

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of meeting held at 1.00pm in the Council Chamber, Council Headquarters, Giffnock on 25 September 2025.

Present:

Councillor Andrew Morrison (Chair)
Councillor Tony Buchanan (Vice Chair)
Councillor Paul Edlin

Councillor Annette Ireland
Councillor David Macdonald *

Councillor Morrison in the Chair

Attending:

Steven Quinn, Chief Executive; Louise Pringle, Director of Business Operations and Partnerships; Kirsty Stanners, Head of Finance (Chief Financial Officer); Kenny Markwick, Head of Operations; Kath McCormack, HR Manager; Paul Parsons, Corporate Finance Manager; Anthony Jenkins, Resilience Coordinator; Fiona Muir, Senior Auditor; Jennifer Greenshields, Chief Executive's Business Manager; Linda Hutchison, Senior Democratic Services Officer; and Bethany Mitchell, Assistant Democratic Services Officer.

Also Attending:

Rob Jones and Grace Scanlin, Ernst and Young.

Apologies:

Provost Mary Montague and Councillor Gordon Wallace.

DECLARATIONS OF INTEREST

1326. There were no declarations of interest intimated.

CHAIR'S REPORT – VARIOUS ISSUES

1327. The following matters were raised during the Chair's report:-

(i) Meeting with External Auditor

Councillor Morrison confirmed that, in line with the new arrangements implemented following the Committee's self-assessment, members of the Committee had attended a valuable meeting with representatives of the External Audit Team on 8 September, prior to the Committee considering the final Annual Accounts and draft Annual Audit Report. He clarified that all members of the Committee would be invited to the equivalent meeting with the External Auditor in 2026.

(ii) Treasury Management Training

Councillor Morrison reported that members of the Committee had been amongst the Elected Members who had attended a useful Treasury Management training session provided by the Council's Treasury Manager Advisors also on 8 September. He highlighted that discussions at that event have informed proposals, to be considered later in the meeting, on the way forward on the submission of reports to the Committee on Treasury Management.

(iii) Annual Accounts

Finally, in advance of the Committee's consideration of the Annual Accounts, on behalf of the Committee, he thanked all those involved in their preparation, including the Head of Finance (Chief Financial Officer), the Corporate Finance Manager and those working with them, and also the Council's External Auditors.

The Committee noted the report.

IMPACT OF TAXATION AND MINIMUM UNIT PRICING ON DRUG AND ALCOHOL USE AMONGST YOUNG PEOPLE; DEBTOR MOVEMENTS BETWEEN YEARS; AND INVESTMENT RETURNS REGARDING STRATHCLYDE PENSION FUND - CLARIFICATION

1328. Under reference to the Minute of the meeting of 8 May 2025 (Page 1161, Item 1201 refers) when comments on an Audit Scotland report on Alcohol and Drug Services had been considered and it had been agreed that further clarification be provided on the impact of taxation and minimum unit pricing on drug and alcohol use amongst young people; and the Minute of the meeting of 19 June (Page 1198, Item 1245 refers) when the Unaudited Accounts had been considered and it had been agreed to seek clarification on debtor movements between years and investment returns regarding Strathclyde Pension Scheme, the Committee considered a report by the Clerk summarising the clarification received and already circulated on the issues concerned.

The Committee noted the report.

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

1329. Under reference to the Minute of the meeting of 19 June 2025 (Page 1198, Item 1245 refers), when the Committee had noted the unaudited Annual Accounts for 2024/25 and that a report on the final Accounts and related documents would be submitted to a future meeting, the Committee considered a report by the Head of Finance (Chief Financial Officer) regarding the Annual Accounts for 2024/25; the associated draft Annual Audit Report prepared by the External Auditor which provided an overview of the main issues arising from the 2024/25 audit and would be issued in final form after the financial statements had been certified; and the associated Letter of Representation from the Council to the External Auditor.

The Council had received an audit certificate which was unqualified. It had operated within its operational budget, returning departmental surpluses totalling £2.5m in line with what had been reported to the Cabinet in March 2025. This was due mainly to staff turnover, and reductions in both utility costs and anticipated departmental restructuring costs. In addition, the Council had received additional income and earned increased interest on temporary investment balances, partially offset by increased costs relating to homelessness and temporary accommodation pressures.

The £2.5m underspend had enabled the transfer of £1m to the Capital Reserve, with £1.5m retained in the un-earmarked General Reserve. This equated to 2.7% of the overall 2024/25 budgeted net revenue expenditure and 2.5% of the 2025/26 budgeted net revenue expenditure which was within the recommended range of 2%-4%.

The Council's overall General Fund reserve balances at 31 March 2025 totalled £45.852m, this being an increase of £4.086m from the previous year and comparable with the budgeted position of a reduction of £8.477m representing an improved in-year position of £12.563m, reasons for which were summarised.

Capital expenditure of £64.760m had been invested across both General Fund and Housing Revenue Account (HRA) projects.

Finally, the report commented on the draft Annual Audit Report which made reference to International Standard on Auditing (ISA) 260 matters to those charged with governance, and the Letter of Representation, copies of both of which were appended to the report.

The Head of Finance (Chief Financial Officer) referred to key aspects of the report, highlighting that the deadline of 30 September for the preparation of the Accounts, which were unqualified, had been met, and commending both the Accountancy Team and officers across the Council who had contributed to this achievement. Having welcomed the comments made within the Annual Audit Report and highlighted that only a small number of recommendations had been made all of which had been graded as either medium or low, she thanked the External Audit team for their work.

In response to Councillor Ireland, the Head of Finance (Chief Financial Officer) clarified that the reduction in employee numbers was covered in the report on redundancy and early retirement to be considered later in the meeting. She quantified, approximately, what 2.5% of the 2025/26 budgeted net revenue expenditure was in monetary terms. In response to Councillor Edlin, she explained that nothing required to be incorporated in the Annual Accounts, in terms of accountancy requirements, to take account of net zero environmental targets.

In response to Councillor Morrison, the Chief Executive confirmed that arrangements were in hand to publicise the Council's whistle blowing policy on the internet.

Mr Jones referred to key messages in the draft Annual Audit Report which was essentially complete, during which he commented on the Annual Accounts which he confirmed were supported by working papers of a good quality. He also referred to the good level of support the External Audit team had received from officers, and issues regarding the valuation of property, plant and equipment resolved during the audit. Whilst commenting on the assessment of the wider scope audit responsibilities referred to in the draft Annual Audit Report, such as on financial responsibility and financial management, Mr Jones highlighted ongoing challenges for the Council regarding financial sustainability on which work was continuing to be progressed by the Council. He also referred to the 2024/25 recommendations itemised in the Action Plan in Appendix E and highlighted various issues summarised in other appendices.

In response to Councillor Morrison who referred to the Accounts Commission's concerns regarding exit package decisions for senior officers in Glasgow City Council as published in a recent report, Mr Jones confirmed that the Accounts Commission had written to all local authorities regarding the findings but had not indicated any intention to progress any follow-up work at an individual local authority level. Having heard him clarify that the External Audit team always completed some work locally on exit packages, the Chief Executive confirmed that the Accounts Commission's September 2025 report had been noted, expressed confidence that processes for such payments in East Renfrewshire were in line with the

recommendations made, but explained that it was intended to submit a report on this issue to the Committee in November to offer Elected Members clarity and reassurance on this.

The Committee agreed to:-

- (a) note the draft Annual Audit Report to the Council and Controller of Audit 2024/25 which made reference to International Standard on Auditing 260 to those charged with governance;
- (b) note the content of the Council's Annual Accounts for 2024/25, including the Management Commentary, Annual Governance Statement, Accounting Policies and Audit Certificate;
- (c) note the Letter of Representation; and
- (d) remit the report to the Council for consideration.

AMENDMENT TO TREASURY MANAGEMENT STRATEGY FOR 2025/26

1330. Under reference to the Minute of the meeting of 20 February 2025 (Page 1087, Item 1118 refers), when it had been agreed to recommend to the Council that the Treasury Management Strategy for 2025/26 and policy on the repayment of loans fund advances be approved, the Committee considered a report by the Head of Finance (Chief Financial Officer) regarding proposed amendments to the Strategy.

Having confirmed that, in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice 2021, the Audit and Scrutiny Committee was responsible for ensuring effective scrutiny of the Council's treasury management strategy and policies, the report itemised reports that required to be submitted to the Committee annually. It also referred to CIPFA best practice guidance on undertaking quarterly monitoring of Prudential Indicators, explaining that this was intended to be scalable and aimed at local authorities with more complicated or higher risk strategies than the Council. Consequently the report recommended that the section of the Strategy for 2025/26 relating to reporting be amended to state that reporting would be three times per annum which still met the requirements of the Code and was a more proportional approach. It was clarified that the level of internal monitoring undertaken by the Finance Team would not reduce, and that the revised approach would create capacity in the Finance Team to provide a greater level of support to Council directorates around capital strategy, planning and monitoring.

The Corporate Finance Manager highlighted key aspects of the report, during which he confirmed that, subject to the proposed changes being approved, the four interim reports currently submitted to the Committee would be replaced by one mid-year report, with many internal controls remaining in place regarding the Treasury Management function.

Having heard members of the Committee express support for the proposed way forward, in response to Councillor Ireland, the Head of Finance (Chief Financial Officer) confirmed that there was no threshold for reviewing the arrangements again, and highlighted key aspects of the justification for the proposed change of approach.

The Committee:-

- (a) agreed to **recommend to the Council** that the amended Treasury Management Strategy for 2025/26 be approved; and
- (b) noted that this would allow a more proportional approach to be adopted that continued to meet the requirements of the CIPFA Code of Practice.

ANNUAL SICKNESS ABSENCE REPORT 2024/25

1331. Under reference to the Minute of the meeting of 26 September 2024 (Page 954, Item 965 refers), when the position on absence management during 2023/24 had been discussed, the Committee considered a report by the Director of Business Operations and Partnerships providing an update on the Council's annual sickness and performance indicator (PI) data for 2024/25.

The report explained that, Council wide, sickness days per full time equivalent (FTE) employee had reduced from 11 days in 2023/24 to 10.3 days in 2024/25, which was due to a one-day reduction in local government employee (LGE) absence and a minimal increase in teacher absence. A range of related data was provided, including on a reduction in the number of full-time equivalent days lost per employee on Local Government terms and conditions in 2024/25 compared to 2023/24, teacher absence, and the top reasons for absence and days lost in terms of each of these. Having confirmed that Local Government Benchmarking Framework data for 2024/25 was not yet available from the Improvement Service, the report explained that the position for teachers was expected to be similar to 2023/24 but that, compared to 2023/24, East Renfrewshire was expected to be better placed than 16th for Local Government employees for 2024/25. The report also referred to sickness absence related research, the continued focus placed on addressing sickness absence issues, and both occupational health and employee assistance referrals.

The report concluded that sickness absence levels remained high but, with the introduction of the revised Policy improvements, a reduction in the overall absence was being witnessed.

Whilst commenting on the report, the HR Manager highlighted statistics referred to within it, the top reasons for sickness absence, and the revised and simplified arrangements for reporting absence. She referred to resource allocated to focus on reducing absence in services with high levels of it following the successful implementation of a trial initiative in the Health and Social Care Partnership (HSCP) which demonstrated a measurable reduction in absence. She also referred to the role of the Health and Wellbeing Officer, and other actions being taken to help address absence issues.

In reply to Councillor Ireland, the HR Manager clarified that actions taken in respect of the HSCP to address absence included putting Sickness Absence Panels in place, checking that return to work interviews were taking place, and supporting managers and employees regarding the return to work process. In reply to Councillor Morrison, she confirmed that the same approach was now being taken in the Environment Department which, like the HSCP, had many employees who were not office based.

In response to Councillor Macdonald, she provided further clarification on days lost due to sickness for different types of employees, following which reference was made to the information provided in Figures 2 and 3 of the report which had been requested by the Committee to provide context and clarity on issues.

Councillor Buchanan, supported by Councillor Morrison, referred to the impact on absence statistics of a small number of employees who were absent due to ill-health on a long-term basis. He welcomed the improvements reported and stressed the importance of supporting

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employees, following which Councillor Edlin also commended the work being done including in respect of teachers.

The Committee agreed to note the report and related comments made.

SUMMARY OF EARLY RETIREMENT/ REDUNDANCY COSTS TO 31 MARCH 2025

1332. Under reference to the Minute of the meeting of 21 November 2024 (Page 1023, Item 1048 refers), when early retirements/redundancies to 31 March 2024 had been discussed, the Committee considered a report by the Director of Business Operations and Partnerships summarising the position on early retirement/redundancy costs from 1 April 2024 to 31 March 2025 and related issues. Information on the total costs incurred and projected savings was provided.

It was reiterated that the Accounts Commission's September 2025 report on exit packages in Glasgow City Council had been noted, that confidence existed that the Council's processes for such payments were in line with the recommendations made in that report, but that it was intended to submit a report on the matter to the Committee to provide clarity and reassurance.

The Committee, having heard Councillor Morrison welcome the intention to submit a report to the Committee on exit packages, noted the report.

REVIEW OF STRATEGIC RISK REGISTER

1333. Under reference to the Minute of the meeting of 27 March 2025 (Page 1120, Item 1161 refers), when the position on the Strategic Risk Register (SRR) and related issues had been noted, the Committee considered a report by the Chief Executive regarding the most recent biannual update of the Register, and presenting the reformatted SRR, the newly introduced Strategic Issues Log, and the draft Risk Management Policy.

The report referred to the Council's current approach to risk management and its review by the Corporate Management Team (CMT), confirming that the SRR appended to the report itemised key strategic risks considered and actions identified to manage these. It was explained that in 2025 an update was being made to the Council's Risk Management Framework and Risk Management Strategy, combining these into a single Risk Management Policy. The SRR was also being updated to reflect *A Place to Grow*, and a Strategic Issues Log was being introduced to distinguish between risks and issues, the definition of and further information on which was provided. The CMT had also agreed to move to a 5 by 5 scoring matrix which was consistent with the HSCP's approach. Reference was made to an Elected Members Risk Management Workshop which had taken place in August 2025 focussing on key risk management principles and practices and the new direction to be followed under the Risk Management Policy.

There were now eight risks within the SRR, five of which were deemed to be very high, and three issues within the Strategic Issues log. Although this represented a reduction from 13 reported in March, this was due to risks being combined rather than removed. A summary of the changes made was provided.

Having commented on the development of the Risk Management Policy, a draft of which was appended to the report, the report referred to horizon scanning which had been raised at a previous meeting of the Committee and was reflected in the Policy, the intention being to have annual conversations on this within the context of the annual World Economic Forum risk reporting, typically published at the start of the calendar year. The report confirmed that inclusion on four potential risks or issues for escalation to the SRR or Strategic Issues Log

would be considered by the CMT in early October. Although the next update on the SRR was scheduled to be submitted to the Committee in Spring 2026, recognising that the Risk Management Policy was being developed for approval by the end of 2025, it was intended that further communications would take place with the Committee on the adoption of the Policy and planned risk reviews.

Whilst commenting on various key issues, the Resilience Coordinator clarified that there remained a gap in the SRR and Strategic Issues Log on the risk type field which would be amended, and highlighted that he would circulate an update to members of the Committee on Risk 2.2 of the SRR as some information on this had been omitted or needed to be updated in terms of control measures. Amongst other things he commented on the new 5 by 5 risk scoring matrix, the merging of some risks, and the intention to submit an updated risk management policy to the Cabinet in November for approval, on which members of the Committee would be updated. He itemised the 4 areas the CMT would consider for inclusion in the SRR or Strategic Issues Log on which feedback would be provided, emphasising that some were already recognised at departmental level. He also referred to the intention to raise horizon scanning in the next report to be submitted to the Committee in Spring 2026, but clarified that, meantime, other opportunities to enable members of the Committee to raise and discuss views on this would be explored.

The Committee, having heard Councillor Morrison welcome the development of opportunities for members of the Committee to be involved in discussions on horizon scanning, noted the development of the Council's Strategic Risk Register and Strategic Issues Log, both of which were considered to be live documents and would be updated and amended by the Corporate Management Team.

LOCAL EXTERNAL AUDIT REPORT – BEST VALUE THEMATIC REPORT – TRANSFORMATION: HOW COUNCILS ARE REDESIGNING AND DELIVERING MORE EFFICIENT SERVICES TO ACHIEVE PLANNED OUTCOMES

1334. The Committee considered a Best Value Thematic Report by the External Auditor on Transformation: How Councils are Redesigning and Delivering More Efficient Services to Achieve Planned Outcomes. The report explained that, under the Code of Audit Practice June 2021, External Auditors had been tasked with performing an annual programme of work in relation to Best Value and wider scope responsibilities, including reviews based on annual thematic Best Value topics prescribed by the Accounts Commission.

For 2024/25, the Commission had directed auditors to report on transformation. Key conclusions were provided against four questions posed by the Commission. These questions covered to what extent the Council has clear plans for transformation that link to its priorities and support long-term financial sustainability; do the Council's programme management arrangements facilitate effective oversight of its transformation plans; are partners involved in the development and delivery of the Council's plans for transformation; and has the Council considered the impact of its transformation activity, including on vulnerable or protected groups.

Three recommendations had been made, and accepted, on the Council ensuring that projects are not closed until business change is completed; it assessing the effectiveness of planned changes to reporting arrangements to ensure that it meets the needs of Elected Members; and project closure reports, including specific consideration of the outcomes for vulnerable communities and service users.

Whilst commenting on the report, Ms Scanlin highlighted that, as the Accounts Commission set the questions for the topic under review, a consistent approach was taken across local authorities in identifying good practice, clarifying that a single overview report would also be prepared to complement those prepared for each authority. Having referred to the overall

positive nature of the report, regarding the third recommendation she highlighted, as an example, reaps benefits arising from the review of the revenues and benefits service as the self-service option used by some residents now allowed time to be freed up to focus support on where it was needed most.

In response to Councillor Ireland, Ms Scanlin confirmed that impact assessments had been done for all projects, including the impact on vulnerable groups, following which the Director of Business Operations and Partnerships clarified that equality impact assessments were central to change projects and had been considered in terms of the revised Digital Strategy that would be the subject of a report to the Cabinet prior to the end of 2025. She clarified that residents still had options regarding how they wished to interface with the Council on services rather than options having been withdrawn, and that building capacity to provide support where it was needed most was considered key. She reminded the Committee that it had had an opportunity to discuss a report in November 2024 on the local position relative to the recommendations in the Audit Scotland report on *Tackling Digital Exclusion*.

Having heard Councillor Buchanan welcomed the findings of the report and that various contact options for support were continuing to be provided, he stressed that some projects took time to reap rewards in full. Referring to the case study cited in the report regarding the revenue and benefits service and responding to related questions, the Director of Business Operations commented that the provision of an online service was beneficial for both the Council and residents, describing work to encourage use of Council Tax Online as an ongoing journey and adding that take-up of this option was greatest amongst those moving into the area and residents with a change of circumstances which resulted in them engaging with the Council.

The Committee agreed to note the report and the related recommendations and Action Plan.

NATIONAL EXTERNAL AUDIT REPORT – SUSTAINABLE TRANSPORT – REDUCING CAR USE

1335. The Committee considered a report by the Clerk on the publication in January 2025 of a report by Audit Scotland entitled *Sustainable Transport – Reducing Car Use*. Under the Committee's specialisation arrangements, Councillor Ireland was leading the review of the report. The Director of Environment had been asked to provide comments, and a copy of the feedback was appended to the report.

It was clarified that in 2019 the Scottish Government had set a target of reducing the number of car kilometres driven by 20% by 2030, but that this had been revoked in April 2025 following the publication of the Audit Scotland report which highlighted failings in the approach taken, and concluded that the target set was unlikely to be met. The report explained that, in June 2025, a renewed policy statement had been issued by the Scottish Government outlining a revised target of 6% by 2035 and the related approach to be taken.

The report provided an overview of the Audit Scotland report, the revised policy statement, and the actions ongoing by the Council to support the Scottish Government's objectives. Issues commented on included car usage in East Renfrewshire, local considerations, and the renewed Scottish Government Policy Statement on achieving car use reduction in Scotland. Whilst commenting on action being taken in East Renfrewshire to reduce car journeys, reference was made to the Local Transport Strategy (LTS), recent statutory consultation on a 20 mph speed limit on residential streets, neighbourhood Traffic Management Zones, Active Travel Corridors, and the Parking Strategy.

It was concluded that officers would monitor the development of the updated policy statement and action plans arising from the Audit Scotland report. Although the Council recognised the

need to reduce car kilometres travelled and the benefits this would bring, there needed to be a just transition which did not disproportionately impact on those who are economically disadvantaged, or who lived in rural or remote areas that did not benefit from viable alternatives to car travel.

In response to questions, the Head of Operations referred to ongoing discussions at a national level on reducing car use, time needed to deliver bus and rail infrastructure improvements, and the role of active traffic corridors in helping to deliver change. He confirmed that the aim of the Scottish Government's Strategy was to reduce car use, not the use of vans or lorries so this would not impact on the local economy. He confirmed that the Council was not aware of any interim targets being set, and that engagement between the Council and Transport Scotland would be required on various issues. Regarding the need to balance achieving public transport improvements with progressing active travel corridors, the Head of Environment commented on the Local Transport Strategy (LTS) currently under development which would set out East Renfrewshire's high level policy approach to transport up to 2035 supported by a delivery framework, referring to various emerging priorities. He confirmed that liaison with Strathclyde Passenger for Transport and Transport Scotland was required on the LTS, that a report on consultation on the LTS would be submitted to the Cabinet in the near future, and that a report on the Strategy would be submitted to the Council early in 2026. Reference was made to the impact of working from home on car use.

The Committee agreed to note the report and the related comments made.

CHAIR

