being monitored. The remainder of the 2025/26 budget gap was closed by increasing the Council Tax by 8% generating £5.446m and a draw of £0.385m from the Service Concession Flexibility Reserve.

Savings are classed as efficiencies when they do not relate to service reductions or increased income



Capital plans have also been agreed for the General Fund and Housing, covering the period 2025/26 to 2034/35.

Budget Monitoring

The Council closely monitors expenditure and income against revenue and capital budget plans throughout the year. Standard reports showing revenue expenditure and income to date against budgets are provided to managers every four weeks, with individually tailored reports and online information also available as required. Elected members consider revenue monitoring reports and detailed variance information at Cabinet four times per year, with all reports providing year-end forecasts. Financial and physical progress on each capital project is also reported to Cabinet four times per year. Copies of these reports are available on the Council's website: www.eastrenfrewshire.gov.uk



Management Commentary (cont'd)

Revenue Budget Performance

General Fund Revenue Balance

The Council's financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be found on page 51 and has been prepared using International Financial Reporting Standards (IFRS). To show the net position of the Council, it is necessary to adjust the Comprehensive Income and Expenditure Statement for statutory items that require to be taken into account in determining the position on the General Fund and Housing Revenue Account for the year. These are summarised in the Movement in Reserves Statement on page 52.

An Expenditure and Funding Analysis reconciles adjustments between the Council's financial performance under the funding position and the balance on the Provision of Services in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis can be found in Note 2 and the Expenditure and Income Analysed by Service in Note 5.

The overall balances on the General Fund increased by £4.086m to £45.852m at the 31 March 2025. The aims and governance arrangements for the Council's reserves are set out in the [Medium Term Financial Strategy](https://www.eastrenfrewshire.gov.uk/media/11193/Council-Item-08-26-February-2025/pdf/Council_Item_08_-_26_February_2025.pdf?m=1739900318787) which was most recently updated on 26/02/2025 https://www.eastrenfrewshire.gov.uk/media/11193/Council-Item-08-26-February-2025/pdf/Council_Item_08_-_26_February_2025.pdf?m=1739900318787

The General Fund is split over a number of earmarked funds which are adjusted annually to take account of the following factors:-

Non-earmarked Reserve: To ensure that the General Reserve is adequate to provide against unforeseen expenditure, which may arise. The Council's aim where possible is for the unallocated general fund balance to be between 2% and 4% of annual budgeted net revenue expenditure. The actual balance for 2024/25 was 2.7% (2023/24 2.3%).

Equalisation Reserve: To earmark funding to equalise future PFI/PPP payments, as future grant levels will be below payment commitments in the later years of the schemes.

Modernisation Fund: To earmark funding to enable the upfront investment required to drive forward the Council's transformation programme.

To earmark funding from **Unspent Grants, Whitelee Windfarm, Commuted Sums and Devolved School Management.**

Feasibility Fund: To earmark funds for feasibility studies to be carried out on potential capital projects.

Get to Zero: To enable transformation work to commence on the Council's Get to Zero programme towards its carbon reduction targets.

Service Concessions Flexibility: To earmark funds from writing off the debt in service concession projects over the life of the asset instead of the life of the contract.

Workforce Restructuring Fund: To ensure that the Council can adjust its staffing structures to enable future budgets to balance.

Employee Wellbeing & Development Fund: To invest in employee wellbeing and development, to help address issues arising from staff wellbeing surveys; to develop skills and learning opportunities for existing staff.

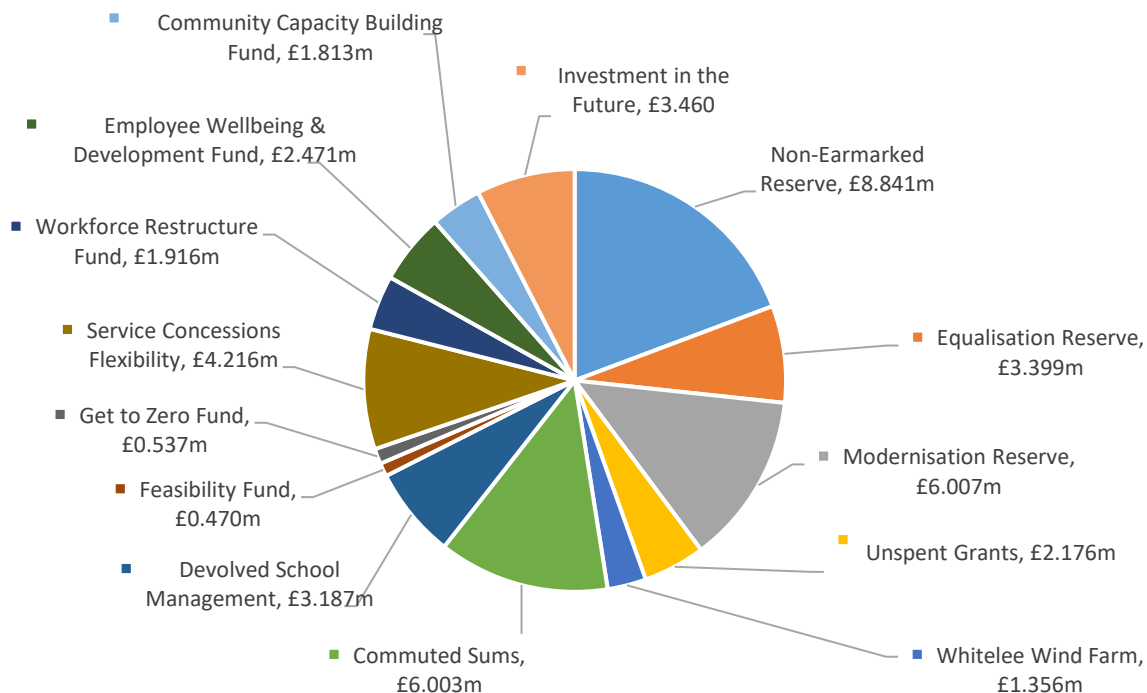
Community Capacity Building Fund: To ensure long term investment in our local communities, to build capacity; skills; support place-making and build on the positive assets of our local people.

Investment in the Future: The short term reduction in employers' pension contributions has enabled this reserve to be established. It will hold funds available to benefit the Council in the coming years.



Management Commentary (cont'd)

The pie chart below shows the total amounts held within these funds, further information can be found in Note 11.



Budget Performance	Approved Budget £'000	Actual £'000	Over/(Under) Spend £'000
Net Cost of Services	307,726	306,239	(1,487)
Contribution (to) Earmarked Reserve (note 11)	-	(20,321)	(20,321)
Contribution from Earmarked Reserves (per note 11)	8,477	17,774	9,297
Capital Financing Costs	9,525	9,523	(2)
To be met by Govt. grants and local taxation	325,728	313,215	(12,513)
Aggregate External Finance	(253,976)	(253,973)	3
Council Tax	(63,275)	(63,328)	(53)
Total Funding	(317,251)	(317,301)	(50)
(SURPLUS)/ DEFICIT FOR THE YEAR	8,477	(4,086)	(12,563)

During 2024/25, the overall balances on the Council's General Fund increased by £4.086m (2023/24 £10.348m reduction). This is comparable with the budgeted position of a reduction of £8.477m in year as analysed above, and represents an improved position of £12.563m from the planned year end position on the overall General Fund.

Council services produced a £2.5m in-year under-spend which is in line with that reported to Cabinet in March 2025. The under-spend related mainly to staff turnover (£0.6m) and a reduction in utility costs (£1.0m) as well as a reduction in the anticipated departmental restructuring costs (£0.4m). In addition the Council received additional income (£0.9m) as well as increased interest earned on temporary investment balances (£0.9m). These were partially offset by increased costs relating to homelessness and temporary accommodation pressures (£1.7m).



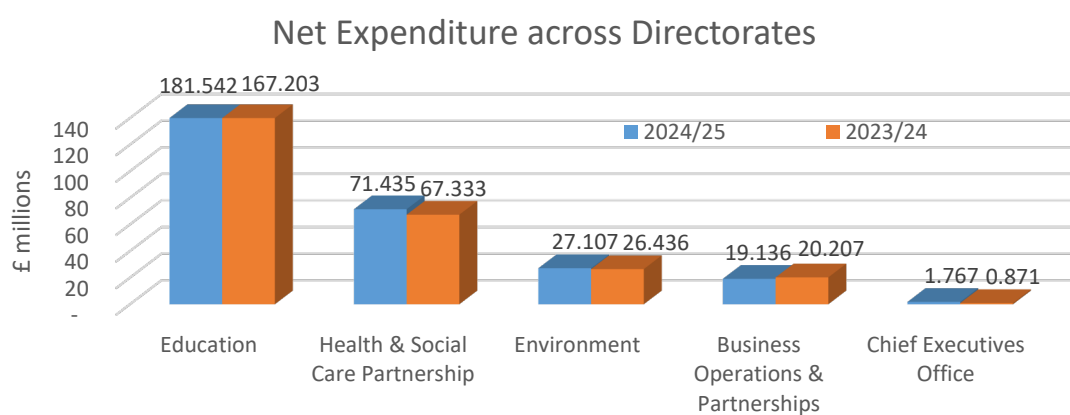
Management Commentary (cont'd)

This permitted the transfer of £1m to the Capital Reserve and the balance of £1.5m was retained in the Council's unallocated General Fund reserve.

In addition there was a net improved position of £11m for the earmarked reserves mainly due to a transfer of the in-year pension gain of £6.34m to a new Investment in the Future reserve and a £4.6m contribution to the Services Concession reserve reflecting the approved extension of the write-off period of PPP/PFI debt over the life of the asset instead the life of the contract.

This net movement of £11m on the General Fund earmarked reserves in addition to the £1.5m increase in the unallocated General Fund reserve explains the £12.5m in the above table.

When the improved position of £4,086k, shown above, is considered with the Housing Revenue Account surplus of £831k (see Movement in Reserves Statement), it equates to the total surplus of £4,917k, as stated in the Expenditure and Funding Analysis (Note 2). The graph below shows the net expenditure across Directorates, also as shown in Note 2.



Housing Revenue

The Housing Revenue Account Comprehensive Income and Expenditure Statement and the Statement of the Movement on the Housing Revenue Account balances are shown on page 118. These accounts deal with transactions in respect of managing the Council's housing stock, which cannot be subsidised by the Council. The opening balance of £1,652k has been increased by an operational surplus of £831k to give a year-end balance of £2,483k.

Capital Budget Performance

The impact of the Middle East conflict and war in Ukraine interrupted progress on the Council's capital schemes in 2024/25, due to the increases in crude oil prices increasing the cost of construction and supply chain problems causing material shortages and driving up costs. However the Council is currently revising its Capital Strategy which should have a beneficial impact on slippage within the capital programme in coming years. The final Council budgets (as approved on 6 March 2025) for capital investment in both the General Fund and the Housing Revenue Account totalled £67.432m, with 96% of this being delivered. It should be noted that as these capital programmes are part of a longer term plan, it is expected that there will be movement in spend across the years and that projects not delivered in year will be completed in forthcoming financial years. The diagram below identifies the key areas of spend in 2024/25 and how these were funded. Further details are provided in Notes 15 to 19.

**Management Commentary (cont'd)****Capital Expenditure and Funding****Balance Sheet**

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2025 and explanatory notes are provided. The Council's net assets have increased by £16,301k from £743,538k as at 31 March 2024 to £759,839k as at 31 March 2025. The major movements are set out below:

	31 March 2025 £000	31 March 2024 £000	Movement £000	Main Reason
Long Term Assets	1,018,925	957,521	61,404	In-year valuations on the Council's assets impacted on the overall movement along with the adoption of IFRS 16, whereby all right-of-use assets are now included on the balance sheet

**Management Commentary (cont'd)**

Current Assets	67,299	60,937	6,362	The movement is mainly due to an increase in short term debtors.
Current Liabilities	(63,162)	(56,021)	(7,141)	Due mainly to the movement in short term creditors (see note 24) as well as the adoption of IFRS 16, resulting in increased short term lease repayments
Long Term liabilities	(263,223)	(218,899)	(44,324)	Due to the increase in borrowing during the year as well as the adoption of IFRS 16 resulting in increased long term lease repayments.
Usable Reserves	(72,526)	(68,789)	(3,737)	This mainly reflects an increase in contributions to the Service Concessions Flexibility reserve due to the write-off of debt within the PFI/PPP contracts, over the life of the asset instead of the life of the contract, as well as the setting up of the new Investment in the Future reserve with the pension windfall monies offset by budgeted in-year spend across the reserves.
Unusable Reserves	(687,313)	(674,749)	(12,564)	Reflecting an in-year revaluation of assets (See Note 26)

Pension Liability

The common position for employers participating in the Strathclyde Pension Fund is that the IAS19 calculation, based on a snapshot valuation as at 31 March 2025, discloses an asset, in line with that reported in the previous year. However reserve balances can fluctuate significantly year on year and the table below shows the Council's pension asset/ (liability) over the last three years:-

	2024/25 £000	2023/24 £000	2022/23 £000
Pension Asset / (Liability)	(14,514)	(16,886)	114,498

The net asset arising from the Council's involvement in the defined benefit scheme totals £263,694k at 31 March 2025 (£178,626k: 2023/24). The main movement this year can be attributed to the corporate bond yield (upon which the discount rate is derived), this has risen over the period, which has led to a 1% increase in this assumption. This served to reduce the Employer's obligations and led to a gain of around £89,060k. In addition, the actual Pension Increase Order for April 2025 was 1.7%, which is lower than the pension increase rate assumption built into the obligations at the start of the accounting period, resulting in a further reduction to the Employer's obligations and led to a gain of £4,947k. This was offset by a reduction on investment returns of 1.8% from that expected, leading to a loss of £13,191k.

However, this improved position has been limited to £nil in line with the accounting requirement of IFRIC 14: to limit the recognition of a pension asset to the extent to which the Council can recover the benefits through either refunds or reduced contribution. As the Council is not able to withdraw from the scheme or recover funds directly, the asset is therefore limited to the forecast reductions in



Management Commentary (cont'd)

contributions as compared to the forecast future service costs. The unfunded obligations of £14,514k are shown separately on the balance sheet, in line with IFRS requirements.

The appointed actuaries, who provide the above analysis, remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and future income to meet future pension liabilities.

Further detail on pension estimates is included in Note 40.

Treasury Management

The Council's net borrowing increased by £50.384m during the year. This reflects the internal funding of the capital programme and the repayment of borrowing and lease finance as shown in the Balance Sheet as follows:-

	31 March 2025 £000	31 March 2024 £000	Movement £000
Long Term Investments	239	243	(4)
Short term Investments	-	-	-
Cash & Cash Equivalents & Bank Overdraft	36,199	35,640	559
Short Term Borrowing	(16)	(16)	-
Short Term Finance Lease	(9,734)	(5,567)	(4,167)
Long Term Borrowing	(152,607)	(127,623)	(24,984)
Long term Finance Lease	(84,353)	(62,565)	(21,788)

The Council's borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. Further details are provided at Note 42. The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council approves its capital financing requirement (CFR) for the forthcoming year, as part of the Treasury Management Strategy. During 2024/25 updates (https://www.eastrenfrewshire.gov.uk/media/11300/Audit-and-Scrutiny-Committee-Item-04-27-March-2025/pdf/Audit_and_Scrutiny_Committee_Item_04_-_27_March_2025.pdf?m=1742308704067)

to the [Prudential Indicators](#), approved as part of the Treasury Strategy were ratified, incorporating the requirements of the new IFRS 16 accounting standard. The CFR is a prudent assessment of the external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The Council's external debt (including Finance leases) at the year-end was £245.971m million (excluding effective interest), made available to the Council from various sources, the most significant of which was from the Public Works Loans Board. This compares with the CFR of £272.494 million (see Note 34) and demonstrates that external borrowing has only been undertaken for capital investment purposes, which is reflective of the Council's Treasury Management Strategy to make use of internal funds and to minimise the exposure to investment risk. The Council's [Treasury Management Strategy Report](#) for 2024/25 can be found: https://www.eastrenfrewshire.gov.uk/media/10096/Council-Item-05-iv-28-February-2024/pdf/Council_Item_05iv_-_28_February_2024.pdf?m=1713447820697



Management Commentary (cont'd)

Provision and Write-offs

The Council has provided £1.558 million in the Balance Sheet for eventualities which may have an impact on the financial position of the Council and the reasons for the provisions made are outlined in Note 25.

There was a write-off against bad debt provision during the year of irrecoverable debt due to the Council of £318.6k for Council Tax, £90.8k for Non-Domestic Rates and £207k of other debts which were approved by Cabinet.

Key Financial Ratios

The following table provides information regarding the financial performance of the Council in 2024/25 and the affordability of its ongoing commitments:-

Financial Indicator	Commentary	2024/25 Actual	2023/24 Actual
Reserves			
Uncommitted General Fund Reserve as a proportion of Annual budgeted Net Expenditure	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Reserves Policy is to hold between 2% and 4% of the current year's budgeted net expenditure. More information is provided in the <i>General Fund Revenue Balances</i> section above	2.7%	2.3%
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is (using)/ increasing its Uncommitted General Fund Reserve	21.1%	9.7%
Total useable Reserves as a percentage of Council Annual Budgeted Net Expenditure	This indicator reflects all useable reserves, including those earmarked as a percentage of the Council's net budgeted expenditure. Details of the useable reserves can be found in Note 11.	21.8%	21.9%
Council Tax			
In-Year collection rate	Reflects the Council's effectiveness in collecting Council Tax debt and financial management. The Council continues to achieve high collection levels despite the current economic climate and its effect on the local economy. The 2024/25 target for this indicator was 97.6%, which was exceeded.	97.7%	97.55%
Ratio of Council Tax income to Overall Level of Funding	Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within Local Authority control.	20.0%	22.0%
Financial Management			
Actual Outturn as a percentage of Budgeted Expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. The target for the outturn as a percentage of Budgeted Expenditure is less than 100%, which was met in 2024/25.	95.9%	97.14%
Actual contribution (to)/from Unallocated General Fund Balance as a percentage of Budget.		(0.46%)	(0.21%)

**Management Commentary (cont'd)**

Financial Indicator	Commentary	2024/25 Actual	2023/24 Actual	
Treasury Management				
Financing Charges on the Council Tax	The amount the Council has paid, including principal, interest and expenses, to meet the cost of capital investment and the interest rate applied. In 2023/24 the Scottish Government gave the Council £3.555m to help fund the Revenue budget. This was provided as a capital grant and was used, in line with the Code of Practice, to reduce the Financing Charges, which in turn released budget to fund the pay award. This explains the year-on-year increase in Financing Charges.	£9.523m	£4.897m	
Financing Charges on the Housing Rents		£5.590m	£5.132m	
Average Loans Fund Interest Rate		3.87%	3.89%	
Ratio of Financing Costs to Net Revenue Stream – General Fund	Demonstrates how much of the General Fund Revenue budget is committed to support borrowing. The Council’s cost of borrowing is affordable and fits with the Council’s medium to long term financial strategy. For ease of comparison this excludes the 2023/34 Scottish Government Capital Grant of £3.555m above.	8.0%	6.6%	
Ratio of Financing Costs to Net Revenue Stream – Housing Revenue Account	Demonstrates how much of the Housing Revenue budget is committed to support borrowing	34.5%	33.8%	
Debt/Long-term Borrowing		2024/25 Estimate	2024/25 Actual	2023/24 Actual
Capital Financing Requirement (CFR) for the current year	External debt levels are less than the CFR. This demonstrates that borrowing is for capital investment purposes only.	£318.63m	£306.75m	£256.27m
External Debt Levels for the current year		£271.31m	£245.97m	£195.02m

Review

The Council's affairs have again been managed within its overall operational budget (see budget performance section above) as reported to Cabinet in March 2025. The under-spend was due to increased returns on investments, additional income received and underspends on staffing, restructuring costs and utilities. These were offset by overspends relating to homelessness and temporary accommodation. The net favourable position gives the Council more flexibility to address the significant financial difficulties and uncertainties in coming years.

During the year, major investment in Education continued with a new nursery class opening at St John's primary in August 2024 and work to build a four-classroom extension at Maidenhill Primary, which opened in time for the new term in August 2025. A new out-of-school care service for pupils at Isobel Mair School has also now opened, providing valuable support for local families.

Work by the Health and Social Care Partnership is also ongoing as they adapt services to accommodate the increased demands for care from the rising older population and the increasing levels of support required for people with complex health conditions.



Management Commentary (cont'd)

The Council continues to benefit from a programme of Glasgow City Region Deal projects intended to stimulate growth in East Renfrewshire and allow improved transport routes across the areas, aligned to the Get to Zero Plan. The Council's City Deal programme will result in total investment of £44m, comprising £38m from the Scottish and UK Governments and co-funded by the Council's £6m capital contribution. Sustrans have also provided funding of £8.3m for the Aurs Road project.

Work continues to progress these projects, with many substantially complete. In Newton Mearns, this has produced opportunities for business start-ups and networking at the new facility at Greenlaw. At Barrhead North, the remediation of the former Nestle site has provided exciting opportunities for retail and business and has created employment opportunities. The City Deal investment includes significant transport infrastructure projects which aim to kick start regeneration and to create access to employment in the communities of Barrhead and Eastwood. Improvements on Balgraystone Road have enabled an accelerated affordable residential development in Barrhead and improved accessibility to the Dams to Darnley Country Park. A new bus interchange has already been created and will serve a new rail halt in south Barrhead on the existing Glasgow to Neilston branch line.

The Aurs Road project will transform the route between Barrhead and Newton Mearns from a winding, single carriageway road into a safer, straighter road with a new active travel route and waterside promenade overlooking Balgray Reservoir. Aurs Road is a highly complex infrastructure project with a range of factors making it very challenging. Construction work started in January 2024. Aurs Road was initially estimated to be fully completed by early 2025 but due to a number of issues encountered on site, the project is currently projected to be completed by Spring 2026.

With a complex project involving a historic asset, such as Aurs Road, there is always a risk that construction challenges will lead to unforeseen delay. Delay has led to a rise in costs for a number of reasons including: the need to cover the cost of additional survey work, redesign of some aspects of the project. The project team has now agreed designs for all aspects of the project and work is progressing well.

A 'Cost to Complete' estimate has been provided by the New Engineering Contract 3 (NEC3) Project Manager, including a cost sensitivity of 40% within this estimate. The 40% cost sensitivity is not applied to the whole 'Cost to Complete', only to the remaining variable elements within the estimate, namely the construction costs, and reflects the risk that remains in relation to these unfixed costs. The initial estimated budget for Aurs Road was £22.7m. Based on the NEC3 Project Manager's assessment of the cost to complete, the revised project outturn cost is estimated to be in the region of £28m. There is £23.6m of committed funding and a consequent funding shortfall £4.3m. In line with the advice provided by the NEC3 Project Manager, once the 40% cost sensitivity has been added to the construction costs, a total of up to £6.9m additional budget is required to be made available. This will be funded from up to a £3m contribution from the Capital Reserve and up to £3.9m of additional borrowing, dependent on the final outcome cost of the project and any additional funds that may be obtained, for example, through underspends within other projects. The overall budget provision required for the Aurs Road project, including 40% cost sensitivity on the construction costs, is therefore in the region of £30.5m.

Following the conclusion of the Aurs Road project, there will be a project to provide new visitor facilities at the Dams to Darnley Country Park.

In Maidenhill ongoing work on building more council houses as a result of an agreement with a private developer has allowed more council houses to be handed over to tenants in the current year.

Improvement has also continued with the neighbourhoods across East Renfrewshire continuing to benefit from the £15m extra capital investment first announced in 2019 to fund a five-year programme of road improvements. This has now been extended by £17.5m to continue with roads improvements until 2028/29.



Management Commentary (cont'd)

Key Risks and Financial Outcomes

The Council maintains a Strategic Risk Register, regularly reviewed by the Corporate Management Team (CMT) and reported twice yearly to the Audit and Scrutiny Committee. The report presented on 27 March 2025 can be found here: https://eastrenfrewshire.gov.uk/media/11301/Audit-and-Scrutiny-Committee-Item-05-27-March-2025/pdf/Audit_and_Scrutiny_Committee_Item_05_-_27_March_2025.pdf?m=1742308704663

The Council monitors risks closely using a RAG approach, seeking to mitigate them so as to deliver its strategic aims. Risks are given a score from 1 to 4 for both likelihood and impact, with the product for each risk therefore ranging from 1 to 16. Risks scored below 6 are regarded as green, those between 6 and 9 as amber and those scoring higher as red. Risk registers are also maintained within departments / services and for major projects. The Strategic Risk Register is home to the most significant risks the Council faces, with 13 high-level and high-scoring risks included. Any other appropriate risks are recorded through departmental or project level arrangements.

Across 2025, the Council will be updating our Risk Management Strategy and the layout of the Strategic Risk Register. This will be to align with A Place to Grow, with the intent of better demonstrating how we are building a risk culture.

In common with all other organisations, we are affected by a continued challenging climate. Key risks for the Council are listed in the table below, all of these representing risk information contained on the Strategic Risk Register. Our mitigating actions are also outlined.

KEY RISKS AND UNCERTAINTIES	
Risk	Mitigating Actions
Demographic pressures (risk scores 9-16) , particularly in relation to challenges in being able to accommodate the needs for growing and aging population – e.g. school placements, additional support needs, etc. within the Council's available financial and property resources.	The Council updates its demographic forecasts annually and these are used to inform both revenue and capital plans. Services are reviewed and redesigned with a view to increasing efficiency, and joint working across departments (e.g. Education, HSCP, Housing, Property and Planning) ensures focus on the most strategic issues. Eligibility and resource allocation are also reviewed.
Financial constraints (risk score 8-12) restrict the Council's ability to provide the required range and quality of services, due to settlements not providing full funding for inflation and new burdens, while ring-fencing of grants limits local flexibility. External economic factors continue to be challenging and volatile. The increased demand for health and social care services may also require additional funding requests through the Integration Joint Board.	Medium term financial strategy and planning, budget scenario modelling, utilisation of fiscal flexibilities and close revenue and capital budget monitoring all assist in mitigating this risk. https://eastrenfrewshire.gov.uk/media/11193/Council-Item-08-26-February-2025/pdf/Council_Item_08_-_26_February_2025.pdf?m=1739900318787 A focus on efficiencies, service reviews, the Council's ambitious transformation programme and lobbying of Government are also used to reduce the threat.
Interruptions to Services (risk score 12-16) arising from building closures or systems (including ICT)/equipment/supplier failures may result in loss of services, income and reputation.	Long term capital planning is in place and the Capital Investment Strategy and Capital Plan are reviewed annually. IJB review commissioning and service planning. Business continuity plans are also maintained.



Management Commentary (cont'd)

<p>Lack of affordable housing (risk score 16; previously 12) may prevent the Council from meeting its statutory homelessness duties and providing sufficient units for wider local housing needs</p>	<p>A local housing emergency was declared in September 2024, to ensure customers and partners are aware of the pressures. Housing plans and homelessness policies reviewed. Partnership working to assist in addressing homelessness. Ongoing investment in both new build and purchased housing units. Exploring options to support purchase of more accommodation.</p>
<p>Cyber Attacks (risk score 12) continues to be a threat faced. The impact from this risk being realised would be a significant disruption to our services and potential for loss of data, money and reputation.</p>	<p>Council Information Security Officer ensures defences are up to date through liaison with national bodies and there is an annual provision of mandatory staff training, test and campaigns.</p>

The Council's financial and outcome delivery plans are being updated to take account of the above risks. These are also reflected in annual budgets, savings proposals and service plans, and as part of the Council's longer term financial strategy. This is set out in the Medium Term Financial Strategy paper approved by the Council on 26 February 2025:

https://eastrenfrewshire.gov.uk/media/11193/Council-Item-08-26-February-2025/pdf/Council_Item_08_-_26_February_2025.pdf?m=1739900318787

This strategy strengthens the links to the Community Planning Partnership's shared vision set out in "A Place to Grow". The strategy recognises the current economic context in a UK, Scottish and local environment. It sets out our key assumptions and our strategy to close projected funding gaps. The Council's approach to reserves and policies associated with this are collated within the updated strategy. The strategy sets out the Council's approach to budgeting, including making spending decisions based on an assessment of medium to long-term needs and consequences, and seeking to avoid taking a short-term outlook in policy making, service planning and budget setting decisions; applying savings early and as soon as measures are identified; and ensuring that the Council priorities and the budget process remain aligned. Whilst the Council's strategy sets out its approach to future budget planning that aligns with our medium to long term forecasts, it is hoped that the position can be strengthened in the years ahead by the introduction of fiscal framework agreements between the UK and Scottish Governments and Councils, and by the publication by governments of multi-year settlement figures.

In completing the Annual Accounts the Council has made certain judgements about complex transactions and those involving uncertainty about future events. The Balance Sheet also contains estimates that are based on assumptions made about the Council regarding the future or that are otherwise uncertain. Where these judgements or estimates could potentially impact materially on the Annual Accounts, they are listed in notes 6 and 7, however professional findings have been taken into account in order to maximise the accuracy of these estimates.

Risk Appetite

The term risk appetite describes our attitude towards the amount of risk that the Council is prepared to accept in trying to achieve our outcomes. The attitude towards risk can differ across our services, from risk averse to risk taking. Risk appetite is about taking well thought through risks where the long-term rewards are expected to be greater than any short-term losses.

Our approach is to minimise exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of innovation and improved outcomes. It recognises that appetite for risk varies according to the activity undertaken, that acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.



Management Commentary (cont'd)

The following diagram illustrates the Council's risk tolerance levels across different areas of activity:

	Unacceptable to take risk						Higher willingness to take risks			
	1	2	3	4	5	6	7	8	9	10
Reputation										
Compliance										
Financial										
People and Culture										
Operational Services										
Major Change Activities										
Environmental and Social Responsibility										

The key risks set out in the previous section fall within the operational services area of the above table, i.e. the Council has a low to medium appetite for such risks and has identified appropriate mitigations to reduce the risk to a tolerable level. For areas with the very lowest appetite for risk, such as compliance with legal or financial requirements (e.g. setting a balanced budget), the Council's structures, policies and processes have generally already been designed so that the risk is minimal and therefore it will not appear on the Strategic Risk Register.

As part of the review of the Council's Risk Strategy, our risk appetite will be considered; determining if the above diagram remains reflective of good practice.

The Annual Governance Statement, included in this Annual Report document, details the arrangements the Council has put in place for the proper governance of the Council's affairs and for the management of risk. This Statement explains the system of internal control in place and sets out improvement actions to the governance framework identified from the Council's ongoing review of these arrangements.

Supplementary Information

Private Finance Initiative/Public Private Partnership & Similar Contracts

The Council has two Private Finance Initiative contracts. The first, signed on 20 April 2000, is for the provision of school facilities for 25 years ending July 2026 and the second, signed on 30 April 2003, is for the construction and maintenance of the Glasgow Southern Orbital Road and the M77 extension for the 30 years ending April 2035. On 10 December 2004 the Council also signed a Public Private Partnership contract for the provision of further new and extended school facilities for the 25 years ending July 2031. On 21 March 2016 the Council signed a 25 year contract, ending August 2042, for the construction and maintenance of a replacement Barrhead High School delivered under the Scotland's Schools for the Future programme non-profit distributing (NPD) model. More recently, in January 2020, the Council entered into a 25 year contract for waste recycling which utilises residual waste to obtain thermal gain. Details of all 5 projects are provided in Note 36 to the core financial statements. As we approach the end of the first PFI schools contract period, we are making preparations for the transition of these services back to Council operations.



Management Commentary (cont'd)

Group Accounts

The Council is represented on the Boards of the following companies that are limited by guarantee, have no share capital and have prepared their accounts on a going concern basis. It participates in these companies by means of Board membership and the provision of funding. The Council has not paid any consideration for its interests and thus there is no goodwill involved.

The inclusion of these entities in the Council's Group Accounts is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. Due to the inclusion of the Common Good, trust fund balances and the liabilities and assets carried by the entities, listed below, the Group Balance Sheet increases the Council's net worth by £52.678m. Details of these interests are listed within the notes to the Group Accounts.

Strathclyde Partnership for Transport
Strathclyde Concessionary Travel Scheme
Renfrewshire Valuation Joint Board
East Renfrewshire Culture & Leisure Trust
East Renfrewshire Integration Joint Board

Get to Zero

In November 2022, the Council set a target to achieve net zero carbon emissions by 2045. This target applies to the Council's own operational emissions, excluding emissions from the supply-chain (e.g. the goods and services the Council buys). There is no target set for area-wide emissions (i.e. those from homes and businesses). The Council reports its emissions to Sustainable Scotland Network each year and a report on the latest trends and future forecast is made to Cabinet, typically in January each year. The [latest report](https://eastrenfrewshire.gov.uk/article/5071/Carbon-emissions-report) is available here <https://eastrenfrewshire.gov.uk/article/5071/Carbon-emissions-report>. The Cabinet reports are published for the wider community to see progress.

Cabinet approved the Council's [Get to Zero Action Plan](https://www.eastrenfrewshire.gov.uk/media/10024/Cabinet-Item-05-22-February-2024/pdf/Cabinet_Item_05_-_22_February_2024.pdf?m=1707409902403) (GTZAP) on 22 February 2024 https://www.eastrenfrewshire.gov.uk/media/10024/Cabinet-Item-05-22-February-2024/pdf/Cabinet_Item_05_-_22_February_2024.pdf?m=1707409902403 which sets actions required to be taken over the next 20 years to progress towards the national net zero statutory target in 2045. It also covers what may be required to adapt Council and Community infrastructure, land and assets to the changing climate. The Get to Zero Action Plan, makes some high-level assessment of the financial impact of taking climate action. This will be considered in future revenue and capital budget setting processes. In support of the publication of the Get to Zero Action Plan, a Strategic Environmental Assessment has been carried out.

The Council introduced a new methodology for carbon reporting in 2019/20, which has been set as the baseline year against which progress will be tracked. The table below shows progress in each year since establishing the baseline.

**Management Commentary (cont'd)****East Renfrewshire Council emissions 2023/24**

East Renfrewshire Council emissions 2023/24								
Scope	Sub-category	Source	Baseline (2019/20) emissions (tCO2e)	Previous year (2022/23) emissions (tCO2e)	Current year (2023/24) emissions (tCO2e)	% change in emissions baseline to current year	% change in emissions previous year to current year	
Scope 1	Natural gas	Council buildings	6,110	5,193	4,934	▼ -19.3%	▼ -5.0%	
		Buildings operated by ERCLT	1,584	1,801	2,012	▲ 27.0%	▲ 11.7%	
		Sheltered housing	506	454	450	▼ -11.1%	▼ -0.9%	
		Domestic properties (offices)	4	5	4	▼ -12.7%	▼ -30.8%	
	Sub-total	8,204	7,453	7,399	▼ -9.8%	▼ -0.7%		
	Other	Fleet Vehicles - Diesel	630	717	698	▲ 10.8%	▼ -2.6%	
		Fleet Vehicles - Red Diesel	191	0	0	▼ -100.0%	n/a	
Sub-total		821	717	698	▼ -14.9%	▼ -2.6%		
Scope 2	Electricity	Council buildings	2,964	2,382	2,555	▼ -13.8%	▲ 7.3%	
		Un-metered supplies	1,243	837	753	▼ -39.4%	▼ -10.0%	
		Buildings operated by ERCLT	573	451	481	▼ -16.2%	▲ 6.6%	
		Sheltered housing	105	55	54	▼ -49.1%	▼ -2.0%	
		EVCPs	36	123	104	▲ 187.9%	▼ -15.8%	
		Domestic properties (close lighting & offices)	28	24	28	▲ 0.5%	▲ 14.5%	
		Sub-total	4,949	3,872	3,974	▼ -19.7%	▲ 2.6%	
Scope 3	Waste	Landfill	6,119	210	54	▼ -99.1%	▼ -74.2%	
		Aggregate to Landfill	1	3	4	▲ 396.4%	▲ 3.9%	
		Recycling	353	256	236	▼ -33.2%	▼ -7.7%	
		Composting	129	89	91	▼ -29.2%	▲ 1.8%	
						▲		
		Incineration/combustion	16	308	259	1525.6%	▼ -15.8%	
		Other	155	291	426	▲ 174.6%	▲ 46.7%	
		Sub-total	6,773	1,157	1,070	▼ -84.2%	▼ -7.5%	
		Water	Council buildings	123	39	42	▼ -65.8%	▲ 8.2%
			Buildings operated by ERCLT	29	7	10	▼ -66.1%	▲ 35.9%
	Domestic properties (offices)		0	0	0	▼ -61.4%	▼ -2.7%	
	Sub-total		152	46	52	▼ -65.8%	▲ 12.5%	
	Other	Business travel (car)	154	166	145	▼ -6.0%	▼ -12.8%	
		Business Travel (Rail)	2	1	1	▼ -20.4%	▲ 14.9%	
		Business Travel (Domestic Flight)	9	4	2	▼ -79.1%	▼ -52.4%	
		Business Travel (international Flight)	1	6	6	▲ 339.0%	▼ -9.2%	
Sub-total	166	178	154	▼ -7.5%	▼ -13.4%			
Procurement	Supply chain emissions	40,278	40,278	40,278	▲ 0.0%	▲ 0.0%		
	Sub-total	40,278	40,278	40,278	▲ 0.0%	▲ 0.0%		
Total (tCO2e)			61,343	53,701	53,625	▼ -12.6%	▼ -0.1%	
Total w/o supply chain emissions (tCO2e)			21,065	13,423	13,347	▼ -36.6%	▼ -0.6%	

This shows that total estimated emissions, excluding supply-chain emissions for 2023/24 were 13,347 tCO₂e. This is a 0.6% reduction from last year (2022/23), and a 36.6% reduction from the baseline (2019/20). Most of the reduction in emissions can be attributed to the Clyde Valley Waste Partnership contract, which sends waste for energy recovery instead of landfill.

The Council has set a target of achieving net zero emissions by 2045. This means that emissions are reduced as far as practicable, and then any 'residual emissions' are managed by offsetting schemes, which most commonly involve tree planting. From 2019/20, emissions need to reduce by an estimated 850 tCO₂e every year until 2045. Excluding waste management emissions, which are likely to remain quite stable as a result of the long-term nature of the Clyde Valley Waste Partnership contract, emissions have reduced by c. 503 tCO₂e per year since 2019/20. This indicates East Renfrewshire Council will not reach its target without taking more action. Although emissions from electricity and water are expected to continue a downward trend in the coming years as the national



Management Commentary (cont'd)

grid and water infrastructure supplying the Council becomes less carbon-intense, there are not enough measures currently in place that will reduce emissions to net zero by 2045.

East Renfrewshire Council is not alone in this respect, with most local authorities acknowledging this challenge via representation through COSLA to the Scottish Government. To achieve this goal, the Council will require to progress significant action and investment as soon as possible. The GTZAP sets out the major steps needed to achieve net zero by 2045. These include transitioning away from diesel vehicles and gas boilers in Council properties, as well as improving the energy efficiency in buildings through new investment.

In June 2022, the Council introduced a climate change impact assessment (CCIA) process. This requires all Council/Cabinet reports where a decision is required to complete an assessment of any positive or negative impact on emissions or nature. This process has been adapted for consideration in Procurement Strategies, Capital Project Applications and grant-funding project appraisal.

Events During 2024/25

Digital Transformation

Savings plans for future years are developed by the Corporate Management Team on the basis of the Scottish and UK budgets, and are reviewed to take account of any multi-year settlement information subsequently published. Whilst it is recognised that it will become progressively more difficult to identify efficiencies in future, the Council continues to seek efficiencies through reviews and transformation initiatives wherever possible.

The Council's Digital Transformation Strategy focuses on 3 areas: Customer Experience; Business Systems & Processes; and Workforce Productivity. A new Digital Transformation Strategy is in development and will be published later in summer 2025.

Overall governance of the Digital Transformation Programme is through the Corporate Management Team (CMT), responsible for ensuring that savings and benefits are achieved and that programme and project priorities, dependencies and resources are well managed. CMT meet to discuss Digital Transformation on a 6-monthly basis, with update reports to Cabinet due at least annually.

In recent years, the Council has placed high reliance on its digital transformation programme to drive change and savings across all services. Whilst it is recognised that it will become progressively more difficult to identify efficiencies in future, the Council will continue to seek efficiencies through reviews and transformation initiatives wherever possible.

There has been significant progress in recent years in delivery of the Council's digital transformation strategy.

Given that the Transformation programme is taking place against a backdrop of prolonged, real-term reductions in budgets, and that statutory and national policy obligations remain at least constant, key elements of the programme have focussed on supporting and enhancing workforce productivity, future cost avoidance, maintaining or meeting statutory or policy compliance, and risk reduction - as well as cost reduction.



Management Commentary (cont'd)

Cabinet considered an update on our [Digital Transformation Programme](https://www.eastrenfrewshire.gov.uk/media/10660/Cabinet-Item-06-5-September-2024/pdf/Cabinet_Item_06_-_5_September_2024.pdf?m=1724327405573) in September 2024 (https://www.eastrenfrewshire.gov.uk/media/10660/Cabinet-Item-06-5-September-2024/pdf/Cabinet_Item_06_-_5_September_2024.pdf?m=1724327405573). It was noted that the key principles behind the programme that will lead to budget savings are:

- continuing to implement our Digital Transformation Strategy, with a focus on customer experience, streamlined end to end systems and processes and greater use of automation. Microsoft365 and, where appropriate, artificial intelligence tools for productivity;
- an increased focus on user engagement in service design and more community empowerment to provide services which put customers at the heart of provision, improving services and potentially lowering costs; and
- improving the sharing and management of data across the organisation.

It has continued to be necessary for us to regularly prioritise this work throughout the year to ensure a focus on benefit realisation, and to rigorously manage the limited resources available to support projects. New projects go through an intake process to determine how best they are delivered – this will include project prioritisation, with the budget and skills dictating how much can be achieved in a given year. Programme Boards are involved in this prioritisation to ensure best use of ‘shared resource’ e.g. ICT, HR and project staff.

Projects are funded through a Digital Transformation budget, which will need reviewed year on year as part of the budget process. A modernisation reserve was created in 2014 to fund change projects across the Council and, whenever possible, the fund is replenished from year-end general fund surpluses to enable projects in future years to be considered.

The Adoption of International Financial Reporting Standard 16 (IFRS 16)

In 2024/2025, the Council applied IFRS 16 Leases as adopted by the Accounting Code of Practice. The main impact of this new requirement is that, for arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability has been brought onto the balance sheet at 1 April 2024. Leases for items of low value and leases that expired on or before 31 March 2024 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/2025 without adjusting prior year figures.

Significant Trading Operations

The Local Government Scotland Act 2003 sets out the requirements for statutory trading accounts to be maintained for “significant” trading operations only. The Council, after adopting the CIPFA/LASAAC criteria, concluded that there are no services that can be classified as a significant trading operation.

Events after the Balance Sheet Date

Events from the Balance Sheet Date until the Date of Signing the Accounts have been taken into consideration. With reference to Note 40, work is ongoing as to the impacts of the recent judgement relating to the Virgin Media Ltd. v NTL Pension Trustees II Ltd. case and no allowance for any potential impact is included in the financial statements.



Management Commentary (cont'd)

Where to Find More Information

In this Document - Requirements governing the format and content of Local Authorities' annual accounts are contained in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). An explanation of the financial statements which follow and their purpose is shown at the top of each relevant page. A glossary of terms at the end of this document provides an explanation of the main terms used.

On Our Website - Further information on the Accounts can be obtained on the Council's website <https://www.eastrenfrewshire.gov.uk/how-we-spend-money> or from Accountancy Services, Council HQ, Eastwood Park, Rouken Glen Rd, Giffnock G46 6UG. All links referred to in the accounts are not subject to External Audit Scrutiny.

Kirsty Stanners LLB CPFA
Head of Finance
(Chief Financial Officer)

Councillor Owen O'Donnell
Leader of the Council

Steven Quinn
Chief Executive



Statement of Responsibilities

PURPOSE: This statement sets out the Council's responsibilities and those of the Chief Financial Officer

The Council's Responsibilities:

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council has responsibility for the administration of those affairs (Section 95 of the Local Government (Scotland) Act 1973). In this Council, that officer is the Head of Finance (Chief Financial Officer)
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (Section 12 of the Local Government in Scotland Act 2003)
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts will be approved for signature by the Council on 25 September 2025

Signed on behalf of East Renfrewshire Council
Councillor Owen O'Donnell
Leader of the Council

The Head of Finance (Chief Financial Officer) Responsibilities

The Head of Finance (Chief Financial Officer) is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing Annual Accounts, the Head of Finance (Chief Financial Officer) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates on a reasonable basis;
- complied with legislation;
- complied with the Accounting Code (in so far as it is compatible with legislation)

The Head of Finance (Chief Financial Officer) has also:

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

I certify that the financial statements give a true and fair view of the financial position of East Renfrewshire Council and its group at the reporting date and the transactions of the Council and its group for the year ended 31 March 2025.

Kirsty Stanners LLB CPFA,
Head of Finance (Chief Financial Officer)



Annual Governance Statement

East Renfrewshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. We ensure that public money is safeguarded and properly accounted for and that our resources are used economically, efficiently and effectively.

In discharging this accountability, our elected members and senior officers are responsible for putting in place proper arrangements for the governance of our business and the stewardship of our resources and assets. As part of this responsibility, we review and adopt a Code of Corporate Governance annually.

The Code is built around these seven principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

An update on progressing the actions from the previous version of the Code of Corporate Governance has been undertaken and was considered at the Audit & Scrutiny Committee at the meeting of the 19 June 2025. A full update on the actions and related documentation is available on the [Council website](#) and an update on the improvement actions in this area undertaken during 2024/25, plus proposed actions for 2025/26, are set out later in this statement.

The Council has also established various subsidiaries and associates to deliver services more effectively. While these organisations are required to implement their own organisational governance and management arrangements and structures, they also form part of the overall governance environment of the Council 'family'.

Compliance

This statement outlines East Renfrewshire Council's level of compliance with the Code of Practice on Local Authority Accounting in the UK, based on International Financial Reporting Standards which detail the requirements for an Annual Governance Statement.

In line with CIPFA's Financial Management Code, which assists Councils in validating their financial sustainability by following a series of principles, the Head of Finance has completed an assessment demonstrating the Council's compliance with the code and noting that the position is unchanged from that reported in the Annual Governance Statement last year. The assessment validates that the Council has strong foundations to:

- Financially manage the short, medium and long-term finances of the Council;
- Manage financial resilience to meet unforeseen demands on services; and
- Manage unexpected shocks in the organisation's financial circumstances.

Further reviews of compliance with the code will be carried out yearly and any outstanding matters or areas of improvement will be included in the action plan within this statement.



Annual Governance Statement (cont'd)

The Council's committee structure in terms of the number of committees, their composition and their terms of reference is set out in the Scheme of Administration. The Council made full use of remote meetings technology during the year and committees met in accordance with the meetings calendar.

The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which we control our processes and engage with our residents and communities. It enables us to monitor the progress we have made towards achieving our strategic outcomes and to consider whether those outcomes have led to the delivery of appropriate, cost-effective services.

Our system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness. Our system of internal control is based on an ongoing process designed to identify and prioritise the risks to achieving our outcomes, policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

Our system of internal financial control is based on a well-established framework of regular management and performance information, financial regulations, administrative procedures, management supervision, and a system of delegation and accountability. Regular reviews of information and systems within this framework are undertaken by our managers.

The system includes –

- A clear strategic direction set out in the 3 pillars of 'A Place to Grow', supported by a set of 3 values and 3 organisational capabilities (amended by Council from 5 capabilities in June 2023).
- Sound financial management arrangements which comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- Clear roles and responsibilities for the Corporate Management Team (CMT) and elected members, with well-defined delegation arrangements.
- A statutory section 95 officer and a Chief Financial Officer for East Renfrewshire Health and Social Care Partnership (HSCP) Integration Joint Board.
- An Audit and Scrutiny Committee which provides a robust and effective level of scrutiny and challenge.
- High standards of budgeting, monitoring and reporting.
- Regular reviews of periodic and annual financial reports, which indicate both financial performance and actual expenditure against forecasts
- Clearly defined capital expenditure guidelines.
- Matching of asset base to Council objectives in terms of suitability and sustainability, and supported by appropriate asset management plans overseen by the Corporate Asset Management Group.
- Well embedded and systematic approach to risk management.
- Well-developed corporate performance management arrangements, with regular reports to the Corporate Management Team, Committees and Council. Performance management reports are also published on the Council's website.
- Procedures in place to help members and employees comply with relevant codes of conduct and policies.
- The provision of extensive training and development opportunities for all elected members and employees.

A governance framework has been in place at East Renfrewshire Council for the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.

Review of effectiveness

We have responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. The review of the effectiveness of the



Annual Governance Statement (cont'd)

framework is informed by the work of the Corporate Management Team, who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and comments made by external auditors and other scrutiny agencies, regulators and inspectorates.

Internal Audit is our independent appraisal function established for the review of the internal control system as a service to the organisation. The service objectively examines, evaluates and reports on the adequacy of our internal control as a contribution to the proper, economic, efficient and effective use of the Council's resources.

The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and have adopted the new Global Internal Audit Standards (GIAS) from the effective date of their introduction on 1 April 2025. The service undertakes an annual programme of work approved by the Audit and Scrutiny Committee based on a five-year strategic plan. The strategic plan is based on a formal risk-based audit needs assessment which is revised on an ongoing basis to reflect evolving risks and changes within the Council. The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

All our elected members and officers are committed to the concept of sound governance and the effective delivery of services. The Audit and Scrutiny Committee perform an effective scrutiny and challenge role in relation to the application of the Code of Corporate Governance and regularly monitor the performance of the Council's Internal Audit service and strategic risk management arrangements.

The Council complies with the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption (2014) by supporting its Anti-Fraud, Bribery and Theft Strategy 2022-2027, approved by the Corporate Management Team. This strategy outlines the measures taken by the Council to protect itself against malpractice through either fraud or corrupt practices. The strategy is supported by Council policies & procedures including the Whistleblowing Policy, Anti-Money Laundering Policy, Guidance on Gifts and Hospitality and Register (Probity Register), information on a declaration of interest, Code of Conduct for Elected Members, Code of Conduct for Employees and the Information and Cyber Security Policy. The identification of risk is carried out in line with the Council's Risk Management Framework 2023-2025.

Using tools made available by the Chartered Institute of Public Finance and Accountancy (CIPFA) for a review on what is accepted as best practice for local authority audit committees, the Committee progressed a self-assessment of its effectiveness at the end of 2021 and start of 2022. In June 2022, the Committee endorsed the self-evaluation recommendations made by the Audit and Scrutiny Committee prior to the Local Government Elections that year.

Self-evaluations continue to be considered useful by the Committee, such as for analysing performance and enhancing its practices. It was intended to pursue a mid-Administration self-evaluation towards the end of 2024 and start of 2025. Due to staff turnover, commencement of the review was delayed slightly to the start of 2025, when updated CIPFA Best Practice guidance was distributed to Audit & Scrutiny Committee Members, together with a self-evaluation questionnaire for their completion. A related review meeting was organised to consider the feedback and development of an Action / Improvement Plan. Work on the review is ongoing, and it is anticipated that the review will be completed and related recommendations will be approved by the Committee prior to the 2025 summer recess.



Annual Governance Statement (cont'd)

Progress against actions from last year's plan

The improvement activities noted in the previous Annual Governance Statement were progressed as follows:

ACTIVITY	PROGRESS	RESPONSIBLE OFFICER
Review elected member training and development, including provision of Equality and Fairness Risk assessment training and ensuring coverage of mandatory cyber essentials training	Ongoing - Elected Members received additional bespoke training. This training focussed on best practice guidance and the role of Elected Members in relation to mainstreaming, equality outcomes, policy development and scrutiny. Elected Members have recently been reminded to complete the newly updated mandatory 'Information & Cyber Security' online course.	Democratic Services Manager
A review of the Community Council Scheme of Establishment will be undertaken to incorporate new national guidance	Complete - The Community Council Scheme of Establishment has been reviewed in light of the new national guidance, and no changes are necessary at this time. The Scheme will continue to be kept under review, and any modifications will be reported to Council as required.	Head of Human Resources and Corporate Resources
Complete the review of the Council's Standing orders	Ongoing - An initial review of the Standing Orders has been conducted by the Democratic Services Team. A Member/Officer Working Group is being formed to undertake a more formal review of the Standing Orders and provide recommendations to the full Council. Any proposed amendments will be submitted to the Council by autumn.	Democratic Services Manager
Conduct a review of the Council's Schemes of Administration and Delegated Functions	Ongoing - An initial review of the Schemes of Administration and Delegation has been conducted by the Democratic Services Team. A Member/Officer Working Group is being formed to undertake a more formal review of these governance documents and provide recommendations to the full Council. Any proposed amendments will be submitted to the Council by autumn.	Democratic Services Manager
Review the Council's strategic and community planning frameworks to align with Vision for the Future	Complete – 'A Place to Grow' delivery plan, including new Council 'Organisational Health-check' section (to replace former Customer, Efficiency, People section of the Outcome Delivery Plan) was approved by Council in April 2025. There will be ongoing alignment of all other council plans and strategies to 'A Place to Grow' over time in line with natural refresh periods.	Head of Human Resources and Corporate Resources



Annual Governance Statement (cont'd)

ACTIVITY	PROGRESS	RESPONSIBLE OFFICER
Review community planning governance structures	Ongoing – as part of the 'A Place to Grow' vision planning and delivery plan, we have completed a mapping of all current partnership groups and how these align to the three vision pillars. With the vision and delivery plan approved the next stage will be to strengthen the community planning governance structures to oversee the delivery of the vision.	Head of Human Resources and Corporate Resources
Accelerate development of an interface between Housing's Servitor system and the Council's Integra financial system	Ongoing – The Council is currently exploring a new digital repairs system to replace the Servitor platform. In line with the principles of best value, the interface development has been temporarily paused. This allows for a full assessment of the alternative solution, ensuring resources are directed at a more effective long term solution.	Director of Environment
Continue with manual checks by Procurement of all Housing invoices or certificated payments over £50k until the new Servitor/Integra interface is in place	Process changed - certificates are now checked within Integra so no offline work is required	Chief Procurement Officer
Implement a proportionate response to the new <u>Consumer Duty</u>	Ongoing – National guidance on the new Consumer Duty arrived later than expected, in February 2025. Councils have not been given additional resource to implement this duty so a proportionate response, implemented over time, will be appropriate. We are assessing the merits of embedding this new duty into the Equality & Fairness & Rights Assessment process (EFRIA) as part of a broader review process.	Director of Business Operations and Partnerships
Engage in further scoping and development with community partners and local residents, with a view to a broader review of outcomes and the 'golden thread' of strategic planning for 2024/25	Complete - 'A Place to Grow', the Community Planning Partnership's long-term vision for 2040 as approved by Council in September 2024 and publicly launched in December, with the Delivery Plans approved by Council in April 2025. A 'Place to Grow' community conference was held on 26 April 2025 and attended by over 100 local groups and organisations and staff.	Director of Business Operations and Partnerships

Other key developments during 2024/25

Responses made to Second Review of Scottish Parliament Boundaries, e.g. Council, April 2024.
Declaration of a local Housing Emergency at Council, September 2024.
Annual Procurement Report 2023/24 and Annual update to the Procurement Strategy 2023-26 considered by Cabinet, October 2024.
Agreement to form a Board to oversee delivery of The Promise in East Renfrewshire, Council, October 2024.



Annual Governance Statement (cont'd)

Accounts Commission published East Renfrewshire Council's Controller of Audit Report for Best Value in February 2025.
New Medium Term Financial Strategy 2025-30 approved by Council, February 2025.
Updated Civic Event Protocol (Incorporating Flag Flying Protocol) approved by Council, February 2025.
Trading Under Best Value report considered by Cabinet, March 2025.
Equality & Human Rights Mainstreaming Report, including new Equality Outcomes for 2025-29 considered by Council, April 2025.

Key actions planned relating to governance for 2025/26

ACTIVITY	RESPONSIBLE OFFICER	TARGET DATE
Submission of the Council's amended Records Management Plan for the approval of the Keeper of the Records of Scotland.	Head of Legal	May 2025
Update of the Council's Strategic Risk Framework and Strategy into a single document, aligned to 'A Place to Grow' – accompanied with risk management training for Elected Members.	Chief Executive	November 2025
Review strategic performance management framework and reports to align with 'A Place to Grow'.	Head of Communities & Transformation	June 2026
Finalise Community Planning Governance Structures aligned to 'A Place to Grow'.	Head of Communities and Transformation	November 2025

Certificates of Assurance for Internal Financial Control

The Chief Executive, Directors of each Department and the Chief Executive of the Culture and Leisure Trust have all signed Certificates of Assurance for Internal Control and have confirmed that to the best of their knowledge, corporate governance arrangements and financial controls in their Department have been, and are, working well and there are no new significant matters arising which would require to be raised specifically.

Statement on the role of the Chief Financial Officer in Local Government

Under the Code we are required to state whether we comply with the CIPFA statement on the role of the Chief Financial Officer in Local Government and, if not, to explain how our governance arrangements deliver the same impact. The full statement is:

The Chief Financial Officer in a public service organisation:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Council's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the Council's financial strategy; and
- Must lead the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- Must lead and direct a finance function that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.



Annual Governance Statement (cont'd)

The Council considers that it is fully compliant with the above statement.

Assurance

We consider that the governance and internal control environment operating during 2024/25 provided reasonable and objective assurance that any risks impacting on the achievement of our strategic outcomes were identified, and appropriate actions were taken.

Looking ahead well-established systems remain in place to review our governance and internal control environment. We will continue to review our corporate governance arrangements and closely monitor progress on the key improvement actions to support our ultimate aim: making people's lives better in East Renfrewshire.

Cllr Owen O'Donnell
Leader of the Council
On behalf of East Renfrewshire Council

Steven Quinn
Chief Executive



Remuneration Report

Remuneration Report

This statement provides information on the remuneration and pension benefits for the senior officers and members of East Renfrewshire Council.

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No. 1985/267) and require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

All information disclosed in sections 3 to 7 in this Remuneration Report have been audited. The other sections of the Remuneration Report are reviewed to ensure that they are consistent with the financial statements.

1. Remuneration Policy for the Leader of the Council, Provost and Senior Councillors.

The remuneration of councillors is regulated by the Local Governance (Scotland) 2004 (Remuneration) Regulations 2007 (SSI No 2007/183). In 2024/25 their average salary increased by 6.2%. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by the Council's councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. From 1 April 2024 the maximum annual salary for the Leader of East Renfrewshire Council was £35,580. The Regulations permit the council to remunerate one Provost and set out the salary that should be paid.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its Senior Councillors shall not exceed £216,135. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits.

In 2024/25 East Renfrewshire Council had 7 Senior Councillors, which is two less than the maximum number permitted within the regulations, and the annual remuneration paid to these councillors totalled £186,802. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

The scheme which encompasses the salaries of all elected members including the Leader, Provost and Senior Councillors was approved by the Scottish Government on 29 January 2024.



Remuneration Report (cont'd)

2. Remuneration Policy for Senior Employees

The annual pay awards are determined at a national level within the framework of the Scottish Joint Council (SJC) for Local Government Employees and within the framework of the Scottish Negotiating Committee for Teachers (SNCT) for teachers and associated professionals. The SJC has representatives from Local Authorities (COSLA representing Employers side) and Trade Unions (Employee side represented by GMB, Unison and Unite). The SNCT is a tripartite body comprising members from Local Authorities (COSLA representing Employers side), Trade Unions (Employee side represented by EIS, NASUWT, SSTA and VOICE) and Scottish Government.

Any changes proposed to local terms and conditions that would affect remuneration require to be taken to East Renfrewshire Cabinet for approval. The Cabinet membership comprises only of Elected Members on the administration.

3. Remuneration of Senior Employees

The Local Authority Accounts (Scotland) Regulations 2014 provides definitions of a “senior employee” as those who have responsibility for management of the local authority, the Council has interpreted this guidance to include the Chief Executive and those staff reporting directly to the Chief Executive. In addition, the guidance states that the Chief Executive of any subsidiary body should also be included, and in this regard the Chief Executive of East Renfrewshire Culture & Leisure Trust, whose salary is set by the Trust’s Board, has been included. The regulations also state that those who hold posts that are politically restricted should be included and to this effect the Council’s Chief Social Work officer has been included. The remuneration paid to senior employees, including additional payments for election work, is set out in the following table. Generally senior employees are reimbursed for election work within the relevant financial year, however, payments made to the Chief Executive are phased as indicated below:-

2023/24	UK Parliamentary General Election 12 December 2019 (25%) : Lorraine McMillan
2024/25	UK Parliamentary General Election, 4 July 2024 (75%) : Steven Quinn

**Remuneration Report (cont'd)****East Renfrewshire Council**

		Salary, Fees and Allowances	Election work	Taxable Expenses and Allowances	Total
		£	£	£	£
Steven Quinn (Chief Executive commenced on 14/08/23. Full year equivalent salary for 2023/24 was £138,508)	2024/25 2023/24	143,109 87,663	2,672 -	- -	145,781 87,663
Lorraine McMillan (Chief Executive retired 30/07/23. Full Year equivalent salary for 2023/24 was £138,508)	2024/25 2023/24	- 45,160	- 843	- -	- 46,003
Mark Ratter (Director of Education)	2024/25 2023/24	130,795 126,250	- -	- -	130,795 126,250
Julie Murray * (Chief Officer of East Renfrewshire Integration Joint Board)	2024/25 2023/24	132,757 128,143	- -	- -	132,757 128,143
Raymond Prior* (Chief Social Worker)	2024/25 2023/24	106,656 102,950	- -	- -	106,656 102,950
Margaret McCrossan (Head of Accountancy/ Chief Financial Officer retired 30/09/2024. Full year equivalent salary was £116,864)	2024/25 2023/24	58,892 112,803	- -	- -	58,892 112,803
Kirsty Stanners (Head of Finance. Commenced on 08/07/2024. Full year equivalent salary was £116,864)	2024/25 2023/24	85,328 -	- -	- -	85,328 -
Louise Pringle (Director of Business Operations & Partnerships.)	2024/25 2023/24	130,795 126,250	1,200 -	- -	131,995 126,250
Caitriona McAuley (Director of Environment)	2024/25 2023/24	130,795 126,250	- -	- -	130,795 126,250
Gerry Mahon (Chief Officer – Legal and Procurement)	2024/25 2023/24	92,633 89,409	- -	- -	92,633 89,409
Michelle Blair (Chief Auditor)	2024/25 2023/24	66,284 63,973	230 -	- -	66,514 63,973

* This salary is funded jointly with NHS Greater Glasgow and Clyde

East Renfrewshire Culture & Leisure Trust

Anthony McReavy (Chief Executive Culture & Leisure Trust)	2024/25 2023/24	101,621 98,089	- -	- -	101,621 98,089
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Remuneration Report (cont'd)

4. Remuneration of Senior Councillors

Name (A)	Position Held (B)	Salary - Payments made by Council			Re-imbursement of Members Expenses					Total Salary Expenses Total Salary Expenses 2024/25 (E + J)	Total Salary Expenses 2023/24
		Gross Allowance	Less Recharge to External Bodies	Net Allowances Paid	Car & Van Expenses - Reimbursed	Other Travel Expenses - Reimbursed	Subsistence, Training & Conference Expenses	Telephone & ICT Expenses Paid Directly	Total Expenses (F to I)		
		(C) £	(D) £	(E) £	(F) £	(G) £	(H) £	(I) £	(J) £	(K) £	(L) £
O'Donnell	Leader of the Council	35,580	-	35,580	-	642	891	67	1,600	37,180	34,767
Montague	Provost	26,686	-	26,686	-	51	520	94	665	27,351	25,854
		62,266	-	62,266	-	693	1,411	161	2,265	64,531	60,621
Anderson	Convenor of Education, Culture and Leisure	26,686	-	26,686	-	-	-	64	64	26,750	25,239
Campbell	Depute Provost	26,686	-	26,686	-	69	-	64	133	26,819	25,239
Cunningham	Chair of Planning Applications Committee/Local Review Body	26,686	-	26,686	-	-	-	225	225	26,911	25,350
Devlin	Convenor for Environment and Housing	26,686	-	26,686	-	-	-	315	315	27,001	25,783
Edlin	Chair of Licensing Committee	26,686	-	26,686	-	-	-	33	33	26,719	25,219
McLean	Vice Chair of Planning Applications Committee/Local Review Body	26,686	-	26,686	-	-	-	13	13	26,699	25,157
Morrison	Chair of Audit & Scrutiny Committee	26,686	-	26,686	-	-	-	64	64	26,750	25,239
	Senior Councillors	186,802	-	186,802	-	69	-	778	847	187,649	177,226
	All Other Councillors(note 1)	192,105	-	192,105	781	-	1,583	812	3,176	195,281	183,994
	Total	441,173	-	441,173	781	762	2,994	1,751	6,288	447,461	421,841

Notes: The undernoted receive remuneration as representatives of the Council on outside bodies.

- Councillor Pragnell, included in All Other Councillors, receives payment directly from the NHS Greater Glasgow and Clyde as a member of the Board



Remuneration Report (cont'd)

5. Pension Entitlement

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

For local government employees a final salary pension scheme operated until 31 March 2015. This means that pension benefits were based on the final year's pay and the number of years that person has been a member of the scheme. However, from April 2015 the pension salary will be calculated on a career average salary and the accrued rate will be based on 1/49th of this calculation and years of pensionable service.

There is no automatic entitlement to a lump sum. Scheme members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. Prior to 1 April 2015, the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The scheme's normal retirement age for both councillors and employees is their state retirement age.

From 1 April 2009 a six tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and scheme members' contribution rates for 2024/25 and 2023/24 are as follows:-

Actual Pensionable pay	Contribution rate 2024/25	Actual Pensionable pay	Contribution rate 2023/24
On pensionable pay up to and including £34,286	7.35%	On pensionable pay up to and including £32,133	7.2%
On pensionable pay £34,287 to £46,155	8.88%	On pensionable pay £32,134 to £43,257	8.7%
On pensionable pay £46,156 to £54,728	9.90%	On pensionable pay £43,258 to £51,291	9.7%
On pensionable pay £54,729 to £67,975	10.61%	On pensionable pay £51,292 to £67,975	10.4%
On pensionable pay £67,976 to £92,693	11.73%	On pensionable pay £67,976 to £92,693	11.5%
On pensionable pay above £92,694	12.14%	On pensionable pay above £92,694	11.9%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.



Remuneration Report (cont'd)

The pension entitlements of Senior Employees for the year to 31 March 2025 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment, including any service with a Council subsidiary body.

East Renfrewshire Council

Name and Post Title	In Year Pension contribution		2024/25 Accrued Pension Benefits		Change in Accrued Pension Benefits since 31 March 2024	
	2024/25 £	2023/24 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Steven Quinn (Chief Executive)	9,300	16,721	32	-	30	-
Mark Ratter (Director of Education)	8,499	24,356	58	-	5	-
Julie Murray (Chief Officer of East Renfrewshire Integration Joint Board)	8,627	24,721	65	70	6	2
Raymond Prior (Chief Social Worker)	6,931	19,861	40	41	4	2
Margaret McCrossan (Head of Accountancy / Chief Financial Officer. Retired 30/9/2024)	3,882	21,762	74	118	(1)	(7)
Kirsty Stanners (Head of Finance. Commenced on 08/07/2024)	5,495	-	2	-	2	-
Louise Pringle (Director of Business Operations and partnerships)	8,499	24,356	52	45	5	1
Caitriona McAuley (Director of Environment)	8,499	24,356	64	83	28	44
Gerry Mahon (Chief Officer – Legal and Procurement)	6,020	17,249	47	53	3	-
Michelle Blair (Chief Auditor)	4,307	12,342	33	38	2	1

East Renfrewshire Culture and Leisure Trust

Anthony McReavy (Chief Executive of East Renfrewshire Culture & Leisure Trust)	6,604	18,923	20	-	3	-
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**Remuneration Report (cont'd)****Senior Councillors**

The pension entitlements for Senior Councillors for the year to 31 March 2025 are shown in the table below, together with the contributions made by the Council to each Senior Councillor's pension during the year.

Name and Post Title	In Year Pension contribution		2024/25 Accrued Pension Benefits		Change in Accrued Pension Benefits since 31 March 2024	
	2024/25 £	2023/24 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Cllr Anderson - Convener for Education, Culture and Leisure.	1,735	4,850	2	-	1	-
Cllr Campbell - Depute Provost	1,735	4,850	2	-	1	-
Cllr Cunningham –Chair of Planning Applications Committee/Local Review Body	-	-	-	-	-	-
Cllr Devlin – Convenor for Environment and Housing	1,590	4,850	4	-	-	-
Cllr Edlin - Chair of Licensing Committee from 25 May 2022	-	-	-	-	-	-
Cllr McLean - Vice Chair of Planning Applications Committee/Local Review Body	1,735	4,850	4	-	1	-
Cllr Montague – Provost	-	-	-	-	-	-
Cllr Morrison – Chair of the Audit and Scrutiny Committee	1,735	4,850	2	-	1	-
Cllr O'Donnell – Leader of the Council	2,313	6,466	2	-	1	-

All senior members shown in the above table, with the exception of Cllr Cunningham, Cllr Edlin and Cllr Montague, are members of the Local Government Pension Scheme.



Remuneration Report (cont'd)

6. Remuneration of Employees

The Council's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions and including redundancy payments) were paid the following amounts:

Remuneration band	2024/25			2023/24		
	Number of employees		Total	Number of employees		Total
	Teachers	Employees		Teachers	Employees	
£50,000 - £54,999	159	65	224	440	66	506
£55,000 - £59,999	100	57	157	91	51	142
£60,000 - £64,999	87	26	113	95	31	126
£65,000 - £69,999	57	16	73	61	10	71
£70,000 - £74,999	39	7	46	41	10	51
£75,000 - £79,999	24	7	31	22	1	23
£80,000 - £84,999	11	3	14	13	1	14
£85,000 - £89,999	3	-	3	8	4	12
£90,000 - £94,999	4	4	8	2	-	2
£95,000 - £99,999	2	1	3	3	10	13
£100,000 - £104,999	1	7	8	2	1	3
£105,000 - £109,999	2	1	3	-	-	-
£110,000 - £114,999	-	-	-	1	1	2
£115,000 - £119,999	-	-	-	1	-	1
£120,000 - £124,999	-	-	-	-	-	-
£125,000 - £129,999	-	-	-	-	4	4
£130,000 - £134,999	-	4	4	-	-	-
£135,000 - £139,999	-	-	-	-	-	-
£140,000 - £144,999	-	1	1	-	-	-

7. Exit Packages

The Code requires disclosure of all exit packages agreed, in rising bands. The table below shows all exit packages that were accrued in the year, of which all were voluntary. Exit package values include redundancy, compensatory lump sum, pension strain and notional capitalised compensatory added years costs (CAY). The notional capitalised compensatory added years costs are based on an assessment of the present value of all future payments to the retiree until death. Notional capitalised compensatory added years and pension strain costs relating to teachers are based on Scottish Public Pensions Agency calculations.

(a) Exit packages Bands	(b) Number of Leavers		(c) Cash Value		(d) Notional CAY Value		(e) Total cost of exit packages in each band	
	2024/25	2023/24	£	£	£	£	2024/25	2023/24
£0-£20,000	15	8	108,257	115,833	-	-	108,257	115,833
£20,001-£40,000	3	10	83,644	281,803	-	-	83,644	281,803
£40,001-£60,000	3	7	144,722	342,390	-	-	144,722	342,390
£60,001-£80,000	-	1	-	64,904	-	-	-	64,904
£80,001-£100,000	-	5	-	420,186	-	24,910	-	445,096
£100,001-£150,000	4	11	520,839	1,268,519	3,006	33,820	523,845	1,302,339
>£150,001	-	2	-	334,776	-	-	-	334,776
Total Cost included in CIES	25	44	857,462	2,828,411	3,006	58,730	860,468	2,887,141

**Remuneration Report (cont'd)****8. Trade Union**

Below is a list of the information that local councils are required to publish on facility time usage and spend by trade union representatives.

Relevant Union Officials – Non Teaching	
Number of employees who were relevant union officials from 1 April 2024 to 31 March 2025	Full-time equivalent employee number
	1
Percentage of time spent on facility time	
Percentage of time	Number of Employees
0%	
1-50%	
51%-99%	
100%	1
Percentage of pay-bill spent on facility time	
Total Cost of Facility Time	£67,776
Total Wage Bill	£99,643,387
Percentage of Wage Bill spent on facility time	0.07%
Time spent on paid trade union activities as a percentage of total paid facility time hours	100%

Relevant Union Officials - Teaching	
Number of employees who were relevant union officials from 1 April 2024 to 31 March 2025	Full-time equivalent employee number
	1.1
Percentage of time spent on facility time	
Percentage of time	Number of Employees
0%	
1-50%	1
51%-99%	
100%	1
Percentage of pay-bill spent on facility time	
Total Cost of Facility Time	£100,809
Total Wage Bill	£102,428,693
Percentage of Wage Bill spent on facility time	0.10%
Time spent on paid trade union activities as a percentage of total paid facility time hours	100%

Councillor Owen O'Donnell
Leader of the Council

Steven Quinn
Chief Executive



Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation (or rents). The individual segments reflect the reporting structure of the Council. Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Year Ended 31 March 2024				Year Ended 31 March 2025			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
203,711	(18,509)	185,202	Education	198,731	(9,868)	188,863	
158,865	(91,036)	67,829	HSCP – Provision of Services	169,612	(95,419)	74,193	
41,540	(11,664)	29,876	Environment	43,156	(11,589)	31,567	
24,241	(13,809)	10,432	Business Operations & Partnerships	21,353	(13,205)	8,148	
626	(284)	342	Chief Executive's Office	608	(317)	291	
11,309	(3,113)	8,196	Other Expenditure & Income	3,198	(993)	2,205	
2,875	(221)	2,654	Support Services – Chief Executive's Office	3,118	(236)	2,882	
13,283	(288)	12,995	Support Services – Business Operations & P'ships.	15,042	(33)	15,009	
1,610	(147)	1,463	Support Services – Environment	1,611	(138)	1,473	
458,060	(139,071)	318,989	Cost of general fund services	456,429	(131,798)	324,631	
16,541	(15,170)	1,371	HRA	26,619	(16,210)	10,409	
474,601	(154,241)	320,360	Cost of Services	483,048	(148,008)	335,040	
		(6,661)	Other operating expenditure/ (income) (Note 12)			(2,327)	
		1,671	Financing and investment income and expenditure (Note 13)			11,466	
		(303,870)	Taxation and non-specific grant income (Note 14)			(348,559)	
		11,500	(Surplus) or Deficit on Provision of Services			(4,380)	
		(70,692)	(Surplus) or deficit on revaluation of Non-Current assets (Note 26)			(43,497)	
		47,625	Impairment losses on non-current assets charged to the Revaluation Reserve (Note 26)			21,201	
		-	Adjustments relating to lease agreements per IFRS 16 (Note 26)			23,684	
		135,934	Actuarial (gains)/losses on pension assets/liabilities (Note 26)			(13,309)	
		112,867	Other Comprehensive (Income) and Expenditure			(11,921)	
		124,367	Total Comprehensive (Income) and Expenditure			(16,301)	



Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'.

The statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

The Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	Unallocated General Fund Balance £000	Earmarked General Fund Balance £000	Housing Revenue Account £000	Capital Grants & Receipts Unapplied £000	Repairs & Renewals Fund £000	Insurance Fund £000	Capital Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2024 carried forward	(7,302)	(34,464)	(1,652)	-	(4,450)	(2,044)	(18,877)	(68,789)	(674,749)	(743,538)
Movement in reserves during 2024/25										
Total Comprehensive (Income) and Expenditure	(5,791)	-	1,411	-	-	-	-	(4,380)	(11,921)	(16,301)
Adjustments between accounting basis & funding basis under regulations (Note 10)	(2,546)	-	(2,242)	-	-	-	5,431	643	(643)	-
(Increase)/Decrease in 2024/25	(8,337)	-	(831)	-	-	-	5,431	(3,737)	(12,564)	(16,301)
Net transfer (to) or from reserves	6,798	(2,547)	-	-	(675)	(102)	(3,474)	-	-	-
Balance at 31 March 2025 carried forward	(8,841)	(37,011)	(2,483)	-	(5,125)	(2,146)	(16,920)	(72,526)	(687,313)	(759,839)
Balance at 31 March 2023 carried forward	(6,658)	(45,456)	(1,798)	-	(3,211)	(1,946)	(5,402)	(64,471)	(803,434)	(867,905)
Movement in reserves during 2023/24										
Total Comprehensive (Income) and Expenditure	5,171	-	6,329	-	-	-	-	11,500	112,867	124,367
Adjustments between accounting basis & funding basis under regulations (Note 10)	(9,782)	-	(6,183)	-	-	-	147	(15,818)	15,818	-
(Increase)/Decrease in 2023/24	(4,611)	-	146	-	-	-	147	(4,318)	128,685	124,367
Net transfer (to) or from reserves	3,967	10,992	-	-	(1,239)	(98)	(13,622)	-	-	-
Balance at 31 March 2024 carried forward	(7,302)	(34,464)	(1,652)	-	(4,450)	(2,044)	(18,877)	(68,789)	(674,749)	(743,538)



Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2024 £000		Notes	31 March 2025 £000
956,812	Property, Plant & Equipment	15	1,018,249
318	Heritage Assets	16	318
148	Intangible Assets	18	119
243	Investments	20	239
-	Defined Benefit Asset	40	-
957,521	Long Term Assets		1,018,925
60	Assets Held for Sale	19	-
-	Short Term Intangible Assets		-
681	Inventories		805
24,556	Short Term Debtors	21	30,295
-	Short Term Investments	20	-
35,640	Cash and Cash Equivalents	23	36,199
60,937	Current Assets		67,299
(16)	Short Term Borrowing	20	(16)
(5,567)	Finance Leases including PFI/PPP	20	(9,734)
(49,846)	Short Term Creditors	24	(53,123)
(592)	Provisions – short term	25	(289)
(56,021)	Current Liabilities		(63,162)
(1,295)	Provisions – long term	25	(1,269)
(127,623)	Long Term Borrowing	20	(152,607)
(5)	Long Term Creditors	24	(6)
(62,565)	PFI/PPP Finance Lease	20	(84,353)
(16,886)	Defined Benefit Pension Liability	40	(14,514)
(10,525)	Capital Grant Receipts in Advance	32	(10,474)
(218,899)	Long Term Liabilities		(263,223)
743,538	Net Assets		759,839
(68,789)	Usable Reserves	11	(72,526)
(674,749)	Unusable Reserves	26	(687,313)
(743,538)	Total Reserves		(759,839)

Kirsty Stanners LLB CPFA
Head of Accountancy (Chief Financial Officer)
The unaudited financial statements were issued on 5 June 2025



Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

2023/24		2024/25
£000		£000
11,500	Net (surplus) or deficit on the provision of services	(4,380)
(15,656)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 27)	(20,458)
-	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-
(4,156)	Net cash flows from Operating Activities	(24,838)
30,055	Investing Activities (Note 28)	40,334
742	Financing Activities (Note 29)	(16,055)
26,641	Net (increase) or decrease in cash and cash equivalents	(559)
(62,281)	Cash and cash equivalents at the beginning of the reporting period	(35,640)
(35,640)	Cash and cash equivalents at the end of the reporting period (Including Bank Overdraft) - (Note 23)	(36,199)



Notes to the Accounts

1. ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985 and the Local Government in Scotland Act 2003, section 12 of which requires the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of non-current assets and financial instruments.

Going Concern

The accounts have been prepared on the basis that the Council is a going concern and covers the period for at least the next 12 months following the approval of the financial statements to 31 March 2027. The concept of a going concern assumes that the Council's functions and services will continue to operate for the foreseeable future. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate and confirm that, as local authorities cannot be created or dissolved without statutory prescription, they must prepare their accounts on a going concern basis of accounting. In accordance with the CIPFA Code of Practice on Local Authority Accounting (2024/25), the Council is required to prepare its annual accounts on a going concern basis unless informed by the relevant national body of an intention of dissolution without transfer of services or function to another entity. There has been no such notification.

On 26 February 2025 East Renfrewshire Council approved a Medium Term Financial Strategy covering the period 2025 to 2030. At the same meeting a balanced budget was agreed for 2025/26, through the adoption of savings measures, the utilisation of fiscal flexibilities and an increase in Council Tax.

The Council's uncommitted general fund balance at 31 March 2025 is £8.841m (2.7% of annual revenue budget). Our policy is to hold a balance of between 2% and 4% of the annual budgeted net revenue expenditure. Should additional cost pressures in 2025/26 exceed the remaining uncommitted general fund balance, the Council would consider a range of options as set out below, however it is anticipated that the general fund balance will remain within policy.

The Council has a high level of balances of cash short term deposits, totalling £35.6m as at 31 March 2025. The Council's cash position is monitored by management on a daily basis. Based on current projections and financial planning, the Council does not anticipate any significant cashflow difficulties through to 31 March 2027.

The Council continues to regularly monitor its financial position, providing regular updates to elected members through Cabinet reports. Any new spending pressures that cannot be accommodated within the agreed budget would be referred to full Council. Options for addressing any such budget gap would include consideration of restrictions on expenditure, revisions to service delivery or service standards, additional savings measures or reprioritisation of earmarked reserves and balances. Officers and members continue to liaise with COSLA and the Scottish Government, including the fiscal framework, in order to secure sustainable funding for local government in future.



Notes to the Accounts (cont'd)

Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- When revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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

Prior period adjustments may arise as a result of a change in accounting policies. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to loans fund principal charges. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (loans fund principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.



Notes to the Accounts (cont'd)

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries and paid annual leave, and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. In this respect East Renfrewshire have treated Strain on the Pension Fund payments as termination benefits.

Post- Employment Benefits

Employees of the Council are members of two separate pension schemes:

- The Scottish Teachers' Superannuation Scheme, administered by the Scottish Government.
- The Local Government Pension Scheme, administered by Glasgow City Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.80% (based on the indicative rate of return on high quality corporate bonds).
- The assets of Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value

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



Notes to the Accounts (cont'd)

- Service cost comprising:

Current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributable Costs

Gains/losses on settlements - the decrease in liabilities as a result of the Council entering into a transaction that eliminates all further legal or constructive obligation relating to the event, notwithstanding the financial guarantee (see Note 40) - credited to the Surplus on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributable Costs.

Net interest on the net defined benefit liability, i.e. net interest expenses for the council. The change during the period is the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:

The return on plan assets - excluding amounts included in net interest on the net defined benefit liability – charged to the Pension Reserve as Other Comprehensive Income and Expenditure

Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the Strathclyde Pension Fund – cash paid as employer's contributions to the pension fund settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. A negative balance that may arise on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Pension Net-Asset Recognition

Where the Council's share of the Local Government Pension Scheme is an overall asset position, reflecting that its share of the Funds' assets exceeds the present value of its liabilities to members, this is accounted for in line with the requirements of IAS 19 and IFRIC 14. Specifically, the asset recognised by the Council is limited to the extent to which the Council can recover the benefit of the asset through refunds or reduced contributions. This is referred to as an "asset ceiling". More information is provided in note 40 to the accounts.



Notes to the Accounts (cont'd)

Unfunded Pension Liabilities

In addition to normal scheme pension arrangements, certain employees also accrue benefits under unfunded pension arrangements. These unfunded pension liabilities are provided for in the Balance Sheet and disclosed separately when there is an overall net pension asset held by the Council. Reflecting the fact that there are no assets held to fund these and future payments are met through costs to the Council annually.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Common Good & Trusts

The Council administers a Common Good Fund. As part of the management agreements where land and buildings are confirmed as belonging to the Common Good, and where the Council is incurring costs or receiving income relating to those assets as the managing agent, then the Common Good pays a nominal annual £1 fee to the Council (if asked) in return for the management of the assets. The Council remains responsible for all costs and any income relating to the assets and is entitled to the use of the assets. The fund's assets do not represent assets available to the Council and as such are not included on the Council's balance sheet and the associated capital accounting entries are reflected in the Common Good Fund. The Common Good Fund shares the same accounting policies for valuation and depreciation with the Council. For assets held within the council's balance sheet that are subsequently identified as common good, the following principles will be followed :

1. With respect to properties determined to be wholly common good (both land and buildings thereon) then these will be transferred to the common good fund.
2. For assets where common good land only forms part of the site, i.e. where the common good land is effectively inseparable from the larger council subjects, then the common good land element will be shown at nil value.
3. For those council buildings occupying wholly common good land that is included within the common good fund. The building element, unless itself common good, will be retained as part of the council's assets

In addition, the Council also administers a number of trusts, details of which are listed within the Group accounts section of this document.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:-

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted

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



Notes to the Accounts (cont'd)

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are all therefore classified as amortised cost. In previous years these assets, although still recorded as amortised costs, were classed as loans and receivables.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investing Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the financial assets held by the council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on its financial assets held at amortised cost with the exception of deposits with Central Government and other Local Authorities. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Fair Value Measurement

Where the Council values its financial assets or liabilities at fair value it uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



Notes to the Accounts (cont'd)

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured are categorised within the fair value hierarchy, as follows:-

Level 1 - quoted prices (unadjusted) in active markets for identified assets or liabilities that the Council can access at the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. For example, PWLB loans, fixed or variable rate deposits (less than one year).

Level 3 - unobservable inputs for the asset or liability, e.g. PFI leases.

Government Grants and Contributions

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

- the Council has complied with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants which fund capital expenditure of the Council) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants & Receipts Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants & Receipts Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure or the General Fund, where the grant or contribution funds third party capital projects.

Business Improvement Districts

The Council is the billing authority for the Clarkston Business Improvement District, Giffnock Business Improvement District and Barrhead Business Improvement District. These are managed by an umbrella group led by the East Renfrewshire Chamber of Commerce and local businesses, who aim to promote and improve the respective areas for businesses and residents alike through publicised projects and events.

Heritage Assets

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.



Notes to the Accounts (cont'd)

Statues

Six statues created by 19th century Eaglesham sculptor William Gemmel are housed in the former weaver's workshop. The workshop and contents were bequeathed to the Council and are reported in the Balance Sheet at insurance valuation which is based on market value, as at April 2024.

Civic Regalia

The chains of office used by the Provost and their partner, where relevant, are collectively known as Civic Regalia and are symbols of the Council of the Civic Office which the Provost holds.

There are 5 chains held in total at the Council's Headquarters. They are reported in the Balance Sheet at insurance valuation which is based on market value as at April 2024.

Number Plate

The Council owns a private registration plate (HS 0) which is on the car which the Council uses for civic duties. The number plate is reported on the Balance Sheet at market value, as at April 2024, provided by CarReg, one of the leading suppliers of number plates in Britain.

There are no depreciation charges on the heritage assets as it is considered that they will have indeterminate lives and high residual value.

Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of any intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement.

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

Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures requiring it to prepare group accounts. In the Council's



Notes to the Accounts (cont'd)

own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned under either the First in First out (FIFO) or weighted average costing formulas.

Long Term Contracts

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

Leases

The Council as a Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code of Practice expands the scope of the newly adopted International Financial Reporting Standard 16 (IFRS 16) *Leases* to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as rights-of-use assets with a corresponding liability at the date from which the leased asset is available for use. The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounted by applying the Council's weighted average incremental borrowing rate (5.12%), wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under the residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an option renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.



Notes to the Accounts (cont'd)

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for assets held under non-commercial leases. For these leases, the asset is carried at a revalued amount.

Where appropriate the right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for lease of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as a Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.



Notes to the Accounts (cont'd)

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Land & Building and Plant & Equipment costing less than £10k are not treated as fixed assets. These de-minimis levels do not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Assets included in the Balance Sheet at current value are revalued on a rolling basis, in accordance with the guidelines provided within the Royal Institute of Chartered Surveyors Valuation Standards Manual. In addition, any material changes in the value of individual assets that arise between periodic valuations are immediately reflected in the Balance Sheet.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.



Notes to the Accounts (cont'd)

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is charged on a straight-line basis over the useful life of the assets (as advised by a suitably qualified officer). No depreciation is charged in the year of acquisition but a full year's depreciation is charged in the year of disposal.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Private Finance Initiative (PFI) and Similar Contracts

East Renfrewshire Council operates 5 PFI/PPP and similar projects. Please see Note 36 for details.

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to these contractors. As the Council is deemed to control the services that are provided under these schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of the Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.



Notes to the Accounts (cont'd)

Following the introduction of International Financial Reporting Standard 16 (IFRS16) with effect from 1 April 2024, the amounts payable to the PFI and PPP operators each year are analysed into four elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost - an average interest charge of 6.87.% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator (see section below in relation to IFRS16 restatement of liability)
- lifecycle replacement costs - is debited to the relevant service in the Comprehensive Income and Expenditure Statement

With effect from 1 April 2024, IFRS 16 also applies to service concession arrangements i.e. Private-Finance Initiatives (PFI) and similar schemes. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase finance lease liabilities as at 1 April 2024 by £32.589m, with compensating movements in assets values (£14.090m) and the revaluation reserve (£18.499m).

Provisions, Contingent Liabilities and Contingent Assets Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured as the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into



Notes to the Accounts (cont'd)

the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.



Notes to the Accounts (cont'd)

2. EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax (and Rent) payers how the funding available to the Council (i.e. Government Grants, Rents, Council Tax and Business Rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net Expenditure Chargeable to the General Fund and HRA Balances	2023/24 Adjustments Between Funding & Accounting Basis (See Note 3)	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	2024/25 Adjustments Between Funding & Accounting Basis (See Note 3)	Net Expenditure in the Comprehensive Income & Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
167,203	17,999	185,202	Education	181,542	7,321	188,863
67,333	496	67,829	HSCP - Provision of Services	71,435	2,758	74,193
24,955	4,921	29,876	Environment	25,528	6,039	31,567
10,500	(68)	10,432	Business Operations & Partnerships	7,699	449	8,148
(1,863)	2,205	342	Chief Executive's Office	(830)	1,121	291
5,291	2,905	8,196	Other Expenditure & Income	768	1,437	2,205
2,734	(80)	2,654	Support Services – Chief Executive's Office	2,597	285	2,882
9,707	3,288	12,995	Support Services – Business Ops & P'ships	11,437	3,572	15,009
1,481	(18)	1,463	Support Services – Environment	1,579	(106)	1,473
287,341	31,648	318,989	Net Cost of General Fund Services	301,755	22,876	324,631
300	1,071	1,371	HRA	(676)	11,085	10,409
287,641	32,719	320,360	Cost of Services	301,079	33,961	335,040
(890)	(5,771)	(6,661)	Other operating expenditure	(906)	(1,421)	(2,327)
9,200	(7,529)	1,671	Financing and investment income and expenditure	12,211	(745)	11,466
(285,457)	(18,413)	(303,870)	Taxation and non-specific grant income	(317,301)	(31,258)	(348,559)
10,494	1,006	11,500	(Surplus) / Deficit on Provision of Services	(4,917)	537	(4,380)
(53,912)			Opening General Fund and HRA Balance	(43,418)		
10,494			(Surplus) / Deficit on General Fund and HRA Balance in Year	(4,917)		
(43,418)			Closing General Fund and HRA Balance*	(48,335)		

*For a split of this balance between the General Fund and the HRA please see the Movement in Reserves Statement



Notes to the Accounts (cont'd)

3. NOTE TO THE EXPENDITURE & FUNDING ANALYSIS

This note provides an analysis between the General Fund (surplus)/deficit and the Comprehensive Income and Expenditure Statement (surplus)/deficit on the Provision of Services. Explanations of the adjustments shown are provided after the table below.

2024/25	Adjustments for Capital Purposes	Net Charges for Pension Adjustments	Other Differences	Total
	£'000	£'000	£'000	£'000
Education	10,749	3,265	(6,693)	7,321
HSCP – Provision of Services	446	2,230	82	2,758
Environment	6,572	1,520	(2,053)	6,039
Business Operations & Partnerships	16	587	(154)	449
Chief Executive's Office	-	-	1,121	1,121
Other Expenditure & Income	-	750	687	1,437
Support Services – Chief Executive's Office	-	293	(8)	285
Support Services – Business Ops & P'ships	2,961	633	(22)	3,572
Support Services – Environment	-	160	(266)	(106)
Net Cost of General Fund Services	20,744	9,438	(7,306)	22,876
HRA	16,130	448	(5,493)	11,085
Cost of Services	36,874	9,886	(12,799)	33,961
Other Operating Expenditure	(1,421)	-	-	(1,421)
Financing & Investment Income & Expenditure	-	1,051	(1,796)	(745)
Taxation & Non-Specific Grant Income	(31,258)	-	-	(31,258)
(Surplus)/Deficit on Provision of Services	4,195	10,937	(14,595)	537

2023/24	Adjustments for Capital Purposes	Net Charges for Pension Adjustments	Other Differences	Total
	£'000	£'000	£'000	£'000
Education	23,660	(311)	(5,350)	17,999
HSCP – Provision of Services	793	(232)	(65)	496
Environment	6,727	(154)	(1,652)	4,921
Business Operations & Partnerships	(11)	(57)	-	(68)
Chief Executive's Office	-	1	2,204	2,205
Other Expenditure & Income	-	1,780	1,125	2,905
Support Services – Chief Executive's Office	-	(28)	(52)	(80)
Support Services – Business Ops & P'ships	3,312	(67)	43	3,288
Support Services – Environment	-	(18)	-	(18)
Net Cost of General Fund Services	34,481	914	(3,747)	31,648
HRA	6,190	(45)	(5,074)	1,071
Cost of Services	40,671	869	(8,821)	32,719
Other Operating Expenditure	(5,771)	-	-	(5,771)
Financing & Investment Income & Expenditure	-	(5,419)	(2,110)	(7,529)
Taxation & Non-Specific Grant Income	(18,413)	-	-	(18,413)
(Surplus)/Deficit on Provision of Services	16,487	(4,550)	(10,931)	1,006



Notes to the Accounts (cont'd)

Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net charge for the Pensions Adjustments

Net charge for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the Consolidated Income and Expenditure Statement.

Other Differences

This column records other adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute in the service lines, and for:-

- **Financing and investment income and expenditure** - the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts along with other loans fund adjustments.

4. ACCOUNTANCY STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The code requires the disclosure of information relating to the impact of an accounting change that is required by a new standard that has been issued but not yet adopted. This applies to the following new or amended standards within the 2025/26 code:-

- IFRS 17 Insurance Contracts
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)

Overall, these amended standards are not expected to materially impact the Council's Annual Accounts.



Notes to the Accounts (cont'd)

5. EXPENDITURE AND INCOME ANALYSED BY SERVICE

The Council's expenditure and income, segmented in line with the Council's Directorate and reporting structure, is analysed as follows:

2024/25

Expenditure/Income	Education	HSCP	Environment	Business Operations & P'ships	Chief Executive's Office	Other Expenditure & Income	Support Services	Housing Revenue Account	Costs not included in a service	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Employee expenses	142,127	30,487	18,350	7,104	23	750	12,239	5,153	1,051	217,284
Other services expenses	45,855	65,394	18,234	14,233	585	2,448	4,571	5,336	-	156,656
Depreciation, amortisation, impairment	10,749	446	6,572	16	-	-	2,961	16,130	-	36,874
Interest payments	-	-	-	-	-	-	-	-	12,474	12,474
Gain on the disposal of assets	-	-	-	-	-	-	-	-	(1,421)	(1,421)
Total expenditure	198,731	96,327	43,156	21,353	608	3,198	19,771	26,619	12,104	421,867
Income										
Fees, charges and other service income	(4,717)	(20,795)	(8,187)	(855)	(317)	(993)	(357)	(16,210)	(906)	(53,337)
Interest and investment income	-	-	-	-	-	-	-	-	(2,059)	(2,059)
Income from council tax	-	-	-	-	-	-	-	-	(63,328)	(63,328)
Government grants and contributions (Note 32)	(5,151)	(1,339)	(3,402)	(12,350)	-	-	(50)	-	(285,231)	(307,523)
Total income	(9,868)	(22,134)	(11,589)	(13,205)	(317)	(993)	(407)	(16,210)	(351,524)	(426,247)
(Surplus)/Deficit on the Provision of Services	188,863	74,193	31,567	8,148	291	2,205	19,364	10,409	(339,420)	(4,380)

2023/24

Expenditure/Income	Education	HSCP	Environment	Business Operations & P'ships	Chief Executive's Office	Other Expenditure & Income	Support Services	Housing Revenue Account	Costs not included in a service	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Employee expenses	132,836	31,430	18,153	7,329	29	1,780	11,430	5,375	(5,419)	202,943
Other services expenses	47,215	62,030	16,660	16,923	597	9,529	3,026	4,976	-	160,956
Depreciation, amortisation, impairment	23,660	793	6,727	(11)	-	-	3,312	6,190	-	40,671
Interest payments	-	-	-	-	-	-	-	-	9,490	9,490
Gain on the disposal of assets	-	-	-	-	-	-	-	-	(5,771)	(5,771)
Total expenditure	203,711	94,253	41,540	24,241	626	11,309	17,768	16,541	(1,700)	408,289
Income										
Fees, charges and other service income	(4,878)	(25,167)	(7,842)	(1,636)	(284)	(3,113)	(593)	(15,170)	(890)	(59,573)
Interest and investment income	-	-	-	-	-	-	-	-	(2,400)	(2,400)
Income from council tax	-	-	-	-	-	-	-	-	(62,824)	(62,824)
Government grants and contributions (Note 32)	(13,631)	(1,257)	(3,822)	(12,173)	-	-	(63)	-	(241,046)	(271,992)
Total income	(18,509)	(26,424)	(11,664)	(13,809)	(284)	(3,113)	(656)	(15,170)	(307,160)	(396,789)
(Surplus)/Deficit on the Provision of Services	185,202	67,829	29,876	10,432	342	8,196	17,112	1,371	(308,860)	11,500

6. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has entered into 5 Private Financial Initiatives/Public Private Partnership and similar contracts for the provision of educational buildings, the construction of a new road and



Notes to the Accounts (cont'd)

waste recycling plant. The Council has considered the tests under IFRIC 12 and concluded that these are service concession arrangements. With the exception of the waste recycling plant, where the Council has an 11% share of the contract, the Council is deemed to control the services provided under these contracts, applies the accounting policies as stated in note 1 and recognises their net book value in note 15. This arrangement includes the Roads PFI contract where East Renfrewshire Council acts as a lead authority despite only recognising 26.67% of the contract value in the accounts. Further information, including a breakdown of the individual contracts, can be obtained from note 36.

7. **ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ Assumptions
Valuation of Property	<p>The valuation of the council's property, plant and equipment which are subject to revaluation are subject to significant estimation due to a number of factors, such as ongoing changes to estimates around the costs of replacing existing assets, the market value fluctuation of comparable assets used for valuation, the current condition and future maintenance costs of assets, changes to regulatory standards, the remaining useful economic lives of the assets. For IFRS 16 right-of-use assets that are leased out by the Council, the valuation is based on the condition when let and excludes subsequent improvements by the tenant. Given the material nature of the council's assets, there is a high likelihood that changes in these estimates will result in material changes in the valuation of assets on the balance sheet. The total value of the council's assets at 31 March 2025 is outlined and broken down by asset category at note 15.</p> <p>In particular, additional consideration continues to be given to the effects of the current economic climate on the council's property assets and their associated values. In order to take an informed view and to gauge the position of the wider valuation profession on this matter, consultation has taken place with colleagues from a wide range of Scottish local authorities, private practice surveyors, the District Valuers Office, the Association of Chief Estate Surveyors (ACES) and the Royal Institute of Chartered Surveyors (RICS).</p>	<p>The value of all council property, plant and equipment is £878.172m. The impact of a 5% change in valuation would be a total of £43.909m. This would either result in an increase or decrease in the council's revaluation reserve or an additional impairment charge. There would be no impact on the council's general fund. Given the wide ranging nature of the assets under revaluation, as well as the differing and overlapping estimates involved in the valuations, it is not possible for management to provide an expected range of estimate outcomes going forward. However, given the experience in past years and materiality of the asset values, it is expected that these balances will continue to be subject to change as estimates are updated annually.</p>



Notes to the Accounts (cont'd)

	<p>2024/25 revaluations:</p> <p>In 2024/25, valuations were undertaken on the basis of a rolling programme, focusing on higher value council items but ensuring as part of a programme where all assets are revalued at least five yearly in line with requirements. The asset valuations were based on a depreciated replacement cost (DRC) basis and resulted in a net upwards revaluation of assets of £17.814m (2% from previous revaluation). A valuation movement of £4.482m was debited to the Comprehensive Income and Expenditure Account. The changes in valuation in assets in 2024/25, compared to 2023/24, represent updated information around the assets since the most recent full valuation.</p> <p>The council has also continued to assess the valuation of its asset base subsequent to the financial year end to ensure new information does not indicate a change in valuation at the balance sheet date.</p>	
Net Pension Asset	<p>There are three sources of estimation that could materially impact the valuation of the Council's net pension asset recognition:</p> <ol style="list-style-type: none"> Pension Liability estimation. This is dependent on complex judgements, relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. Pension Asset. This is dependent on the expected returns on pension fund assets, and the estimated value at the balance sheet date, which for some level 2 and 3 assets, in particular, requires significant judgement in determining. Pension Asset Ceiling. Within the Pension Asset Ceiling is an estimation of future contributions, future service costs and the period over which the asset ceiling is calculated. 	<ol style="list-style-type: none"> Pension Liability. The sensitivities relating to the Pension Liability estimate are set out in Note 40. Pension Asset. The Gross Value of Assets held on behalf of the Council is £761.111m, a 1% increase would result in an increase in Pension Assets of £7.61m. Pension Asset Ceiling. The net asset arising from the Council's involvement in the defined benefit scheme totals £263.694m at 31 March 2025. This has been limited to £nil in line with the accounting requirements of IFRIC 14 to limit the recognition of a pension asset to the extent to which the Council can recover the benefits through either refunds or reduced contributions. <p>As the Council is not able to withdraw from the scheme or recover funds directly, the asset is therefore limited to the forecast reductions in contributions as compared to the forecast future service costs.</p>

**Notes to the Accounts (cont'd)**

		<p>As a scheduled body of Strathclyde Pension Fund, this calculation has been performed on a perpetuity basis, recognising that the Council is expected to remain in the scheme indefinitely. The unfunded obligations of £14,514k are shown on the balance sheet.</p> <p>The period over which the asset ceiling is calculated is 45 years for primary contributions and 11.3 years for secondary contributions which are negative. A key factor in this approach is the assessment over the extent to which contributions relate to past or future service costs. In particular, should the period over which negative secondary contributions are calculated change to align with primary contributions, then this would materially increase the level of the asset ceiling for the period.</p>
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This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

8. **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – ITEMS OF INCOME AND EXPENSE**

The following items of income and expenditure are shown net in the Comprehensive Income and Expenditure Account.

Disposal of property, plant and equipment	£000
Net Book Value of Assets	85
Sale Proceeds	(1,506)
	(1,421)

9. **EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was authorised for audit by the Head of Accountancy (Chief Financial Officer) on 5 June 2025. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



Notes to the Accounts (cont'd)

10. MOVEMENT IN RESERVES STATEMENT – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council, in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. Movements can be traced through Note 26.

2024/25	General Fund Balance £000	Housing Revenue Account £000	Capital Reserve £000	Capital Grants & Receipts & Unapplied £000	Repairs and Renewals Fund £000	Insurance Fund £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non-current assets	(16,775)	(11,177)					27,952
Amortisation of intangible assets (Note 18)	(66)						66
Difference between fair value and historic cost depreciation	(3,903)	(4,953)					8,856
Capital grants and contributions applied (Note 34)	20,346	10,912					(31,258)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (Note 8)	(85)		1,506				(1,421)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	13,262	3,490					(16,752)
Adjustment to the statutory repayment of debt for service concession arrangements – permitted flexibility	(4,628)						4,628
Capital expenditure charged against the General Fund and HRA balances	406						(406)
Voluntary provision for repayment of debt (Note 26)							
Adjustments primarily involving the Capital Reserve:							
Use of the Capital Reserve to finance new capital expenditure			3,925				(3,925)
Adjustments primarily involving the Capital Grants & Receipts Unapplied Account:							
Use of Capital receipts initially transferred to grants & receipts unapplied to fund Covid-19 pressures							
Adjustments primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements (Note 26)	12						(12)
Adjustments primarily involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 26)	(10,437)	(500)					10,937
Adjustment primarily involving the Statutory Accumulating Compensated Absences Account:							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (Note 26)	(678)	(14)					692
Total Adjustments (see MIRS)	(2,546)	(2,242)	5,431	-	-	-	(643)

**Notes to the Accounts (cont'd)****2023/24**

General Fund Balance £000	Housing Revenue Account £000	Capital Reserve £000	Capital Grants & Receipts Unapplied £000	Repairs and Renewals Fund £000	Insurance Fund £000	Movement in Unusable Reserves £000
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Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(27,986)	(2,492)				30,478
Amortisation of intangible assets (Note 18)	(58)					58
Difference between fair value and historic cost depreciation	(6,437)	(3,698)				10,135
Capital grants and contributions applied (Note 34)	13,646	1,212	3,555			(18,413)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (Note 8)	(1,780)	(4,800)	147			6,433
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	9,509	3,290	(3,555)			(9,244)
Adjustment to the statutory repayment of debt for service concession arrangements – permitted flexibility	(2,704)					2,704
Capital expenditure charged against the General Fund and HRA balances	799					(799)
Voluntary provision for repayment of debt (Note 26)	108					(108)
Adjustments primarily involving the Capital Reserve:						
Use of the Capital Reserve to finance new capital expenditure						
Adjustments primarily involving the Capital Grants & Receipts Unapplied Account:						
Use of Capital receipts initially transferred to grants & receipts unapplied to fund Covid-19 pressures						
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements (Note 26)	12					(12)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 26)	4,239	311				(4,550)
Adjustment primarily involving the Statutory Accumulating Compensated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (Note 26)	870	(6)				(864)
Total Adjustments (see MIRS)	(9,782)	(6,183)	147	-	-	15,818

**Notes to the Accounts (cont'd)****11. MOVEMENT IN RESERVES STATEMENT – TRANSFER TO/FROM EARMARKED RESERVES**

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25.

	Balance at 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31 March 2025 £000
Non-earmarked Reserve	(6,658)	3,967	(4,611)	(7,302)	6,798	(8,337)	(8,841)
Equalisation Reserve	(3,001)	-	(188)	(3,189)	-	(210)	(3,399)
Modernisation Fund	(5,560)	1,076	(2,278)	(6,762)	1,094	(339)	(6,007)
Unspent Grants	(13,748)	11,980	(2,284)	(4,052)	3,348	(1,472)	(2,176)
Whitelee Wind Farm	(1,059)	-	(90)	(1,149)	234	(441)	(1,356)
Commuted Sums	(62)	62	(3,784)	(3,784)	1,075	(3,294)	(6,003)
Devolved School Management	(4,298)	1,872	(1,347)	(3,773)	1,360	(774)	(3,187)
Feasibility Fund	(236)	-	(212)	(448)	-	(22)	(470)
Get to Zero Fund	(380)	45	(219)	(554)	45	(28)	(537)
Service Concessions Flexibility	(14,812)	10,228	(2,704)	(7,288)	7,700	(4,628)	(4,216)
Workforce Restructuring Fund	(1,500)	750	(1,075)	(1,825)	-	(91)	(1,916)
Employee Wellbeing & Development Fund	(400)	-	(620)	(1,020)	-	(1,451)	(2,471)
Community Capacity Building Fund	(400)	-	(220)	(620)	38	(1,231)	(1,813)
Investment in the Future	-	-	-	-	2,880	(6,340)	(3,460)
General Fund Total	(52,114)	29,980	(19,632)	(41,766)	24,572	(28,658)	(45,852)
HRA	(1,798)	146	-	(1,652)	-	(831)	(2,483)
Capital Reserve	(5,402)	3,555	(17,030)	(18,877)	3,925	(1,968)	(16,920)
Repairs and Renewal Fund	(3,211)	803	(2,042)	(4,450)	162	(837)	(5,125)
Insurance Fund	(1,946)	-	(98)	(2,044)	-	(102)	(2,146)
Total	(64,471)	34,484	(38,802)	(68,789)	28,659	(32,396)	(72,526)

**Notes to the Accounts (cont'd)****12. COMPREHENSIVE INCOME & EXPENDITURE STATEMENT – OTHER OPERATING EXPENDITURE**

	2024/25 £000	2023/24 £000
(Gain)/Loss on disposal of Fixed Asset (See Note 8)	(1,421)	(5,771)
Rental Income – operating lease over property, plant and equipment	(906)	(890)
	(2,327)	(6,661)

13. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25 £000	2023/24 £000
Interest payable and similar charges	12,474	9,490
Pension interest costs and expected return on pension assets	1,051	(5,419)
Interest receivable and similar income	(2,059)	(2,400)
Expected credit loss	-	-
Total	11,466	1,671

14. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – TAXATION AND NON SPECIFIC GRANT INCOMES

	2024/25 £000	2023/24 £000
Council Tax income	(63,328)	(62,824)
Non domestic rates	(15,941)	(15,695)
Non ring-fenced government grants	(238,032)	(206,938)
Capital grants and contributions	(31,258)	(18,413)
Total	(348,559)	(303,870)

**Notes to the Accounts (cont'd)****15. PROPERTY, PLANT AND EQUIPMENT****Movements on Balances****Movements in 2024/25**

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	PFI Assets Included in Property, Plant and Equipment £000	Total Property, Plant and Equipment £000
Cost or Valuation 31 March 2024	268,256	438,006	32,624	*	3,861	1,348	11,881	144,229	*
Opening adjustments relating to Lease agreements per IFRS16	-	(2,263)	786	13,274	(1,281)	-	-	816	11,332
Cost or Valuation 1 April 2024	268,256	435,743	33,410	*	2,580	1,348	11,881	145,045	*
In-year adjustments relating to Lease agreements per IFRS 16	-	14	160	177	-	-	-	(432)	(81)
Additions (per Capital Expenditure)	22,453	13,371	7,257	5,856	100	-	15,582	104	64,723
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,540)	1,732	-	-	-	-	-	4,448	4,640
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,000)	382	-	-	(73)	-	-	-	(6,691)
Derecognition – disposals	-	(22)	(1,287)	-	-	-	-	-	(1,309)
Derecognition – other	(4)	-	(3,963)	-	-	-	-	-	(3,967)
Assets transferred to/from assets under construction	-	-	-	-	-	-	-	-	-
Assets transferred to/from Surplus Assets	-	-	-	-	-	-	-	-	-
Asset transfers within PPE	-	(219)	91	128	-	-	-	-	-
At 31 March 2025	282,165	451,001	35,668	*	2,607	1,348	27,463	149,165	*
Accumulated Depreciation and Impairment									
At 1 April 2024	(2,348)	(41)	(21,542)	*	-	1	-	(499)	*
Depreciation charge	(9,516)	(9,318)	(6,377)	(3,439)	-	-	-	(3,676)	(32,326)
Depreciation written out on disposal	-	-	1,284	-	-	-	-	-	1,284
Depreciation written out on revaluation reserve	8,557	5,572	-	-	-	-	-	3,527	17,656
Depreciation written out on surplus or deficit on the provision of service	425	1,784	-	-	-	-	-	-	2,209
Asset transfers within PPE	-	21	(12)	(9)	-	-	-	-	-
Derecognition - other	4	-	3,963	-	-	-	-	-	3,967
At 31 March 2025	(2,878)	(1,982)	(22,684)	*	-	1	-	(648)	*
Net Book Value At 31 March 2025	279,287	449,019	12,984	97,023	2,607	1,349	27,463	148,517	1,018,249
At 31 March 2024	265,908	437,965	11,082	81,036	3,861	1,349	11,881	143,730	956,812

**Notes to the Accounts (cont'd)****Movements in 2023/24**

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	PFI Assets Included in Property, Plant and Equipment £000	Total Property, Plant and Equipment £000
Cost or Valuation At 1 April 2023	238,499	429,281	41,992	*	3,742	2,433	17,487	171,325	*
Additions	4,836	8,359	6,651	8,102	119	-	18,312	40	46,419
Donations	-	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	34,384	(2,118)	-	-	-	(733)	-	(27,136)	4,397
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,398	(14,179)	-	-	-	(147)	-	-	(12,928)
Derecognition – disposals	(11,259)	(6,652)	(16,019)	-	-	-	-	-	(33,930)
Derecognition – other	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	(60)	-	-	-	-	-	-	(60)
Assets transferred to/from assets under construction	193	23,375	-	350	-	-	(23,918)	-	-
Assets transferred to/from Surplus Assets	205	-	-	-	-	(205)	-	-	-
At 31 March 2024	268,256	438,006	32,624	*	3,861	1,348	11,881	144,229	*
Accumulated Depreciation and Impairment At 1 April 2023	(12,975)	(483)	(31,637)	*	-	1	-	(381)	*
Depreciation charge	(8,024)	(9,002)	(5,922)	(2,744)	-	-	-	(4,328)	(30,020)
Depreciation written out on disposal	11,259	74	16,017	-	-	-	-	-	27,350
Depreciation written out on revaluation reserve	6,997	7,430	-	-	-	-	-	4,210	18,637
Depreciation written out on surplus or deficit on the provision of service	395	1,940	-	-	-	-	-	-	2,335
At 31 March 2024	(2,348)	(41)	(21,542)	*	-	1	-	(499)	*
Net Book Value At 31 March 2024	265,908	437,965	11,082	81,036	3,861	1,349	11,881	143,730	956,812
At 31 March 2023	225,524	428,798	10,355	75,328	3,742	2,434	17,487	170,944	934,612



Notes to the Accounts (cont'd)

Depreciation

Depreciation is provided for on all Property, Plant & Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life e.g. land and assets that are not yet available for use (i.e. assets under construction).

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings – 30-40 years
- Other Land and Buildings - 10-50 years
- Vehicles, Plant, Furniture & Equipment - 4-20 years.
- Infrastructure – 40 – 60 years
- Community Assets – 1-20 years

Capital Commitments

At 31 March 2025, the Council was progressing a number of projects for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years. As approved on 26 February 2025 the 2025/26 Capital Plans for the General Fund totals £66,371k and Housing totals £7,322k. The major commitments include the following projects which have been stated at full project cost:-

	£000
Eastwood Park Leisure – Refurbishment	56,600
Barrhead South Access – Railway Station	18,331
Roads Capital Works (Carriageways and Other Infrastructure Assets)	16,789
House Building Programme (Phase 2)	15,637

Revaluations

The Council carries out a rolling revaluation programme, ensuring that all Property, Plant and Equipment required to be measured at fair value is revalued on a regular basis. In the current year, in addition to at least 20% of each asset category being revalued as at 31 March 2025, all high value assets were also revalued. Also assets that were not formally revalued underwent a desk top appraisal. If the appraisal value indicated an increase in value greater than 10% from that previously stated in the Balance Sheet, then the asset was revalued in-year, in addition to the rolling programme. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values are:-

- the amount which an asset could be exchanged for, between knowledgeable, willing parties, in an arm's length transaction
- the amount that would be paid for the asset in its existing use.
- the amount as determined at an assumed valuation date.

In addition to the valuations confirmed by the Council's internal valuers, right-of-use assets have also been brought onto the Balance Sheet and therefore form part of this note. This is due to the application of IFRS 16 Leases as adopted by the Code of Practice. These assets were measured at the present value of the remaining lease payments, discounted by applying the Council's weighted average incremental borrowing rate as at 1 April 2024. Further information on the right-of-use assets can be found in note 35.



Notes to the Accounts (cont'd)

***Infrastructure Assets**

The CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost. Due to information deficits it is unclear as to whether when an assets component is replaced that the old component has been derecognised to avoid double counting. However, as parts of these assets are rarely replaced before the part has been fully consumed and should therefore be fully depreciated at the date of replacement, the carrying amount to be derecognised in respect of a replaced part of an infrastructure assets is a nil amount.

The Scottish Government in recognising the challenge facing Council's has agreed to permit temporary statutory overrides whilst a permanent solution is developed within the Code. As outlined in the Local Government Finance Circular 09/2022 the Council has adopted statutory overrides for the period 1 April 2021 to 31 March 2025 which permits the council not to report gross cost and accumulated depreciation for Infrastructure assets.

16. HERITAGE ASSETS

Reconciliation of the carrying value of Heritage Assets held by the Council

	Statues £000	Civic Regalia £000	Total Tangible Assets £000	Number Plates £000	Total Intangible Assets £000	Total Heritage Assets £000
Cost or valuation At 1 April 2024	99	69	168	150	150	318
Revaluations	-	-	-	-	-	-
At 31 March 2025	99	69	168	150	150	318

	Statues £000	Civic Regalia £000	Total Tangible Assets £000	Number Plates £000	Total Intangible Assets £000	Total Heritage Assets £000
Cost or valuation At 1 April 2023	94	65	159	126	126	285
Revaluations	5	4	9	24	24	33
At 31 March 2024	99	69	168	150	150	318

17. HERITAGE ASSETS: FIVE YEAR SUMMARY OF TRANSACTIONS

There has been no acquisition, donation, disposal or impairment of Heritage Assets in the five year period covering the financial years 2020/21 to 2024/25.



Notes to the Accounts (cont'd)

18. INTANGIBLE ASSETS

The Council accounts for its software licences as intangible assets, to the extent that they are not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All licences are given a finite useful life of less than 5 years, based on assessments of the period that they are expected to be of use to the Council.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £66k charged to revenue in 2024/25 was charged to the IT Administration cost centre within Support Services – Business Operations and Partnerships.

The movement on Intangible Asset balances during the year is as follows:

	2024/25 Software Licences £000	2023/24 Software Licences £000
Balance at start of year:		
• Gross carrying amounts	284	1,824
• Accumulated amortisation	(136)	(1,684)
Net carrying amount at start of year	148	140
Additions:		
• Internal development	-	-
• Purchases	37	66
• Acquired through business combinations	-	-
Derecognition - Disposal	(37)	(1,606)
Amortisation for the period	(66)	(58)
Depreciation written out on disposal	37	1,606
Derecognition		
• Gross Book Value	-	-
• Accumulated amortisation	-	-
Net carrying amount at end of year	119	148
Comprising:		
• Gross carrying amounts	284	284
• Accumulated amortisation	(165)	(136)
Balance at end of year:	119	148

19. ASSETS HELD FOR SALE

	Current Assets 2024/25 £000	Current Assets 2023/24 £000
Balance outstanding at start of year	-	-
Assets newly classified as held for sale:		
• Property, Plant and Equipment	60	60
• Other assets/liabilities in disposal groups	-	-
Additions	-	-
1Revaluation losses	-	-
Revaluation gains	-	-
Impairment Gains	-	-
Impairment losses	-	-
Assets declassified as held for sale:		
• Property, Plant and Equipment	-	-
• Other assets/liabilities in disposal groups	-	-
Assets sold	(60)	-
Derecognition	-	-
Transfers from non-current to current	-	-
Balance outstanding at year-end:	-	60

**Notes to the Accounts (cont'd)****20. FINANCIAL INSTRUMENTS**

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet and reflect the impact of IFRS 9 as well as the transition to IFRS 16 during 2024/25.

	Long-term		Current	
	31 March 2025 £000	31 March 2024 £000	31 March 2025 £000	31 March 2024 £000
Investments				
Loans and receivables	239	243	36,183	35,623
Total investments	239	243	36,183	35,623
Borrowings				
Financial liabilities at amortised cost (including Bank overdraft and long term creditors)	(152,613)	(127,628)	(16)	(16)
Total Borrowings	(152,613)	(127,628)	(16)	(16)
Other Long Term Liabilities				
PFI and finance lease liabilities	(84,353)	(62,565)	(9,734)	(5,567)
Total other long term liabilities	(84,353)	(62,565)	(9,734)	(5,567)

The income and expenses recognised in the Comprehensive Income and Expenditure statement in relation to financial instruments are as follows:-

	2024/25 Surplus or Deficit on the Provision of Services £000	2023/24 Surplus or Deficit on the Provision of Services £000
Net gains/losses on:		
• Financial assets or financial liabilities measured at amortised cost	-	-
Interest revenue:		
• Financial assets or financial liabilities measured at amortised cost	7,055	5,813
Fee income:		
• Financial assets or financial liabilities that are not at fair value through profit or loss	-	-
Fee expense:		
• Financial assets or financial liabilities that are not at fair value through profit or loss	227	220
Total net(gain) / losses	7,282	6,033



Notes to the Accounts (cont'd)

Fair Values of Assets and Liabilities

Financial liabilities and financial assets including long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2*), using the following assumptions:

- For loans from the PWLB payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, the cost of taking a new loan at PWLB new loan rates applicable to existing loans on the Balance Sheet date (which could be viewed as a proxy for transfer value) has been assessed;
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount

Market to Model Valuation for Financial Instruments – As at 31 March the Council held £36,422k financial assets and £152,629k financial liabilities for which Level 2 valuations will apply. All the financial assets are held with Money Market Funds and other Council's. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1* valuation is not available. To provide a fair value which provides a comparison to the carrying amount, a financial model valuation provided by MUFG Corporate Markets; the Council's treasury management advisors, has been used. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses New Borrowing Rates to discount the future cash flows.

The fair values calculated are as follows:

	31 March 2025		31 March 2024	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial liabilities	152,629	108,878	127,644	93,043

The fair value of the liabilities can sometimes be greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders above current market rates. However at 31 March 2025 they are lower due to the higher interest rate environment this year which impacts the prevailing market rates in calculating fair value.

MUFG Corporate Markets have also provided fair value calculations based on premature repayment. This shows the following comparable figures:-

	31 March 2025		31 March 2024	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial liabilities	152,629	124,981	127,644	109,421



Notes to the Accounts (cont'd)

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. As a result of its PWLB commitments for fixed rate loans a comparison of the terms of these loans with the new borrowing rates available from the PWLB has been used to calculate the fair value. As part of the Financial Liabilities shown in the two tables above is a PWLB carrying amount of £137.48m, the fair value using New Borrowing Rates would be £97.38m. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge. The exit price for the PWLB loans including the additional charges would be £108.86m.

The redemption charge is a supplementary measure of the fair value of the Public Works Loan Board (PWLB) loans of £137.48m. It measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

	31 March 2025		31 March 2024	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Deposits: short-term	36,183	35,183	35,623	35,623
Investments: short-term	-	-	-	-
Investments: long-term	239	239	243	243
	36,422	35,422	35,866	35,866

The fair value of the assets is similar to the carrying amount because the Council's portfolio of loans includes all variable rate loans where the interest rates receivable are similar to the rates available for similar loans at the Balance Sheet date.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

* Definitions of Levels 1 - 3 can be found within the Accountancy Policies - Note 1.

21. DEBTORS

	31 March 2025	31 March 2024
	£000	£000
Trade receivables	3,519	2,636
Receivables from other Public sector bodies	14,945	12,963
Prepayments	4,280	4,426
Other accounts	7,551	4,531
Total	30,295	24,556

**Notes to the Accounts (cont'd)****22. DEBTORS FOR LOCAL TAXATION**

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	31 March 2025 £000	31 March 2024 £000
Less than one year	3,627	4,114
Between one to two years	2,627	2,267
Between two and five years	5,496	5,402
More than five years	9,017	8,287
Total	20,767	20,070

The Impairment of receivables for amounts levied in year is 2% and 100% for prior year debt.

23. CASH FLOW STATEMENT – CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2025 £000	31 March 2024 £000
Cash held by the Council	16	17
Bank current accounts	637	10,123
Short-term deposits	35,546	25,500
Total	36,199	35,640

24. CREDITORS

	31 March 2025 £000		31 March 2024 £000	
	Short-term	Long-term	Short-term	Long-term
Trade payables	(8,709)	-	(5,421)	-
Payables to other public sector bodies	(13,838)	-	(11,411)	-
Other accounts	(30,576)	(6)	(33,014)	(5)
TOTAL	(53,123)	(6)	(49,846)	(5)

**Notes to the Accounts (cont'd)****25. PROVISIONS**

	Teachers Maternity Pay £000	Housing Rent £000	Short- term provisions £000	SRC Operations £000	Insurance Excess £000	Long-term provisions £000
Balance at 31 March 2024	(388)	(204)	(592)	(1,155)	(140)	(1,295)
Additional provisions made in 2024/25	(289)	-	(289)	-	-	-
Amounts used in 2024/25	388	204	592	26	-	26
Unused amounts reversed in 2024/25	-	-	-	-	-	-
Balance at 31 March 2025	(289)	-	(289)	(1,129)	(140)	(1,269)

The Council now has one short term provisions totalling £289k to cover holidays accrued whilst teachers are on maternity.

Two long term provisions have been made in the accounts totalling £1,269k. These are made up firstly of £1,129k, a provision in respect of the former Strathclyde Regional Council's operations. Cost sharing arrangements are in place with the other eleven authorities which made up the former Strathclyde Region. East Renfrewshire Council's share of liabilities which will materialise in the future is 4.83%. Secondly, there is a provision of £140k to cover insurance excess for outstanding claims made against the Council.

26. BALANCE SHEET – UNUSABLE RESERVES

	31 March 2025 £000	31 March 2024 £000
Revaluation Reserve	(338,364)	(345,829)
Capital Adjustment Account	(373,573)	(355,236)
Financial Instruments Adjustment Account	739	751
Pensions Reserve	14,514	16,886
Statutory Accumulating Compensated Absences Account	9,371	8,679
Total Unusable Reserves	(687,313)	(674,749)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost

**Notes to the Accounts (cont'd)**

- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	31 March 2025 £000	31 March 2024 £000
Balance at 31 March	(345,829)	(332,897)
Adjustments relating to lease agreements per IFRS 16	20,905	-
Balance at 1 April	(324,924)	(332,897)
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services:		
Upward revaluation of assets	(43,497)	(70,692)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	21,201	47,625
Difference between fair value depreciation and historical cost depreciation	8,856	10,135
Accumulated gains on assets sold or scrapped	-	-
Balance at 31 March	(338,364)	(345,829)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2024/25 £000	2023/24 £000
Balance at 31 March	(355,236)	(366,453)
Adjustments relating to lease agreements per IFRS 16	2,779	-
Balance at 1 April	(352,457)	(366,453)

Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account

• Charges for depreciation and impairment of non-current assets	27,952	30,478
• Revaluation losses on Property, Plant and Equipment	-	-
• PPP/PFI lifecycle costs	-	-
• Amortisation of intangible assets	66	58
• Revenue expenditure funded from capital under statute	-	-
• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	85	6,580
	(324,354)	(329,337)

Capital financing applied in the year:

**Notes to the Accounts (cont'd)**

• Capital Receipts	(1,506)	(12,351)
• Capital Receipts transferred to Capital Reserve	-	12,204
• Grants applied to Capital Investment	(31,258)	(14,858)
• PPP/PFI Finance lease repayments	(8,933)	(5,368)
• Loan repayments for the financing of capital investment charged against the General Fund and HRA balances	(7,819)	(7,431)
• Capital Funded from Current Revenue/Capital Reserve	(4,331)	(799)
• Adjustment to the statutory repayment of debt for service concession arrangements – permitted flexibility	4,628	2,704

Balance at 31 March	(373,573)	(355,236)
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Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. East Renfrewshire Council in the past used this Account, in the main, to manage premiums paid on the early redemption of loans. Over time, the expense was posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period was restricted originally to 20 years. As a result, the balance was fully charged to the General Fund as at the 31 March 2024. It is now solely a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments.

	2024/25 £000	2023/24 £000
Balance at 1 April	751	871
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with Statutory requirements	-	(108)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(12)	(12)
Balance at 31 March	739	751

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

	2024/25 £000	2023/24 £000
Balance at 1 April	16,886	(114,498)
Actuarial (gains) or losses on pension assets and liabilities	(13,309)	135,934

**Notes to the Accounts (cont'd)**

Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement

16,751 11,912

Employer's pension contributions and direct payments to pensioners payable in the year

(5,814) (16,462)

Balance at 31 March

14,514 16,886

Short term Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2024/25 £000	2023/24 £000
Balance at 1 April	8,679	9,543
Settlement or cancellation of accrual made at the end of the preceding year	(8,679)	(9,543)
Amounts accrued at the end of the current year	9,371	8,679
Balance at 31 March	9,371	8,679

27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2024/25 £000	2023/24 £000
Interest received	(1,997)	(3,029)
Interest paid	5,154	4,639
Interest element of finance lease rental and PPP/PFI payment	7,017	4,888

The (surplus) or deficit on the provision of services has been adjusted for the following non-cash movements:

	2024/25 £000	2023/24 £000
Depreciation and impairment	(27,952)	(30,478)
Difference between Fair Value and Historical Cost Depreciation	(8,856)	(10,135)
Amortisation of intangible assets	(66)	(58)
(Increase)/decrease in creditors	(6,049)	15,102

**Notes to the Accounts (cont'd)**

Increase/(decrease) in debtors	540	(3,275)
Increase/(decrease) in inventories	124	93
Movement in pension liability	(10,937)	4,550
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	1,421	(6,433)
Other non-cash items charged to the net surplus or deficit on the provision of services	31,317	14,978
	(20,458)	(15,656)

28. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2024/25 £000	2023/24 £000
Purchase of property, plant and equipment and intangible assets	67,676	43,295
Purchase of short-term and long-term investments	521,072	534,185
Proceeds from the sale of property, plant and equipment and intangible assets	(1,506)	(147)
Proceeds from short-term and long-term investments	(521,072)	(534,185)
Other receipts from investing activities	(25,836)	(13,093)
Net cash flows from investing activities	40,334	30,055

29. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2024/25 £000	2023/24 £000
Financing activities as at 1 April	(195,528)	(196,270)
Cash payments for the reduction of the outstanding Liability relative to a finance lease and on Balance Sheet PFI Contract	8,933	5,368
Repayments of short and long-term borrowing	(24,988)	(4,626)
Other payments for financing activities		-
Financing activities as at 31 March	(211,583)	(195,528)

30. AGENCY SERVICES

The Council bills and collects domestic water and sewerage charges on behalf of Scottish Water with its Council Tax.

During 2024/25 the Council collected and paid over £23m (2023/24 £20.9m) and received £0.297m (2023/24 £0.287m) for providing the service.

**Notes to the Accounts (cont'd)****31. EXTERNAL AUDIT COSTS**

The Accounts Commission for Scotland appointed Ernst & Young LLP as the Council's External Auditor for the financial years 2022/23 to 2026/27.

The Council has incurred the following costs in relation to the audit of the Annual Accounts and certification of grant claims provided by the Council's external auditors:

	2024/25 £000	2023/24 £000
Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice	293	332

32. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2024/25 £000	2023/24 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	238,032	206,938
Non Domestic Rates	15,941	15,695
Capital Grants and Contributions	31,258	18,413
Total	285,231	241,046
Credited to Services		
Housing Benefit Subsidy	12,315	12,010
Housing Benefit Administration Grant	164	157
Pupil Equity Fund	1,397	1,579
Unitary Charge – Barrhead High School	1,832	1,832
Education 1140 expansion	-	8,524
Education Maintenance Allowance	238	245
Developing the Young Workforce	160	159
Active Schools	248	244
Milk & Healthy snack scheme	216	221
Shared Prosperity Fund	1,428	720
Criminal Justice Grant	931	903
Private Sector Housing Grant	410	410
Paths for all/ Bikeability	35	37
Strathclyde Passenger Transport	28	582
Refugee Funding	356	475
Capital Grants for 3 rd party funding	404	661
No One Left Behind	408	-
Parental Employment Support	342	-
Miscellaneous Revenue Grants	1,380	2,164
Covid-19 Grants: where the Council acted as Principal		
Self-Isolation - admin	-	3
Business Support - admin	-	20
Total	307,523	271,992



Notes to the Accounts (cont'd)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if they are not used as specified. The balances at the year-end are as follows:

Capital Grants Receipts in Advance	2024/25 £000	2023/24 £000
Developer's Contributions/ Commuted Sums	9,078	8,901
Environmental Improvement Grant	988	1,127
Town Centre Grant	-	-
Energy Grant	408	399
Education Grant	-	33
Miscellaneous	-	65
	10,474	10,525

33. RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Scottish Government

The Scottish Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax payers). Grants received from government departments are set out in note 32.

Strathclyde Pension Fund

Strathclyde Pension Fund is the principal administrators of the post-retirement funds held on behalf of the current and former employees of the Council. Information about transactions during the year and outstanding assets and liabilities in relation to the Council's share of the Strathclyde Pension Fund can be found in Note 40.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown on page 45. The Councillors' code of conduct requires Members to complete a Register of Interest. While the Code requires Elected Members to update their register within 1 month of a change taking place, officers issue members with a reminder twice a year. Member's Registers of Interests are published on the Council website and also held in a central register retained by the Department of Business Operations & Partnerships at Council Headquarters. A Member is required to declare an interest where the objective test is met – that is where a member of the public with knowledge of the relevant facts would reasonably regard the Members' connection to a particular matter as being so significant that it would be considered as being likely to influence the discussion or decision. When this situation arises, and where appropriate, the relevant Members leave the meeting and do not take part in any discussion or decision in relation to that interest.

Officers

Senior Officers influence the Council's financial and operating policies. The Council's interpretation of the definition of Senior Officers along with the total remuneration paid to them is shown in the Remuneration report (on pages 43 & 44). All officers adhere to the Council's code of conduct which



Notes to the Accounts (cont'd)

requires them to declare an interest in matters that directly or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. Again, a register is held by the Department of Business Operations and Partnerships which records all notified declarations of interest, preventing the relevant officer, when appropriate, from taking part in any discussion or decision relating to that interest.

Entities controlled by the Council, Entities that have Joint Ventures with the Council and those entities that are Significantly Influenced by the Council

The Council has an interest in a number of entities. Where this interest is considered to be, at least, significant and material then they are consolidated with the accounts of the Council to form the Group Financial Statements and more information on these entities can be found within the notes to the Group Accounts. The following bodies have been included:

Subsidiaries – entities where the Council have more than a 50% influence over

East Renfrewshire Culture & Leisure Trust was incorporated into on 2 July 2015 as a company limited by guarantee to enhance and contribute to the health, fitness, personal development and wellbeing of the residents of East Renfrewshire (and beyond) including, but not limited to, educational, sporting, culture and heritage based and community activities. The Council's contribution to the Trust is mainly made up of a management fee, however it also pays charges for additional services provided to the Council. It is represented on the Board of Directors by 4 (plus 1 union representative) board members. In the current year the following East Renfrewshire Council transactions were made with East Renfrewshire Culture & Leisure Trust:

	2024/25	2023/24
	£m	£m
Contributions made to East Renfrewshire CLT	6,904	7.030
Service Income received from East Renfrewshire CLT	(0.627)	(0.496)
East Renfrewshire CLT balance due (to)/from the Council	0.381	0.534

Joint Ventures – where the Council has a joint arrangement whereby the parties have joint control

The East Renfrewshire Integration Joint Board was formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Joint Venture between East Renfrewshire Council and the Greater Glasgow & Clyde Health Board.

The Integration Joint Board receives contributions from its funding partners namely East Renfrewshire Council and Greater Glasgow & Clyde Health Board to fund its services. Expenditure is incurred in the form of charges for services provided to the Joint Board by its partners. They are responsible for planning, commissioning and delivery of services for children, adults and older people, including homelessness and criminal justice services from both partners and also have the planning responsibility for our population's use of large hospital based services along with housing aids & adaptations.

In the current year the following East Renfrewshire Council financial transactions were made with the Integration Joint Board:

	2024/25	2023/24
	£m	£m
Contributions made to East Renfrewshire IJB	95.877	92.436
Commissioning Income received from East Renfrewshire IJB	(94.545)	(96.618)
East Renfrewshire IJB balance due (to)/from the Council	4.209	2.145



Notes to the Accounts (cont'd)

Associates – where the Council has a significant influence over the entity

East Renfrewshire Council has significant influence over the following bodies, however they do not meet the criteria of Subsidiaries or Joint Ventures. Additional information on these entities, including contributions made to them, can be found within the notes to the Group Accounts:

- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- The Renfrewshire Valuation Joint Board

Other Organisations

The Council has interest in the following bodies in collaboration with other Local Authorities, but are not Associates as the Council either has no significant influence in them or the transactions between them are considered to be immaterial to the understanding of the Accounts, again further information including contributions made to them, can be found in the notes to the Group Accounts:

- Scotland Excel
- Glasgow & the Clyde Valley Strategic Development Planning Authority
- Continuing Education Gateway
- West of Scotland Archaeology Service
- Glasgow City region cabinet
- The SEEMIS Group LLP

34. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2024/25	Housing £000	General Fund £000	Total £000
Opening Capital Financing Requirement as at 31 March 2024	46,586	209,686	256,272
Adjustments relating to lease agreements per IFRS 16	-	35,015	35,015
Opening Capital Financing Requirement as at 1 April 2024	46,586	244,701	291,287
Capital investment			
Property, Plant and Equipment	22,550	42,092	64,642
Intangible Assets	-	37	37
Sources of finance			
Capital Reserve	(3,100)	(825)	(3,925)
Capital Receipts	-	(1,506)	(1,506)
Government Grants and Other Contributions	(10,912)	(20,346)	(31,258)
Service Concessions	-	4,628	4,628
Sums set aside from revenue			
Direct Revenue Contributions	-	(406)	(406)
Finance Lease Principal Repayments (incl. PFI/PPP Projects)	-	(8,933)	(8,933)
Loans Fund Principal	(3,490)	(4,329)	(7,819)
Closing Capital Financing Requirement as at 31 March 2025	51,634	255,113	306,747
Explanation of Movements in Year			
Increase in underlying need to borrow	5,048	10,238	15,286
Assets acquired under lease and lease type arrangements	-	174	174
Increase/(decrease) in Capital Financing Requirement	5,048	10,412	15,460

**Notes to the Accounts (cont'd)**

2023/24	Housing £000	General Fund £000	Total £000
Opening Capital Financing Requirement as at 31 March 2023	46,035	174,839	220,874
Capital investment			
Property, Plant and Equipment	5,053	41,366	46,419
Intangible Assets	-	66	66
Revenue Expenditure Funded from Capital under Statute	-	-	-
Sources of finance			
Capital Reserve	-	-	-
Capital Receipts	-	(147)	(147)
Government Grants and Other Contributions	(1,212)	(13,646)	(14,858)
Service Concessions	-	17,516	17,516
Sums set aside from revenue			
Direct Revenue Contributions	-	(799)	(799)
Finance Lease Principal Repayments (incl. PFI/PPP Projects)	-	(5,368)	(5,368)
Loans Fund Principal	(3,290)	(4,141)	(7,431)
Closing Capital Financing Requirement as at 31 March 2024	46,586	209,686	256,272
Explanation of Movements in Year			
Increase in underlying need to borrow	551	34,847	35,398
Assets acquired under lease and lease type arrangements	-	-	-
Increase/(decrease) in Capital Financing Requirement	551	34,847	35,398

35. LEASES**Council as a Lessee**

The Council previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under the newly adopted International Financial Reporting Standard 16 (IFRS 16), the Council recognises right-of-use assets and lease liabilities for most leases by including them on-balance sheet.

The Council has adopted recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases with an asset value of £10k or less. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Council's lease contracts comprise leases of land, property, vehicles and equipment, incorporating a mix of lease lives.

The impact of IFRS 16 on Private Finance Initiatives and Similar Contacts is disclosed separately in note 36.

**Notes to the Accounts (cont'd)****Rights-of use assets**

This table shows the change in the value of right-of-use assets held under leases by the Council:

	Land and Buildings £000	Community Assets £000	Vehicles, plant and equipment £000	Total £000
Balance at 1 April 2024	2,192	1,130	786	4,108
Additions	14	75	160	249
Revaluations	18	(75)	-	(57)
Depreciation and amortisation	(402)	-	(382)	(784)
Disposals	-	-	-	-
Balance at 31 March 2025	1,822	1,130	564	3,516

The newly recognised lease liabilities recorded on the Balance Sheet as at 1 April 2024 amounted to £2.379m. This compares with the operating lease commitments of £2.209m at 31 March 2024 disclosed in note 35 of the Council's 2023/24 Annual Accounts. When discounted to their present value (using the weighted average incremental borrowing rate of 5.12% at 1 April 2024), the lease liabilities of low value items and leases that will expire before 31 March 2025, which are not recorded on the Balance Sheet, amount to £0.834m.

Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases:

	31 March 2025 £000	31 March 2024 £000
Comprehensive income and expenditure statement:		
Interest expense on lease liabilities	101	-
Expense relating to short-term leases	151	-
Expense relating to exempt leases of low-value items	221	-
Cash Flow Statement:		
Total cashflow for leases	1,277	-
Cash payments for interest portion of lease liabilities	103	-
Short term lease payments where exemptions taken	151	-
Low value lease payments where exemptions taken	252	-



Notes to the Accounts (cont'd)

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands:

	31 March 2025 £000	31 March 2024 £000
Less than one year	715	-
One to five years	683	-
More than five years	800	-
Total undiscounted liabilities	2,198	-

Council as a lessor

Operating Leases

The Council is not required to make any adjustment on transition to IFRS 16 for leases in which it acts as a lessor.

The Council leases out land and property previously classified as an operating leases under International Accounting Standard 17 (IAS 17) for the following purposes:

- for the provision of community services
- for economic development purposes to provide suitable affordable accommodation for local businesses

The lease receivables are due to be collected over the following time bands:

	31 March 2025 £000	31 March 2024 £000
Less than one year	1,001	996
Later than one year and not later than five years	1,941	2,053
More than five years	12,701	13,580
Total undiscounted receivables	15,643	16,629

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2024/25 there were no contingent rents received by the Council (2023/24 no contingent rents were received by the Council).

**Notes to the Accounts (cont'd)****36. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS****(I) Schools PFI Contract**

The Council signed a contract on 20 April 2000 with East Ren Schools Services Ltd to procure the provision of services for the Council under the government's Private Finance Initiative.

The services are the provision of a new Mearns Primary School and an extension to St Ninian's High School. The contract is for a period of 25 years commencing August 2001 and the assets will revert to the Council at the end of the contract period. These assets are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment Balance in Note 15.

Movement in Value of Assets	£000
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Valuation at 31 March 2024	31,131
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Adjustments relating to lease agreements per IFRS 16	-
-------------------------------------------------------------	----------

Valuation as 1 April 2024	31,131
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Additions/Revaluations	2,178
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Depreciation in Year	(780)
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NET BOOK VALUE AT 31 MARCH 2025	32,529
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The annual Unitary Charge is a fixed sum of £2.17m. This is offset by a Direct Support Payment from the Scottish Government of £1.25m leaving a net cost to the Council of £0.92m.

The total value of payments over the remainder of the contract before inflation will be £3.02m and the total value of income from the Scottish Government will be £1.67m resulting in a net outstanding undischarged obligation before inflation of £1.35m.

The Gross Unitary Charge is subject to inflation increases less than Retail Price Index but the gearing effect of the Scottish Government contribution carrying no increases results in the net burden increasing by more than the Retail Price Index.

	Liability	Interest	Service Charges	Total
	£000	£000	£000	£000
Within 1 year	2,277	215	2,107	4,599
Within 2 to 5 years	-	-	1,781	1,781
Within 6 to 10 years	-	-	-	-
ESTIMATED TOTAL	2,277	215	3,888	6,380

(II) Roads PFI Contract

The Council finalised a PFI agreement in conjunction with South Lanarkshire Council and the Scottish Executive to construct the Glasgow Southern Orbital Road and the M77 extension. Some 26.67% of the asset relates to East Renfrewshire Council.



Notes to the Accounts (cont'd)

The contract was signed on 30 April 2003 with Connect to construct and thereafter maintain the new roads for a period of 30 years commencing April 2005. At the end of the contract period the roads will revert to the respective authorities. These assets are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment balance in Note 15.

Movement in Value of ERC Assets	£000
Valuation at 31 March 2024	22,531
Adjustments relating to lease agreements per IFRS 16	13,274
Valuation at 1 April 2024	35,805
Additions/Revaluations	177
Depreciation in Year	(1,333)
NET BOOK VALUE AT 31 MARCH 2025	34,649

Payment for the project is made through an Annual Unitary Charge which is made up of a Fixed Availability Element and an Expected Usage Element geared to forecast traffic flow.

Direct support payments from the Scottish Government result in an annual net cost to the Council of £100,000.

The outstanding undischarged net obligation is currently £1.01m.

	Liability	Interest	Service Charges	Total
	£000	£000	£000	£000
Within 1 year	1,952	1,745	1,629	5,326
Within 2 to 5 years	9,978	5,720	5,544	21,242
Within 6 to 10 years	17,776	3,320	6,932	28,028
Within 11 to 15 years	324	19	58	401
ESTIMATED TOTAL	30,030	10,804	14,163	54,997

(III) Schools PPP Project

On 10 December 2004 the Council signed a further schools PPP contract for the provision of a new Williamwood High School, a new Primary School/Community Inclusive Education Campus for Carlibar and extensions to Mearns Castle High School and Woodfarm High School. The extensions were handed over to the Council in December 2005 and the new schools were handed over on target in July 2006.

The contract for services at the new schools is for 25 years commencing in July 2006. Services at the extensions commenced in December 2005 but will have the same end date as for the new schools. At the end of the contract period the assets will revert to the Council. These assets are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment balance in Note 15.

**Notes to the Accounts (cont'd)**

Movement in Value of Assets	£000
Valuation at 31 March 2024	85,510
Adjustments relating to lease agreements per IFRS 16	-
Valuation at 1 April 2024	85,510
Additions/Revaluations	3,316
Depreciation in Year	(2,130)
NET BOOK VALUE AT 31 MARCH 2025	86,696

The Annual Unitary Charge is a fixed sum of £6.86m and this is offset by a Direct Support Payment from the Scottish Government of £3.95m leaving a net cost to the Council of £2.91m.

The total value of payments over the remainder of the contract before inflation will be £42.88m and the total value of income from the Scottish Government will be £19.71m leaving a net outstanding undischarged obligation of £23.17m.

The Gross Unitary Charge is subject to inflation increases less than the Retail Price Index but the gearing effect of the Scottish Government contribution carrying no increases results in the net burden increasing by more than the Retail Price Index.

	Liability	Interest	Service Charges	Total
	£000	£000	£000	£000
Within 1 year	4,243	2,899	4,258	11,400
Within 2 to 5 years	23,789	7,970	16,175	47,934
Within 6 to 10 years	10,452	986	4,463	15,901
Within 11 to 15 years	-	-	-	-
ESTIMATED TOTAL	38,484	11,855	24,896	75,235

(IV) Barrhead High School - Scotland's Schools for the Future NPD Project

On 21 March 2016 the Council signed a contract for the construction and maintenance of a replacement Barrhead High School to be delivered under the Scotland's Schools For the Future programme non-profit distributing (NPD) model. The new facility was handed over to the Council in August 2017.

The contract is for 25 years from August 2017 and the asset will revert to the Council at the end of the contract period. Movements in the value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment balance in Note 15.

Movement in Value of Assets	£000
Valuation at 31 March 2024	24,619
Adjustments relating to lease agreements per IFRS 16	-
Valuation at 1 April 2024	24,619
Additions/Revaluations	2,299
Depreciation in Year	(616)
NET BOOK VALUE AT 31 MARCH 2025	26,302

**Notes to the Accounts (cont'd)**

The capital element of the Annual Service Payment will be fully covered by Scottish Government Revenue Funding Support payments.

The Annual Service Payment is a fixed sum of £2.105m and this is offset by Direct Support Payment from the Scottish Government of £1.832m leaving a net cost to the Council of £0.273m.

The total value of payments over the remainder of the contract before inflation will be £36.526m and the total value of income from the Scottish Government will be £32.335m leaving a net outstanding undischarged obligation of £4.191m

The Annual Service Payment is subject to inflation increases less than the Retail Price index but the Scottish Government contribution is fixed and will not increase over the lifetime of the project. This will result in an increasing net annual burden for the Council.

	Liability	Interest	Service Charges	Total
	£000	£000	£000	£000
Within 1 year	564	1,224	566	2,354
Within 2 to 5 years	2,456	4,505	2,625	9,586
Within 6 to 10 years	4,196	4,595	3,610	12,401
Within 11 to 15 years	6,674	2,876	3,374	12,924
Within 16 to 20 years	4,238	497	1,549	6,284
ESTIMATED TOTAL	18,128	13,697	11,724	43,549

(V) Clyde Valley Waste Recycling Plant

In January 2020 the Council entered into a 25 year contract for waste recycling which utilises residual waste to obtain thermal gain. North Lanarkshire is the lead authority, with an additional four councils taking part in the project through an Inter Authority Agreement.

The estimated useful life of the asset is 25 years and the member authorities do not have any rights to use the facility beyond this point, should the asset life be extended.

Movements in the value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment balance in Note 15.

Movement in Value of Assets	£000
Valuation at 31 March 2024	2,470
Adjustments relating to lease agreements per IFRS 16	816
Valuation 1 April 2024	3,286
Additions/Revaluations	(147)
Depreciation in Year	(149)
NET BOOK VALUE AT 31 MARCH 2025	2,990

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the provider fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the contracts as at

**Notes to the Accounts (cont'd)**

31 March 2025 including an adjustment for inflation and excluding any estimation of availability and performance deductions are as follows:

	Liability £000	Interest £000	Service Charge £000	Total £000
Within 1 year	54	190	2,464	2,708
Within 2 to 5 years	464	706	10,312	11,482
Within 6 to 10 years	251	786	14,930	15,967
Within 11 to 15 years	1,049	613	16,371	18,033
Within 16 to 20 years	1,522	257	17,237	19,016
ESTIMATED TOTAL	3,340	2,552	61,314	67,206

The estimated cash values of payments due to be made are based on inflation indices ranging from 2%-5%. These rates were the base rates at the beginning of the contract and are applied to the guaranteed minimum tonnage via the ongoing inflationary factor. Future payments could be impacted by actual tonnage and actual rates of inflation.

37. IMPAIRMENT LOSSES**Impairment of Assets**

Impairment losses/ (reversals) of £4.482m were charged to the Comprehensive Income and Expenditure Statement. The breakdown between class of asset is as follows:-

	Losses/(Gains) £000	Reversal of Previous (Losses)/Gains £000	Net Loss/(Reversal) £000
Property, Plant & Equipment and Assets Held for Sale	12,967	(8,485)	4,482

38. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2024/25 incurring liabilities of £0.860m (£2.887m in 2023/24). This was in respect of 25 officers (44 officers in 2023/24) from across the Council. The Remuneration Report at page 49 provides further details on exit packages.

39. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

East Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The 2020 actuarial valuation set employer contribution rates at 26.0% from 1 April 2024, having previously been 23% from 1 September 2019. Member contributions continued at the same rates within a range of 7.4% to 11.73% and are anticipated to deliver a yield of 9.6%.

The Council has no liability for other employers' obligations to the multi-employer scheme.



Notes to the Accounts (cont'd)

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. However, it is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Council is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period 1 April 2024 is 26.0% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay. In addition £0.38m was paid (2023/24 £0.37m) in respect of added years.

The total contribution paid into the Teachers' Pension Scheme during the year ending 31 March 2024, by East Renfrewshire Council was £17.09m, equating to approximately 2.15% of the total contributions made to the scheme and the amount paid during the year ending 31 March 2025 was £19.06m. The total employee's contribution paid into the scheme during the year ending 31 March 2025 was £7.22m.

40. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

The post-employment scheme for employees other than teachers is the Local Government Pension Scheme (LGPS), and is administered in the West of Scotland by Glasgow City Council in respect of all local authorities and admitted bodies in the former Strathclyde Area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data. Individual employer assets have been apportioned to each employer since 2002. Prior to that date, each employer was considered to have the same funding as the whole Fund.

Benefits

- From 1 April 2015 the pension salary will be calculated on a career average salary and the accrued rate will be based on 1/49th of this calculation and years of pensionable service.
- For the period 1 April 2009 to 31 March 2015 the LGPS was a defined benefit final salary scheme and the pension's accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009, the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).
- There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. Pensions are increased annually in line with changes to the Pensions (Increases) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

Governance

- The Strathclyde Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Strathclyde Pension Fund Committee. This committee is comprised solely of elected members of Glasgow City Council. Employing authorities (including East Renfrewshire Council) are represented at the Strathclyde Pension Fund Representative Forum.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.



Notes to the Accounts (cont'd)

- Under the Regulations, employers fall into three categories, scheme employers (also known as schedule bodies) such as East Renfrewshire Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other party. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no pension plan assets built up to meet these pension liabilities.

Transactions Relating to Post-Employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Included in net cost of services within Comprehensive Income and Expenditure Statement	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
<ul style="list-style-type: none"> Current service cost 	16,304	16,876
<ul style="list-style-type: none"> Past service costs (including curtailments) 	750	1,780
<ul style="list-style-type: none"> Effect of settlement 	-	-
<ul style="list-style-type: none"> Contributions in respect of unfunded benefits 	(1,354)	(1,325)
<i>Included within Financing and Investment Income and Expenditure</i>		
<ul style="list-style-type: none"> Net interest cost 	1,051	(5,419)
<i>Total of LGPS Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</i>	16,751	11,912
Included within Other Comprehensive Income and Expenditure		
<ul style="list-style-type: none"> Expected return on scheme assets 	9,268	(34,839)
<ul style="list-style-type: none"> Actuarial (gains) and losses on changes in demographic assumptions 	(937)	(7,809)
<ul style="list-style-type: none"> Actuarial (gains) and losses arising on changes in financial assumptions 	(293,953)	(68,252)
<ul style="list-style-type: none"> Other 	(5,895)	51,322
	(274,766)	(47,666)

Movement in Reserves Statement

<ul style="list-style-type: none"> Actual amount charged against the General Fund Balance for pensions in the year: employers' contributions payable to scheme 	5,814	16,462
<ul style="list-style-type: none"> Less: Total Post Employment Benefit charged to the Surplus or Deficit on Provision of Services 	(16,751)	(11,912)
<ul style="list-style-type: none"> Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code 	(10,937)	4,550

**Notes to the Accounts (cont'd)****Pensions assets and liabilities required in the Balance Sheet**

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is per the table below. The net asset arising from the Council's involvement in the defined benefit scheme totals £263.694m at 31 March 2025. However, this has been limited to £nil in line with the accounting requirements of IFRIC 14 to limit the recognition of a pension asset to the extent to which the Council can recover the benefits through either refunds or reduced contributions. As the Council is not able to withdraw from the scheme or recover funds directly, the asset is therefore limited to the forecast reductions in contributions as compared to the forecast future service costs. This has limited the recognition of the pension asset to £nil.

Separately the Council has continued to recognise the unfunded element of its pension liabilities as there are no scheme assets to cover the future costs of these liabilities as they are due going forward.

	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
Present value of the defined benefit obligation	(482,903)	(547,649)
Present value of the unfunded liability accounted for separately	(14,514)	(16,886)
Fair value of plan assets	761,111	743,161
Net (liability)/ asset arising from defined benefit obligation	263,694	178,626

Reconciliation of the Movements in the Fair Value of Scheme Assets.

	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
Opening fair value of scheme assets	743,161	679,405
Effect of Settlement		
Interest income	35,452	32,298
Remeasurement gain/(loss)		
• The return on plan assets, excluding the amount included in the net interest expenses	(9,268)	34,839
• Other	-	(4,500)
The effect of changes in foreign exchange rates		
Contributions from employer	5,814	16,462
Contributions from employees into the scheme	4,836	4,815
Benefits paid	(18,884)	(20,158)
Closing fair value of scheme assets	761,111	743,161

**Notes to the Accounts (cont'd)****Reconciliation of Present Value of the Scheme Liabilities (including the unfunded element outlined above)****Funded liabilities:
Local Government
Pension Scheme**

	2024/25 £000	2023/24 £000
Opening balance at 1 April	(564,535)	(518,942)
Effect of Settlement	-	-
Current service cost	(16,304)	(16,876)
Interest cost	(27,118)	(24,696)
Contributions from scheme participants	(4,836)	(4,815)
Remeasurement gains and (losses)		
• Actuarial gains and (losses) on changes in demographic assumptions	937	7,809
• Actuarial gains and (losses) arising on changes in financial assumptions	89,056	20,104
• Other	5,895	(46,822)
Past service cost	(750)	(1,780)
Benefits paid	20,238	21,483
Closing balance at 31 March	(497,417)	(564,535)



Notes to the Accounts (cont'd)

Local Government Pension Scheme assets comprised:

Asset Category	31-Mar-25				31-Mar-24			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total		Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	
	£000	£000	£000	%	£000	£000	£000	%
Equity Securities:								
Consumer	37,501	81	37,582	5	34,322	10	34,332	4
Manufacturing	35,461	49	35,510	5	42,817	11	42,828	6
Energy and Utilities	5,916	-	5,916	1	6,740	-	6,740	1
Financial Institutions	17,047	332	17,379	2	21,227	106	21,333	3
Health and Care	18,096	9	18,105	2	19,801	36	19,837	3
Information Technology	43,652	20	43,672	6	25,188	-	25,188	3
Other	-	-	-	-	-	-	-	-
Debt Securities								
Corporate Bonds (investment grade)	-	-	-	-	-	-	-	-
Corporate Bonds (non-investment grade)	-	-	-	-	-	-	-	-
UK Government	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Private Equity:-								
All	-	175,932	175,932	23	-	177,423	177,423	24
Real Estate:442								
UK Property	-	57,424	57,424	8	-	58,434	58,434	8
Overseas Property	-	-	-	-	-	-	-	-
Investment funds and unit trusts:								
Equities	2,787	182,984	185,771	25	3,052	253,231	256,283	34
Bonds	-	160,551	160,551	21	-	86,690	86,690	12
Hedge Funds	-	-	-	-	-	-	-	-
Commodities	-	373	373	-	-	296	296	-
Infrastructure	-	2,686	2,686	-	-	-	-	-
Other	-	1,692	1,692	-	-	-	-	-
Derivative:								
Inflation	-	-	-	-	-	-	-	-
Interest rate	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Cash and cash equivalents								
All	-	18,519	18,519	2	1,158	12,619	13,777	2
Totals	160,460	600,652	761,112	100	154,305	588,856	743,161	100

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson an independent firm of actuaries, estimates for the Strathclyde Pension Fund being based on the latest full valuation of the scheme as at 31 March 2023.



Notes to the Accounts (cont'd)

The principal assumptions used by the actuary have been:-

	Local Government Pension Scheme	
	2024/25	2023/24
Investment returns	3.5%	9.9%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	19.8 years	19.9 years
• Women	22.9 years	22.9 years
Longevity at 65 for future pensioners:		
• Men	20.8 years	20.9 years
• Women	24.7 years	24.8 years
Rate of increase in salaries	3.50%	3.50%
Rate of increase in pensions	2.80%	2.80%
Rate for discounting scheme liabilities	5.80%	4.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in assumptions at 31 March 2025:

	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	8,518
1 year increase in the member life expectancy	4%	19,897
0.1% increase in the Salary Increase Rate	-	561
0.1% increase in the Pension Increase Rate	2%	8,185

Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into too narrow a range. The Fund invests in equities, bonds, properties and in cash.

Impact on the Council's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 6.5% following completion of the triennial valuation as at 31 March 2023. This rate will remain for 2024/25 and 2025/26 before increasing to 17.5%. These rates are a reduction on the 2023/24 rate of 19.3%.



Notes to the Accounts (cont'd)

The Fund takes account of national changes to the Local Government Pension Scheme in Scotland such as the move from 1 April 2015 to a new career average revalued earning scheme (CARE) for future accruals.

The total contribution expected to be made by Council to Strathclyde Pension Fund in the year to 31 March 2026 is £5.170 million.

The weighted average duration of the defined benefit obligation for scheme members is 17.0 years (17.0 years 2023/24).

As reported in the Council's 2023/24 Annual Accounts, the following event remains ongoing:

Virgin Media Limited v NTL Pension Trustees II Limited

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by Hymans Robertson as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, East Renfrewshire Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

41. CONTINGENT LIABILITIES

There are contingent liabilities arising from insurance claims and a small number of legal cases currently in dispute. Also holiday pay issues are currently subject to Employment Law litigation on a national level and will not be resolved for a number of months. No liability has currently been accepted and no liability may arise. In addition, the potential impact of the pension rights awarded in cases with same-sex married couples and civil partnerships, known as the Goodwin case, has been identified. The Pension Fund Actuary estimates the impact is c0.1% of obligations for each admitted body. These potential costs have not been included in these accounts. Further contingent liabilities exist in relation to the Council's share of any potential future claims against the former Strathclyde Regional Council.

In terms of East Renfrewshire Culture and Leisure Trust's admission to the Strathclyde Pension Scheme, the Council has guaranteed to accept liability for any unfunded pension costs should they cease to exist, withdraw from the scheme or become unable to meet any unfunded liability. In addition, funding will be provided to the Trust should their trading activities need support beyond the agreed management fee. The Council has not quantified the possible liability.

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risks:

- credit risk - the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.



Notes to the Accounts (cont'd)

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government (Scotland) Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Regulations issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its Financial Regulations/Standing Orders/Scheme of Delegation;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - the Council's overall borrowing;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum and minimum exposures to the maturity structure of its debt;
 - its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Regulations.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy for 2024/25 including the prudential indicators was approved by Council on 28 February 2024 and is available on the [Council website](https://www.eastrenfrewshire.gov.uk/media/10096/Council-Item-05-iv-28-February-2024/pdf/Council_Item_05iv_-_28_February_2024.pdf?m=1713447820697).
https://www.eastrenfrewshire.gov.uk/media/10096/Council-Item-05-iv-28-February-2024/pdf/Council_Item_05iv_-_28_February_2024.pdf?m=1713447820697.

Subsequently, following the transition to IFRS 16, the prudential indicators were revised and approved by Council on 27 March 2025 and the report is available on the [Council website](https://www.eastrenfrewshire.gov.uk/media/11413/Council-Item-5i-23-Apr-2025/pdf/Council_Item_5i_-_23_Apr_2025.pdf?m=1744719767617).
https://www.eastrenfrewshire.gov.uk/media/11413/Council-Item-5i-23-Apr-2025/pdf/Council_Item_5i_-_23_Apr_2025.pdf?m=1744719767617

The key issues within the strategy, subsequently update, were:

- The Authorised Limit for 2024/25 was set at £360.455m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £327.200m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 15% based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt are shown below.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices - TMPs)



Notes to the Accounts (cont'd)

covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed regularly.

The Council's [Capital Investment Strategy for 2024/25](https://www.eastrenfrewshire.gov.uk/media/10102/Council-Item-13-28-February-2024/pdf/Council_Item_13_-_28_February_2024.pdf?m=1713447850837) was approved by Council on 28 February 2024 https://www.eastrenfrewshire.gov.uk/media/10102/Council-Item-13-28-February-2024/pdf/Council_Item_13_-_28_February_2024.pdf?m=1713447850837.

Credit Risk

Credit risk arises from the deposits with banks and financial institutions.

This risk is minimised through the annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Moody's and Standard and Poors Credit Ratings Services. The Annual Treasury Management Strategy also imposes a maximum sum to be invested and the time limits in respect of each financial institution.

The credit criteria in respect of financial assets held by the Council are detailed below:

The Council uses the creditworthiness service provided by MUFG Corporate Markets. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Credit ratings, as follows:-

Financial Asset Category	Criteria	Fitch	Moody's
Deposits with Bank and Money Market Funds	Short Term:	F1	P-1 / P-2
	Long Term:	A-	A3

The Council's [Capital Investment Strategy](https://www.eastrenfrewshire.gov.uk/media/10102/Council-Item-13-28-February-2024/pdf/Council_Item_13_-_28_February_2024.pdf?m=1713447850837) for 2024/25 was approved by Council on 28 February 2024. https://www.eastrenfrewshire.gov.uk/media/10102/Council-Item-13-28-February-2024/pdf/Council_Item_13_-_28_February_2024.pdf?m=1713447850837

The Council's maximum exposure to credit risk in relation to its investments in banks, £10m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2025 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

At the end of the financial year expected credit losses were calculated on all amortised assets, on a 12 month basis, with the exception of investments in central government and other local authorities. This amount totalled £1 (2022/23 £Nil) during the year, the Council did not write off any financial assets.



Notes to the Accounts (cont'd)

Credit Risk Exposure

The Council has the following exposure to risk at 31 March 2025.

£000s	Credit Risk rating	Gross Carrying Amount (£)	Exposure to Credit Risk (£)
12-month expected credit losses	AAA AA- A-	15,000,000 20,000,000 546,000	- - 1
Simplified approach (trade receivables excluding statutory debtors - Council Tax and Non-Domestic Rates)	Less than 3 months and past due date Three to five months Six months to one year More than one year	209,000 93,000 418,000 1,567,000	- - - -

The Council does not generally allow credit for customers, such that as at 31 March 2025 £2.287m of the £3.519m (£2.115m of £2.636m as at 31 March 2024) sundry income debtor balances are past their due date for payment.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

	31 March 2025 £000	31 March 2024 £000
Less than one year	16	16
Between one and two years	5,017	16
Between two and five years	12,035	7,034
More than five years	135,555	120,573
	152,623	127,639

All trade and other payables are due to be paid in less than one year.



Notes to the Accounts (cont'd)

Market Risk

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances)
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value, on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure.

The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	115
Increase in interest receivable on variable rate investments	-
Increase in government grant receivable for financing costs	(163)
Impact on Surplus or Deficit on the Provision of Services	(48)
Share of overall impact debited to the HRA	(13)
Decrease in fair value of fixed rate investment assets	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	9,789

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.



Notes to the Accounts (cont'd)

Price Risk

The Council does not invest in equity shares and consequently is not exposed to losses arising from movement in their price.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.



Housing Revenue Account Income & Expenditure Statement

The Housing Revenue Account's Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rent and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in year, on the basis on which rents are raised is shown in the movement on the Housing Revenue Account Statement.

	HRA Notes	2024/25 £000	2023/24 £000
Income			
Dwelling Rents		(14,955)	(13,663)
Non-dwelling Rents		(6)	(190)
Other Income		(1,249)	(1,317)
Total Income		(16,210)	(15,170)
Expenditure			
Repairs and Maintenance		5,811	5,738
Supervision and Management		4,573	4,432
Depreciation and Impairment on Non-Current Assets		11,177	2,492
Difference between Fair Value and Historical Cost Depreciation		4,953	3,698
Movements in the Impairment of Debtors	4	9	(71)
Other expenditure		96	252
Total Expenditure		26,619	16,541
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		10,409	1,371
HRA Services' Share of Corporate and Democratic Core		34	35
Net Cost for HRA Services		10 443	1,406
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
• (Gain) or Loss on Sale of HRA Non-Current Assets		-	4,800
• Interest Payable and Similar Charges		2,100	1,842
• Interest and Investment Income		(83)	(52)
• Pension Interest Cost and Expected Return on Pension Assets		52	(266)
• Rental Income – operating lease over Property, Plant and Equipment		(189)	(189)
• Capital Grants and Contributions Receivable		(10,912)	(1,212)
(Surplus) or Deficit for the Year on HRA Services		1,411	6,329

Movement on the Housing Revenue Account Statement

	HRA Notes	2024/25 £000	2023/24 £000
(Surplus) or Deficit for the Year on HRA Income and Expenditure Statement		1,411	6,329
Adjustments between Accounting Basis and Funding Basis Under Statute	1	(2,242)	(6,183)
Net (Increase) or Decrease Before Transfers to or from Reserves		(831)	146
(Increase) or Decrease in Year on the HRA		(831)	146
Balance on the HRA at the end of the Previous Year		(1,652)	(1,798)
Balance on the HRA at the end of the Current Year		(2,483)	(1,652)



Notes to the Housing Revenue Account

Housing Revenue Account Disclosures

1. Adjustments between Accounting Basis and Funding Basis under Statute

	2024/25 £000	2023/24 £000
Gain or loss on sale of HRA non-current assets	-	(4,800)
Capital expenditure funded by the HRA	-	-
Transfer (to)/from the Capital Adjustment Account:		
• Depreciation	(11,177)	(2,492)
• Difference between Fair Value and Historical cost depreciation	(4,953)	(3,698)
• Capital Grants and Contributions	10,912	1,212
• Repayment of Debt	3,490	3,290
HRA share of contributions to or from the Pensions Reserve	(500)	311
Transfer to/from the Statutory Compensated Absences Account	(14)	(6)
	(2,242)	(6,183)

2. Housing Stock

Council's housing stock at 31 March 2025 was 3,230 (3,136 at March 2024) in the following categories:

	2024/25 Number	2023/24 Number
1 Apartment	176	193
2 Apartment	1,002	959
3 Apartment	1,334	1,301
4 Apartment	622	593
5 Apartment	92	86
6 Apartment	4	4
Total	3,230	3,136

3. Rent Arrears

At the year-end rent arrears amounted to £1,767,801 (2023/24: £1,664,515) of which the current rent arrears were £867,835 (2023/24: £894,595) representing 4.9% (2023/24: 5.4%) of gross rent due and former tenant arrears amounted to £900,005 (2023/24: £769,921). In addition, the figure contains £29,077 (2023/24: £27,607) in respect of outstanding Housing Benefit Overpayments.

4. Impairment of Debtors

In the financial year 2024/25, the impairment of debtors for the Housing Revenue Account was increased by £9,008, resulting in a bad debt provision balance of £1,308,195 (2023/24: £1,299,187).

5. Void Rents

The loss of rental income recoverable from houses that were not let during the year totalled £233,397 (2023/24: £210,784).



National Non Domestic Rates Account

National Non Domestic Rates (NNDR) income is collected by Councils on behalf of the Scottish Government. The amount of NNDR income distributed to the Council by the Scottish Government is aligned to the amount collected by the Council. The table below details the actual levels of NNDR collected by East Renfrewshire Council, the agreed Provisional Contribution Amount to the national pool and the Distributable amount due to the Council from the national pool.

The Business Rates Incentivisation Scheme (BRIS) is intended to encourage all local authorities to maximise their existing business rates income and also to encourage new businesses to start up. Each local Council that exceeds its calculated local buoyancy target will be able to retain a 50% share of the additional rates income generated, where it can be demonstrated that there is a corresponding increase in rateable value. In accordance with the guidance, the table below describes this element of Non Domestic Rates increase as "income retained by the Council".

	2024/25 £000	2023/24 £000
Gross rates levied and the contributions in lieu	23,485	22,271
Less:		
• Reliefs and other deductions	(7,094)	(6,455)
• Payments of interest	-	-
• Write-offs of uncollectable debts and allowance for impairment	(311)	(557)
Net Non-Domestic Rate Income collected	16,080	15,259
Collection adjustment to meet Provisional Contribution Amount	503	452
Contribution to Non Domestic Rate pool	16,583	15,711
Distribution from Non Domestic Rate pool	15,941	15,695
Adjustments for years prior to the pool	-	-
Non-Domestic Rate income retained by Council (BRIS)	-	-
Income credited to the Comprehensive Income and Expenditure Statement (as per Note 14)	15,941	15,695

Net Rateable Value Calculation

The amount paid for NNDR is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £, which is determined each year by the Scottish Government. The NNDR poundage rate set by the Scottish Government for 2024/25 was £0.498 (2023/24 £0.498)

	Number	Rateable Value as at 1 April 2024 £
Shops	583	15,281,525
Offices	383	3,890,200
Hotels, Boarding Houses etc.	11	598,400
Industrial and Freight Transport	155	1,507,770
Subject Miscellaneous	455	20,432,228
Subjects Other	358	2,823,150
Total	1,945	44,533,273



Council Tax Income Account

Local Councils raise taxes from residents through the Council Tax - which is a property tax linked to property values. Each dwelling in a local council area is placed into one of 8 valuation bands (A to H). The local council determines the annual tax for a band D property and all other properties are charged a proportion of this, with lower valued properties (Bands A to C) paying less, and higher valued property (E to H) paying more. The Council Tax Income Account shows the gross income raised from Council Taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

	2024/25	2023/24
	£000	£000
Gross Council Tax levied and contributions in lieu	76,431	75,939
Adjustments for prior years Council Tax	(73)	(221)
Adjusted for:		
• Council Tax Reduction Scheme	(4,400)	(4,414)
• Council Tax Benefits (Net of Government Grants)	-	-
• Other discounts and reductions	(7,495)	(7,660)
• Uncollectable debt and allowance for impairment	(1,135)	(820)
Net Council Tax Income included in the Comprehensive Income and Expenditure Account (as per Note 14)	63,328	62,824

Calculation of the council tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest “A” to the highest “H”. The council tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings. The band D council tax charge is calculated using the council tax base, and this in turn fixes the charge for each of the other bands that are based on pre-determined proportions relative to the band D charge. The band D charge for 2024/25 was £1,415.22 (2023/24: £1,415.22).

A discount of 25% on the council tax is made where there are fewer than two residents in a property. Certain persons are disregarded for Council Tax purposes, including people who are in detention, students and people who are severely mentally impaired. Reductions in council tax payable are also available for people with disabilities.

Charges for water and sewerage services are the responsibility of Scottish Water. East Renfrewshire Council collects total monies and makes a precept payment to Scottish Water on the basis of collection levels based on a pre-determined formula. The figures below exclude the water and sewerage charges.

**Council Tax Income Account (cont'd)****Calculation of the Council Tax Base 2024/25***

	No. of Dwellings	No. of Exemptions	Disabled Relief	Discount 10%	Discounts 25%	Discounts 50%	Total Dwellings	Ratio to Band D	Band D Equivalents
BAND A	1,320	(127)	18	-	(183)	(3)	1,025	240/360	683
BAND B	5,274	(264)	(4)	-	(631)	(8)	4,367	280/360	3,396
BAND C	4,128	(147)	10	-	(442)	(8)	3,541	320/360	3,147
BAND D	7,089	(191)	42	-	(682)	(9)	6,249	1	6,249
BAND E	8,638	(127)	(10)	-	(587)	(10)	7,904	473/360	10,385
BAND F	6,837	(89)	(1)	-	(352)	(10)	6,385	585/360	10,376
BAND G	7,156	(75)	(48)	-	(304)	(10)	6,719	705/360	13,158
BAND H	797	(2)	(7)	-	(20)	-	768	882/360	1,882
TOTAL									49,276
Provision for non-collection (2%)									986
Council Tax Base									48,290

*Source: Renfrewshire Valuation Joint Board return as at 31 March 2025

(Please note, the sum of the individual items may not equal the totals shown due to rounding)

Dwellings fall within a valuation band between A to H which is determined by the Assessor. The Council Tax charge is calculated using the Council Tax Base i.e. Band D equivalents. This value is then increased or decreased depending on the band. Based on the Council Tax base available to East Renfrewshire Council, the band D charge for 2024/25 was £1,415.22

BAND A	£943.48	BAND E	£1,859.44
BAND B	£1,100.73	BAND F	£2,299.73
BAND C	£1,257.97	BAND G	£2,771.47
BAND D	£1,415.22	BAND H	£3,467.29



Common Good Fund

The earliest legislation which reflects the existence of the Common Good can be traced back to the Common Good Act 1491. The term common good is used to denote all property of the former Burghs not acquired under statutory powers or held under special trusts and was reserved for purposes which promoted the general good of the inhabitants or dignity of the Burgh. The Council administers these funds but they are not council assets and have not been included in the council's balance sheet. The in-year movement relates to the capital accounting entries and is not based on costs incurred or income received. A copy of the Council's Common Good register can be obtained from the Council Website: <https://www.eastrenfrewshire.gov.uk/CAT>

Movement in Reserves statement for the year ending 31 March 2025

	2024/25 Unusable Reserve £000	2023/24 Unusable Reserve £000
Balance at 1 April	(2,914)	(2,083)
Deficit / (surplus) on the provision of services	8	181
Other comprehensive income and expenditure	(236)	(1,012)
Balance at 31 March	(3,142)	(2,914)

Comprehensive Income and Expenditure Statement for the year ending 31 March 2025

	Expenditure £000	2024/25 Income £000	Net £000	Expenditure £000	2023/24 Income £000	Net £000
Net costs of services	8	-	8	181	-	181
(Surplus) or deficit			8			181
(Surplus) / deficit on revaluation of fixed assets			(236)			(1,012)
Total Comprehensive (Income) and Expenditure			(228)			(831)

Balance Sheet

	2024/25 £000	2023/24 £000
Property, Plant and Equipment	3,142	2,914
Net Assets	3,142	2,914
Unusable Reserve:		
Revaluation Reserve	(2,015)	(1,819)
Capital Adjustment Account	(1,127)	(1,095)
Net Reserves	(3,142)	(2,914)

**Common Good Fund (cont'd)****PROPERTY, PLANT & EQUIPMENT****Movement on Balances (Common Good)**

	Land and Buildings 2024/25 £000	Land and Buildings 2023/24 £000
Cost or Valuation at 1 April	2,914	2,083
Additions	230	265
Donations	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	175	946
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(177)	(380)
Derecognition – disposals	-	-
Derecognition – other	-	-
Assets reclassified (to)/from Held for Sale	-	-
Other movements in cost or valuation	-	-
As at 31 March	3,142	2,914
Accumulated Depreciation and Impairment at 1 April	-	-
Depreciation charge	(113)	(113)
Depreciation written out on disposal	-	-
Depreciation written out on Revaluation Reserve	61	66
Depreciation written out on Surplus/Deficit on the provision of Services	52	47
Derecognition – other (transfers)	-	-
As at 31 March	-	-
Net Book Value at 31 March 2025	3,142	
Net Book Value at 31 March 2024	2,914	2,914
Net Book Value at 31 March 2023		2,083



Group Comprehensive Income & Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Year ended 31 March 2024

Year ended 31 March 2025

Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
196,880	(18,177)	178,703	Education	191,950	(9,517)	182,433
158,821	(91,036)	67,785	HSCP – Provision of Services	169,581	(95,419)	74,162
41,432	(11,586)	29,846	Environment	43,110	(11,515)	31,595
24,198	(13,806)	10,392	Business Operations & Partnerships	21,311	(13,205)	8,106
626	(284)	342	Chief Executive's Office	608	(317)	291
11,309	(3,113)	8,196	Other Expenditure & Income	3,198	(993)	2,205
2,874	(216)	2,658	Support Services – Chief Executive's Office	3,117	(230)	2,887
13,280	(226)	13,054	Support Services – Business Operations & P'ships	15,039	90	15,129
1,610	(131)	1,479	Support Services – Environment	1,611	(65)	1,546
			Share of operating results of subsidiaries:-			
11,409	(5,446)	5,963	ERC Leisure Trust	11,350	(5,293)	6,057
181	-	181	Common Good	8	-	8
1	-	1	Trust Funds	8	-	8
462,621	(144,021)	318,600	Net Cost of General Fund Services	460,891	(136,464)	324,427
16,541	(15,170)	1,371	HRA	26,619	(16,210)	10,409
479,162	(159,191)	319,971	Cost of Services	487,510	(152,674)	334,836
		(6,661)	Other operating expenditure			(2,327)
		1,654	Financing and investment income and expenditure			11,418
		(303,870)	Taxation and non-specific grant income			(348,559)
		11,094	(Surplus) / Deficit on Provision of Services			(4,632)
		(1,674)	Share of operating results of associates			(1,512)
		2,091	Share of operating results of joint venture			(666)
		11,511	Group (Surplus) / Deficit (Note 1 Group)			(6,810)
		(24,079)	(Surplus) / Deficit on revaluation of Non-current assets			1,152
		120,885	Actuarial (gains)/losses on pension assets/liabilities			(18,453)
		1,269	Share of other comprehensive expenditure and income of associates and joint venture			(158)
		98,075	Other Comprehensive (Income) and Expenditure			(17,459)
		109,586	Total Comprehensive (Income) and Expenditure			(24,269)



Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council along with the share of reserves of its subsidiary, associates and joint venture, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the movements chargeable to council tax (or rents) for the year.

The Increase/Decrease line shows the statutory Group General Fund Balance and Housing Revenue Account Balance movements in the year following these adjustments.

	Unallocated General Fund Balance £000	Earmarked General Fund Balance £000	Housing Revenue Account £000	Repairs & Renewals Fund £000	Insurance Fund £000	Capital Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Share of Reserves of Subsidiary Associates and Joint Venture Usable Reserves £000	Share of Reserves of Subsidiary Associates and Joint Venture Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2024 carried forward	(7,302)	(34,464)	(1,652)	(4,450)	(2,044)	(18,877)	(68,789)	(674,749)	(27,698)	(17,012)	(788,248)
Movement in reserves during 2024/25											
Total Comprehensive (Income) and Expenditure	(5,791)	-	1,411	-	-	-	(4,380)	(11,921)	(2,430)	(5,538)	(24,269)
Adjustments between accounting basis & funding basis under regulations	(2,546)	-	(2,242)	-	-	5,431	643	(643)	16,926	(16,926)	-
(Increase)/Decrease in 2024/25	(8,337)	-	(831)	-	-	5,431	(3,737)	(12,564)	14,496	(22,464)	(24,269)
Net transfer to or from Reserves	6,798	(2,547)	-	(675)	(102)	(3,474)	-	-	-	-	-
Balance at 31 March 2025 carried forward	(8,841)	(37,011)	(2,483)	(5,125)	(2,146)	(16,920)	(72,526)	(687,313)	(13,202)	(39,476)	(812,517)

	Unallocated General Fund Balance £000	Earmarked General Fund Balance £000	Housing Revenue Account £000	Repairs & Renewals Fund £000	Insurance Fund £000	Capital Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Share of Reserves of Subsidiary Associates and Joint Venture Usable Reserves £000	Share of Reserves of Subsidiary Associates and Joint Venture Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2023 carried forward	(6,658)	(45,456)	(1,798)	(3,211)	(1,946)	(5,402)	(64,471)	(803,434)	(13,497)	(16,432)	(897,834)
Movement in reserves during 2023/24											
Total Comprehensive (Income) and Expenditure	5,171	-	6,329	-	-	-	11,500	112,867	11	(14,792)	109,586
Adjustments between accounting basis & funding basis under regulations	(9,782)	-	(6,183)	-	-	147	(15,818)	15,818	(14,212)	14,212	-
(Increase)/Decrease in 2023/24	(4,611)	-	146	-	-	147	(4,318)	128,685	(14,201)	(580)	109,586
Net transfer to or from Reserves	3,967	10,992	-	(1,239)	(98)	(13,622)	-	-	-	-	-
Balance at 31 March 2024 carried forward	(7,302)	(34,464)	(1,652)	(4,450)	(2,044)	(18,877)	(68,789)	(674,749)	(27,698)	(17,012)	(788,248)



Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council and its Group entities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2024		31 March 2025
£000		£000
959,809	Property, Plant & Equipment	1,021,460
318	Heritage Assets	318
148	Intangible Assets	119
	Long-term Investments and/or Investments in	
22,732	Associates and Joint Venture	24,979
243	Investments	239
200	Asset in Associates and Joint Ventures	319
15,687	Defined Benefit Asset	20,831
999,137	Long Term Assets	1,068,265
60	Assets Held for Sale	-
-	Short Term Intangible Assets	-
695	Inventories	821
24,830	Short Term Debtors	28,988
-	Short Term Investments	-
39,000	Cash and Cash Equivalents	40,131
64,585	Current Assets	69,940
(16)	Short Term Borrowing	(16)
(5,567)	Finance Leases including PFI/PPP	(9,734)
(50,400)	Short Term Creditors	(52,426)
(592)	Provisions	(289)
(56,575)	Current Liabilities	(62,465)
(1,295)	Provisions – long term	(1,269)
(127,623)	Long Term Borrowing	(152,607)
(5)	Long Term Creditors	(6)
(62,565)	PFI/PPP Finance Lease	(84,353)
(16,886)	Defined Benefit Liability	(14,514)
(10,525)	Capital Grant Receipts in Advance	(10,474)
(218,899)	Long Term Liabilities	(263,223)
788,248	Net Assets	812,517
(96,487)	Usable Reserves	(85,728)
(691,761)	Unusable Reserves	(726,789)
(788,248)	Total Reserves	(812,517)

Kirsty Stanners LLB CPFA
Head of Finance (Chief Financial Officer)
The unaudited financial statements were issued on 5 June 2025



Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Council and its Group entities during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2023/24 £000		2024/25 £000
11,511	Net Group (surplus) or deficit on the provision of services	(6,810)
(15,558)	Group adjustments to net surplus or deficit on the provision of services for non-cash movements	(18,600)
-	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-
(4,047)	Net cash flows from Operating Activities	(25,410)
30,055	Investing Activities	40,334
742	Financing Activities	(16,055)
26,750	Net (increase) or decrease in cash and cash equivalents	(1,131)
(65,750)	Cash and cash equivalents at the beginning of the reporting period	(39,000)
(39,000)	Cash and cash equivalents at the end of the reporting period (Including Bank overdraft)	(40,131)



Notes to the Group Accounts

1. RECONCILIATION OF EAST RENFREWSHIRE COUNCIL'S SURPLUS OR DEFICIT FOR THE YEAR TO THE GROUP SURPLUS OR DEFICIT

PURPOSE This statement shows how the (surplus)/deficit on the Council's single entity Income and Expenditure Account for the year reconciles to the (surplus)/deficit for the year on the Group Accounts.

	2024/25 £000	2023/24 £000
(Surplus)/Deficit on East Renfrewshire Council's provision of services	(4,380)	11,500
(Surplus)/Deficit in year arising from subsidiaries included in Group Accounts:		
Net expenditure/(income) on Trust Funds in year	(10)	(16)
Common Good	8	181
East Renfrewshire Culture and Leisure Trust	(220)	(571)
(Surplus)/Deficit in year arising from associates included in the Group Accounts:		
• Strathclyde Partnership for Transport	(1,485)	(1,644)
• Strathclyde Concessionary Travel Scheme Joint Committee	62	(8)
• Renfrewshire Valuation Board	(119)	(22)
(Surplus)/Deficit in year arising from a joint venture included in the Group Account:		
East Renfrewshire Integration Joint Board	(666)	2,091
GROUP ACCOUNT (SURPLUS)/DEFICIT FOR THE YEAR ON PROVISION OF SERVICES	(6,810)	11,511



Notes to the Group Accounts (cont'd)

2. COMBINING ENTITIES

The following entities have been consolidated into the Group Statements as subsidiaries of the council.

Subsidiaries:-

Common Good and Charitable Trusts

Barrhead Common Good and the Council's Charitable Trust Funds are administered by East Renfrewshire Council and are treated as subsidiaries within Council's Group Accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

East Renfrewshire Culture and Leisure Trust (ERCLT)

East Renfrewshire Culture and Leisure Trust was incorporated on 2 July 2015 as a company limited by guarantee. The company is also a registered charity, with East Renfrewshire Council being the sole member. The Council provides funding to the Trust based on an agreed service plan; however, the limit of the council's liability if the company was wound up is £1. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

The company will promote, advance and further charitable purposes and activities through the provision of services which enhance and contribute to the health, fitness, personal development and wellbeing of the residents of East Renfrewshire (and beyond) including, but not limited to, educational, sporting, culture and heritage based and community activities.

After accounting for FRS 102 Retirement Benefits, the net assets of the company were £23.874m at 31 March 2025. The gain/ (loss) on ordinary activities before and after taxation for the year to 31 March 2025 £5.364m (2023/24 £15.620m).

The accounts are subject to independent audit and are available from Chief Executive, East Renfrewshire Culture and Leisure Trust, 1 Burnfield Ave, Giffnock, East Renfrewshire, G46 7TL.

The Council also exercises a significant influence over a number of entities, details of which are listed below. All of these bodies share the same financial year as the Council and have all been incorporated into the Group Accounts as either associates or joint ventures.

Associates:-

Strathclyde Partnership for Transport

This is the statutory body responsible for formulating the public transport policy for the 12 local authorities in the West of Scotland. The Council contributed £1.56m or 4.33% to the Council's running costs during 2024/25 and accounted for £23.211m (2023/24 £21.568m) of the net balance sheet assets within the Group Balance Sheet. The accounts of the Council are subject to independent audit and are available from The Treasurer to Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.



Notes to the Group Accounts (cont'd)

Strathclyde Concessionary Travel Scheme Joint Committee

This Committee comprises the 12 Councils within the West of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The costs of the Scheme are met by a combination of funding from the 12 constituent Councils and by direct grant funding from the Scottish Government. The Strathclyde Passenger Transport Executive administers the Scheme on behalf of the Board.

During 2024/25 the Council contributed £0.187m or 4.56% to the annual running costs and accounted for £0.170m (2023/24 £0.232m) of the net Balance Sheet assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

The Renfrewshire Valuation Joint Board

This Board is an independent public body formed in 1996 at local government reorganisation by an Act of Parliament. The Council has no shares in, nor ownership of the Board. The Board's running costs are met by the three councils of East Renfrewshire, Inverclyde and Renfrewshire. Surpluses or deficits on the Board's operation are shared between the three member councils. The accounts of the Board are subject to audit and are available from the Treasurer of the Renfrewshire Valuation Joint Board, Renfrewshire Council, Council Headquarters, Paisley PA1 1JB.

The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of East Renfrewshire, Inverclyde and Renfrewshire. East Renfrewshire Council contributed £0.586m or 20.55% to the organisation's revenue costs and its share of the year-end net asset of £0.319m (2023/24 £0.2m net asset) is included in the Group Balance Sheet.

Joint Venture:-

East Renfrewshire Integration Joint Board

The East Renfrewshire Integration Joint Board was formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Joint Venture between East Renfrewshire Council and the Greater Glasgow & Clyde Health Board.

Integration Joint Boards are specified as Section 106 bodies under the Local Government (Scotland) Act 1973 and as such are required to prepare their financial statements in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS).

The East Renfrewshire Integration Joint Board receives contributions from its funding partners, namely East Renfrewshire Council and the Greater Glasgow and Clyde Health Board to fund its services. Expenditure is incurred in the form of charges for services provided to the Joint Board by its partners.

During 2024/25 the Council contributed £95.877m or 41.94% to the annual running costs and accounted for £1.598m (2023/24 £0.932m) of the net Balance Sheet assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Chief Financial Officer to the East Renfrewshire Integration Joint Board, Eastwood Health and Care Centre, Drumby Crescent, Clarkston, G76 7HN.



Notes to the Group Accounts (cont'd)

3. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the Common Good along with the subsidiary, associate and joint venture entities and the trust fund balances on the Group Balance Sheet is to increase both Reserves and net assets by £52,678k, representing the Council's net share of the net assets in these entities.

	2024/25 £000	2023/24 £000
Surplus/(Deficit) on East Renfrewshire Council's net assets	759,839	743,538
Surplus/(Deficit) in year net assets from subsidiaries included in Group Accounts:		
Trust Funds in year	364	354
Common Good	3,142	2,914
East Renfrewshire Culture and Leisure Trust	23,874	18,510
Surplus/(Deficit) in year net assets from associates included in the Group Accounts:		
• Strathclyde Partnership for Transport	23,211	21,568
• Strathclyde Concessionary Travel Scheme Joint Committee	170	232
• Renfrewshire Valuation Board	319	200
Surplus/(Deficit) in year net assets from a joint venture included in the Group Account:		
East Renfrewshire Integration Joint Board	1,598	932
GROUP ACCOUNT SURPLUS/(DEFICIT) FOR THE YEAR ON NET ASSETS	812,517	788,248

4. ACCOUNTING POLICIES

The financial statements in the Group Accounts of East Renfrewshire Council are prepared in accordance with the accounting policies set out for the single entity.

5. IFRS 16 Leases

As ERCLT is a registered charity it is not currently required to adopt IFRS 16 *Leases* into their Annual Accounts, however consideration has been made by them to identify any assets that may be covered by this accounting standard. No assets above the de-minimis level set by the Council have been identified and therefore no consolidation adjustment was required before finalising the Council's Group accounts.

6. PENSIONS

Disclosure of information relating to the pensions of East Renfrewshire Council and its associates follows the reporting requirements of IAS19 Employee Benefits. Information relating to the pensions of subsidiaries follows the reporting requirements of FRS102 (The financial Reporting Standard applicable in the UK and Republic of Ireland) and includes separate assumptions for their actuarial valuation.



Notes to the Group Accounts (cont'd)

As ERCLT is an admitted body to the Local Government Pension Scheme, consolidation adjustments to the Council's Group accounts have been made to reflect an asset ceiling calculation, in recognition of a pension asset achieved by Strathclyde Pension Fund in 2024/25.

7. GOING CONCERN

The Council's share of East Renfrewshire Culture & Leisure Trust's (ERCLT) net reserves is a net asset, this asset is after accounting for a pension asset. Any future pension liability, due in future years, will be financed by annual pension contributions and returns on pension fund investments.

ERCLT has prepared their accounts on a going concern basis, as has the Council in preparing its Group Financial Statements as it is expected that funding, aligned with robust budget processes, will continue to provide sufficient resources.

8. TRUST FUNDS

The Council acts as Trustees for 16 Trusts, 6 of which have charitable status. These are varied in nature and relate principally to legacies left by individual inhabitants over a period of years. The funds do not represent assets of the Council and are not included in the Council's single entity Balance Sheet.

		Balance 31.03.24	Expenditure	Income	Balance 31.03.25
		£	£	£	£
Charity Number					
SCO05976	Duff Memorial Fund	521	-	259	780
SCO16641	Newton Mearns Benevolent Fund	2,309	-	190	2,499
SCO19475	Janet Hamilton Fund	14,259	-	2,724	16,983
SCO19474	John Pattison Memorial	717	-	520	1,237
SCO19473	Hugh & Janet Martin Fund	1,967	-	878	2,845
SCO37293	Netherlee School 1937	5,350	-	1,019	6,369
CHARITABLE REVENUE BALANCES		25,123	-	5,590	30,713
	Thornliebank War Memorial Fund	765	-	44	809
	Anderson Bequest	80	-	54	134
	Cathcart Cemetery Fund	7,039	-	512	7,551
	Crum Memorial	160	-	61	221
	McNiven Prize	1,088	-	105	1,193
	Rev Denis Reen	2,552	-	228	2,780
	James Cowan Bequest	519	-	101	620
	Cowan Park Cropping Fund	59	-	23	82
	Annie Tyson Trust Fund	62,408	7,672	11,004	65,740
	Rita Donnelly Memorial Prize	20	-	-	20
OTHER TRUST FUND REVENUE BALANCES		74,690	7,672	12,132	79,150

**Notes to the Group Accounts (cont'd)**

			Capital Value of Fund	
			31.03.25	31.03.24
			£	£
The Principal Funds	Duff Memorial Fund	For the upkeep of Duff Memorial Hall	4,646	4,646
	Janet Hamilton Fund	Assisting the sick requiring nursing or hospital treatment	40,131	40,131
	John Pattison Memorial	Assisting the deserving poor in Barrhead	9,657	9,657
	Hugh & Janet Martin Fund	For charitable and educational purposes	15,574	15,574
	Netherlee School 1937	To advance the education of the pupils of Netherlee Primary	15,000	15,000
	Newton Mearns Benevolent Fund	Provision of comforts for the needy of the parish of Mearns.	1,500	1,500
CHARITABLE TOTAL RESERVES			86,508	86,508
	Annie Tyson Trust Fund	Assisting with special needs training	157,306	157,306
	Other Trust Funds		10,256	10,256
OTHER TRUST FUND TOTAL RESERVES			167,562	167,562

		2024/25	2023/24
		£	£
Balance Sheet – Charitable	Fund balances	117,221	111,631
	Creditors	-	-
	TOTAL LIABILITIES	117,221	111,631
	Investments	-	-
	Debtors	-	-
	Due by Loans Fund	117,221	111,631
	TOTAL ASSETS	117,221	111,631

		2024/25	2023/24
		£	£
Balance Sheet – Other Trust Funds	Fund balances	246,712	242,252
	Creditors	-	-
	TOTAL LIABILITIES	246,712	242,252
	Investments	-	-
	Debtors	-	-
	Due by Loans Fund	246,712	242,252
	TOTAL ASSETS	246,712	242,252



Notes to the Group Accounts (cont'd)

9. NON MATERIAL INTEREST IN JOINT COMMITTEES

The Council has an interest in a number of Joint Committees that have not been consolidated within the group accounts. In aggregate they are considered to be immaterial to the understanding of the accounts.

- **Scotland Excel** took up the activities of the Authorities Buying Consortium and similar bodies across the Scottish local authority sector on 1 April 2008. It is a not-for-profit organisation funded mainly by the 32 participating Scottish local authorities. During the year, the Council made a contribution of £81,378 (2023/24, £81,378) representing 2% (2023/24, 2%) of the organisation's estimated running costs for the year to 31 March 2025.
- The **Glasgow and the Clyde Valley Strategic Development Planning Authority** Joint Committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member Council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow & Clyde Valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with Central Government, Scottish Enterprise and other bodies. During the year, the Council contributed £43,271 (£2023/24 £53,000) representing 12.5% (2023/24, 12.5%) of the Committee's estimated running costs for the year to 31 March 2025.
- **Continuing Education Gateway** is a consortium of 11 local authorities in the West of Scotland. It was formed in April 2000 to further the provision of careers and education guidance services. During the year, the Council made a contribution of £16,400 (2023/24, £16,400) representing 4.20% (2023/24 4.20%) of the consortium's estimated running costs for the year to 31 March 2025.
- The **West of Scotland Archaeology Service** was set up in 1997 as a Committee of 11 authorities in the region. It is currently funded by 12 local authorities and by Historic Scotland for specific projects. Its primary purpose is to provide planning related archaeological advice to its members, permitting them to discharge their duties in respect of Scottish Government planning guidance for the treatment of archaeological remains in the planning process. During the year, the Council made a contribution of £7,619 (2023/24, £7,619) representing 4.05% (2023/24 4.05%) of the Committee's estimated running costs for the year to 31 March 2025.
- The **Glasgow City Region Cabinet** is a Joint Committee established on 20 January 2015. The purpose of the Committee is to determine the strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal Programme as agreed between member authorities and the UK and Scottish Governments. The City Deal Programme aims to deliver a £1.1bn investment programme, including delivery of labour market and innovation programmes. During the year the Council made a contribution of £18,392 (2023/24 £42,291) representing 5.22% (2023/24 5.22%) of the organisation's running costs for the year to March 2025.
- The **SEEMIS Group LLP** was incorporated on 11 May 2009 and commenced trading on 1 July 2010. It is funded by the 32 authorities and the principal activity of the LLP is the provision of information technology solutions to education services. During the year, the Council made a contribution of £132,913 (2023/24 £137,431) representing 2.51% (2023/24 2.51%) of the organisation's running costs for the year to 31 March 2025.



Glossary of Terms (Unaudited)

Much of the terminology used in this Report is intended to be self-explanatory. However, the following additional definitions and interpretations of terms used may be helpful. This section of the accounts does not form part of the audited accounts.

1. Gross Expenditure

This includes all expenditure attributable to the service / activity including employee costs, expenditure relating to premises and transport, supplies & services, third party payments and capital charges.

2. Gross Income

This includes the charges to individuals and organisations for the direct use of the Council's services.

3. Corporate and Democratic Core

Corporate and Democratic Core costs include the costs of policy making and all other member based activities together with costs which relate to the general running of the Council. The Service Reporting Code of Practice for Local Authorities stipulates that such costs are to be excluded from the Total Cost relating to the Housing Revenue Account service activity.

4. Capital Charges

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

5. Financing Costs

This includes the annual costs of financing the sums borrowed by the Council covering its capital repayment of loans, interest charges and debt management expenses.

6. Specific Government Grant

This includes grants received from Central Government in respect of a specific purpose or service e.g. Gaelic Grant.

7. Capital Expenditure

This is expenditure incurred in creating, acquiring or improving assets where the expenditure is normally financed by borrowing with repayment over a period of years, or by utilising the income from the sale of existing assets.

8. Non-Current Assets

These are created by capital expenditure incurred by the Council. This includes buildings and property, vehicles, plant and machinery, roads, computer equipment etc.

9. Revaluation Reserve

The Revaluation Reserve represents the accumulated gains on the revaluation of fixed assets not yet realised through sales. This account cannot be used to support spending.

10. Capital Adjustment Account

The capital adjustment account represents the accumulation of capital resources set aside to meet past expenditure. This account cannot be used to support spending.

11. Financial Instruments Adjustment Account

This account is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and lending. This account cannot be used to support spending.

12. Capital Grant Receipts in Advance

This contains any capital grants or contributions which have been received where the related capital expenditure has not yet been incurred and will be released to meet the costs of that capital expenditure as appropriate.



Glossary of Terms (Unaudited) (cont'd)

13. Pension Reserve

The Local Government Pension Fund (Scotland) Regulations 2003 came into force on 20 December 2003 and require Local Authorities to set up a pension reserve fund for pension scheme surpluses and deficits. This fund is separate from a Council's General Fund and means that any pension scheme surplus / deficit will not impact on local taxation.

14. Generally Accepted Accounting Practice in the UK (UK GAAP)

The overall body of regulation establishing how Company accounts must be prepared in the United Kingdom. The basis on which Local Authority accounts were previously prepared.

15. International Financial Reporting Standards (IFRS)

The basis on which Local Authority accounts are currently prepared.

16. Subsidiary

An entity over which the Council has overall control through the power to govern its financial and operating policies so as to obtain benefits from the entity's activities.

17. Associate

An entity other than a subsidiary or joint venture in which the reporting Council has a participating interest and over who's operating and financial policies the reporting Council is able to exercise significant influence.

18. Joint Venture

A contractual or binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

19. Entity

A body corporate, partnership, trust, unincorporated association, or statutory body that is delivering a service, or carrying on a trade or business, with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single-entity accounts.

20. Common Good

Denotes all assets of the former Burghs not acquired under statutory powers or held under special trusts and reserved for purposes which promoted the general good of the inhabitants or dignity of the Burgh.



Independent Auditor's Report

Independent auditor's report to the members of East Renfrewshire Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of East Renfrewshire Council (the Council) and its Group for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise Group and Council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the Council-only Housing Revenue Account Income and Expenditure Statement, the Council Tax Income Account, the National Non-domestic Rate Account, the Common Good Fund and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Council and its Group as at 31 March 2025 and of the income and expenditure of the Council and its Group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the Council and its Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



Independent Auditor's Report (cont'd)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Council and its Group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the Council and its Group. However, we report on the Council's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Chief Financial Officer and Audit and Scrutiny Committee for the financial statements

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

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the Council and its Group.

The Audit and Scrutiny Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the Council and its Group;



Independent Auditor's Report (cont'd)

- inquiring of the Chief Financial Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the Council and its Group;
- inquiring of Chief Financial Officer concerning the policies and procedures of the Council and its Group regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent Auditor's Report (cont'd)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

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

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

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

Rob Jones, (for and on behalf of Ernst & Young LLP),

Ernst & Young LLP
5 George Square



Independent Auditor's Report (cont'd)

Glasgow
G2 1DY

Date:



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25 September 2025

Ernst & Young

5 George Square

Glasgow

G2 1DY

This letter of representations is provided in connection with your audit of the Group and Council financial statements of East Renfrewshire Council and its subsidiaries ("the Group and Council") for the year ended 31st March 2025. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the Group and Council financial statements give a true and fair view of the state of affairs of the Council and its Group as at 31st March 2025 and of the income and expenditure of the Council and its Group for the year then ended in accordance with, UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and 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 understand that the purpose of your audit of our Group and Council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and the Council, UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.¹
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the Group and Council financial

¹ ISA (UK) 210.6(b)(ii) and ISA (Ireland) 210.6(b)(ii)

statements. We believe the Group and Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and are free of material misstatements, including omissions. We have approved the financial statements.

3. The material accounting policy information adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 for the Group and Council that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented We confirm the Group and Council does not have securities (debt or equity) listed on a recognised exchange.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Group and Council's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the Group and Council financial statements may be materially misstated as a result of fraud.

We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud, that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- Involving financial improprieties
- Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Group and Council financial statements
- Related to laws or regulations that have an indirect effect on amounts and disclosures in the Group and Council financial statements, but compliance with which may be fundamental to the operations of the

Group and Council's business, its ability to continue in business, or to avoid material penalties

- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.²

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.³

2. All material transactions have been recorded in the accounting records and are reflected in the Group and Council financial statements⁴

3. We have made available to you all minutes of the meetings of the Council and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 25 September 2025.

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the Group and Council financial statements.⁵

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is

² ISA (UK) 240.39(c),(d); ISA (UK) 250A.177

³ ISA (UK) 580.11(a); ISA (UK) 210.6(b)(iii)

⁴ ISA (UK) 580.11(b)

⁵ ISA (UK) 550.26

in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.⁶

6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the Group and Council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 26 September 2024 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorised access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorised access to our information technology systems is reasonably likely to have a material effect on the Group and Council financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the Group and Council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.⁷
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 41 to the Group and Council financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 1 to the Group and Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. As noted in the Management Commentary there have been no events subsequent to period end which require adjustment of or disclosure in the Group and Council financial statements or notes thereto.⁸

G. Group audits

1. Necessary adjustments have been made to eliminate all material intra-group

⁶ ISA (UK) 540.37 (Revised))

⁷ ISA (UK) 501.12

⁸ ISA (UK) 560.9

unrealised profits on transactions amongst Council, subsidiary undertakings and associated undertakings.

2. We confirm that the accounting policies of the consolidated balances are consistent with those of the Group.

H. Other information⁹

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report and the auditor's report thereon.
2. We confirm that the content contained within the other information is consistent with the financial statements.

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered including the impact resulting from the commitments made by the Group and Council, and reflected in the Group and Council financial statements.
2. The key assumptions used in preparing the Group and Council financial statements are, to the extent allowable under the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 aligned with the statements we have made in the other information or other public communications made by us (see section H).

J. Ownership of Assets

1. The Group and Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral. All assets to which the Group and Council has satisfactory title appear in the balance sheets.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the Group and Council financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.

⁹ Other information is financial and non-financial information (other than the financial statements and the auditor's report thereon) included in an entity's annual report.

K. Reserves

1. We have properly recorded or disclosed in the Group and Council financial statements the useable and unusable reserves.

L. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the Group and Council financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the Group and Council financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

M. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the PFI/PPP, other land and buildings and pension schemes have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the Group and Council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

N. Estimate – Valuation of Property, Plant and Equipment

1. We confirm that the significant judgments made in making the Valuation of Property, Plant and Equipment have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the Valuation of Property, Plant and Equipment.
3. We confirm that the significant assumptions used in making the Valuation of Property, Plant and Equipment appropriately reflect our intent and ability to utilise the carrying value of the assets through the uses intended in line with Council's objectives on behalf of the Council.
4. We confirm that the disclosures made in the Group and Council financial statements with respect to the accounting estimate, including those describing estimation uncertainty are complete and are reasonable in the context of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
5. We confirm that appropriate specialised skills or expertise has been applied in making the Valuation of Property, Plant and Equipment.

6. We confirm that no adjustments are required to the accounting estimate and disclosures in the Group and Council financial statements.
7. We confirm that the net book value of infrastructure assets held by the Council as disclosed in the financial statements reflects our best estimate of the existing value of these assets, including both the disposal of any assets following their replacement and their estimated useful lives, in line with the Code and relevant Scottish Government statutory overrides.
8. We acknowledge our responsibilities in relation to Reinforced Autoclaved Aerated Concrete (RAAC) in line with the government-issued guidance, and have ensured that the Council has completed all relevant inspections of its properties most likely to be impacted by RAAC.

O. Estimate – Valuation of Pension Liabilities and Assets

1. We confirm that the significant judgments made in making the Valuation of Pension Liabilities and Assets have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the Valuation of Pension Liabilities and Assets, including those regarding the triennial valuation and pension asset recognition in the year.
3. We confirm that the significant assumptions used in making the Valuation of Pension Liabilities and Assets appropriately reflect our intent and ability to carry out our future obligations to all East Renfrewshire Council employees who are members of the pension scheme on behalf of the Council.
4. We confirm that the disclosures made in the Group and Council financial statements with respect to the accounting estimate, including those describing estimation uncertainty are complete and are reasonable in the context of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
5. We confirm that appropriate specialised skills or expertise has been applied in making the Valuation of Pension Liabilities and Assets.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Group and Council financial statements.

Yours faithfully,

(Chief Financial Officer)

(Chairman of the Audit and Scrutiny Committee)

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Shape the future
with confidence

East Renfrewshire Council

Annual Audit Report
[Provisional]

25 September 2025



The better the question.
The better the answer.
The better the world works.

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About this report

This report has been prepared in accordance with Terms of Appointment Letter, through which the Accounts Commission 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, the Controller of Audit 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.

Accessibility

Our Report may be available on Audit Scotland's website, and we have therefore taken steps to comply with the Public Sector Bodies Accessibility Regulations 2018. Responsibility rests with the publishing organisation to ensure that standards are met.

Executive summary

This report summarises the findings from the 2024/25 annual audit of East Renfrewshire Council (the Council). The scope of the audit was set out in our Annual Audit Plan, presented to the 27 March 2025 meeting of the Council's Audit and Scrutiny Committee. This report summarises:

- Our conclusions arising from the audit of the Council's financial statements; and
- Significant matters and conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice 2021.

Financial statements [We have concluded our audit of the financial statements of East Renfrewshire Council for the year ended 31 March 2025.]

Including our consideration of management's assessment of going concern

The draft financial statements were provided in line with legislative deadlines. Supporting working papers were of a good quality and were provided on a timely basis. However, we continued to identify areas for improvement, relating to the provision of property, plant and equipment valuation supporting papers, predominantly relating to the timing of completion of these working papers and the valuer's communication of changes to management. During the course of the audit, we identified four accounting audit differences which were updated by management to be reflected within the financial statements. In addition to the audit differences, disclosure comments were raised and amended as part of the audit process, comments not amended were accepted on the basis of materiality.

We were satisfied that the Annual Governance Statement reflects the requirements of CIPFA's updated Delivering Good Governance Framework, including the identification and disclosure of relevant areas for improvement.

In accordance with the CIPFA Code of Practice on Local Government Accounting, the Council prepares its group and Council 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.

The Council has concluded that there are no material uncertainties around its going concern status, however it has disclosed the nature of its financial position in the financial statements to reflect the ongoing impact of increased demand for services, inflationary pressures and uncertainty in financial planning.

Best Value

Councils have a statutory duty to have arrangements to secure Best Value. The Council should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

We perform an annual programme of work in relation to Best Value and wider scope responsibilities. In addition to this, The Accounts Commission considered the Council's arrangements within a Controller of Audit report, which was published in February 2025. 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.

The Council has well-developed strategic planning arrangements and has made key improvements to its performance reporting to align with the priorities within A Place to Grow. A Place to Grow was developed following significant engagement with Community Planning Partners and communities and establishes the future priorities for the refreshed strategy.

The Council has been able to demonstrate key improvements in 2024/25, both to its financial position and financial management arrangements overall but difficult decisions will continue to be required to bridge an estimated £12.8 million cumulative budget gap to 2029/30, and risks remain that policy or funding decisions require further areas of savings.

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Executive summary: Wider Scope responsibilities

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.

Our assessment: **Amber**

The Council draws upon scenario planning to prepare for the scale of budget gaps ahead. The current projected gap to 2029/30 is £12.8 million, representing a significant improvement on expectations in previous forecasts. As a result of an improved financial position, the Council was able to replenish its General Reserves. The balance is now 2.7% of net expenditure, within the target range of 2-4% set in the Council's reserves policy.

Longer term financial planning remains challenging, primarily as a result of uncertainties in forecasting cost and demand pressures, policy and changes in projected settlements from the Scottish Government and expectations in relation to the funding of pay rises.

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.

Our assessment: **Green**

The Council delivered an underspend against budget of £2.5 million, which was in line with budget forecasting reports throughout the year. A review of existing budgets has been undertaken to target areas where expenditure is likely to be lower than forecast in future years, with a corresponding reduction in the budget gap that is required to be met by the identification of recurring savings.

A significant overspend has been identified in relation to the Aurs Road project, which will result in Council contributions rising from £1.8 million to up to £8.7 million.

Vision, Leadership and Governance

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

Our assessment: **Green**

The Council launched the Community Planning Partnership's Strategic Plan "A Place to Grow" in 2024/25 and has made progress in aligning the underpinning strategies, including the Medium-Term Financial Strategy, to align to three new priority themes. The Annual Governance Statement concludes governance arrangements worked well throughout 2024/25.

We made a recommendation relating to the Council's whistleblowing policy. Whistleblowing arrangements should be made available on the Council's website and a mechanism for regular reporting to elected members should be established to allow oversight of the nature of cases.

Use of Resources

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

Our assessment: **Green**

The Council performs above the Scottish average in 69% of benchmarking indicators. The Council has a well-developed approach in place to monitor and report on progress against strategic priorities and was able to demonstrate key areas of improvement in 2024/25. The revised arrangements to report on performance against the new A Place to Grow delivery plan adopt key areas of improvement, including the integration of equality measures.

Sustainability features as a key outcome of A Place to Grow, illustrating the commitment to integrate sustainability as part of standard planning arrangements but there are not currently enough resources in place to successfully meet the 2045 net zero target.

1 Introduction

Purpose of our report

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.

We undertake our audit in accordance with the Code of Audit Practice (June 2021); Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other relevant guidance issued by Audit Scotland.

This Annual Audit Report is designed to summarise the key findings and conclusions from our audit work. It is addressed to both members of the Council and the Accounts Commission and presented to those charged with governance. This report is provided to Audit Scotland and is published on their website.

A key objective of 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, our observations around where the Council employs best practice and where practices can be improved, how risks facing the Council can be mitigated and incorporating all findings from our procedures over Best Value and the Accounts Commission's Controller of Audit Report. We use these insights to form audit recommendations to support the Council.

Such areas we have identified are highlighted throughout this report together with our judgements and conclusions regarding arrangements, and where relevant, recommendations and actions agreed with management. We also report on the progress made by management in implementing previously agreed recommendations. We draw your attention to the fact that our audit was not designed to identify all matters that may be relevant to the Council. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

The Code of Audit Practice sets out the responsibilities of both the Council and the auditor (refer to Appendix A). We outlined the scope of our work within our Annual Audit Plan which was presented to the Council's Audit and Scrutiny Committee on 27 March 2025. There have been no material changes to the plan.

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 of the state of the affairs of the Council as at 31 March 2025 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- Have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

We also review and report on the consistency of the other information prepared and published along with the financial statements. We outlined the significant risks and other focus areas for the 2024/25 audit in our Annual Audit Plan, which was presented to the Audit and Scrutiny Committee on 27 March 2025.

Three significant risks were identified that impacted the financial statements:

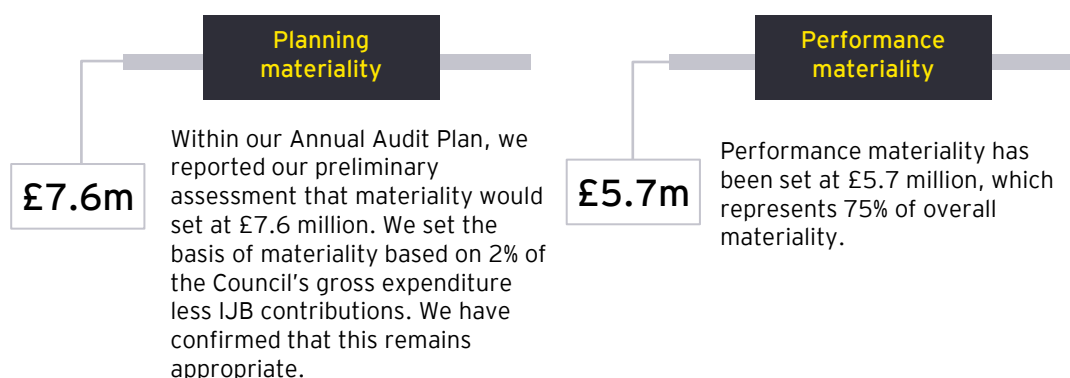
- The risk of fraud in expenditure recognition;
- Misstatement due to fraud or error, including through management override of controls;
- The valuation of property plant and equipment.

In addition, we continued to place focus on management's assertion regarding the going concern basis of preparation in the financial statements, alongside the three inherent risks identified in our audit plan:

- The valuation of pension assets and liabilities
- The valuation of PFI/PPP liabilities
- The implementation of IFRS 16

Our findings are summarised in Section 3 of this report.

Exhibit 1: Updated assessment of materiality



We outlined our intention to report on misstatements that exceeded £0.38 million within our Annual Planning Report. There were four misstatements identified that breached this reporting level. Our consideration of these adjustments is set out in Appendix F.

Based on our understanding of the expectations of financial statement users, we apply a lower materiality level to the audited section of the Remuneration Report and the Common Good Fund. We also apply professional judgement to consider the materiality of Related Party Transactions to both parties.

Wider Scope and Best Value audit

Under the Code of Audit Practice, our responsibilities extend beyond the audit of the financial statements. Due to the nature of the Council, our wider scope work requires significant allocation of resources in the audit. The Code requires auditors to provide judgements and conclusions on the four dimensions of wider scope public audit:

- 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.
- The use of resources to improve outcomes.

Our Annual Audit Plan identified two areas of audit focus in relation to Best Value and the Wider Scope dimensions

- The Council's ability to develop sustainable and achievable medium term financial plans; and
- The Best Value thematic review in 2024/25, relating to transformation.

In addition to this, the Accounts Commission considered the Council's arrangements within a Controller of Audit report, which was published in February 2025. The report endorsed the Council's approach to transformation and managing its finances. There were no separate recommendations as a result of the findings, however we have performed a follow up of prior year recommendations as part our year end assessment.

Our annual assessment of the Council's arrangements to secure best value is integrated within our wider scope annual audit work. Our wider scope and Best Value findings are summarised in Section 3 of this report.

2 Financial Statements

Introduction

The annual financial statements allow the Council to demonstrate accountability for the resources that it has the power to direct, and report on its overall performance in the application of those resources during the year.

This section of our report summarises the audit work undertaken to support our audit opinion, including our conclusions in response to the significant and other risks identified in our Annual Audit Plan.

The plan highlighted three areas that we identified as a significant risk relating to the presumed risk of fraud in revenue and expenditure recognition, including through management override of controls, misstatement due to fraud or error and the valuation of property, plant and equipment. In addition to this, we also recognise a number of inherent risks which are outlined within this report.

The Council complied with key regulations, including the submission of draft financial statements for audit within the sector deadline and arrangements for public inspection.

The financial statements were prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2024/25. The draft financial statements and supporting working papers were submitted for audit on 19th June 2025, following the consideration by the Audit and Scrutiny Committee, ahead of the required sector deadline of 30th June 2025.

As part of our oversight of the Council's financial reporting process we consider key aspects of the Council's preparation of the financial statements and supporting documentation, predominantly by the finance team, to support the audit. We also reviewed the financial statements and made comments aimed at improving the compliance with the Code of Accounting Practice, or to enhance the understanding of the financial statements.

The key qualitative aspects that we consider in relation to the preparation of the financial statements, along with our conclusions, are set out within Exhibit 2, overleaf.

Status of the audit:

Our work is materially complete. Areas that remain ongoing at this stage include:

- Conclusion of outstanding queries with management.
- Completion of our work over management's assessment of going concern;
- Completion of overall quality assurance arrangements including partner and manager review;
- Receipt and review of an updated version of the financial statements; and
- Subsequent events procedures up to date of signing.

Audit outcomes

As part of the audit, we reviewed the financial statements and made several comments aimed at improving the compliance with the Code of Accounting Practice and enhance the presentation of the financial statements. We worked with management to make minor amendments to the financial statement disclosures, and we will continue to highlight and discuss good practice throughout our period of appointment.

We identified four adjusted differences arising from the audit which require to be reflected within the financial statements which have been outlined within Appendix F.

We made 2 recommendations relating to the financial statements as a result of the annual audit and a further recommendation as a result of our wider scope procedures. These recommendations together with management responses are included within the action plan in Appendix E.

Exhibit 2 highlights that management continue to show a commitment to addressing the recommendations raised through the annual audit process, including those relating to the property, plant and equipment valuation process. In advance of preparing draft financial statements, management established a review process which allowed them to identify any significant year on year movements in valuations which could be indicative of error. In addition to this, they sample checked the supporting evidence between the valuations to ensure accuracy of the calculations. We continue to note audit variances related to the valuations of property, plant and equipment, and several recommendations remain in progress, but management have responded positively and continue to make good progress against all recommendations.

Our assessment of the quality of the financial statements preparation and support is summarised in Exhibit 3, overleaf.

Exhibit 2: Management's progress against PY recommendations

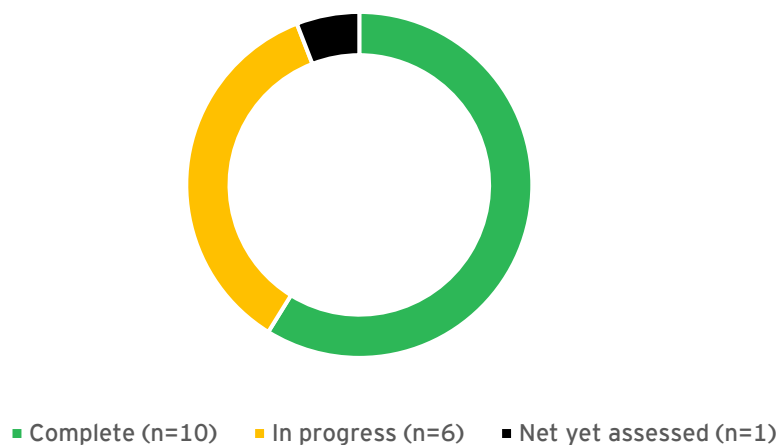


Exhibit 3: Factors impacting the execution of the audit continued

Area	Status	Explanation
Timeliness of the draft financial statements	Effective	<ul style="list-style-type: none"> The financial statements were shared with audit and presented to the Audit and Scrutiny Committee on 19th June 2025.
Quality and completeness of the draft financial statements	Effective	<ul style="list-style-type: none"> Our review of the financial statements identified minor presentational and disclosure changes and minimal internal inconsistencies.
Delivery of working papers in accordance with agreed client assistance schedule	Effective	<ul style="list-style-type: none"> The working papers to support the audit were provided prior to 30th June in line with the client assistance schedule shared with the Finance team.
Timeliness and quality of evidence supporting key accounting estimates	Identified areas for improvement	<ul style="list-style-type: none"> Whilst noting an improvement in the overall quality of working papers, we continued to identify areas for improvement, relating to the provision of property, plant and equipment valuation supporting papers. This predominantly relates to the timing of completion of these working papers and the valuer's communication of changes to management, which resulted in errors being identified through the audit process. Some challenges were encountered through the audit around timeliness of responses to substantive queries where these fall to individuals across the Council. We have discussed through the debrief process with management and will continue to work collectively to ensure a more efficient approach going forward.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective	<ul style="list-style-type: none"> The Chief Financial Officer (CFO) and Corporate Finance Manager made themselves available during the early stages of the audit and we continued to receive good support throughout the audit process.
Volume and value of identified misstatements	Identified areas for improvement	<ul style="list-style-type: none"> We identified a low volume of misstatements, however due to the material nature of the property, plant and equipment balance, the value of adjustments (which net off against each other) was high and therefore were required to be adjusted my management.
Volume of misstatements in disclosure	Effective	<ul style="list-style-type: none"> A number of disclosure comments were raised and amended as part of the audit process, those not amended were accepted on the basis of materiality.
Adherence to public inspection period	Effective	<ul style="list-style-type: none"> We were satisfied that the Council made the financial statements available for public inspection in accordance with Regulation 9 of The Local Authority Accounts (Scotland) Regulations 2014.
Management's response to prior year recommendations	Effective	<ul style="list-style-type: none"> As shown in Exhibit 2, management has made good progress in addressing the recommendations raised by audit in prior years, evidencing their willingness to address issues on a timely basis.

Audit Approach

We adopted 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.
- 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 an 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 inconsistent with our understanding and the financial statements.
- We rigorously maintain auditor independence (refer to Appendix B).

Our overall audit opinion is summarised on the following page.

Exhibit [4]: Our Audit Opinion

Element of our opinion	Basis of our opinion	Conclusions
Financial statements <ul style="list-style-type: none"> Truth and fairness of the state of affairs of the Council at 31 March 2025 and its expenditure and income for the year then ended. Financial statements in accordance with the relevant financial reporting framework and relevant legislation. 	<ul style="list-style-type: none"> We report on the outcomes of our audit procedures to respond to the most significant assessed risks of material misstatement that we have identified, including our judgements within this section of our report. We did not identify any areas of material misstatement. We are satisfied that accounting policies are appropriate, and estimates are reasonable. We have considered the financial statements against Code requirements, and additional guidance issued by CIPFA and Audit Scotland. 	We [have issued] an unqualified audit opinion on the 2024/25 financial statements for the Council.
Going concern <ul style="list-style-type: none"> We are required to conclude on the appropriateness of the use of the going concern basis of accounting. 	<ul style="list-style-type: none"> We conduct core financial statements audit work, including review and challenge of management's assessment of the appropriateness of the going concern basis. Wider scope procedures including the forecasts are considered as part of our work on financial sustainability. 	In accordance with the work reported on page [18], we have not identified any material uncertainties.
Other information <ul style="list-style-type: none"> We are required to consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit. 	<ul style="list-style-type: none"> The Chief Financial Officer is responsible for other information included in the financial statements. We conduct a range of substantive procedures on the financial statements, and our conclusion draws upon review of committee and board minutes and papers, regular discussions with management, our understanding of the Council and the wider sector. 	We are satisfied that the Annual Report meets the core requirements set out in the Code of Practice on Local Authority Accounting.
Matters prescribed by the Accounts Commission <ul style="list-style-type: none"> Audited part of remuneration report has been properly prepared. Management commentary / annual governance statement are consistent with the financial statements and have been properly prepared. 	<p>Our procedures include:</p> <ul style="list-style-type: none"> Reviewing the content of narrative disclosures to information known to us. Our assessment of the Annual Governance Statement against the requirements of the CIPFA Delivering Good Governance Code. 	We issued an unqualified opinion.
Matters on which we are required to report by exception	<p>We are required to report on whether:</p> <ul style="list-style-type: none"> Adequate accounting records have been kept. Financial statements and the audited part of the remuneration report are not in agreement with the accounting records. We have not received the information or explanations we require. 	We have no matters to report.

Group Financial Statements

The Council has identified and accounted for the following interests in other entities within its Group financial statements:

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

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

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 are appointed auditors of East Renfrewshire Integration Joint Board and report separately on our audit of the IJB.

No specific risks were identified that indicated a component in full was significant by risk, as the IJB does not affect the transactions as such, only the nominal.

As part of our risk assessment required under the newly introduced auditing standard, ISA600, we gave consideration as to whether there were any indicators that a component is significant due to size or risk on an account level and identified the following entities as specific scope components meaning that the audit is limited to specific accounts or disclosures identified by the Group audit team:

- Strathclyde Partnership for Transport: Due to the group balance sheet including a material investment in SPT, we issued group instructions to the SPT auditors, Audit Scotland. The instructions covered specific procedures in respect of material balance sheet accounts, including cash, short term investments, property, plant and equipment, short term creditors and reserves.
- East Renfrewshire Culture & Leisure Limited - We issued group instructions to the ERCLL auditors, Wbg (Audit) Ltd. The instructions covered specific procedures in respect of the cash balance due it being material by nature and income, expenditure and pension assets due to there being a material value within the Group CIES.

[Our communications with the component auditors note the audits are complete with no significant matters brought to our attention which impact the Group.]

Our response to significant and fraud audit risks

We identified three significant risks within our 2024/25 Annual Audit Plan:

Risk of fraud in expenditure recognition, including through management override of control (a key audit matter).

What is the risk?

As we outlined in our Annual Audit Plan, ISA (UK) 240 requires us to assume that fraud risk from income recognition is a significant risk. In the public sector, we extend our consideration to the risk of material misstatement by manipulation of expenditure.

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 respect of council tax, non-domestic rate and investment income. With regards to expenditure, we have rebutted the risk of improper recognition of payroll, depreciation, and financing and investment expenditure.

What judgements are we focused on?

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 grant income with performance conditions and incorrect capitalisation of revenue expenditure.

What did we do?

We undertake specific, additional procedures for income and expenditure streams where we identified a fraud risk. For 2024/25 our work included:

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

Impacted balances within the financial statements:

- Other expenditure: £157 million (PY: £161million);
- Other income: £53 million (PY: £60 million);
- Other grants and capital grants: £54 million (PY: £49 million);
- Related creditor balances: £31 million (PY: £33 million);
- Related debtors balances; £4.3 million (PY: £4.4 million) and
- Capital grant receipts in advance: £10 million (PY: £11 million)

Refer to accounting policies within Note 1 (pages 54-66) and notes 5, 21, 24 and 32 of the Consolidated Financial Statements.

Other audit procedures: non-significant risk areas

- **Council Tax Income:** We established detailed expectations of income based on properties and rates and compared to actual income in the year. We audited the reconciliation between the financial statements and the relevant feeder system.
- **Non - Domestic Rates:** We established expectations of income to be collected by the billing authority and agreed the reconciliation between the general ledger and the feeder system. We also audit the Council's NDR grant return to the Scottish Government to ensure that reliefs have been applied appropriately.
- **Non ring-fenced grant income:** We substantively tested these balances to grant confirmation letters from third parties.
- **Depreciation, amortisation & impairment:** We undertook testing of these balances in conjunction with our work on property, plant and equipment. We considered the appropriateness of useful lives of assets and recalculated depreciation charged in the year.
- **Pension costs:** We have outlined our consideration of the valuation of pension assets and liabilities held by the Council on page 20. In respect of all pension transactions impacting the Comprehensive Income and Expenditure Statement we agreed these journals to the underlying IAS19 report prepared by the Council's actuary.
- **Employee expenses:** We established expectations of payroll costs in the year based on staff numbers and salary movements and compared our expectations to actual results and investigated variances. Our bespoke data analysers provided analysis of all payroll transactions in the year, from which we investigated and corroborated material and unusual transactions.

Our conclusions:

- Our testing identified one misstatement, above our reporting threshold, relating to revenue and expenditure recognition, which was corrected by management. Further detail can be found at Appendix F.
- We have not identified any material weaknesses in the design and implementation of controls around journal processing to the extent that they may materially impact the financial statements. We did not identify any instances of evidence of management override of controls.
- There was no disagreement during the course of the audit over any accounting treatment or disclosure, and we encountered no significant difficulties in the audit.

Misstatement due to fraud or error

Our Annual Audit Plan recognises that under ISA (UK) 240, management is considered to be in a unique position to perpetrate fraud in financial reporting because of its ability to manipulate accounting records directly or indirectly by overriding controls that otherwise appear to be operating effectively. We respond to this risk on every engagement, including undertaking the following procedures:

Recommendation 1:

A number of bank accounts were identified on external bank confirmations that the Council had not included within their list of accounts and confirmed were no longer in use. Old and unused accounts should be closed by management.

- **Risk of fraud:** We considered the risk of fraud, including through our enquiries with management about their assessment of the risks of fraud and the controls to address those risks. We also developed our understanding of the oversight of those charged with governance over management's processes in relation to fraud by receiving written confirmations from the Chair of the Audit and Scrutiny Committee.

While no areas identified the existence of fraud, as part of our procedures in relation to bank confirmations, we identified a number of bank accounts that exist in the Council's name which are no longer in use and had not been included within the Council's own reconciliation processes. As a result of the fraud risk relating to unmonitored bank accounts, we shared the list of additional bank accounts with management and raised a minor recommendation to require the closure of these accounts.

- **Testing on journal entries:** We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We obtained a full list of journals posted to the general ledger during the year and used our bespoke data analysers to identify potentially unusual journals based on posting patterns, amounts or areas of greater risk of judgement or incentive for management to adjust according to our identified risk areas for the audit. We evaluated the business rationale for any significant unusual transactions. In particular, we considered:
 - Journal entries made directly into the general ledger of a material nature to key accounts which are considered more likely to have been manipulated;
 - Journals transferring funds between useable reserves and restricted or separated accounts such as HRA accounts; and
 - Journals adjusting between income and expenditure accounts and capital accounts.
- **Judgements and estimates:** Under ISA (UK) 540, risk factors relevant to the public sector included the following examples for consideration by auditors:
 - a very high degree of estimation uncertainty caused by the need to project forecasts far into the future, including the valuation of local government pension assets and liabilities, considered on [page 21] of this report; and
 - areas where there may be a lack of available comparators for estimates that are unique to the public sector, such as the valuation of important public assets (such as property, plant and equipment, outlined on page 18 of this report).

Recommendation 2:

One of the estimates prepared by the Council relates to the balance of accrued leave at the year end. We noted a minor procedural error in the calculation of the Council's accumulated absence accrual relating to staff on local government terms and conditions, as it was calculated through a sample which omitted staff members within the Education service.

Misstatement due to fraud or error continued

Our procedures included:

- Testing management's process method, key assumptions, data;
 - Testing management's process- estimation uncertainty;
 - Considering evidence from events up to the report date; and
 - Developing our own point estimate of the appropriate valuation.
- **Accounting policies:** We considered the consistency and application of accounting policies, and the overall presentation of financial information. We consider the accounting policies adopted by the Council to be appropriate and there were no significant accounting practices which materially depart from what is acceptable under the Code.

Our conclusions:

- We have not identified any material weaknesses in the design and implementation of controls around journal processing to the extent that they may materially impact the financial statements. We did not identify any instances of evidence of management override of controls.
- There was no disagreement during the course of the audit over any accounting treatment or disclosure, and we encountered no significant difficulties in the audit.

Valuation of Property, Plant & Equipment

What is the risk?

The fair value of property, plant and equipment (PPE) represent significant balances in the Council's financial statements (2024/25: £1.012 billion; 2023/24: £956.8 million). The Council also has a significant capital programme with judgement being applied to the valuation of additions and split between revenue and capital expenditure.

As part of its valuation programme, the Council revalued approximately £730 million of its asset base in 2024/25. The Council's internal valuers also gave 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 prior years, local government auditors raised concerns that Code requirements were not being adhered to in respect of subsequent expenditure on infrastructure assets and the ability to evidence at the balance sheet date. The Scottish Government agreed to provide a temporary statutory override whilst a permanent solution is developed within the code. The statutory override is scheduled to end 31 March 2025 with the expectation that councils will have addressed information deficits to ensure timely adoption of future code requirements once a more permanent solution is delivered.

What judgements are we focused on?

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year end balances recorded in the balance sheet.

We focused on the judgments that have been applied by the valuers when determining the valuation approach and methodology applied when completing the valuation programme.

What did we do?

Our work over property, plant and equipment focused on the following areas:

- Review and appraisal of the work performed by the council's valuer, including the scope of the work performed, their professional capabilities and the results of their work;
- Review of the valuer's assessment of assets that have not been revalued in year, including their evaluation of movements in BCIS rates and whether there are any indicators of impairment or change in use that could trigger a requirement for the asset to be revalued;
- Sample testing key asset information used by the valuers (e.g. floor plans to support valuations based on price per square metre);
- Assessing any changes to useful economic lives against the most recent valuer assessments;
- Testing accounting entries have been correctly processed in the financial statements;

Impacted balances within the financial statements:

- Property, plant and equipment:
£1.01billion (PY: £956.8 million)

Refer to accounting policies within Note 1 (pages [66-67]) and note 15.

- Reviewing management's impairment assessment and assess the completeness of impairment considerations;
- Gaining 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
- Reviewing operating expenditure for evidence of capital addition omissions.

Our Findings

As a result of significant findings in prior years, including the identification of material errors within valuations, we engaged with Council officers early in the audit process to support improvements during 2024/25. The Council adopted a revised valuations programme, to value at least 20% of each class of asset in each financial year, rather than a full valuation on an annual basis. Under the revised programme, any assets not formally valued will be subject to a desktop valuation by the Council's internal valuers. Any assets that have had a greater than 10% movement, will also be subject to separate revaluation. We were content that the Council's proposed approach met the requirements of the Code.

In line with our prior year recommendation, the Council's Finance Team performed initial internal consistency checks for a sample of assets that were revalued in year. As a result of the queries raised by the Finance Team, the Council's internal valuers identified an error within the valuation of PFI/PPP assets. Initially, the Council's internal valuers adopted the Modern Equivalent Asset valuation approach for the valuation of primary schools. Following challenge, it was determined that actual footprint of the schools should be used to reflect the ongoing demand for education in Newton Mearns. While this error was reflected within the supporting schedules, the difference was not communicated to the Finance Team in time for the preparation of the draft financial statements. As a result, a material error is highlighted in Appendix F.

Our conclusions:

- We identified three material misstatements in relation to the valuation of property, plant and equipment outlined in Appendix F.
- While there was no disagreement during the course of the audit over any accounting treatment, we note that the finance team experienced delays in obtaining supporting evidence for valuations which resulted in material audit variances being identified.

Valuation of Pension Assets and Liabilities

Impacted balances within the financial statements:

- Net pension asset: £263.7 million (restricted to nil) (PY: £178.6 million (restricted to nil))
- Unfunded liability: £14.5 million (PY: £16.9 million)

Refer to accounting policies within Note 1 (pages 66-67) and note 40.

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 2025, the unaudited financial statements disclosed a nil asset of £263.7million, which was limited to nil in line with the asset ceiling calculation provided by the scheme actuary and accounting requirements under IFRIC 14 (2024: net asset of £178.6 million limited to nil). An unfunded liability of £14.5million (2024: £16.9million) is also recorded on the Council's balance sheet.

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.

Accounting standards place a limit on the amount of pension surplus that can be included as an asset on an organisation's balance sheet. A council cannot show an asset on its balance sheet relating to a defined benefit pension scheme which exceeds the economic value it is likely to derive from the pension scheme. The amount that can be included as an asset is therefore restricted to the surplus which can be returned to the Council by way of refunds or reductions in future contributions. This restriction is known as the "asset ceiling". As part of our audit procedures, we requested that the Council obtain an asset ceiling report by its actuaries. Our actuarial specialists reviewed the asset ceiling report and were satisfied that it was materially correct.

Our conclusions:

- We engaged specialists to support our work on the reasonableness of the underlying assumptions used by the Council's actuary.
- We undertook procedures to ensure that the information supplied to the actuary in relation to the Council was complete and accurate and that our own estimate of the valuation based on those inputs was materially consistent with the actuarial reports.
- We considered the findings of the appointed auditor of the Strathclyde Pension Fund to obtain assurances over the information supplied to the actuary in relation to the Council, in particular in relation to the valuation of the Pension Fund assets at 31 March 2025 and we audited the accounting entries and disclosures made in the financial statements were consistent with the actuary's report.

Implementation of IFRS 16

What is the risk?

As outlined in our audit plan, the council has adopted IFRS 16 from 1 April 2024. 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 are now recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments. For PFI/PPP assets which were already reflected as assets on the balance sheet prior to the implementation of IFRS 16 a decrease in unusable reserves matches against the corresponding increase in liability.

Successful transition depended on the council capturing additional information about leases both new and existing, especially regarding the future minimum lease payments.

Due to the complexity of the PFI/PPP contracts (of which the Council hold five contracts with a total liability of £92.3 million at 31 March 2025) there is a risk that the financial statements do not show the correct entries and that the related commitments are not disclosed properly. The council will also be required to record indexation linked payments in accordance with IFRS 16. This means that the liability must be remeasured if there is a change in future lease payments resulting from a change in an index/rate used to determine those payments.

What judgements are we focused on?

The key judgements and inputs that affect the value of the Right of Use liability and Right of Use Asset include the length of the lease agreement, the interest rate that is to be applied and the yearly lease repayment.

Management were also required to make the judgement of leases that would be determined as low value.

We focused on the judgements required in the PPP/PFI leases where there was a variable element, such as the uplift required for RPI where the forecasts will need to be updated.

What did we do?

- Gained an understanding of the processes and control developed by the Council relevant to the implementation of IFRS 16;
- Tested a sample of new and existing leases, not previously held on the balance sheet, and agreed the key judgments back to the lease agreements, including that the agreement had been accurately identified as a lease, the correct discount rate had been used to calculate the right of use asset and that the start and end date had been accurately identified.
- Reviewed the contractual agreements for PPP/PFI assets and confirmed that contract amendments have been appropriately reflected within the liability valuation;
- Reviewed the councils accounting assessment of the impact of the application of IFRS 16 to their PPP/PFI liabilities;
- Test accounting entries are correctly processed in the financial statements;

Impact of IFRS 16 on the financial statements:

- Increase in Right of use assets for assets not previously held on the Balance Sheet: £2.4 million
- Increase in Lease liabilities for assets not previously held on the Balance Sheet: £2.4 million
- Increase in PFI/PPP Assets: £14.1 million
- Decrease in Revaluation Reserve due to PPP/PFI: £18.5million
- Increase in PFI/PPP Liabilities: £32.6 million

Refer to accounting policies within Note 1 (pages [66-67]) and notes 35 and 36.

- Recalculated the expected opening balance on transition and agreed movements to the journal postings;
- Calculated the finance costs and closing liability, agreed this to the liability per the note to the accounts;
- Reviewed management policies for the identification of low value and short term leases; and
- Review that financial statement disclosures to ensure commitments are appropriately disclosed.

Our conclusions:

- From our testing we have not identified any material issues in the judgements that management have applied when calculating the ROU Asset, liability, finance costs or depreciation charges.
- We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.
- There was no disagreement during the course of the audit over any accounting treatment or disclosure, and we encountered no significant difficulties in the audit.

Wider Scope and Best Value audit

Introduction

In June 2021, Audit Scotland and the Accounts Commission published the current 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.
- The use of resources to improve outcomes.

We apply our professional judgement to risk assess and focus our work on each of the wider scope areas. In doing so, we draw upon conclusions expressed by other bodies including the Council's internal auditors and members of the Local Area Network (comprising other scrutiny bodies including the Care Inspectorate and Education Scotland) along with national reports and guidance from regulators and Audit Scotland. The findings from our wider scope work have informed our assessment on Best Value themes in 2024/25.

For each of the dimensions, we have applied a RAG rating, which represents our assessment on the adequacy of the Council's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each dimension.

Exhibit 4: Our RAG ratings

		Red	Our auditor judgements are RAG rated based on our assessment of the adequacy of the Council's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each area.
		Amber	This takes account of both external risks not within the Council's control and internal risks which can be managed by the Council, as well as control and process observations made through our audit work.
		Green	

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 **in** the way in which they should be delivered. Our focus is therefore on the strategic planning that the Council has undertaken to support its sustainability and ability to deliver balanced budgets in the medium term.

The pressure on public finances in Scotland continues to rise

In June 2025, the Scottish Government published the [Scottish Government Medium-Term Financial Strategy](#), providing an economic, funding and spending outlook for the financial years 2025/26 to 2029/30 and outlines the fiscal strategy to deliver sustainable public finances. This sets out the scale of the divergence in the growth of spending relative to funding, resulting in a gap of £2.6 billion by 2029/30. In August 2025, the Scottish Fiscal Commission published its [Fiscal Update](#), highlighting the longer-term challenges for the Scottish Budget due to an ageing population. The demographic growth in Scotland in the next 25 years will be in the older age groups and with this will come an increase in demand for health and social care services. In addition to this, the impact of inflation, rising energy costs and geopolitical factors mean that the funding received is worth less in real terms but carries the expectation to deliver more.

In 2025/26, the Scottish Government took steps to baseline revenue funding for ring-fenced priorities, taking cognisance of the commitments of the Verity House Agreement in relation to tackling poverty, the just transition to net zero and sustainable public services. This resulted in an increase in the revenue settlement for local government in 2025/26 overall, although the increase in the general revenue grant is largely directed towards the delivery of Scottish Government policies or to support previous pay awards, rather than an increase in available funding for councils to use at their discretion.

At the time of setting their 2025/26 budgets, councils identified a difference of £647 million between anticipated expenditure and the funding and income they receive (the 'budget gap'), including East Renfrewshire's Councils share, £7 million. Across local government in Scotland, councils are facing an estimated cumulative budget gap of £997 million by 2027/28. Over the life of the Scottish Government's Medium Term Financial Plan, to 2029/30, local government's relative share of resource spending is forecast to fall from 24% of the budget to 23%. The forecast assumes that spending on non-pay social care will increase by 3.3% in real terms per year on average. Social care pay rises will be met by the Scottish Government in line with the Public Sector Pay Policy. Remaining Local Government spending is expected to rise in line with inflation over the life of the plan.

The Council estimates that its cumulative funding gap over the next 5 years will be in the region of £12.8 million

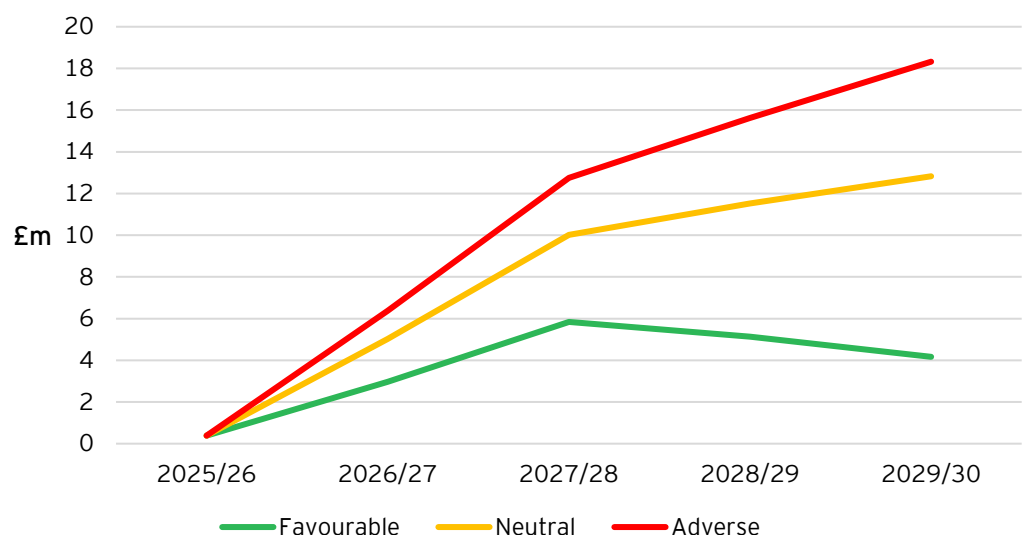
The Council approved its Medium Term Financial Strategy to 2029/30 in February 2025, in line with the statutory deadline to approve a balanced budget. As a result, the Strategy was developed prior to the publication of the Scottish Government's outlook.

Continuing uncertainty for both the Scottish Government and local government budgets means that it remains difficult to forecast finances in the medium term. Exhibit 5 notes that Council has adopted three scenarios to inform the Strategy. The Council's budget forecasting is based on a neutral scenario, and is based on assumptions including:

- Core funding from Scottish Government as per settlement for 2025/26, with a 0.5% increase each year thereafter;
- 60% of direct costs for the increase in employers' national insurance contributions for both the Council and IJB will be funded each year; and
- the adoption of an 8% increase in Council Tax in 2025/26, followed by and a 3% increase each year thereafter.

Under this scenario, the Council faces a cumulative funding gap of £12.8 million over the 5 years of the plan, including £0.4 million in 2025/26.

Exhibit 5: The Council's Medium Term Financial Plan identifies a cumulative funding gap of £12.8 million over 5 years



Source: East Renfrewshire Council Medium Term Financial Plan, February 2025

At the time that the revenue budget was set in February 2025, the Council estimated that gross budget gaps for 2026/27 and 2027/28 were £5.02 million and £5.0 million respectively, assuming an annual increase in Council Tax of 3% but prior to the application of any new savings or drawdown from reserves. However, significant uncertainties remain including:

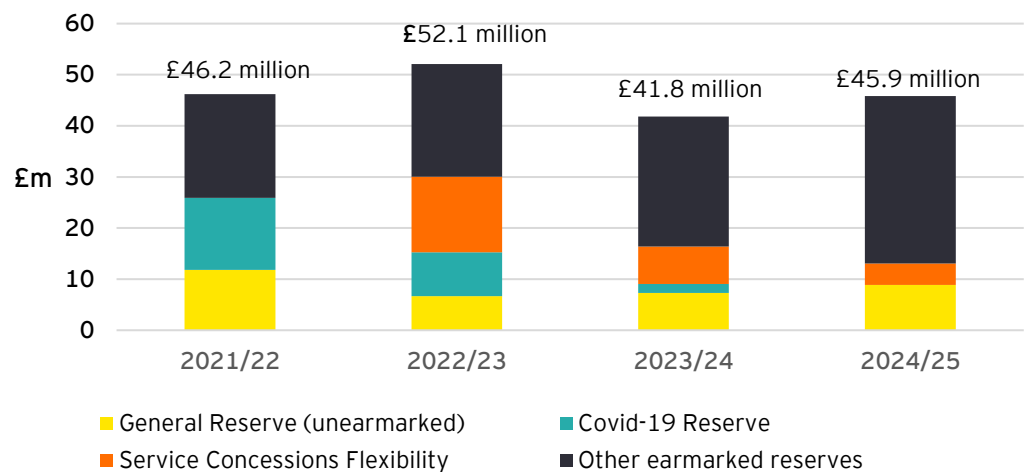
- The impact of policy decisions and funding settlements made to local government by the Scottish Government;
- Any further impact of demographic change;
- The delivery of planned savings (any unachieved savings will add a recurring pressure to future years); and
- The impact of demand pressures on the Council's partner, East Renfrewshire Integration Joint Board.

The Council was able to increase its reserves during 2024/25 as a result of operational underspends

As Exhibit 6 highlights, the Council's overall reserves increased in 2024/25, despite the expectation within the 2024/25 budget that reserves would fall by £8.48 million. As in prior years, operational underspends were used to replenish reserves with the Council's reserves increasing by £4.1 million overall. Unearmarked General Fund reserves increased by £1.5 million to £8.8 million. This represents 2.5% of the Council's annual budgeted net revenue expenditure and is within the target level set in the Council's Reserve Policy.

The Council made use of the remaining £1.8 million of Covid-19 funding in 2024/25 to address recovery from the pandemic, allowing for organisational recovery and wellbeing support to be provided for vulnerable individuals including direct financial support to residents.

Exhibit 6: Overall reserves increased by £4.1 million in 2024/25



Source: East Renfrewshire Council Financial Statements 2021/22 - 2024/25

Area of good practice:

The Council has set aside non-recurring windfalls to support the development of savings plans to bridge budget gaps in future years.

The Council continues to set aside balances to respond to pressures in future years

The level of underspend meant that the Council was not required to draw on the service concessions reserve, and a balance of £4.2 million now remains to support the budget gap in future years when employer's contribution levels return to 17.5% in 2026/27 (2024/25 and 2025/26: 6.5%).

The Service Concessions Earmarked Fund was created following the application of financial flexibilities to restructure the liability held within the balance sheet for its service concession arrangements. Structuring the liability over the lives of the assets instead of the lives of the contracts, allowed the Council to create a specific service concessions reserve to manage future budget gap pressures.

The Council has also established an Investment in the Future reserve to benefit from the one-off reductions in employer pension contributions in 2024/25 and 2025/26.

The Investment in the Future Fund was created with clear criteria for use, including the need to be sustainable, support spend to save measures and align with the Strategic Plan. Projects that were approved in 2024/25 include:

- The purchase of a further £1 million of temporary housing to respond to the homelessness emergency;
- The funding of a Property Condition Survey to inform the Council's capital programme (£0.5 million);
- The extension of the commitment to a Community Capacity Building reserve for a further 5 years (£1.2 million); and
- Additional contributions to the Employee Wellbeing and Development Reserve for a further 5 years (£1 million).

The reserve will be topped up with the saving associated with the reduction in employer contribution costs in 2025/26. The 2025/26 budget estimates the closing balance of this reserve to be £6.2 million by March 2026.

The Council approved plans to bridge a budget gap of £5 million in 2025/26

The budget gap that the Council was required to bridge in 2025/26 was significantly lower than previously forecast (a reduction of around £8 million from the assumption within the Medium Term Financial Outlook considered in February 2024). The key factor was a more favourable than expected settlement from the Scottish Government, alongside further improvements in demographic funding.

The Council was able to bridge the gap in 2025/26 by drawing upon:

- The use of the service concession reserve to meet £0.385 million of the gap on a non-recurring basis;
- Recurring savings of £1.235 million, including £0.844 million that were approved prior to the 2025/26 budget process as a result of early consideration by the cross-party Budget Strategy Group; and
- Additional income from an 8% increase in Council Tax (£5.446 million).

The Accounts Commission reported in May 2025 that all councils in Scotland raised council tax rates to meet additional costs in 2025/26, by between 6 and 15.65%.

Our conclusions:

- The Council draws upon scenario planning to prepare for the budget gaps ahead. The current projected gap to 2029/30 is £12.8 million, representing a significant improvement on expectations in previous forecasts, though uncertainties remain.
- As a result of an improved financial position, the Council was able to replenish its General Reserves. The balance is now 2.7% of net expenditure, within the target range of 2-4% set in the Council's reserves policy.
- Longer term financial planning remains challenging, primarily as a result of uncertainties in forecasting cost and demand pressures, future settlements from the Scottish Government and the funding of pay rises.

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. Our focus is therefore on in-year monitoring and reporting arrangements, including the achievement of planned savings, and the Council's financial outturn for 2024/25.

The Council recorded a surplus on the provision of services of £4.1 million in 2024/25

When the Council set its budget for 2024/25, it anticipated that a draw on reserves would be required of £8.48 million. The Council's outturn position for the year records a surplus on the provision of services of £4.1 million, representing an improved in-year position of £12.6 million. This was principally achieved as a result of:

- the late distribution of General Revenue Grant funding following the redetermination of the 2024/25 Local Government Finance Settlement (£13 million over the course of 2024/25); alongside
- An in-year operational underspend of £2.5 million on service provision.

The operational underspend was largely achieved as a result of one off movements including:

- Reduced costs relating to staff turnover (£0.6 million)
- Underspends in the utility and restructuring costs totalling £1.4 million
- Additional income and interest earned on temporary investment balances (£1.8 million)

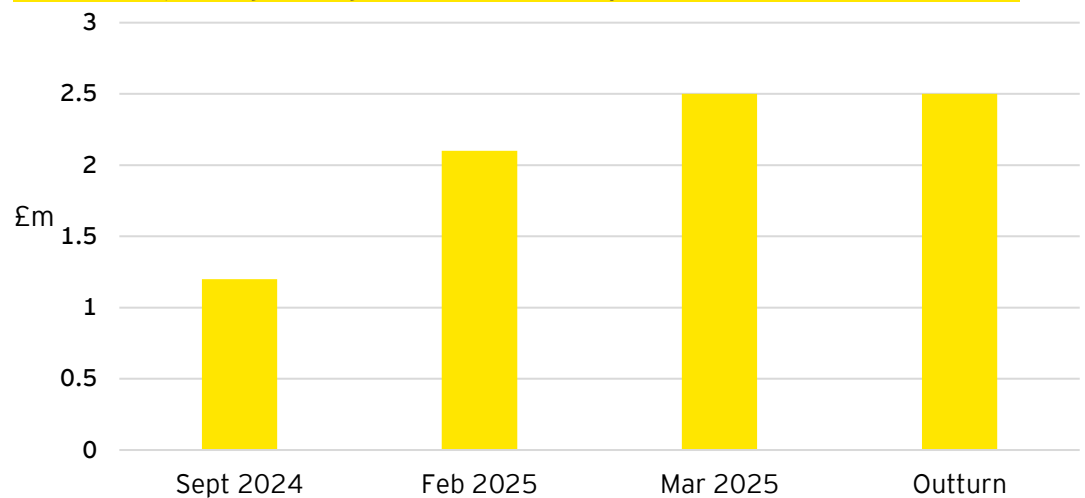
These were partially offset by increased costs relating to homelessness and temporary accommodation pressures of £1.7 million.

The Council recorded an underspend in line with projections during the year and has plans to significantly improve budget forecasting

Within the Controller of Audit's [report](#) on East Renfrewshire Council, the Accounts Commission noted our previous comments that the Council has historically adopted a prudent approach to financial management. The Commission set out an expectation that the Council would continue work on in-year budget monitoring to ensure that elected members are presented with the most accurate and timely information throughout the year, to support them in their decision-making.

Exhibit 7 highlights that the Council's budget forecasting reports projected an underspend against service budgets throughout the financial year, in line with the outturn reported in June 2025, and representing a significant improvement in accuracy against prior years.

Exhibit 7: The Council's level of underspend on service expenditure was in line with reporting throughout the financial year



Source: East Renfrewshire Council Financial Monitoring reports 2024-25

The Finance Team worked closely with colleagues across all departments to undertake reviews of a number of key areas. From these reviews, opportunities were identified to refine a number of budgets in advance of 2026/27. The cross-party Budget Strategy Group in August 2025 considered the result of reviews that have been completed in relation to:

- Energy costs and consumption;
- The greater use of temporary accommodation rather than hotels and bed & breakfast accommodation, and availability of new permanent homes to respond to homeless households;
- The more accurate reflection of demographic funding impacting Early Years;
- The balance likely to be required in the Workforce Restructuring Reserve to meet future restructuring costs; and
- The implications of the hand back of two PFI contracts in August 2026.

The outcome of the reviews is likely to be a reduction in budgeted expenditure of around £2.8 million, which has a corresponding impact on the budget gap to be met by savings in 2026/27.

Openness and transparency in financial reporting

In 2024/25, we reported that the Accounts Commission had set a range of expectations for Councils' presentation of publicly available budget papers.

The Accounts Commission updated consideration, [Local Government Budgets 2025/26](#) reported that there has been good progress against most of the expectations, including transparency in relation to key budget assumptions. However, further improvements could be made in the transparency of budget gaps and associated savings.

Area of good practice:

The Council improved the accuracy of budget monitoring reports in 2024/25 and has undertaken a series of reviews to enhance forecasting in future years.

In future, the Accounts Commission expects to see councils encourage more active participation in the budget-setting process by ensuring that:

- Budget papers and financial monitoring reports provided to elected members include clear and understandable headline figures that state the impact of specific budget decisions on the overall financial position of the council;
- Budgets should link back to the council's corporate plan to allow elected members to make spending choices better informed by, and based upon, the council's priorities;
- Fundamental information, such as the forecast budget gap, is clearly presented as part of the consultation process with residents;
- Estimated costings of how specific proposals will contribute to managing the budget gap are made available to residents, including the potential contribution of any proposed increase to council tax and the anticipated impact levels on service delivery;
- General public consultations are supplemented by targeted consultations with groups most impacted by changes to specific services and that consideration is given to how to encourage participation; and
- The ongoing impact of budget decisions are fully assessed, including through Equality Impact Assessments, to enable elected members to make informed decisions.

We are satisfied that the publicly available budget papers for East Renfrewshire Council addressed each of the Commission's expectations. We understand that plans are in place to launch an updated budget engagement exercise to inform future medium term financial planning in 2026.

Capacity within the Council's finance team

As we reported in 2023/24, the Council's former Chief Financial Officer retired in September 2024. During 2025, a number of other long-standing finance team members have retired or left the Council. We noted in prior years that due to the relative size of the Finance Team, there is a risk of key person dependency. However, to date, recruitment to replacement roles has been successful and we continued to conclude that, overall, the quality of working papers and support that we received from the finance team was good.

Following a review of the effectiveness of the existing arrangements, we note that the new Chief Financial Officer has also identified the need for Finance Business Partnering Manager to ensure that services are provided with effective support from the Finance Team. This will provide further strength and depth within the team to manage any future departures.

In our discussions with management, we have noted that across the UK we have observed increasing numbers of system related issues at local government, impacting timely and accurate financial processing, monitoring and reporting. At East Renfrewshire Council, our observations from our audit appointment to date have included that, while financial reporting is largely accurate and timely, it includes workarounds which have been developed historically to produce the financial statements, including the extensive use of spreadsheets. We have highlighted that the workarounds are used as the Council is not making full use of the functionality of the finance system. This will be an area of focus for the new Finance Business Partnering Manager once they are in post, and we will review progress in 2025/26.

The Council spent £65.4 million on capital programmes during the year

The Council's total capital investment was £65.4 million in 2024/25, including £42.8 million in the General Fund and £22.5 million in the Housing Revenue Account. Key projects undertaken in 2024/25 include:

- The completion of the Neilston Learning Campus (total cost £29 million, and in-year spend of £3 million); and
- The continuing Eastwood Leisure Centre project (total cost £55.7 million, in year spend of £1.3 million).

The City Deal Levern Valley Accessibility project was the largest single area of capital expenditure in 2024/25, at £13.6 million. Initially, the cost of the project was £22.7 million, when the project was approved in 2015. East Renfrewshire Council's original investment in the project was £1.8 million or 8% of the total funding package, with the remainder of costs matched by City Deal funding and a range of partners including Sustrans, the Scottish Government's Bridge Fund and housing developers.

Aurs Road was initially estimated to be fully completed by early 2025 but following a number of issues encountered on site, partially as a result of the nature of historic infrastructure, the project has experienced delays and is currently expected to be completed by Spring 2026. The delays have led to a rise in costs due to the need to meet the cost of additional survey work and redesign of some aspects of the project. A 'Cost to Complete' estimate has been provided by the New Engineering Contract 3 (NEC3) Project Manager, including a cost sensitivity within this estimate.

As a result of the NEC3 Project Manager's assessment of the cost to complete, the revised project outturn cost is estimated to be in the region of £28 - £30.5 million. This results in a funding shortfall that will require to be met by the Council. A total of between £4.3 million to £6.9 million additional budget is required to be made available. In September 2025, the Council was asked to consider the use of up to a £3 million contribution from the Capital Reserve and up to £3.9 million of additional borrowing, dependent on the final outcome cost of the project and any additional funds that may be obtained, for example, through underspends within other projects. The confidentiality requirements of an NEC contract, along with the need to develop accurate costings, meant that there were delays in reporting the full financial impact of required remedial actions. Throughout the building phase, officers have provided updates to elected members on a monthly basis about progress.

Our conclusions:

- The Council delivered an underspend against budget of £2.5 million, in line with budget forecasting reports throughout the year.
- A review of existing budgets has been undertaken to target areas where expenditure is likely to be lower than forecast in futures years, with a corresponding reduction in the budget gap that is required to be met by the identification of recurring savings.
- A significant overspend has been identified in relation to the Aurs Road project, which will result in Council contributions rising from £1.8 million to between £6.1 million and £8.7 million.

Vision, Leadership and Governance

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

The Council has launched its updated Strategic Plan, *A Place to Grow*

In December 2024, the Council and community planning partnership 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. This includes the review of the Medium-Term Financial Strategy in February 2025, ensuring that financial planning and resource is aligned with the wider strategic priorities outlined within A Place to Grow.

The Annual Governance Statement demonstrated that it has the key requirements for good governance in place

The key aspects of the Council's governance arrangements are required to be disclosed in the Annual Governance Statement within the financial statements. We reviewed the governance statement against the requirements outlined in the CIPFA framework for Delivering Good Governance in Local Government, and against our understanding of the Council's arrangements in the period to 31 March 2025.

The Local Authority Accounting (Scotland) Regulations 2014 require that a review is undertaken, at least once in each financial year, of the effectiveness of the system of internal control. The Council's Chief Financial Officer has concluded that reasonable and objective assurance can be taken that any risks impacting on the achievement of our strategic outcomes were identified, and appropriate actions were taken for the year to 31 March 2025.

Her assessment is based on Statements of Assurance from Directors and Chief Executives within the Council and Culture and Leisure Trust and notes that no new exceptions have been raised for 2024/25.

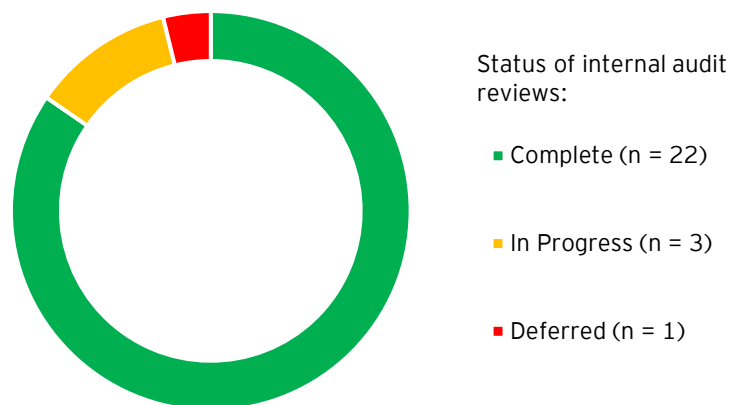
The Delivering Good Governance Framework notes that the annual governance statement should be approved at a meeting of the committee with a remit including audit or governance. We highlighted in 2023/24 that in many Councils, the governance statement is considered as a separate report by the Audit Committee equivalent prior to finalisation of the draft financial statements to allow separate scrutiny alongside key governance documents such as the Internal Audit Annual Report. In response to our recommendation, the Annual Governance Statement was presented separately from the draft financial statements at the Audit & Scrutiny Committee in June 2025.

The Council concluded that its internal control arrangements remain effective

Within the Annual Governance Statement, the Council has concluded that they have obtained assurance that the system of internal control was operating effectively during the year.

The Council uses the Annual Governance Statement to explain the actions that will be taken in response to weaknesses, and reports on the progress against actions agreed in prior years. In 2023/24, the Chief Auditor noted the impact of vacancies within the Council's internal audit team on the delivery of the Internal Audit Plan. Eight internal audit reviews that were planned to be completed were required to be deferred into 2024/25. Following successful recruitment to fill the positions in 2023/24, Internal Audit were able to improve overall delivery against plan as shown in Exhibit 9 below.

Exhibit 9: Internal Audit's delivery against plan improved in 2024/25 as a result of addressing vacancies



Source: East Renfrewshire Council Internal Audit Annual Report 2024-25

Whilst a Whistleblowing Policy is in place, the Council should ensure that this is accessible to both staff and members of the public

EY's Global Integrity Report [How can trust survive without integrity? Why taking the human-centred approach empowers an ethical culture](#) was published in June 2024. The report is based on a survey of 5,464 board members, senior managers, managers, and employees across various sectors; and in 53 countries. 530 interviews were conducted in Government & Public Sector organisations.

It found that overall, integrity standards are improving but corporate misconduct appears to be on the rise. The gap between what leaders say about integrity versus how they act is growing, which perpetuates integrity risk within the organisation.

Our survey found that overall, employees' perceptions of standards of integrity within Government and Public Sector organisations has declined over the last two years relative to all industries. Only 38% of employees think that standards have improved, compared to 49% of commercial organisations.

Nearly four out of 10 (38%) global respondents admit they'd be prepared to behave unethically in one or more ways to improve their own career progression or remuneration – more than one and a half times higher than the levels recorded in our 2022 survey. Within Government and Public Sector respondents, 26% of employees had reported issues of misconduct to a whistleblowing hotline and a further 27% had concerns that they had not reported. Exhibit 10 outlines the reasons cited for not reporting within government and public sector organisations.

Exhibit 10: Reasons to avoid reporting concerns about misconduct within government and public sector organisations



Source: EY Global Integrity Report, Government and Public Sector respondents

Recommendation 3:

The Council should ensure that the Whistleblowing Policy is available publicly and ensure that there is a regular reporting mechanism to elected members on the nature and outcome of whistleblowing cases.

The survey also shows that third parties are involved in more than two-thirds (68%) of significant compliance violations and major fraud. While this drops to 62% within the government and public sector responses, we know that third party and anonymous reporting is often the source of the identification of frauds within public sector organisations.

We note that East Renfrewshire Council has a whistleblowing policy, which has been promoted internally on the Council's intranet, including by the Chair of the Audit and Scrutiny Committee. However, the policy and reporting process is not available externally to allow third parties to raise concerns. This reduces the opportunities for concerns to be raised. There is also no current mechanism for regular reporting to elected member of the frequency, nature and outcome of whistleblowing concerns.

The Council continues to perform its responsibilities effectively in relation to the National Fraud Initiative

We have continued to review the Council's response to the National Fraud Initiative, including the governance arrangements and the counter fraud response to the number of matches highlighted during the exercise. We noted that East Renfrewshire Council continue to be considered high performing compared to other Scottish councils in terms of the follow up and response to matches flagged by NFI.

The Accounts Commission has drawn attention to serious concerns in relation to exit package decisions for senior officers in Glasgow City Council

In September 2025, the Accounts Commission published its [findings](#) in relation to a Controller of Audit report on Glasgow City Council. The Controller highlighted serious concerns on how decisions were made around a number of exit packages for a number of senior officers. The Commission has written to every Council to ask that the lessons learned are considered by the Audit and Scrutiny Committee. This will include reviewing the Scheme of Delegation and decision-making processes.

The Commission recognises that councils continue to face financial challenges, and service redesign and restructuring are key tools available to respond to these challenges. Where decisions around restructuring and exit packages are being taken, councils must ensure there is clear evidence of effective governance, independent scrutiny, and value for money, as well as robust and transparent record keeping.

Our conclusions:

- The Council launched the Community Planning Partnership's Strategic Plan "A Place to Grow" in 2024/25 and has made progress in aligning the underpinning strategies, including the Medium-Term Financial Strategy, to align to the new priority themes.
- Governance arrangements are well-established, and the Annual Governance Statement concludes that they worked well throughout 2024/25. There was a significant improvement in the delivery against the Internal Audit Plan as a result of filling key vacancies.
- The Council's whistleblowing policy should be made available on their website and a mechanism for regular reporting to elected members should be established to allow oversight of the nature of cases.

Use of Resources

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

The Council continues to report regularly on performance, including the publication of a Strategic Year End Performance Report in June each year

All councils have a responsibility, under the duty of Best Value, to report performance to the public. The Accounts Commission has a statutory duty to direct councils to publish information that will:

- Enable comparisons of performance between councils and over time; and
- Show how well they are improving local outcomes with community planning partners in their area.

The Council has a comprehensive Performance Framework in place to report on performance against their strategic outcomes. The annually-refreshed Outcome Delivery Plan provides a direct link to the priorities within the Community Plan.

Under the arrangements in place during 2024/25, the Council considered a strategic performance report against each of the Strategic Outcomes agreed within the Outcome Delivery Plan on a six-monthly basis. 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 Accounts Commission's expectations for public performance reporting continues to evolve. The Accounts Commission issued a revised Statutory Performance Information Direction in December 2024, which will take effect from 2025/26. The updated Direction requires that the Council's public performance reporting should be sufficient to demonstrate:

- how they are working with partners to achieve local shared outcomes;
- how they are responding to the needs of their local communities;
- how they are learning from best practice elsewhere;
- what factors are impacting on their performance;
- how they are using data to inform decision-making; and
- how they measure success.

In April 2025, the Council agreed an initial one year delivery plan and measurement framework for reporting on progress against *A Place to Grow*, including the introduction of a new "Organisational Healthcheck" section. Annual public performance reporting will be aligned with the revised outcome priorities, including where the action or target is related to the Council only, or is delivered with community planning partners.

In our view, the Council demonstrates that it meets the expected scrutiny requirements within its public performance reporting.

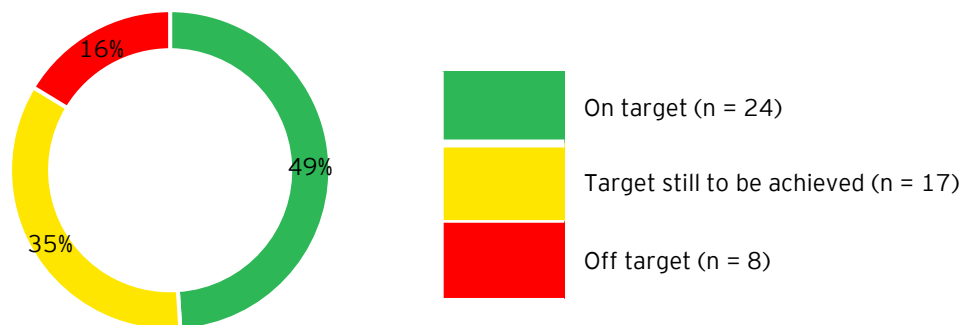
The Council reports annually on performance against each of the outcome areas, including progress against performance indicators, key highlights and areas of focus

Exhibit 11 highlights that in 2024/25, the Council assessed progress as “on target” for 49% of the indicators where targets were set within the Council’s Outcome Delivery Plan. The report also summarises the direction of travel of indicators, and we note that of the indicators where targets have not yet been achieved, 65% improved against the prior year. Key achievements for 2024/25 include:

- 18 East Renfrewshire schools have now achieved Rights Respecting Gold Award- an award granted by UNICEF to schools that have fully embedded children’s rights throughout the school in its policies, practice, and ethos.
- Every school in East Renfrewshire has achieved the Digital School Award, recognising excellence in the use of digital technologies across learning and teaching.
- The Council exceeded the Local Housing Strategy’s target of bringing a minimum of 45 new affordable homes into the housing supply, with the Council taking ownership of 110 new affordable homes in the year.

The 2024/25 report marks the conclusion of the Outcome Delivery Plan as the Council transitions to their new long-term strategic vision *A Place to Grow*.

Exhibit 11: The Council achieved 49% of the outcome targets set within the Outcome Delivery Plan in 2024/25



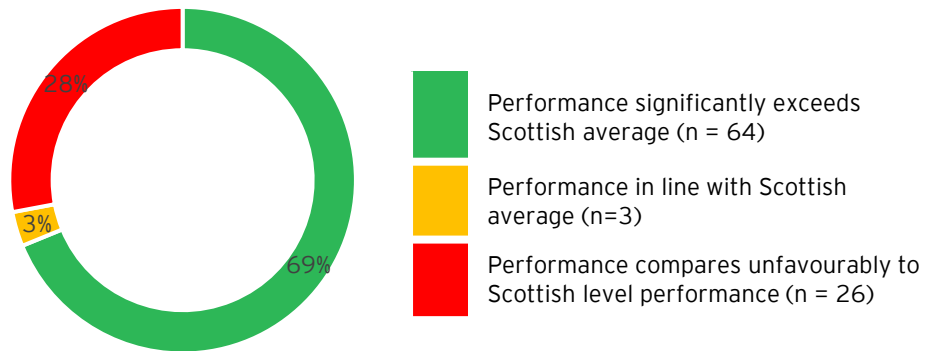
Source: East Renfrewshire Council Outcome Delivery Plan 2024/25 End Year Report June 2025

The Council’s performance compares favourably to other Scottish local authorities

In May 2024, the Council’s Cabinet considered the results of the 2023/24 Local Government Benchmarking Framework (LGBF) exercise. This presents a suite of measures of performance, comparing the Council’s outcomes to comparators across Scotland.

Exhibit 12 highlights that East Renfrewshire’s performance exceeded national averages for 69% of the indicators in 2023/24 (a further improvement against the 64% in 2022/23).

Exhibit 12: The Council outperforms the Scottish average in 69% of LGBF Indicators, more than any other authority



Source: Local Government Benchmarking Framework outcomes 2023/24

For Children's Services, the Council continues to perform at the highest level ranking 1st or 2nd nationally across all measures. The indicators where the Council was ranked as first include:

- The school attendance rate (93.1% compared to Scottish average of 90.3%);
- Percentage of pupils gaining 5+ awards at Level 5 (89% compared to a Scottish average of 67%)
- Percentage of pupils gaining 5+ awards at Level 6 (73% compared to a Scottish average of 39%)

Other service areas that significantly exceed the national average performance include:

- Proportion of total household waste that is recycled (58.2% compared to a Scottish average of 43.5%)
- The proportion of Adult Care Service graded 'good' or better (89.3% compared to Scottish average of 77%)
- Rates of readmission to hospital within 28 days per 1,000 discharges (73.6 compared to Scottish average of 103.9)

There was one indicator where the Council ranked as 32nd out of Scottish councils:

- Proportion of procurement spend on local enterprises (11.4% compared to a family group average of 20.9% and Scottish average of 30.7%).

The Council has demonstrated that it has met its equalities duties

Under the current Code of Audit Practice, there is an expectation that equalities will be advanced through the external audit process, and that we will therefore carry out work on the Fairness and Equality characteristic at least once during the audit appointment. As a result, we considered the Council's arrangements as part of our overall work in 2024/25.

The Council considered its most recent Equality and Human Rights Mainstreaming Report in April 2025, prior to publication on the Council's website for public scrutiny. The report highlights the work that has been undertaken to date to integrate equality considerations into the work of the Council, including:

- The launch of the new People Strategy, with a clear commitment to equality, diversity, inclusion and belonging;
- Recent enhancements to the Equality, Fairness and Rights Impact Assessment process to identify the potential impacts of policy decisions, and the approach to scrutinising the judgements within the assessments;
- The support and development of the Employee EDI network; and
- The establishment of a Community Equalities Forum to help influence local decision-making and raise awareness about equality issues.

The report also launches the Council's new Equality Outcomes for 2025-2029. The new outcomes were informed by relevant evidence and lived experience feedback. This included sources of evidence such as the Census, Citizen's Panel survey results, and NHS Greater Glasgow and Clyde Health and Wellbeing Survey results. The Council also gathered feedback through a survey, and engaged with a range of community groups representing different protected characteristics groups, and many with intersectionality.

Area of good practice:

The Council has embedded equality measures within its performance reporting and scrutiny arrangements.

Future reporting on equalities has been integrated within the revised performance reporting arrangements. We note that within the Year 1 Delivery Plan, all activities and measures are marked to describe if they are:

- A "universal" target, intended or expected have a broad-based benefit for all people of East Renfrewshire; or
- A "lifting" or equity activity, measure and/or target. This relates to activities and measures where the Council is working to tackle the inequalities and barriers that some people face, such as poverty or trauma or living with a disability or long-term condition.

As a result of our work, and consideration of the extensive consultation undertaken as part of the Council's strategic planning, we concluded that equality and equity considerations are well-embedded within the Council's arrangements, including its collaborative and integrated community planning and other partnership arrangements.

Despite progress made to date, the Council notes that there are not currently enough resources in place to successfully meet its 2045 net zero

The Climate Change (Scotland) Act 2009 set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer-term target to net-zero by 2045, five years in advance of the rest of the UK. While the Scottish Government announced in April 2024 that it would stand down its annual and interim targets for cutting greenhouse gas emissions, the long-term target to reach net zero by 2045 remains in place.

Sustainability features as a key outcome of the Council's long-term strategic plan "A Place to Grow", illustrating the commitment to integrate sustainability as part of standard planning arrangements.

The Council reports its emissions to Sustainable Scotland Network each year and a report on the latest trends and future forecast is made to Cabinet, typically in January each year. It also reports carbon emissions as part of its annual financial statements, noting a 36.6% decrease since establishing a baseline for progress in 2019/20, with most of the reduction being attributed to the Clyde Waste Valley Partnership contract, which sends waste for energy recovery instead of landfill.

The Council approved its Get to Zero action plan in February 2024 which outlines the actions required to be taken over the 20 year period to 2045 in order to meet the target set by the Scottish Government. Despite the progress made to date with regards to emissions, the Council notes that there are not currently enough resources in place to successfully meet the net zero target. The Council's action plan outlines the significant action and investment required to meet the target, which includes transitioning away from diesel vehicles and gas boilers in council properties and improving energy efficiency through investment in capital but at this stage, in common with other Scottish local authorities, the Council does not have a pathway to the level of investment required to meet the target.

Our conclusions:

- The Council has a well-developed approach in place to monitor and report on progress against strategic priorities and was able to demonstrate key areas of improvement in 2024/25. The revised arrangements to report on performance against the new A Place to Grow delivery plan adopt key areas of improvement, including the integration of equality measures.
- The Council performs above the Scottish average in 69% of benchmarking indicators
- Sustainability features as a key outcome of *A Place to Grow*, illustrating the commitment to integrate sustainability as part of standard planning arrangements but there are not currently enough resources in place to successfully meet the 2045 net zero target.

Best Value considerations

Under the Code of Audit Practice June 2021, we perform an annual programme of work in relation to Best Value and wider scope responsibilities. This work includes reviews based on annual thematic Best Value topics prescribed by the Accounts Commission (the Commission).

For 2024/25, the Commission directed auditors to report on the Council's approach to transformation. Our key conclusions against the work programme set by the Commission are outlined in Exhibit 13.

Our assessment in 2024/25 reflects the work conducted to support our wider scope responsibilities, and developed throughout our appointment. Our consideration therefore includes:

- Documentation review and fieldwork interviews with senior officers;
- Our consideration of the Council's financial planning processes including the most recent Medium Term Financial Plan and budget monitoring reports;
- The Council's governance arrangements, including monitoring reports on the use of resources and scrutiny arrangements;
- Our assessment of performance reporting to the Council and public; and
- The Council's arrangements to align key plans and strategic with the revised Strategic Plan, *A Place to Grow* and priority themes.

The Accounts Commission requires the Controller of Audit to report 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. We have therefore considered the Commission's findings as part of our assessment and follow up work.

The Council can demonstrate that it has effective arrangements to deliver Best Value

As part of its overall findings, the Accounts Commission noted that the Council has made good progress in addressing recommendations both from the previous Best Value Assurance Report, and in response to previous external audit recommendations. The Commission also highlighted the consistently strong performance of East Renfrewshire Council across a broad range of corporate and service areas including education, adult and children's care, digital transformation and waste and recycling.

Since the publication of the Controller of Audit report, the Council has published its arrangements to report on performance against the new Strategic Plan, *A Place to Grow*. We note that the Council has outlined further improvements to its performance reporting arrangements, including the integration of reporting key equalities measures and targets, aimed at lifting individuals and communities.

We note within our consideration of "Financial Sustainability" that the Council's financial position strengthened during 2024/25, partly as a result of funding from the Scottish Government reflecting key demographic movements.

Within “Financial Management” we also noted key improvements in relation to the Council’s budget forecasting. Work has also been undertaken to review existing budgets to target areas where expenditure is likely to be lower than forecast in future years. This will signal a corresponding reduction in the budget gap that is required to be met by the identification of recurring savings within the 2026/27 report. The Council’s Digital Transformation Strategy has also highlighted the productivity gains that have been possible as a result of the Council’s investment in key transformation projects.

Overall, we concluded that Council’s governance, performance management and financial reporting arrangements allow the Council to demonstrate the delivery of Best Value.

Exhibit 13: Key findings from our 2024/25 Best Value Thematic Review on the Council’s approach to transformation

- The Council’s Digital Transformation Strategy has been updated to reflect the strategic priorities within *A Place to Grow*. This sets out the Council’s approach to the appropriate use of artificial intelligence, process automation, and the use of data and business intelligence, including in major system change;
- Transformation, service redesign and digitisation form core elements of the Council’s Medium Term Financial Strategy. Within the digital programme, clear criteria for prioritisation are in place, which includes the ability to deliver quantifiable savings and the positive impact on customer or employee experience. We did note that the robustness of the assessment of anticipated benefits varied across project briefs, and therefore how project benefits can be measured and reported.
- One of the key principles within the current Digital Transformation Strategy is that processes are designed in an inclusive way that provides support to those that need it. Each project within the programme is subject to initial screening and, if required, an Equalities, Fairness and Rights Impact Assessment (EFRIA).
- The Council could evidence change as a result of the EFRIA and user engagement process, but we noted that project closure reports could be enhanced to provide specific consideration of the outcomes for vulnerable communities and service users.

Source: East Renfrewshire Council Best Value Thematic Review 2024/25, September 2025

Our conclusions:

- The Council has well-developed strategic planning arrangements and has made key improvements to its performance reporting to align with the priorities within *A Place to Grow*. *A Place to Grow* was developed following significant engagement with Community Planning Partners and communities and establishes the future priorities for the refreshed strategy.
- The Council has been able to demonstrate key improvements, both to its financial position and financial management arrangements overall but difficult decisions will continue to be required to bridge an estimated £12.8 million cumulative budget gap to 2029/30, and risks remain that policy or funding decisions require further areas of saving.

Appendices

A

Code of audit practice:
Responsibilities

B

Independence report

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Required communications with the Audit
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Timeline of communications and
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Adjusted audit differences

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Additional audit information

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.

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.

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



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.
- The impact of reporting future policies and foreseeable developments on their financial position.

Responsibilities for best value, community reporting 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.



Code of audit practice: Responsibilities continued

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 reporting 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.

Independence report and 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. All fees below are inclusive of VAT.

As we outlined in our audit planning report, the expected fee for auditor remuneration, set by Audit Scotland, is based on a risk assessment of publicly available information from the 2021 tender exercise. As set out in our Audit Planning Report the agreed fee is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our financial statements' opinion being unqualified;
- Appropriate quality of documentation is provided by the Council;
- The Council has an effective control environment, including internal audit function and an average risk profile for its sector; and
- The Council complies with its responsibilities under the Code of Audit Practice (refer to Appendix A).

This is the basis for the estimated level of time and skill mix involvement by auditors.

If any of the above assumptions prove to be unfounded, we would seek a variation to the agreed fee.

	2024/25	2023/24
Component of fee:		
▪ Auditor remuneration - expected fee	£241,700	£231,960
• Additional audit procedures (Note 1)	[£52,884]	£43,528
Audit Scotland fixed charges:		
▪ Performance audit and best value	£58,310	£60,900
▪ Audit support costs	£6,070	£8,450
Sectoral price cap	(£12,590)	(£13,320)
Total fee	£346,374	£331,518

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 Audit Scotland Code of Practice.

Note 1 - During the year end audit for 2024/25, a number of areas of additional work were required to complete the audit, in line with expectations set out in our audit planning report. We have provided our assessment of additional cost to management will provide an update to the Audit and Scrutiny Committee to confirm the final fee variation when finalised. Our assessment of additional cost reflects £28,400 in relation to new areas of work required due to changes in auditing and accounting standards. These areas include group accounting arrangements under ISA 600 and additional procedures required due to the implementation of IFRS16. Ongoing additional time in relation to valuation work resulted in additional costs of £24,400 (compared to £42,530 in 2023/24).



Required communications

We have detailed below the communications that we must provide to the Council.

		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 (December 2022) - 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.	Annual Audit Plan - March 2025
Reporting and audit approach	Communication of the reporting scope and timing of the audit, any limitations and the significant risks identified. 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.	Annual Audit Plan - March 2025
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. 	This Annual Audit Report - September 2025.
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 ▶ The adequacy of related disclosures in the financial statements. 	This Annual Audit Report - September 2025.



Required communications (cont.)

Our reporting to you

Required communications	What is reported?	When and where
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. ▶ Material misstatements corrected by management. 	This Annual Audit 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. ▶ A discussion of any other matters related to fraud. 	This Annual Audit Report - September 2025.
Internal controls	Significant deficiencies in internal controls identified during the audit.	This Annual Audit Report - September 2025.
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	This Annual Audit 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 ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Annual Audit Plan and this Annual Audit Report.

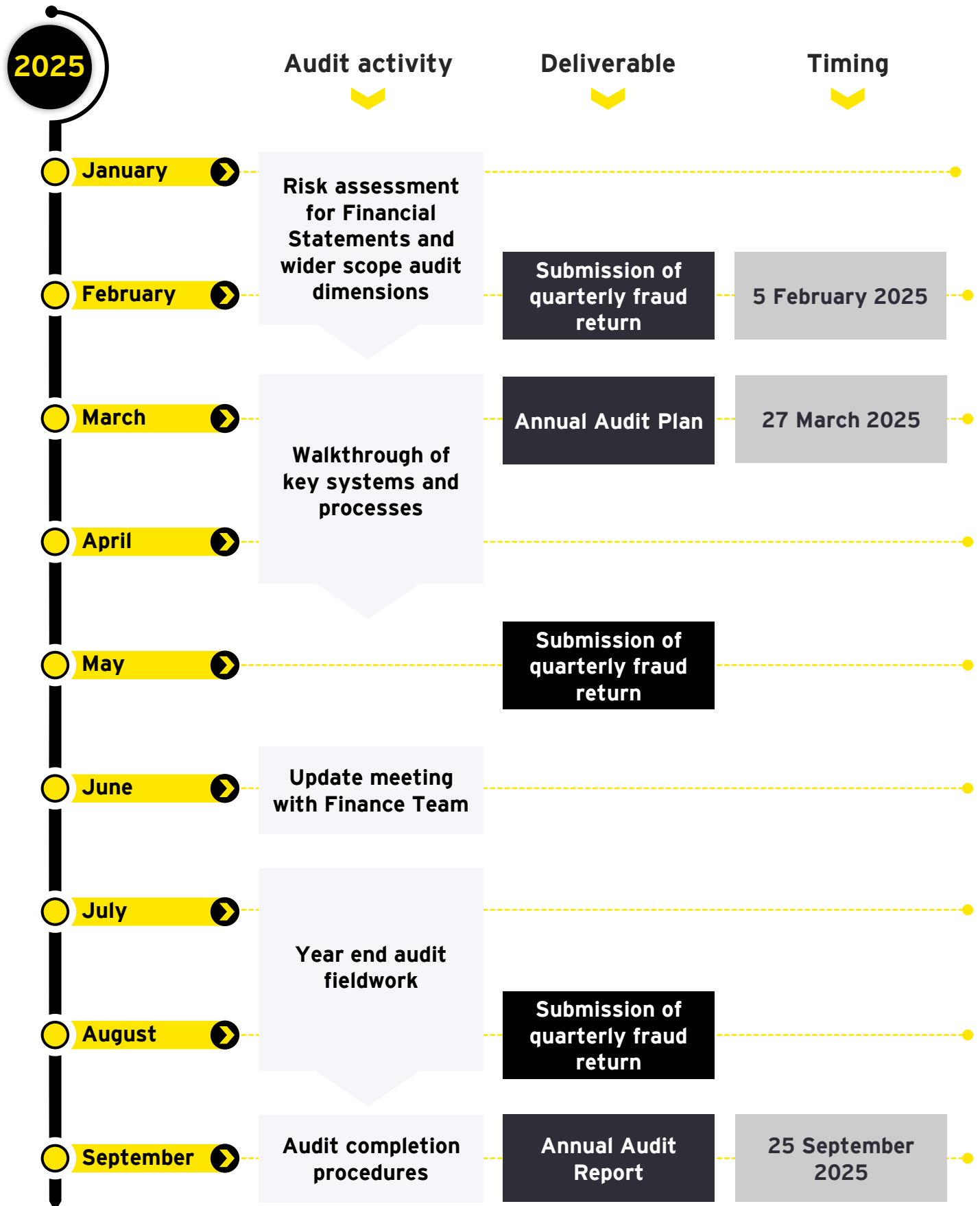


Required communications (cont.)

		Our reporting to you
Required communications	What is reported?	When and where
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. 	This Annual Audit Report - September 2025.
Representations	Written representations we are requesting from management and/or those charged with governance.	This Annual Audit Report - September 2025.
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 Finance, Audit and Scrutiny Committee may be aware of. 	This Annual Audit Report - September 2025.
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	This Annual Audit Report - September 2025.
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	This Annual Audit 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.	This Annual Audit 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.	This Annual Audit Report - September 2025.

D

Timeline of communication and deliverables



E Action Plan

We include an action plan to summarise specific recommendations included elsewhere within this Annual Audit Report. We grade these findings according to our consideration of their priority for the Council or management to action.

Classification of recommendations

Grade 1: Key risks and / or significant deficiencies which are either critical to the achievement of strategic objectives or significant risks to material compliance with regulatory requirements. Management needs to address and seek resolution urgently.

Grade 2: Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.

Grade 3: Less significant issues and / or areas for improvement which consider merit attention but do not require to be prioritised by management.

2024/25 recommendations

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
1.	<p>Dormant bank accounts not closed on a timely basis</p> <p>A number of bank accounts were identified on external bank confirmations that the Council had not included within their list of accounts and confirmed were no longer in use.</p>	<p>The list of bank accounts were shared with management to close. Going forward, the Council should ensure that bank accounts are closed on a timely basis.</p> <p><i>Grade 3</i></p>	<p>Response:</p> <p>It is noted that the balances on these accounts are almost zero however these will be closed for completeness.</p> <p>Responsible officer:</p> <p>Chief Financial Officer</p> <p>Implementation date:</p> <p>31 October 2025</p>
2.	<p>Accumulated Absences Accrual</p> <p>The Council's accumulated absence accrual for staff on local government terms and conditions is calculated through a sample which omitted local government staff within the Education service. There is a risk that the accrual is not reflective of the entire population of staff.</p>	<p>Whilst no material error was noted this year, the approach should be updated going forward.</p> <p><i>Grade 3</i></p>	<p>Response:</p> <p>This will be reflected in the financial statements going forward.</p> <p>Responsible officer:</p> <p>Chief Financial Officer</p> <p>Implementation date:</p> <p>31 March 2026</p>
3.	<p>Access to Whistleblowing Policy</p> <p>The Council's whistleblowing policy is currently held within the Council's intranet as opposed to being readily accessible on the Council's website. As a result, the Council reduces its opportunities for concerns to be raised.</p> <p>We also noted that there is no current mechanism for regular reporting to elected members of the frequency, nature and outcome of instances of whistleblowing concerns.</p>	<p>The Council should ensure that the Whistleblowing policy is available on the website and ensure that there is a regular reporting mechanism on the nature and outcome of whistleblowing cases.</p> <p><i>Grade 2</i></p>	<p>Response:</p> <p>The whistleblowing policy will be made publicly available, and reporting will be put in place.</p> <p>Responsible officer:</p> <p>Chief Auditor</p> <p>Implementation date:</p> <p>31 March 2026</p>



Action Plan

Set out below are the recommendations that were made in 2023/24, along with our assessment of progress.

Prior year recommendations			
No.	Recommendation	Management response	Our assessment of progress
1.	Management should ensure there is a sufficient level of internal review and challenge on the valuation documentation provided.	Response: Senior Management will strengthen existing arrangements. Responsible officer: Director of Environment and Head of Finance Implementation date: April 2025	Complete: Management evidenced a high level of scrutiny over the valuation documentation provided, including considering movement of assets year on year and sample checking the documentation prepared by the valuations team for error and inconsistency.
2.	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.	Response: Management will consider and record the impact of all available intelligence relating to Fixed Assets before finalising valuations. Responsible officer: Director of Environment Implementation date: April 2025	Progress made, more work required: Management evidenced that they considered the impact of all available intelligence relating to the asset base in preparing valuations. However, the Council should seek to ensure that these considerations are given prior to the preparation of the unaudited financial statements to minimise the risk of audit variances.
3.	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.	Response: Work on the Fixed Asset Register is already underway and a review of asset lives was already planned. Responsible officer: Director of Environment and Head of Finance Implementation date: March 2025	Progress made, more work required: Management has removed a large number of nil NBV value assets which could no longer be identified following the recommendation made by audit in the prior year. However, the Council should continue to assess the useful lives of assets, ensuring that the assets lives are appropriate for each class of asset.



Action Plan

Set out below are the recommendations that were made in 2023/24, along with our assessment of progress.

Prior year recommendations			
No.	Recommendation	Management response	Our assessment of progress
4.	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 timely adoption of the Code requirements.	Response: Records maintained since the introduction of the legislation. Council has no information on historic movements. Responsible officer: Director of Environment and Head of Finance Implementation date: March 2025	Not yet assessed: We will continue to monitor progress on this recommendation until the statutory override has expired and the Council has successfully implemented the changes required under the CIPFA code.
5.	As IFRS 16 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.	Response: Work is already underway. Responsible officer: Head of Finance Implementation date: March 2025	Complete: Management prepared accounts which reflected the implementation of IFRS 16 ahead of the 30 June statutory deadline for delivery of draft financial statements. As noted on page 18, no areas of concern have been identified through our audit work.
6.	The Annual Governance Statement should be considered as a separate item by the Audit and Scrutiny Committee at its June meeting.	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. Responsible officer: Chief Executive Implementation date: June 2025	Complete: The Annual Governance Statement was presented as a separate item within the Audit and Scrutiny Committee held on 19 June 2025.



Action Plan

Set out below are the outstanding recommendations that were made in 2022/23, along with our assessment of progress.

Outstanding 2022/23 recommendations

No.	Recommendation	Management response	Our assessment of progress
1.	Management should review its valuation arrangements to ensure that clear instructions are issued to valuation experts, including the detailed audit information requirements.	<p>Response:</p> <p>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.</p> <p>Responsible officer:</p> <p>Head of Accountancy</p> <p>Implementation date:</p> <p>31 October 2023</p>	<p>In progress: Management engaged closely with valuation experts and audit to revise the valuation approach and issue clear instructions in the current year. This resulted in a much higher quality of evidence provided however we continued to note issues with regards to the timeliness of information being available. We will continue to monitor this recommendation as the Council enter the second year of the revised arrangements.</p>
4.	The Council needs to develop a realistic and costed medium term financial plan that supports the delivery of strategic objectives.	<p>Response:</p> <p>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.</p> <p>Responsible officer:</p> <p>Head of Accountancy</p> <p>Implementation date:</p> <p>February 2024</p>	<p>Complete:</p> <p>The Council considered the updated Medium Term Financial Plan in February 2025 which noted the demographic pressures facing the Council alongside funding pressures impacting the whole sector.</p>
6	The Council should review budget monitoring processes to increase the accuracy of forecasts throughout the year.	<p>Response:</p> <p>Recent outturn variance trends will be reviewed with a view to improving forecasting accuracy.</p> <p>Responsible officer:</p> <p>Head of Accountancy</p> <p>Implementation date:</p> <p>March 2024</p>	<p>Complete: The Council have now established a cross-party strategy group which meets regularly throughout the year with a view to ensuring that they can develop realistic and costed medium term financial plan. In addition, each service is being challenged to increase forecasting accuracy with a view to developing a more realistic vision across the council.</p>



Action Plan

Set out below are the outstanding recommendations that were made in 2022/23, along with our assessment of progress.

Outstanding 2022/23 recommendations

No.	Recommendation	Management response	Our assessment of progress
7.	The Council should have a workforce plan for the Finance Team which includes any training requirements and succession planning arrangements.	<p>Response:</p> <p>The Accountancy Workforce Plan is contained within its Service Plan and 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.</p> <p>Responsible officer:</p> <p>Head of Accountancy</p> <p>Implementation date:</p> <p>May 2024</p>	<p>Progress made, more work required: The accountancy team continues to face the risk of single points of failure through key person dependency. However, following the restructuring process, a new role has been introduced and is currently in the recruitment phase. We will therefore continue to monitor this area going forward.</p>
9.	The Audit and Scrutiny Committee should review its arrangements against updated good practice guidance.	<p>Response:</p> <p>The Audit & 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.</p> <p>Responsible officer:</p> <p>Head of HR and Corporate Services</p> <p>Implementation date:</p> <p>March 2025</p>	<p>Complete: As scheduled, the Audit and Scrutiny carried out its self assessment against the latest good practice guidance during the 24/25 financial year.</p>



Action Plan

Set out below are the outstanding recommendations that were made in 2022/23, along with our assessment of progress.

Outstanding 2023/24 Best Value recommendations

No.	Recommendation	Management response	Our assessment of progress
1.	The Council should consider how best to broaden awareness of key workforce planning issues amongst elected members.	<p>Response:</p> <p>It is proposed that a more comprehensive workforce planning summary be included in the annual Financial Planning report to Councillors as part of budget setting.</p> <p>Responsible officer:</p> <p>Head of HR & Corporate Services</p> <p>Implementation date:</p> <p>March 2025</p>	<p>Complete: As part of the cross-party budget strategy group, elected members receive regular communication on FTE statistics and where investment is required within the workforce. Organisational health checks and graphics from the workforce profile dashboards will continue to be shared as part of the financial planning and performance reporting processes.</p>
2.	The 2025/26 budget process needs to address the funding of the digital transformation programme to continue to enhance the efficiency and effectiveness of services.	<p>Response:</p> <p>As the 2023/24 accounts are finalised, it has been agreed to allocate a further £2M into the Modernisation Fund. This will be agreed by Members in September.</p> <p>Responsible officer:</p> <p>Head of Accountancy</p> <p>Implementation date:</p> <p>September 2024</p>	<p>Complete: The Council continues to replenish the Modernisation Fund, wherever possible, from year-end general fund surpluses to enable projects in future years to be considered. In addition to this, the Council monitors the projects that are funded by the Modernisation Fund to ensure that they are transformational and that where possible roles that have become business as usual are being baselined into budgets going forward.</p>



Action Plan

Set out below are the outstanding recommendations that were made in 2023/24 through out Best Value considerations, along with our assessment of progress.

Outstanding 2023/24 Best Value recommendations

No.	Recommendation	Management response	Our assessment of progress
3.	<p>Performance discussions are a critical process for any organisation to ensure that employees continue to fulfil their roles effectively and develop throughout their career.</p> <p>The Council should take steps to improve participation rates in Quality Conversations across the Council.</p>	<p>Response:</p> <p>The communication of Quality Conversations and timeframes will be enhanced. The current wellbeing survey questions will be reviewed and broadened to a focus on employee engagement. In addition, question wording will be changed to make it clear to employees what is meant by 'Quality Conversations' and that this includes one-to-one meetings between employees and managers.</p> <p>Responsible officer:</p> <p>Head of HR & Corporate Services</p> <p>Implementation date:</p> <p>May 2025</p>	<p>Progress made, more work required: The Council have noted improvements in participation rates in Quality Conversations, evidenced by response to their employee survey.</p> <p>The 2022/23 survey identified that 26% of employees did not have regular conversations for goals and development, this has decreased to 19% in the current year.</p> <p>The Council continues to view this as an area for improvement and is aware of the importance of encouraging proactive engagement in these conversations at all levels.</p>
4.	<p>The Council must take steps to increase the response rate to the employee survey.</p>	<p>Response:</p> <p>There are plans to broaden the content of the next employee survey, with more of a focus on employee engagement. Steps will also be taken to improve completion rates including via communication and sustained promotion and encouragement from leadership.</p> <p>Responsible officer:</p> <p>Director of Business Operations & Partnerships</p> <p>Implementation date:</p> <p>May 2025</p>	<p>Complete: The Council has evidenced that they have successfully increased the response rate to their employee survey from 24.6% in 2023 to 54.17% in 2025. Leadership plan to carry out the next employee survey in 2027.</p>



Action Plan

Set out below are the outstanding recommendations that were made in 2022/23 through out Best Value considerations, along with our assessment of progress.

Outstanding 2022/23 Best Value recommendations

No.	Recommendation	Management response	Our assessment of progress
1.	The Council should work to quantify the cost gap in relation to delivering net zero targets for 2045.	<p>Response:</p> <p>The Council will continue to work towards the full costing of its recently agreed GTZ action plan in order to influence national funding discussions.</p> <p>Responsible officer:</p> <p>Head of Housing, Property & Net Zero & Head of Accountancy</p> <p>Implementation date:</p> <p>Ongoing</p>	<p>Ongoing: The Council acknowledges the challenges faced in relation to delivery of net zero targets, noting that significant action and investment will need to be required as soon as possible to achieve the goal. We will therefore continue to monitor this area.</p>
9.	The Council needs to further develop a realistic and costed medium term financial plan that supports the delivery of strategic objectives.	<p>Response:</p> <p>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.</p> <p>Responsible officer:</p> <p>Head of Accountancy</p> <p>Implementation date:</p> <p>February 2024</p>	<p>Complete: The Council have now established a cross-party strategy group which meets regularly throughout the year with a view to ensuring that they can develop realistic and costed medium term financial plan.</p> <p>The Council considered the updated Medium Term Financial Plan in February 2025 which noted the demographic pressures facing the Council alongside funding pressures impacting the whole sector.</p>

Adjusted and unadjusted audit differences

Adjusted audit differences

No.	Note	Description	Impact on financial statements
1.	Note 15: Property, Plant and Equipment	Valuation of Primary Schools in Newton Mearns Review of the valuation of several primary schools in Newton Mearns identified that the sites had been revalued on a modern equivalent asset basis. This basis is typically used and therefore would not be rebuilt to the same specification. Following discussions with stakeholders, it was concluded that due to the demand for education in the areas the application of actual area to the valuation would be more appropriate which resulted in a material audit variance.	Dr Property, Plant & Equipment: £14,833k Dr MIRS Rev Depcn & Impairment £3,396k Cr Revaluation Reserve: £11,437k Cr Capital Adjustment Account £3,396k Cr RImpairment £3,396k
2.	Note 15: Property, Plant and Equipment	Valuation of Schools with a PPP/PFI element At the time of preparation of the unaudited financial statements, sufficient support could be obtained to support the split of assets between other land & buildings and PPP/PFI buildings and therefore the finance team could not update the valuation for these assets. Support was provided as part of the audit process, and the balances have been updated to reflect.	Dr Accumulated Depreciation: £1,314k Dr Impairment: £1,917k Dr Revaluation Reserve: £3,884k Dr Capital Adjustment Account £1,917k Cr Property, Plant & Equipment: £7,115k Cr MIRS Rev Depcn & Impairment: £1,917k
3.	Note 15: Property, Plant and Equipment	Errors within valuation schedule We noted two errors within the valuations schedules which has resulted in a material audit variance. Neither error was in relation to methodology applies by the valuers.	Dr Revaluation Reserve: £2,137k Cr Property, Plant and Equipment: £2,137k
4.	Note 24: Creditors & Note 15: Property, Plant and Equipment	Our substantive procedures identified a duplicate accrual for an invoice relating to capital works which had been both automatically and manually accrued in to the 24/25. Whilst it was correct to recognise the expenditure in 24/25, expenditure was overstated by the value of the invoice.	Dr Creditors (Other Accounts): £634k Cr AUC Additions: £634k

In addition to the matters outlined above, we have been notified of a late adjustment in the audit of the Strathclyde Pension Fund which would increase the fund assets for East Renfrewshire Council by £1,910k (PY: £2,118k) in the disclosure tables. This would not impact the asset ceiling recorded and therefore no impact on the financial statements.

We also identified several presentational differences which we reported to and were adjusted by management.



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 Finance, 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.
- Maintaining auditor independence.
- communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- 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.



Additional audit information (cont.)

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: [Quality of public audit in Scotland: Annual report 2024/25 | Audit Scotland](#)
- 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 Accounts Commission 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.

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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.

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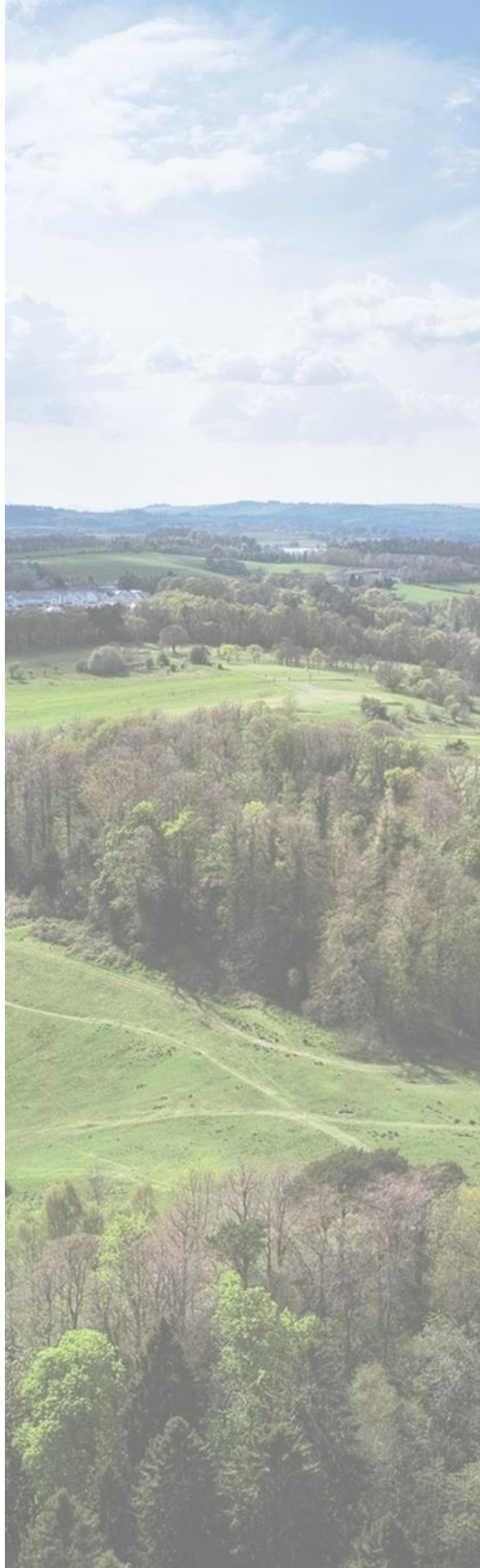
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