

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

23 June 2022

Report by Head of Accountancy (Chief Financial Officer)

UNAUDITED ANNUAL ACCOUNTS FOR 2021/22

PURPOSE OF REPORT

1. The Annual Accounts for 2021/22 have been submitted for audit to Audit Scotland and a copy is now attached for consideration by the Audit and Scrutiny Committee.

RECOMMENDATION

2. The Committee is invited to: -
- Note the content of the Annual Accounts for 2021/22.

BACKGROUND

3. The Annual Accounts for 2021/22 have been submitted for audit to Audit Scotland and in line with the Local Authority Accounts (Scotland) Regulations 2014 they are attached as Appendix 1 for consideration by the Audit and Scrutiny Committee. The audited accounts will be submitted to the Audit and Scrutiny Committee later in the year, prior to final Council approval.

REPORT

4. The financial position of the Council continues to be satisfactory. In particular, the Accounts show that: -

- The Council's affairs have again been managed within its operational budget with Directors again taking action to avoid non-essential spend during 2021/22, particularly on staff vacancies and supplies, to give the Council more flexibility to address the significant financial difficulties and uncertainties in coming years. The only service which did not remain within budget was the Chief Executive's Office (non-support) where the variance was a result of a sharp fall in investment returns as a result of prevailing economic factors out with the Council's control. Effective management of in-year expenditure allowed us to contribute £107k to the non-earmarked general fund reserve and the budgeted £3,750k draw on reserves was not required. This represents an improvement of £3,857k against the original budget set in February 2021.
- The Council's Non-Earmarked General Fund reserve has increased by £107k resulting in a balance of £11,777k as at 31 March 2022 (4.4% of the annual budgeted net revenue expenditure). This is slightly above the Council's most prudent target

level of 4%, however this will help to address the financial challenges facing the Council during 2022/23 and beyond. It should be noted that £5,253k of this has already been committed in balancing the 2022/23 budget.

- Significant Covid spend of £16,819k has been incurred during the year of which £6,390k was funded from the reserve set up at the end of the 2020/21. Further funding was also received during the year allowing additional contributions to the covid reserve resulting in a year-end balance of £14,085k, an in year increase of £1,270k.
- Capital Expenditure of £36,786k was invested.
- There has been an operating deficit of £354k on the Housing Revenue Account, this decreasing the accumulated surplus balance to carry forward to £1,867k.

RECOMMENDATION

5. The Committee is invited to: -

- Note the content of the Annual Accounts for 2021/22.

REPORT AUTHOR

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BACKGROUND PAPERS

This report refers to the Council's Annual Accounts for 2021/22.

EAST RENFREWSHIRE COUNCIL
UNAUDITED ANNUAL ACCOUNTS 2021/22



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Management Commentary

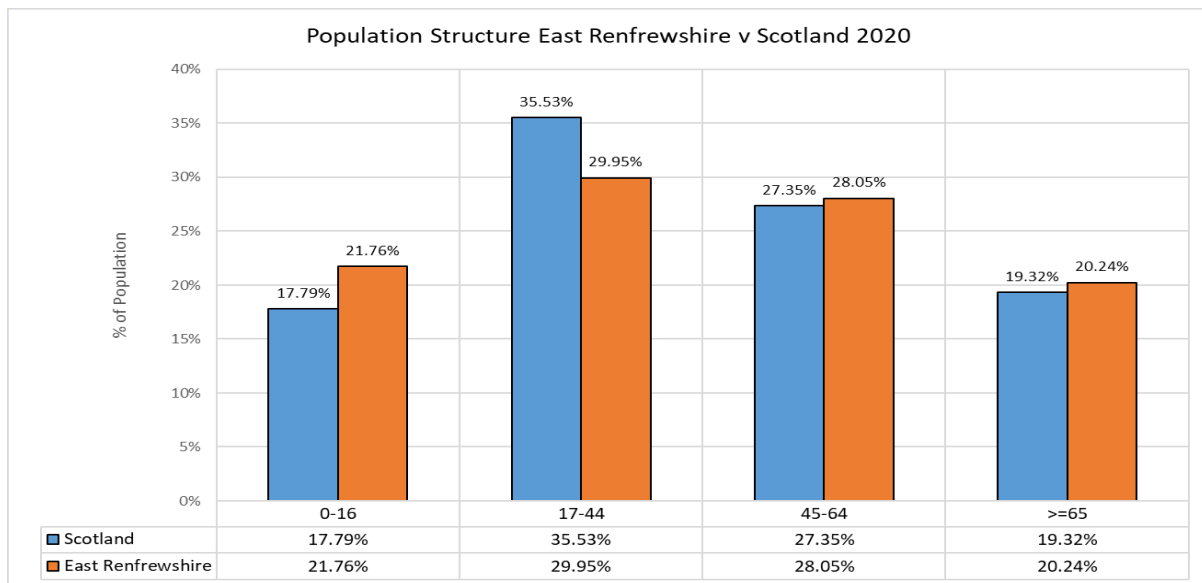
1. Introduction

This statement outlines key messages on the objectives and strategy of the Council and its financial performance during 2021/22 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 north of the area comprises the urban areas of Giffnock, Newton Mearns, Clarkston, Thornliebank and Barrhead. Each of these settlements has a distinctive character. In the extensive hinterland to the south, lie 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 2020 was 96,060*. This is our highest ever population, with an increase from 2019 of 0.55%. The 2018-2028 Population Projections show that East Renfrewshire’s population will steadily increase by 6.4%. 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 45 to 64, and 65 and overs.



*Source 2020 Mid-Year Population Estimates, National Records of Scotland published 25th June 2021.

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 administration during 2021/22 was made up of a coalition comprising of 5 SNP, 4 Labour and 1 Independent. The management of East Renfrewshire is led by the Chief Executive, Lorraine McMillan.

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 2022. The Accounts are subject to statutory audit and incorporate the information required by the 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.

1. Objectives and Strategy of the Council

East Renfrewshire Council's vision is to be a modern, ambitious council creating a *fairer future with all*. Following an in-depth analysis of need in our communities we have identified 5 ambitious outcomes that we are delivering on with our partners as set out in our Community Plan incorporating Fairer East Ren. Our Outcomes are:-

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



Management Commentary (cont'd)

In order to deliver these outcomes well, we have also identified 5 capabilities that we need to excel at as a Council. These are the focus of our improvement work to maintain our position as one of the best councils in Scotland. They are:

FIVE CAPABILITIES

PREVENTION



We will ...

Choose to prevent problems from occurring in our communities, rather than trying to fix what has already gone wrong.

We will ...

Instinctively take a preventative approach in our daily work, placing children, early years and the reablement of our elderly at the heart of how we plan services.

EMPOWERING COMMUNITIES



We will ...

Place a high value on listening to local people and asking for their views. We will work hand in hand to plan and deliver the services that truly make lives better.

We will ...

Listen, understand and respect, empowering our communities to do more for themselves.

DATA



We will ...

Seek and share meaningful information to plan our services and measure if we are getting it right. We will not collect numbers for the sake of it.

We will ...

Use data to plan, we will evidence what works, and we will benchmark what we do with those who might be doing it better.

MODERNISATION



We will ...

Continually look for ways to modernise and improve how we do things. We will make it easier for local people to access our services.

We will ...

Put a stop to bureaucracy and inefficient processes. We will focus on what is best for local people and not what is easiest for us.

DIGITAL



We will ...

Choose to be digital by default wherever possible. We will examine and digitise our processes to make it easy for people to access our services online.

We will ...

Encourage local people to use our website and social media to speak to us, and each other, 24/7, 365 days a year.

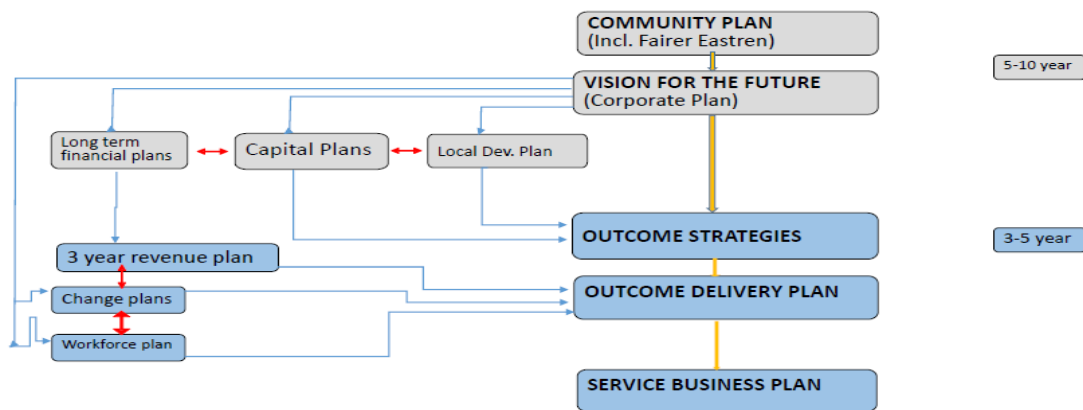


Management Commentary (cont'd)

Strategic Planning and Performance Outcomes

The Council has well established strategic planning and performance management arrangements which are embedded into the work of all employees linking our vision, strategic plans and outcomes through to services' business plans and employees' roles. Employees are working towards achieving our vision to be 'A modern ambitious Council creating a fairer future with all', with the ultimate aim to make people's lives better.

We have an integrated approach to strategic and operational planning. The diagram below illustrates how our medium and long term strategies and operational plans are integrated.



Our Vision for the Future sets out a forward direction and ambition for the Council over a 10 year time period. The Council approved an updated Vision for the Future in February 2020. A key theme of the update was supporting ongoing conversations with residents on themes including connecting communities, tackling loneliness and effective transport and active travel.

In March 2022 Vision for the Future was considered again in light of research examining impact of the pandemic, recovery and renewal in key policy areas (economy, poverty, education, health) and progress on aspects of community cohesion and sustainability. A new administration provides a potential opportunity for reviewing Vision for the Future in 2022/23 building in recovery and renewal and continuing conversions with communities to shape a new vision for the next ten years.

Our Community Plan (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:

- Early Years and Vulnerable Young People
- Learning, Life and Work
- Environment and Economy
- Safe, Supportive Communities
- Older People & People with Long-term Conditions

Fairer East Ren is the part of the Community Plan which is focused on tackling inequalities and closing the gap between communities. In 2020-21 a set of themed transitional plans for Fairer East Ren was approved covering child poverty, inclusive economic recovery, community well-being and connectivity and safe and connected communities. See link to report [here. www.eastrenfrewshire.gov.uk/media/5772/Council-Item-15-30-June-2021/pdf/Council_Item_15_-_30_June_2021.pdf?m=637602110318930000](http://www.eastrenfrewshire.gov.uk/media/5772/Council-Item-15-30-June-2021/pdf/Council_Item_15_-_30_June_2021.pdf?m=637602110318930000)



Management Commentary (cont'd)

Our [Outcome Delivery Plan 2021-2024](http://www.eastrenfrewshire.gov.uk/media/5771/Council-Item-14-30-June-2021/pdf/Council_Item_14_-_30_June_2021.pdf?m=637602110311500000), www.eastrenfrewshire.gov.uk/media/5771/Council-Item-14-30-June-2021/pdf/Council_Item_14_-_30_June_2021.pdf?m=637602110311500000

sets out how the Council will work towards achieving these outcomes as well as a set of organisational outcomes focusing on our customers, employees and our levels of efficiency. The plan was approved at Council in June 2021. There was a return to the inclusion of targets for most measures, baselined to take into account the impact of the pandemic on service delivery. This year we are completing a light touch review of the plan. The plan will be considered at Council at the meeting on 29 June 2022.

Our performance

The Council's strategic performance management arrangements returned to a six monthly cycle of performance review meetings involving the Chief Executive, each Director and service managers, and elected members' scrutiny of performance at Council. Examples of progress on achieving our outcomes in 2021-22 is summarised below and will be reported to Council on 29 June 2022.

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

During the Covid-19 pandemic HSCP adapted services and despite growing demand and complexity, we have continued to support the most vulnerable families and individuals in East Renfrewshire, particularly those where there are public/child protection issues or an identified risk of harm. During the pandemic we have continued to ensure our care experienced young people have a voice through our Champions Board with ongoing participation and engagement and as we continue recovery we have been able to offer more advocacy support to children and young people subject to child protection. Supporting children and young people's mental health has continued to be a high priority during the period.

We have fully implemented all aspects of the early learning and childcare expansion programme, ensuring all eligible 2, 3 and 4 year old children are able to access their entitlement of 1140 hours of provision in a flexible way to suit their own family circumstances. All works have been completed across the early years estate, ensuring that children across East Renfrewshire are able to access their entitlement in the highest quality learning environments, both indoors and outside. The delivery models continue to be reviewed and will be updated where required following the biannual consultation exercise, set to take place later this year in advance of next year's application process.

Family First continues to support families across East Renfrewshire, with referrals increasing significantly in 2021/22 compared to the previous year. A total of ninety families were supported by Family First across the year, with the support evaluated as improving family life. In addition, 72 staff working across our Early Learning and Childcare settings in many of our more deprived areas have been trained in the Solihull approach, supporting families with the early identification of behavioural and emotional needs in both children and parents.

The Healthier Minds Service, established with support of a range of stakeholders during the pandemic period, has continued to support the mental health and wellbeing of children and young people, with a total of 599 individuals supported through the last year. Given the ongoing challenges many children and young people have been experiencing as they recover from the pandemic, this has been a very well received support, with 89% of those involved reporting improved outcomes.

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

We have maintained our position as the top performing education authority as measured by national qualifications. For educational attainment, the Council maintained very high levels of performance



Management Commentary (cont'd)

across a wide range of excellence and equity measures whilst making further improvements at 5+ SCQF (Scottish Credit & Qualification Framework) levels 5 and 6. Notably, the performance of our learners in the most deprived areas increased significantly at SCQF level 5 and remained highest in mainland Scotland for SCQF level 6. The attainment of young people, as measured by the average total tariff score, improved in 2020-21 to be the highest in Scotland across all deciles. The proportion of children in P1, P4 and P7 achieving the minimum expected Curriculum for Excellence (CfE) levels remained high in 2020-21 for literacy and numeracy measures. The gap in performance of the least and most deprived learners (P1, P4 and P7) achieving the minimum expected CfE levels increased slightly in 2020-21 in both literacy and numeracy.

The number of school learners undertaking and successfully completing a wide range of vocational qualifications with our further and higher education partners remained high in 2020/21 with 348 young people enrolled in a broad range of courses. Recruitment of Foundation Apprenticeships (FAs) continued to remain strong throughout the pandemic.

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

There have been extensive ongoing economic implications as a result of the pandemic, particularly on those furthest from the labour market, a drop in footfall in our town centres and significant negative impacts on tourism, hospitality and culture, entertainment and recreational businesses. We continue to provide a wide range of support and advice services in relation to town centre resilience, business survivability and growth and support to those looking for work or better paid work. During 2021/22 £6.1m in essential Covid-19 business support grants were paid to local businesses. A Placed Based Investment Programme in 21/22 also funded over £600,000 in local regeneration projects.

Recycling rates reduced in 2020/21 compared to previous years (56.6% from 67.8% in 2019/20). This downward trend was experienced nationally, with recycling rates dropping on average 2.9% (lowest since Local Government Benchmarking Framework (LGBF) reporting began). Covid-19 and restrictions have impacted on recycling rates due to contamination/capacity issues for households and temporary closures of household waste recycling centres.

Our Capital Improvement Programme continues with the additional investment of £3m per year up to and including 2023/24 in our road network. Our assessment and prioritisation of road and footway resurfacing continues as these are an integral part of our maintenance programme. Our programme of replacing our street lighting lanterns with LEDs (Light Emitting Diodes) continues with 76.42% now LED helping to reduce our energy consumption. Our Council target of building 225 new council houses (cumulative target over 5 years by 2022) fell just below target with a total of 212 being completed. The delays in construction over the last two years led to a slowing of delivery on sites tied up with private development, however, there are a further 77 units due in the coming months.

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. For example Police, Fire, Community Safety, Education & Youth Services worked together on ensuring open public spaces remain safe. Rouken Glen Park footfall increased by more than 584,000 between 2019-20 and 2020-21 to 1.6 million. Community wardens continue to play a key role in our isolation and support services by providing welfare support calls and food parcel deliveries to the most vulnerable. There has been an increase in the number of



Management Commentary (cont'd)

recurring incidences of anti-social behaviour complaints (10.4% up 3.4%). A multi-agency group meets on a weekly basis to reduce such cases and engage with those affected.

Despite the ongoing challenges of the pandemic a detached youth work programme has remained in place across East Renfrewshire. We have provided an ongoing street work initiative in 4 areas between April 2021-March 2022, making 3,437 contacts with young people during this time. From October 2021 we have introduced a new weekend detached youth work service in Clarkston and Barrhead and as a result approximately 50 young people have progressed onto a Skatepark project and youth drop in.

As we commenced our recovery from the pandemic we have seen significant improvement in performance on completion of Community Payback Orders (CPOs). This follows activity to increase the staff available to support services during 2021-22. In 2021-22 all CPO participants reported that they have been helped to address their offending behaviour.

In the context of growing demand, we have further improved and are ahead of our target for improving the personal outcomes of women who have been victims of domestic abuse with 86% overall reporting an improvement in outcomes. Our recovery planning is prioritising the reestablishment and strengthening of our approaches to public protection.

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 additional demand pressures on services as more people sought support at home and levels of frailty and complexity increased, our services have continued to support older people and people with long-term conditions to live independently and well during the pandemic. 97% of local residents aged 65+ live in housing rather than a care home or hospital and 88% of respondents reported that their needs were met in terms of living where/as they wanted to live. We have also seen steady improvement in the percentage of people aged 65+ with intensive support needs receiving care at home at 62% up from 57%. During the pandemic we have focused our services on supporting those at greatest risk in both community and residential settings, while operating a full service in many areas. This saw additional staff support through redeployment and recruitment for care at home and our care home. Increased collaborative working has continued with the third/community sector and additional support given to partner provider organisations, particularly our care home providers.

During 2021-22 we have successfully delivered the flu and Covid-19 vaccination programmes to household residents and care home populations. We continue to develop our support to unpaid carers in collaboration with our local Carers' Centre and have continued to see a high proportion of carers reporting that their needs are being met (92%).

Public Performance Reporting

Our annual performance report for 2021-22, as well as reporting on performance data also included a range of case studies showing how the Council and partners had supported local residents and communities during the pandemic. Access the report [here](https://www.eastrenfrewshire.gov.uk/performance-reports)

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

Workforce Planning

The key workforce priorities to support the Council's delivery of services are to have:



Management Commentary (cont'd)

- Empowered, resilient and engaged employees at all levels of the organisation;
- A diverse, skilled workforce;
- A flexible workforce that embraces change, innovation, and digitisation and delivers customer focussed services.

The Council's Workforce Plan is aligned with our budget planning. A single year budget has been set for 2022/23 and it is hoped to return to a multi-year process in future years. Planning over a longer period allows for better prediction of potential changes to workforce shape and size and allows time to plan appropriately for these changes to the workforce.

The last year has continued to be challenging with the workforce supporting ongoing tasks required as a result of the Covid-19 pandemic including isolation support, humanitarian support for vulnerable/shielding residents, business grants, lateral flow testing in schools and additional staffing for schools, health and social care, cleaning, Mass Vaccination Centres and Asymptomatic Testing Centres. There has been additional funding from the Scottish Government to fund these activities. It has been challenging getting the appropriate resource in place at times and services have been supported with higher than normal levels of recruitment activity.

Covid-19 absence monitoring has been actively managed. As new variants of Covid-19 have emerged peaks in absences have been experienced and although there has been an impact on a number of services the Council has continued to deliver essential services throughout.

The Council has supported Scottish Government and Public Health Scotland guidance throughout and has promoted working from home for those who were able to do this. Indeed the Council is supporting hybrid working with The Way We Work initiative set-up to review our approach to work styles and looking at the property and technology supports we need to put in place to support our workforce.

The financial plan now set out for 2022/23 indicates a Council budget shortfall of £9.5m. After applying £5.2m of reserves and a 3.5% increase in Council Tax generating £2.1m, savings of £2.2m are needed across Council services and it is estimated that there will be a reduction of up to 36 FTE from the current Council structure. There are further savings to be taken by the IJB (Integrated Joint Board) and Leisure Trust and decisions will be agreed through their governance routes if there is any impact on workforce. We have continued to manage reductions through natural turnover and voluntary early retirement and redundancies and a commitment has been made that this approach will continue for 2022/23.

Easing of Covid-19 restrictions is underway and the council will continue to follow national guidance. All services are reviewing recovery plans and continue to adhere to the measures in place. Services need to balance available resources across operational and developmental tasks which can be challenging in the current environment.

We continue to ensure that we will have the appropriate number of Local Government Employees and Teachers with the correct qualifications, registration and skills in the correct roles. As we move into recovery mode we continue to review our structures, operating models to introduce and establish more cross-functional and collaborative working to improve resilience.

The council's Digital Transformation Strategy has 3 strands: Business Systems & Processes, Customer Experience and Workforce Productivity. Over the last few years much of the resource supporting this work has been temporary however we are now undertaking organisational structure reviews to bring permanency to these teams. It is recognised that investment in development of our processes will ensure the council can continue to deliver services that meet customers' expectations.

The council has a workforce plan in place and the 2021-24 Workforce Plan is currently undergoing its annual review to reflect the current position, the workforce requirements to support recovery and

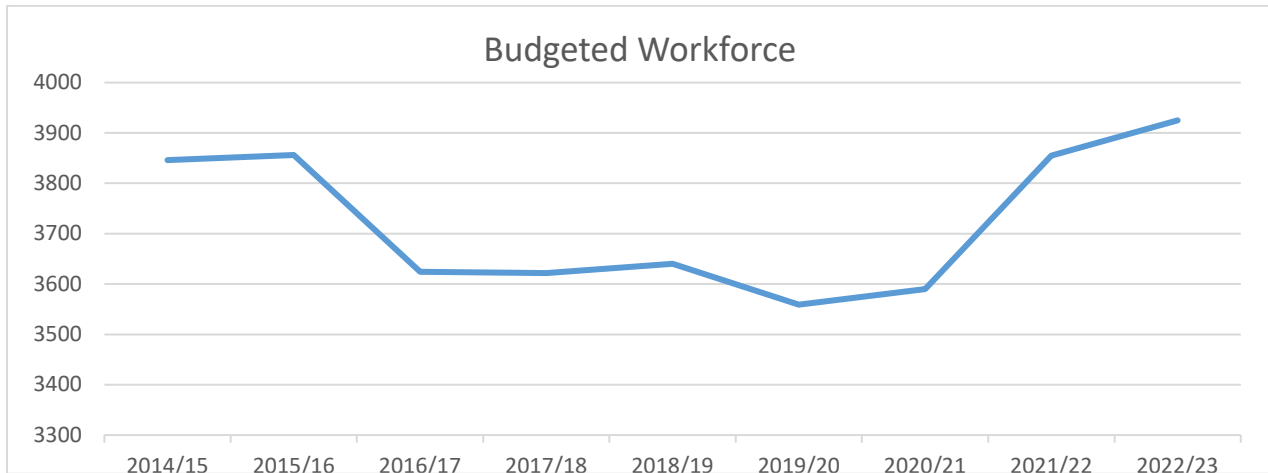


Management Commentary (cont'd)

renewal, development and retraining required and resources required to support service delivery during this difficult time.

Due to the Council's programme of efficiency reviews 3 employees took the option of voluntary redundancy or other packages in 2021/22. This resulted in an in year cost of £0.075m.

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 and the increase over the last two years reflects the rolling out of the Early Learning and Childcare 1140 hours initiative.

Consultation and Communication with Workforce

East Renfrewshire Council has in place employee governance arrangements 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. Throughout the Covid-19 pandemic there have been increased employee communications to promote the importance of health and well-being and to promote available support.

Weekly meetings have been held with the Trade Unions as a forum to quickly escalate any concerns and ensure swift resolution. The Corporate Communications Unit posts updates on the Council's internal website along with the Chief Executive's blog on a regular basis.

2. Financial Planning, Monitoring and Performance in 2021/22

Budget Process

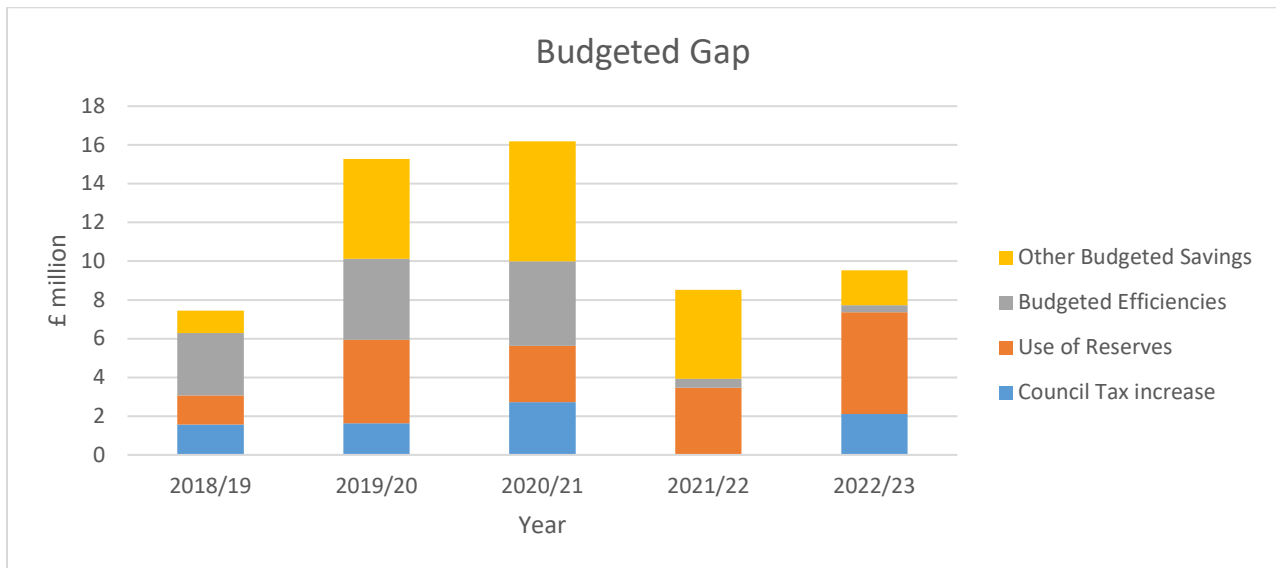
Following our successful previous multi-year budget approach, the Council undertook extensive community engagement, during autumn 2017, on setting its budget for future financial years. Reflecting on that engagement, a budget for 2018/19 and indicative budgets for 2019/20 and 2020/21 were approved by Council in March 2018 and the indicative budgets were updated and approved in February 2019 and February 2020. In view of Covid-19 delaying the confirmation of Council settlement figures for 2021/22 and 2022/23, a new three year budget and associated savings proposals could not be compiled and the Council agreed to produce only a single year budget for both years. A Citizens' space one year budget consultation was undertaken for 2022/23 with public



Management Commentary (cont'd)

feedback also obtained from the Council’s 2021 Citizen’s Panel and Humanitarian surveys. We hope that multi-year budget setting and public consultations will resume from 2023/24.

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 £31.50m budget savings has been approved for the most recent 5 year period. In addition, both Council Tax increases and the use of reserves have been used to balance the budget gap over this period. For 2021/22 the approved savings totalled £5.05m and these savings were all achieved.



Capital plans have also been agreed for the General Fund and Housing, covering the period 2022/23 to 2031/32.

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 normally consider revenue monitoring reports and detailed variance information at Cabinet five 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

Links to the final 2021/22 reports can be found below:

General Fund Capital Programme 2021/22, approved by Cabinet on 24 March 2022
https://www.eastrenfrewshire.gov.uk/media/7475/Cabinet-item-03-24-March-2022/pdf/Cabinet_item_03_-_24_March_2022.pdf?m=637825882107200000

Estimated Revenue Budget Monitoring Out-turn 2021/22, approved by Cabinet on 7 April 2022
https://www.eastrenfrewshire.gov.uk/media/7520/Cabinet-item-04-07-April-2022/pdf/Cabinet_item_04_-_07_April_2022.pdf?m=637838001043170000



Management Commentary (cont'd)

Revenue Budget Performance

General Fund Revenue Balance

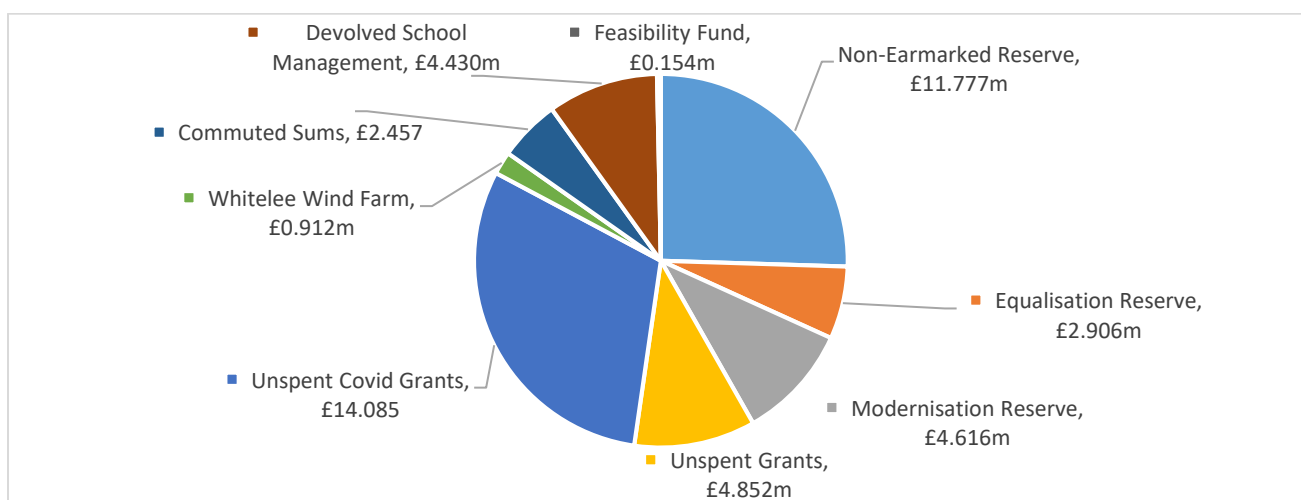
The Council’s financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be found on page 49 and has been prepared using International Financial Reporting Standards. To show the net position of the Council, it is necessary to adjust the Comprehensive Income and 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 50.

An Expenditure and Funding Analysis reconciles adjustments between the Council’s financial performance under the funding position and the deficit 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 General Fund Balance at the end of the year is £46.189m. The opening balance of £47.264m has been decreased by an overall deficit of £1.075m. The General Fund is split over a number of earmarked funds which are adjusted annually to take account of the following factors:-

- (i) 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 equivalent to 4% of annual budgeted net revenue expenditure. The actual balance for 2021/22 was 4.4% (2020/21 4.5%)
- (ii) To earmark funding to equalise future PFI/PPP payments.
- (iii) To earmark funding to enable the upfront investment required to drive forward the Council’s Modern Ambitious (Change) Programme.
- (iv) To earmark funding from unspent grants (including those unspent grants received to cover Covid-19 pressures in 2022/23), Whitelee Windfarm, Commuted Sums and Devolved School Management.
- (v) To earmark funds for feasibility studies to be carried out on potential capital projects.

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





Management Commentary (cont'd)

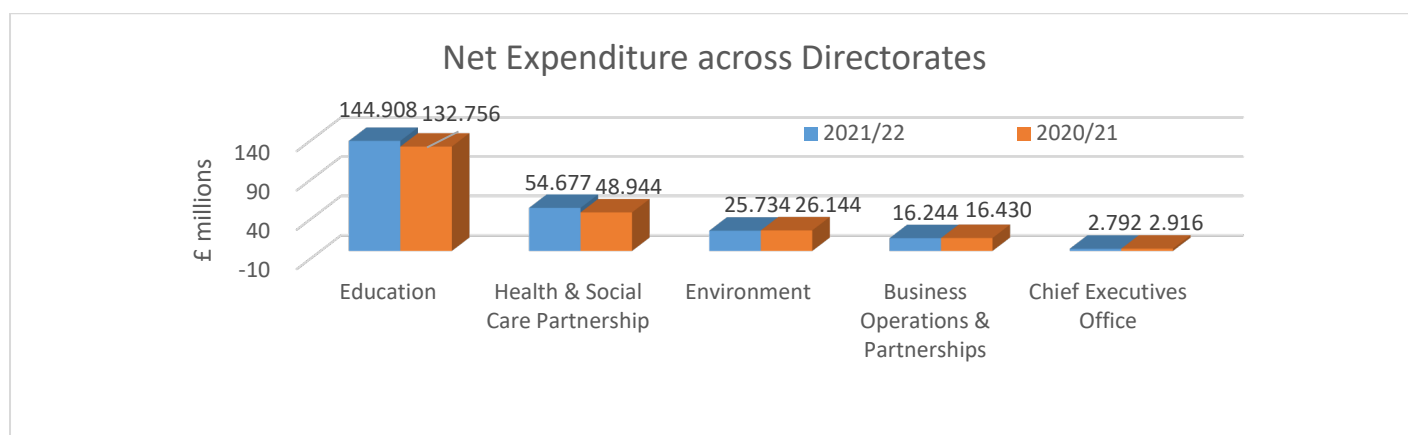
Budget Performance

The overall deficit of £1.075m can be analysed as follows:

	Actual £'000	Approved Budget £'000	Over/(Under) Spend £'000
Net Cost of Services	253,275	257,260	(3,985)
Contribution to /(from) Earmarked Reserves	1,182	-	1,182
Capital Financing Costs	8,153	8,863	(710)
To be met by Govt. grants and local taxation	262,610	266,123	(3,513)
Aggregate External Finance	(207,169)	(207,169)	-
Council Tax	(54,366)	(55,204)	838
Total Funding	(261,535)	(262,373)	838
(SURPLUS)/ DEFICIT FOR THE YEAR	1,075	3,750	(2,675)

Due to tight financial controls over service spending and a request of Directors to avoid all non-essential spend towards the end of the year, the Council was able to return an underspend against budget of £2.675m (2020/21 £19.303m surplus). A number of favourable variances were reported in areas such as managed vacancies and staff cover; utilities; use of earmarked reserves; increased income and a reduction in loans fund charges due to a slippage in the capital programme and a reduction in interest rates. The reduction in interest rates was also the cause of one of the main pressures offsetting this favourable variance resulting in a reduction in the budgeted income from investments.

When the deficit of £1,075k, shown above, before the budgeted application of reserves, is considered with the Housing Revenue Account deficit of £354k (see Movement in Reserves Statement), it equates to the total of £1,429k, 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 pages 111 and 113. 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 £2,221k has been decreased by an operational deficit of £354k to give a year-end balance of £1,867k.

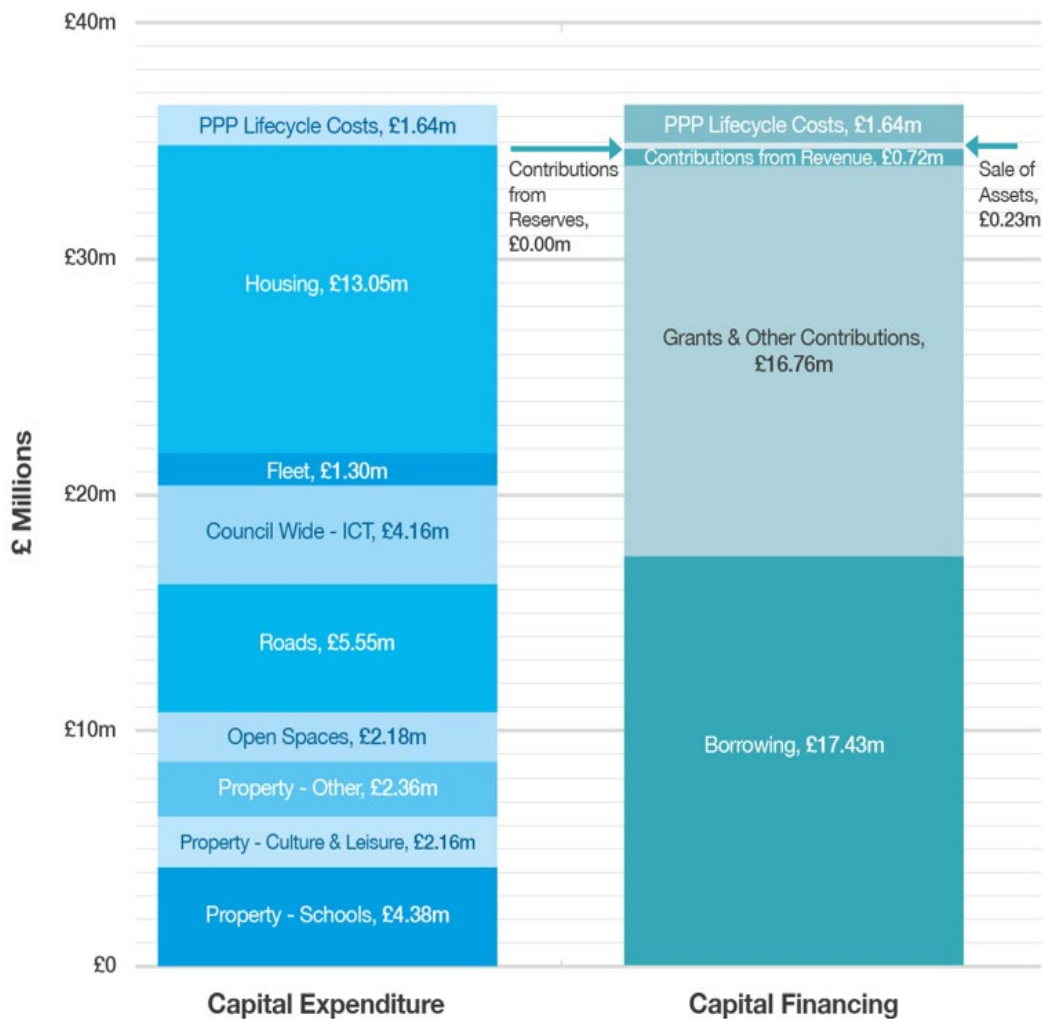


Management Commentary (cont'd)

Capital Budget Performance

The Covid-19 lockdown interrupted progress on the Council’s capital schemes in 2021/22, however the final Council budgets (as approved on 24 March 2022) for capital investment in both the General Fund and the Housing Revenue Account totalled £39.32m, with 89% 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 2021/22 and how these were funded. Further details are provided in Notes 15 to 19.

Capital Expenditure and Funding



Balance Sheet

The Balance Sheet summarises the Council’s assets and liabilities as at 31 March 2022 and explanatory notes are provided. The net worth of the Council has increased by £99,703k from £459,789k as at 31 March 2021 to £559,492k as at 31 March 2022. The major movements are set out below:

**Management Commentary (cont'd)**

	31 March 2022 £000	31 March 2021 £000	Movement £000	Main Reason
Long Term Assets	767,987	732,227	35,760	The increase is mainly due to major capital investment and asset revaluations of certain assets (see notes 15 to 18)
Current Assets	109,634	104,695	4,939	The total of cash equivalents and short term investments has increased due to both capital & revenue cash flows.
Current Liabilities	(68,720)	(58,628)	(10,092)	Due mainly to the movement in short term creditors (see note 24)
Long Term liabilities	(249,409)	(318,505)	69,096	Pension Liability has decreased following an assumptions update on the Consumer Price Index and Corporate Bond yield along with a higher investment return (see note 40), this is in part offset by an increase in overall Long Term Borrowing.
Usable Reserves (excluding those related to Covid-19)	(44,820)	(47,463)	2,643	This reflects an increase in non-earmarked reserves during the year as directors were requested not to incur non-essential spend in order to provide greater flexibility to address financial uncertainties in coming years(see note 11 for details) which is more than offset by a reduction in unspent Grants and the Modernisation Fund
Usable Reserves – Covid-19 only	(14,085)	(12,815)	(1,270)	This reflects the unspent Covid-19 grants which form part of the General Fund Reserve which can be used to cover any unfunded Covid-19 pressures in 2022/23
Unusable Reserves	(500,587)	(399,511)	(101,076)	Reflecting the decrease in the Pension Reserve (See Note 26) and an upward revaluation of assets

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 2022, discloses a deficit, as a result of prevailing investment market conditions at that date. The liability relates to benefits earned by existing or previous employees up to 31 March 2022. These benefits are expressed in current value terms rather than the cash amount that will actually be paid out. This is to allow for the 'time value of money', whereby the value of cash received now is regarded as higher than cash received in, for example, ten years' time, since the money received now could be invested and would earn interest or returns during the ten years. The pension liability represents the best estimate of the current value of pension benefits that will have to be funded by East Renfrewshire Council. The pension liability can fluctuate significantly year on year and the table below shows the Council's pension liability over the last three years:-

	2021/22 £000	2020/21 £000	2019/20 £000
Pension Liability	(50,357)	(119,443)	(87,594)

The main changes this year can be attributed to an increase in the market derived Consumer Price Index (CPI) inflation rate as well as an increase in the corporate bond yield over the period which led to an overall gain of around £51m, in addition to a higher investment return achieved by the fund over the accounting period i.e. 7.7% compared to an expected accounting return of 2.0%, which led to an overall gain of around £18m on the balance sheet.

The appointed actuaries 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.



Management Commentary (cont'd)

Treasury Management

The Council's net borrowing decreased by £8.156m during the year. This reflects the funding of the capital programme and the repayment of borrowing and lease finance as shown in the Balance Sheet as follows:-

	31 March 2022 £000	31 March 2021 £000	Movement £000
Long Term Investments	250	255	(5)
Short term Investments	13,998	7,999	5,999
Cash & Cash Equivalents & Bank Overdraft	62,814	61,119	1,695
Short Term Borrowing	(828)	(383)	(445)
Short Term Finance Lease	(5,211)	(5,083)	(128)
Long Term Borrowing	(118,015)	(113,843)	(4,172)
Long term Finance Lease	(73,500)	(78,712)	5,212

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. 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 £196.780 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 £207.856 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 2021/22 can be found:

[Treasury Management Strategy Report 2021/22](#)

[www.eastrenfrewshire.gov.uk/media/4759/Council-Item-03-iii-15-March-2021/pdf/Council Item 03iii - 15 March 2021.pdf?m=637510756149100000](http://www.eastrenfrewshire.gov.uk/media/4759/Council-Item-03-iii-15-March-2021/pdf/Council%20Item%2003iii%20-%2015%20March%202021.pdf?m=637510756149100000)

Provision and Write-offs

The Council has provided £0.784 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 £399.10k for Council Tax, £124.82k for Non-Domestic Rates and £319.88k of other debts which were approved by Cabinet.

Key Financial Ratios

The following table provides information regarding the financial performance of the Council in 2021/22 and the affordability of its ongoing commitments:-



Management Commentary (cont'd)

Financial Indicator	Commentary	2021/22 Actual	2020/21 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 aim where possible for 4% of the current year's budgeted net expenditure. The level of this reserve is higher than that planned as non-essential service spending was curtailed during 2021/22. More information is provided in the <i>General Fund Revenue Balances</i> section above.	4.4%	4.5%
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is using its Uncommitted General Fund Reserve.	0.9%	21.0%
Total useable Reserves as a percentage of Council Annual Budgeted Net Expenditure	This indicator reflects all useable reserves including those earmarked e.g. Unspent covid-19 grants and those relating to Capital receipts unapplied to cover unfunded covid-19 pressures in 2022/23, as a percentage of the Council's net budgeted expenditure. Details of the usable reserves can be found in note 11	21.8%	23.4%
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 impact of covid-19 and the current economic climate and its effect on the local economy.	96.76%	96.42%
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. There was no increase to Council tax Bills in 2021/22.	20.8%	20.9%
Financial Management			
Actual Outturn as a percentage of Budgeted Expenditure (net of the Covid-19 reserve)	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. This indicator is based on the format of the budget monitoring as reported throughout the year. More details are provided in the <i>Revenue Budget Performance</i> section above.	99.46%	97.4%
Actual contribution (to)/from Unallocated General Fund Balance as a percentage of Budget.		(0.04%)	(0.8%)
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.	£8.153m	£8.720m
Financing Charges on the Housing Rents		£4.198m	£4.244m
Average Loans Fund Interest Rate		3.52%	3.67%
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.	7.2%	7.60%



Management Commentary (cont'd)

Ratio of Financing Costs to Net Revenue Stream – Housing Revenue Account	Demonstrates how much of the Housing Revenue budget is committed to support borrowing	31.3%	32.1%
Debt/Long-term Borrowing		2021/22 Estimate	2021/22 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.	£243.099m	£207.856m
External Debt Levels for the current year		£222.594m	£196.780m
			£203.440m
			£197.237m

Review

The Council's affairs have again been managed within its operational budget (see budget performance table above) with Directors again taking action to avoid non-essential spend during 2021/22, particularly on staff vacancies and supplies, to give the Council more flexibility to address the significant financial difficulties and uncertainties in coming years. The only service which did not remain within budget was the Chief Executive's Office (non-support) where the variance was a result of a sharp fall in investment returns as a result of prevailing economic factors out with the Council's control.

Additional Covid-19 cost pressures of £14.67m encountered during the year were covered by Government Covid-19 grant funding along with the use of some of the Unspent Covid-19 Grants Reserve carried forward from 2020/21. These pressures impacted directly on Council funded services in terms of additional costs including staff costs and other measures to address the pandemic. A total of £14.085m remains in the Council's Covid-19 reserve at 31 March 2022 and is available to address potential future pandemic pressures.

In addition to the Covid-19 grant funding for additional pressures faced by the Council during the year, the Council also administered the distribution of £8.76m of Covid-19 support grants to the local businesses and residents.

During the year major investment in Education continued with the completion of the final piece of the Council's ambitious expansion of nursery provision to facilitate early years options for local families, this is in addition to the upgrading of many existing nurseries and family centres to ensure all sites have the facilities and space to provide healthy lunches every week to nursery children.

Work by the Health and Social Care Partnership has also progressed with the provision of 650 new high-tech telecare alarms installed into residents' homes, allowing older and vulnerable residents to continue to live in their own homes

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 resurfacing.

Through the City Deal, work progressed on a major £44m regeneration programme across the Council as part of our ten year capital investment plan.



Management Commentary (cont'd)

3. Key Risks and Financial Outcomes

The Council maintains a Strategic Risk Register, reviewed weekly by the Corporate Management Team (CMT) and reported twice yearly to the Audit and Scrutiny Committee. The report presented on 7 April 2022 can be found here: [Strategic Risk Register](https://www.eastrenfrewshire.gov.uk/media/7554/Audit-Scrutiny-Committee-item-05-7-April-2022/pdf/Audit_Scrutiny_Committee_item_05_-_7_April_2022.pdf?m=63784318177770000)

www.eastrenfrewshire.gov.uk/media/7554/Audit-Scrutiny-Committee-item-05-7-April-2022/pdf/Audit_Scrutiny_Committee_item_05_-_7_April_2022.pdf?m=63784318177770000

The Council monitors risks closely, seeking to mitigate them so as to deliver its strategic aims. Risk registers are also maintained at departmental level and for major projects. In common with all other organisations, we are affected by the current challenging conditions. The key risks for the Council are listed in the table below. Demographic pressures, financial constraints and the impact of the Covid-19 pandemic continue to present risks to the Council's operations and new risks in relation to changes in the SQA examination certification process and to climate change have been added to the register. The impact of the war in Ukraine on supply chains and contractors has also been recently recognised. The levels of risks relating to the impact of Covid-19 on leisure attendances and on access to community testing, several areas of HSCP demand and the operation of new financial and HR systems have, however, been reduced from high to medium.

KEY RISKS AND UNCERTAINTIES	
Risk	Mitigating Actions
Demographic pressures , particularly in relation to school pupils, people with Additional Support Needs and the elderly, cannot be accommodated 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.
Financial constraints 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 increasing ring-fencing of grants and limiting local flexibility. Forecasts of grant for the coming years indicate continuing reductions. Pressures relating to Covid-19, Brexit and the war in Ukraine may exacerbate financial pressures	Medium to long term financial plans, a multi-year budget approach and close revenue and capital budget monitoring all assist in mitigating this risk. Financial Planning 2022-2028 www.eastrenfrewshire.gov.uk/media/7404/Council-Item-10-03-March-2022/pdf/Council_Item_10_-_03_March_2022.pdf?m=637813801431630000 A focus on efficiencies, service reviews, the Council's ambitious transformation programme and lobbying of Government are also used to reduce the threat.
COVID-19 is a major risk across the Council with potential problems relating to staff availability, supply chain, service demands, financial pressures and building closures as well as significant impacts on public health, vulnerable residents and the local and national economy, although the situation continues to improve due to the vaccination rollout. These impacts affect both the Council's service provision and finances and will also impact on the Council's annual accounts for 2021/22, especially in relation to the need for	The Crisis Resilience Management Team and CMT continued to meet several times each week, with most buildings closed and staff working from home where possible. The Council's emergency powers in place from 23 March 2020 came to an end during the summer of 2020 and virtual committee and Council meetings resumed. Since March 2022 most staff have been able to return to the office at least one day per week, observing social distancing and safe working protocols. Updated business continuity plans remain in place, as do enhanced communications and joint working locally and nationally. Risk registers have been established for both the response and recovery phases of the crisis and additional costs and



Management Commentary (cont'd)

separate accounting for Covid-19 related expenditure & grants. Further details of the Council's response can be found on page 24 of this document.	Government funding are being closely monitored. The Council is taking the anticipated longer term impact of the pandemic into account in framing its medium to long term financial plans
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The Council's financial and outcome delivery plans are being updated to take account of the above risks and revised budgets, savings proposals and service plans will be agreed as the Council is approaching these difficulties as a part of a longer term financial strategy. This is set out in the Financial Planning paper approved by the Council on 3 March 2022 as part of the annual budget: [www.eastrenfrewshire.gov.uk/media/7404/Council-Item-10-03-March-2022/pdf/Council Item 10 - 03 March 2022.pdf?m=637813801431630000](http://www.eastrenfrewshire.gov.uk/media/7404/Council-Item-10-03-March-2022/pdf/Council%20Item%2010%20-%2003%20March%202022.pdf?m=637813801431630000)

This strategy is characterised through factors 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 its policy making, service planning and budget setting decisions; the agreement of multi-year budgets wherever possible; applying savings early and as soon as measures are identified; and ensuring that the Council priorities and the budget process remain aligned. The Council has also actively reviewed its reserves and factored some utilisation of these into its plans to address future financial difficulties in addition to considering the use of available fiscal flexibilities.

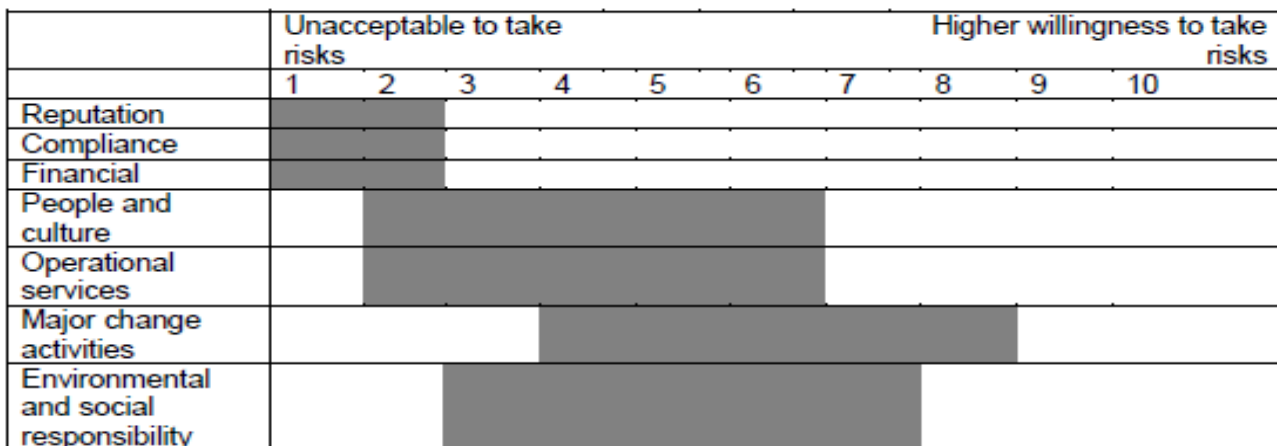
In completing the Annual Accounts the Council has made certain judgements about complex transactions and those involving uncertainty about future events. The Balance Sheet also contains estimates that are based on assumptions made about the Council regarding the future or that are otherwise uncertain. 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.

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





Management Commentary (cont'd)

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.

4. 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.

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 £34.252m. 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

Events During 2021/22

Digital Transformation

In June 2021, Cabinet and Council approved a new Digital Transformation Strategy for the Council. This was based on 3 priority areas: 1) Business Systems and Processes; 2) Customer Experience and 3) Workforce Productivity. Resources for change were reviewed and new programme governance established for launch on 1 April 2022. This included establishment of new Boards; a new model for project prioritisation; a new approach to use of Modernisation Fund; closure of the Core Systems programme, which had focused on the replacement of the Council's legacy Finance/Procurement and HR/Payroll systems; and also closure of the Modern, Ambitious



Management Commentary (cont'd)

Programme (MAP). A new digital transformation team and budget has been established, with all digital transformation projects being managed through the new programmes, with the budget and skills determining how much can be achieved in a given year. The Corporate Management Team will act as the overall board for prioritisation of resources and resolving escalated issues and Heads of Service, senior managers and departmental change managers will play an active role in the governance of the three programmes of work.

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.

Covid-19 Response

During the year the Council incurred £16.82m of Covid-19 related expenditure (excluding grants provided as an agent for the Scottish Government), which was fully funded through Government Grants. Where this funding could be identified to a department then this was allocated accordingly, however where the funding was not ring-fenced it was included within the *Taxation and non-specific grant income* line in the Comprehensive Income and Expenditure Statement.

The Council also acted as agent for the Scottish Government in making various support payments & donations to local businesses & residents and these costs along with the funding received are not reflected in the Consolidated Income & Expenditure Statement. In this respect the Council provided contributions totalling £8.76m which were covered fully by Government funding.

Events after the Balance Sheet Date

Events from the Balance Sheet Date until the Date of Signing the Accounts have been taken into consideration. There are no significant post balance sheet events to report.

COVID-19

Background

Covid-19 was first confirmed in Scotland on 1 March 2020 and was declared as a global pandemic on 20 March 2020. The Corporate Management Team (CMT) initiated daily meetings from 17 March and stood up the Crisis Resilience Management Team (CRMT) to oversee a tactical response. A Council meeting on 23 March set up an emergency committee of the three party leaders and agreed delegated powers for Directors. The country entered lockdown on the same day.

On the 28th May 2020 the Scottish Government introduced a 4 phase recovery programme and the Council moved from lockdown to phase 1 which meant that the work of the Council developed into a mix of response to the virus and the recovery of services in line with the Scottish Government guidance. This resulted in the emergency committee standing down and the Council reverting to a full complement of Council meetings which were held remotely. However as the number of Covid-19 cases in East Renfrewshire increased the Council moved down to phase 3 of the recovery programme.

On 2 November 2020 a new protection level system was introduced by the Scottish Government. There were 5 levels in the new system ranging from the level with least restrictions (level 0) to that with the most stringent restrictions (level 4). Initially the Council was placed in level 3 however as the



Management Commentary (cont'd)

pandemic continued to take hold the Council was moved to level 4, along with a number of other areas in Scotland's central belt.

The roll out of the Covid-19 vaccines began in December 2020 which together with the restrictions of a second lockdown in January 2021 resulted in the reduction of reported cases and relaxation to the restrictions began in March 2021. However numbers were continually monitored as new strains of the virus emerged.

Restriction continued to be relaxed further and on 9 August 2021 the Country moved out of the level system. However, the Scottish Government continued to remind everyone to act carefully and remain cautious with certain requirements, such as the continued wearing of face coverings in particular locations, remaining in force.

However, the move out of the levels system resulted in an increase in case numbers across the Council and on 24 August 2021 the First minister indicated that re-imposing restrictions could not be ruled out completely.

In November 2021 cases of the new Omicron variant started to spread, which resulted in a significant increase with the vaccination programme.

As at March 2022 case numbers were the highest experienced, however with numbers of intensive care patients not increasing proportionately and the extremely high levels of vaccinations administered, restrictions continued to be relaxed with face coverings only required to be worn in public places and on public transport.

Legal restrictions to wear face masks were removed on 18 April 2022 as the country moved forward with their *Living with Covid-19* plan.

Throughout this unprecedented time, the Council worked very hard to maintain key services for those residents most in need, and had to prioritise the services we provide and deliver others in a completely new way e.g. teaching of children was initially online. Many of our staff still needed to be out in our communities serving the public. Our care at home, road gritting and refuse collection are just a few of the services that continued. In addition to supporting the most vulnerable, the Council with the help of staff volunteers, set up some new initiatives.

New Initiatives

The Council and the Health & Social Care Partnership (HSCP) worked with and supported Voluntary Action East Renfrewshire (VAER) to establish a Community Hub connecting vulnerable and isolated households to a range of community supports (e.g. shopping service; welfare calls; prescription deliveries; and digital support) many of which are delivered by volunteers.

In the early stages of the pandemic, the Council was also asked by the Government to establish support arrangements for vulnerable local people including a 'shielding' service to support those with the most high risk medical conditions who were advised by the Chief Medical Officer to stay at home for at least 12 weeks in letters sent from 24 March 2020.

We established a local helpline, email address, web content and social media encouraging 'shielding' residents to get in touch with the Council. We also proactively made phone calls to each 'shielding' resident to discuss what support they had available from family and friends and assess any residual needs, including food, prescriptions and other support including befriending and digital support.

Councils were also asked to handle their area's calls from a national helpline targeted at other vulnerable people affected by the implications of Covid-19 – these were defined as 'Group 2' (e.g. over 70s; pregnant people; those with other specified conditions). This is ongoing into 2022, although



Management Commentary (cont'd)

we expect the national helpline to wind up later this year.

Support arrangements and call-handling remained in place throughout 2020/21 and 2021/22, although formal 'shielding' arrangements ended in 2020 and the focus became isolation support and broader public health advice for those in 'high risk' categories. The isolation support requirements will end nationally at the end of April 2022, but Self Isolation Support Grants are likely to continue in some form perhaps up to October 2022.

Temporary food provision for the most vulnerable in our community was also established during 2020 using our allocation from the Scottish Government's Food Fund, which also funds the Free School Meals, and food donated from FareShare. Our residents also benefited from donations to the Barrhead foodbank.

The Council has also been responsible for various funding streams associated with financial hardship and support for isolation, with several funds available for use, including administration of Self-Isolation Support Grants. A range of hardship payments to vulnerable families has also been implemented since 2020 and will include four mandatory payments during 2022 to those in receipt of free school meals as a result of low income. Substantial support for business grants has also been provided and plans are currently being made for schemes under the Covid-19 Local Economic Recovery Fund which will be available for use in 2022/23.

The Council commissioned research on the impact of Covid-19 in East Renfrewshire and the results will be used to inform broader strategic planning as we build back from the pandemic.

Testing and Vaccination

Testing has been a key tenet in the response to Covid-19 in seeking to identify those with the virus, whether symptomatic or asymptomatic. The Council has supported the approaches taken to testing nationally, identifying appropriate local solutions where required.

Throughout the pandemic, the Health & Social Care Partnership (HSCP) have supported Covid-19 testing for those unable to access testing centres, primarily the care home and housebound populations. The HSCP admin staff linked with laboratories, pharmacy and National Health Service (NHS) transport to ensure there was access to testing.

The Council worked with the NHS to establish a Mobile Testing Unit for symptomatic testing on 6 September 2020 at Greenlaw Works (Business Centre). The site remained operational until 29 April 2022; closing as the Scottish Government shifted the testing strategy away from community testing. A second Mobile Testing Unit was established at the Council Offices in Spiersbridge in September 2021, operating until early 2022. This was in response to high case rates at the time across East Renfrewshire.

Asymptomatic testing was viewed as a key way to break Covid-19 transmission chains; by identifying those who carry the virus – but do not display symptoms. Throughout 2021, this became a key focus of the national pandemic response – with test kits more widely available. Across the Council, school pupils and key frontline staff had access to Lateral Flow Tests.

On 22 February 2021, an Asymptomatic Testing Centre was established as a drop-in at Cowan Park Pavilion (Barrhead). Initially, this was staffed by a combination of Council, Culture & Leisure Trust staff and the Armed Forces; but staffing evolved to a combination of Council, Culture & Leisure Trust staff and NHS officers. Home testing kits were also available for collection from Cowan Park.

Following a significant surge of positive cases in May 2021, the Council worked to establish further asymptomatic testing facilities to act as a key community reassurance and to help stabilise the rising case rates. Additional asymptomatic testing was established at the Woodfarm Education Centre car



Management Commentary (cont'd)

park (Thornliebank) and at the Glasgow Hutchisons' Aloysians (GHA) Rugby Club car park (Giffnock). During this period of concern, work was undertaken with community leaders and the voluntary sector to distribute home testing kits to residents and enhance promotion of the testing sites available.

From 24 May 2021, East Renfrewshire Council and the NHS implemented a vehicular solution to support asymptomatic testing in communities. This allowed the vehicle to be placed in communities with rising or concerning Covid-19 rates – or to target areas of high footfall. Two vehicles were utilised to provide walk-in asymptomatic testing and to offer home testing kit collections. These were closed on 14 April 2022 in line with the evolution of the national testing strategy. The testing buses have been placed across the Council area, notably at Newton Mearns Baptist Church, events such as the Playground Festival and at supermarkets in the lead up to Christmas 2021.

As part of the new national testing strategy, the HSCP will continue to support testing for care homes.

With Covid-19 vaccinations being available from December 2020 the Council, the HSCP and the Culture & Leisure Trust have supported the mass vaccination programme; as well as targeted programmes towards our more vulnerable residents.

The HSCP vaccination programme commenced in December 2020; initially targeting care home residents and care home staff. Approximately 400 care home residents have received four doses of a Covid-19 vaccination in the period since December 2020. For each dose of the vaccine required, residents were typically vaccinated over a two-week period by staff volunteering from the HSCP nursing teams. Additionally, District Nurses and HSCP staff carried out Covid-19 vaccinations in some residents' own homes – where they were unable to attend a vaccination centre due to frailty or other health issues. Approximately 1,050 individuals received vaccines in their home.

Mass vaccination clinics were established by the Council and Culture & Leisure Trust at Carmichael Hall (Giffnock) and the Foundry (Barrhead) on 1 February 2021. Council, Culture & Leisure Trust and HSCP staff have supported the operations of all mass vaccination clinics throughout their usage. Staff have supported non-clinical operations, provided facilities management, supported queue management and liaised with clinical staff.

As HSCP, Trust and Council staff returned to their substantive roles (aligned with the easing of Covid-19 restrictions), VAER has provided additional help in the vaccination programme. Volunteers assisted with support roles, as well as providing transport support to residents who required assistance to attend vaccination appointments.

In September 2021, the Foundry ceased its role as a mass vaccination centre; as more of its normal operations commenced with restrictions easing. In its place, weekend vaccination clinics were offered at the Barrhead Health and Care Centre – ensuring there remained a solution in two areas across the Council. Barrhead Health and Care Centre commenced vaccination clinics on 26 September 2021.

Both Carmichael Hall and the Barrhead Health and Care Centre remain in operation as vaccination clinic venues. Vaccination of the population has been a crucial factor in the Scottish Government having confidence to remove Covid-19 restrictions, as it slows down the spread and severity of the virus. Therefore, work continues with our NHS partners to maximise the opportunities for our residents to be vaccinated. The Council's vaccination programme Single Point of Contact officer remains in close contact with NHS Greater Glasgow and Clyde colleagues, as well as neighbouring Local Authorities.

Impact on Services

On 20 March 2020 the Scottish Government announced that all schools and nurseries would be closed and the Council closed most other public buildings on 27 March. To support key workers and our most vulnerable children and young people, hub schools were set up across the Council. Working



Management Commentary (cont'd)

with *out of school* care providers and East Renfrewshire Culture and Leisure Trust, hub provision was also provided during school holidays. Pupils receiving free school meals before the lockdown continued to be supported. Closure of educational establishments impacted on income from areas such as school meals, wraparound care, instrumental music lessons and the sale of spare capacity on school transport (privilege passes).

Throughout 2020/21 financial year there were extended periods of closure for schools and nurseries due to the impacts of the Covid-19 pandemic. Whilst educational establishments have remained open during 2021/22, the implications of ongoing social distancing requirements including, for example, additional cleaning throughout the school day and new arrangements for school meal provision continued. This has impacted on the delivery of approved savings as well as leading to significant ongoing cost pressures.

Scottish Government support for education recovery has been utilised to continue the enhanced cleaning regime in school and nursery buildings and to provide the appropriate Personal Protective Equipment (PPE) resources for pupils and staff. Furthermore, additional teaching and support staff have been employed to support education recovery and a top-up of 15% was provided by the Scottish Government under the Pupil Equity Fund (PEF) in recognition of the new and additional challenges in closing the poverty related attainment gap as a result of Covid-19. Funding was also provided to continue support for our most vulnerable children and young people through the provision of free school meals vouchers/payments during school holiday periods and specific periodic hardship payments were also made to eligible families, equivalent to £520 per child over the calendar year.

Covid-19 funding has also been used to offset the cost of additional teachers and other staff cover as a result of Covid-19 related absences due to self-isolation requirement.

CO2 monitoring of learning and teaching spaces to mitigate against airborne transmission of the virus and other operational changes was implemented to support increased ventilation in all buildings. Specific Scottish Government funding in relation to CO2 monitoring and ventilation was allocated during 2021/22.

East Renfrewshire Council has also administered the further support to Childcare providers impacted by the Omicron variant towards the end of the financial year.

The pandemic also continued to have a significant impact on how health and social care was provided to the most vulnerable in our community. The HSCP continued with its Local Resilience Management Team throughout the year, building on learning from the first year of the pandemic and continued to ensure that appropriate levels of care and support remained in place in our community.

Many of the arrangements we put in place early in the pandemic such as increased support to care homes and other partners, the PPE Distribution Hub, and the Covid-19 vaccination programme for care home residents and the housebound, along with many ways of working differently in our communities, our buildings and remotely have remained in place during 2021/22.

The HSCP started work on its Recovery and Renewal Programme during the year, however the need to continue responding to the pandemic meant this was subsequently delayed until 2022/23.

In recognition of the pressures across the country from increasing demand and complexity of need, within health and social care, the Scottish Government provided additional funding for winter pressures to support capacity including; recruitment and retention of staff both within the HSCP and with our partner care providers, to increase capacity across care home places on an interim basis, care at home and community based care, multi-disciplinary teams and healthcare assistants.

The impact of this pandemic will have longer term implications for the way the HSCP delivers some of its services and work has restarted on the HSCP Recovery and Renewal Programme, alongside



Management Commentary (cont'd)

the implementation of our Strategic Plan for 2022-25 as agreed by the Integration Joint Board in March 2022.

The easing of restrictions from the end of April 2021 allowed a further recovery of services operated by East Renfrewshire Culture & Leisure Trust (ERCL), to complement the online or outdoor activities operated up to that point. East Renfrewshire moved to Tier 3 on 26th April allowing limited opening of gyms and the resumption of click-and-collect library services, and to Tier 2 the following month. This allowed the further opening of buildings, the increase of attendance capacities, and the re-introduction of indoor classes. The further lifting of restrictions in autumn, allowed the theatre to reopen for a successful winter programme. Community halls were reopened to limited bookings from October, but out-of-hours letting of schools, and related community sports remained restricted. The Trust ran an Enrichment Programme in partnership with HSCP for those young people most isolated during the pandemic, and continued to provide holiday programmes for key workers' children and for vulnerable young people, and to provide support to schools.

In 2021, the HMRC furlough claim allowance was 80% of pay, reducing to 70% in July and then 60% from August thereafter. The scheme closed at the end of September 2021. The scheme enabled ERCL to manage the recovery of services in a controlled and safe manner, and minimise operational losses during closure.

The Housing Revenue Account (HRA) has continued to be affected by Covid-19, with key factors being an increase in rent arrears and a reduction in capital income earned. However, currently reserves are sufficiently strong which provides an element of comfort for the HRA.

The pandemic has impacted on the way key frontline services within Neighbourhood Services have been delivered, and continues to have this impact. In order to protect staff and service delivery, by minimising the potential for outbreaks, a number of measures have been put in place. Primary amongst these has been the use of "work bubbles".

The use of bubbles within Neighbourhood Services has necessitated the hiring of agency staff and additional fleet, beyond the normal amount. This has and will continue to result in additional expenditure with the view of delivering acceptable service levels. With restrictions relaxing, there will be consideration given to relaxing the bubble approach, but this will only take place following an appropriate Health and Safety risk assessment.

Neighbourhood Services have prioritised refuse and recycling collection throughout Covid-19, sometimes at the expense of other services. A consequence of this is that there are likely to be backlogs in some areas; which at times throughout the pandemic have included grass cutting, weed spraying, street cleaning and ad-hoc cleansing complaints.

As restrictions have varied in response to Covid-19 case rates, Prevention Services (Trading Standards and Environmental Health) have played a key role in ensuring that businesses across East Renfrewshire operate in a safe manner. The Coronavirus Regulations assigned Environmental Health and Trading Standards Officers with an enforcement role. Both services operated proactively in interpreting restrictions, supporting businesses and other Council services in Covid-19 protective and preventative measures. For enforcement with East Renfrewshire's business community, a "four Es" approach was undertaken (Engage, Explain, Encourage and Enforce).

More widely, Environmental Health's public health responsibilities have led to significant Covid-19 working. The service engaged with the NHS on Test & Protect – including on notifications and investigation of clusters and outbreaks. Support has been offered to Testing and Vaccination Centres. While Food Safety visits were paused as part of the initial response to the pandemic, these were re-introduced in 2021; adding to the wider public health role of Environmental Health.



Management Commentary (cont'd)

The Corporate Health and Safety Unit have dedicated significant resource throughout the pandemic to Covid-19 related issues; primarily facilitating PPE for Council Services and overseeing risk assessments and safe ways of working at various stages of restrictions. As restrictions end, there will still be oversight of risk assessments – but these will take place with a longer-term focus. The service has a backlog of health and safety training. The Service Plan for 2022 / 23 looks to carry forward objectives that were unable to be achieved because of Covid-19, along with health and safety improvements

The delivery of the Council's Capital Programme also continued to be impacted, by a lack of availability of materials, rising costs and delays, meaning a significant level of spend has inevitably been carried forward into the new financial year. This year the Corporate Asset Management Group could only accept Capital Project Appraisals applications of significant importance or those that were statutorily required due to the pressure on the current capital programme. The Council will continue to monitor the effects of Covid-19 on the capital programme and report the impact of any additional costs on future plans.

Support provided to businesses

To help support local businesses the Scottish Government provided additional funding, managed by local Councils. This included the relaxation of Non Domestic Rate payments for retail, hospitality and leisure properties and the provision of grants to small businesses and to those registered as being self-employed. During the year the Council distributed £6.1m of such grants to local businesses, this was in addition to £19.481m distributed during 2020/21.

The Council continues to show commitment to supporting local suppliers and partner providers by following the Government's procurement guidance in the context of supporting supply chain resilience by working proactively with our suppliers and key partners such as Scotland Excel, Society of Local Authority Chief Executives (SOLACE) Scotland, NHS and the Convention of Scottish Local Authorities (COSLA) to closely monitor the impact of Covid-19, Brexit and other global events on economic recovery, market pricing and availability. In addition to this, work has continued proactively across the Council to understand PPE stock usage ensuring adequate contingency and preparedness for immediate response whilst stakeholder engagement is undertaken for all new contracts to understand if the requirement is essential, and that the marketplace is able to submit a response which is sustainable over the life of the contract

Risks

In order to monitor the risks associated with the pandemic, the Corporate Management Team has included Covid-19 risks in the Strategic Risk Register which it reviews weekly. The greatest threats identified include impact on educational attendance and attainment, disruption to leisure services and income streams, and difficulty in providing routine services due to staff absence or reassignment to pandemic response work.

In addition, throughout the last year the Council has continued to adhere to Scottish Government and Public Health Scotland guidance and has supported as many employees as possible to work from home, and with Safe Systems of Working put in place for all others. Manager and employee guidance was issued and updated on an ongoing basis to support these new ways of working ensuring all changes to guidance were reflected. During this time regular calls with the Trade Unions have been held to ensure ongoing engagement.

The issues in terms of workforce availability and confidence were crucial. Covid-19 absence data was updated on a daily basis to allow assessments of the workforce to be made, to understand the implications for delivering essential services and also to maintain contact and support for those unable to attend work. Collation of absence information at a national level helped to inform discussions



Management Commentary (cont'd)

between senior leaders in SOLACE, COSLA and the Scottish Government regarding the impact of Covid-19 on service provision, and the key staffing issues that would require some form of national consideration.

The absence rate as a result of Covid-19 including employees reporting sick, isolating, absent with caring responsibilities and non-essential employees at home unable to work from home increased over the last year and in March 2022 was affecting approximately 4% of the workforce. There are concerns about absence levels moving forward as it is expected that there will be increasing levels of stress-related absences predicted by research in this area. Staff absence will be monitored very closely to ensure continuation of critical frontline services during these difficult times.

The Council and the HSCP continue to promote the health and wellbeing of employees. A number of initiatives have been promoted and communications continue on training and support that is available to employees and managers. A pilot Health and Wellbeing survey was undertaken and the feedback from employees is being incorporated into an action plan to assist in promoting positive health and wellbeing within the council.

Funding

Government funding to assist Councils in responding to the outbreak, announced mainly towards the end of 2020/21 was sufficient to cover the additional revenue costs incurred during 2020/21 and 2021/22 as a result of the pandemic. There is, however, a risk that pressures facing Councils in 2022/23 and beyond may not be fully funded by Government grants. These pressures include additional costs incurred, reductions in income generated and planned savings no longer achievable as a direct consequence of the pandemic and of the longer term operational and economic recovery process. Whilst Councils have been given additional fiscal flexibility powers to cover any such financial shortfalls, these will result in increases in loans fund repayments in future years. The position is being closely monitored and budget plans for 2022/23 and beyond have been reviewed accordingly, together with the Council's policy for the utilisation of reserves. As the multi-year grant settlement anticipated from the Scottish Government from 2022/23 onwards was not confirmed this year, the Council reviewed its planned approach of setting a detailed 3 year budget and instead set a single year budget for 2022/23. It is hoped that multi-year settlements will resume from 2023/24 and that the Council will revert to 3 year budget setting at that point. Nevertheless, the Council continues to take a long term view of its finances, setting its Outcome Delivery Plans for a 3 year period, considering its 6 year forward revenue planning position and publishing its capital plans for at least the next 10 years.

Restoring the Council

The Council has established a Recovery Group to lead on the short and medium term plans for restoring Council services whilst maintaining social distancing and protecting the most vulnerable residents and staff. The Corporate Management Team are developing medium to long term renewal plans to allow the Council to return to a "new normal" as the position evolves.

The outlook for future service provision will be impacted over a prolonged period, however the roll out of the vaccine has enabled the Council to plan for the future with more confidence. Social distancing has been maintained and the range of Council services only gradually restored as Safe Systems of Working are identified and implemented. Building capacity has been significantly reduced and restrictions imposed on how many staff or pupils can access offices or schools at once. Staff able to work from home have been doing so for the last two years so as to prioritise buildings for critical services and this has been operating successfully thanks to increased reliance on Information & Communications equipment and digital capability. The CMT, CRMT and Recovery & Renewal Groups have taken this experience into consideration and are factoring this into plans for a new way of working in future which is less reliant on all staff attending at offices each day. This approach has allowed most staff to return to the office at least one day per week from March 2022. Additional demands on



Management Commentary (cont'd)

the Council in supporting our most vulnerable residents during the pandemic will also continue into the future until all impacts of the pandemic have been resolved for local residents and businesses. This will mean ongoing pressure on both staff and financial resources.

5. 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.

Acknowledgement

I wish to record my thanks to staff in all departments for their co-operation in producing the Annual Accounts in accordance with the prescribed timescale. In particular the efforts of my own Accountancy Services staff in compiling these accounts in such challenging circumstances are gratefully acknowledged.

Margaret McCrossan CPFA
Head of Accountancy
(Chief Financial Officer)

Councillor Owen O'Donnell
Leader of the Council

Lorraine McMillan
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 Accountancy (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 26 October 2022

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

The Head of Accountancy (Chief Financial Officer) Responsibilities

The Head of Accountancy (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 Accountancy (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 Accountancy (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 2022.

Margaret McCrossan, CPFA,
Head of Accountancy (Chief Financial Officer)



Annual Governance Statement 2021/22

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. An update on this is available on the Council website or via this [link \(https://www.eastrenfrewshire.gov.uk/code-of-corporate-governance\)](https://www.eastrenfrewshire.gov.uk/code-of-corporate-governance). For further information, contact the Strategic Services Team, Eastwood Headquarters, Rouken Glen Road, Giffnock, Glasgow G46 6UG (Telephone 0141 577 3162/3075).

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 group.

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 details the requirements for an Annual Governance Statement.

2021/22 was the first year that Councils' were asked to show full compliance with CIPFA's Financial Management Code to assist them in validating their financial sustainability. An assessment was completed and submitted to Cabinet on 10 March 2022 (https://www.eastrenfrewshire.gov.uk/media/7393/Cabinet-item-05-10-March-2022/pdf/Cabinet_item_05_-_10_March_2022.pdf?m=637813803155200000)

The assessment followed the series of principles and supporting specific standards within the code, demonstrating 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
- Manage unexpected shocks in their financial circumstances



Annual Governance Statement 2021/22 (cont'd)

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

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 evaluating the likelihood of those risks being realised and the impact should they be realised; and to managing 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 our Vision for the Future, supported by a set of values and five organisational capabilities.
- 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 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 2022 and up to the date of approval of the Statement of Accounts.



Annual Governance Statement 2021/22 (cont'd)

Impact of Covid-19

The Council's ability to meet our objectives continues to be impacted by the Covid-19 pandemic. While restrictions are ending nationally, services remain impacted by staff absences and backlogs arising from the last two years.

A number of Committees and key meetings continue to take place remotely; enabling key decisions, while reflecting the period of transition – seeking to protect those involved.

Throughout the pandemic, the Council has prioritised critical services and activities. This has included supporting the Vaccination and Testing programmes, and protecting the most vulnerable community members.

The requirements of supporting vulnerable community members has witnessed significant levels of engagement and support offered to thousands across East Renfrewshire. As restrictions end, there will be many in our communities who continue to require our support.

Undoubtedly, the restoration of services will present challenges to the Council. We recognise that recovery and restoration will not be a quick process, and will regularly review our short, medium and longer-term objectives; this will allow us to recognise the consequences arising from the pandemic, while actively considering solutions to the challenges they present.

We will use the learning from the response and recovery / restoration from Covid-19 to assess the way we work and deliver services in the future.

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 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 also by 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). 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 results of Internal Audit's progress against the annual plan for 2021/22 will be reported to the Audit and Scrutiny Committee in due course.

One area of concern was noted in the Internal Auditor's annual report for 2020/21 relating to an investigation where the matter was brought to a conclusion and recommendations were made to the



Annual Governance Statement 2021/22 (cont'd)

relevant director on how to improve controls. This case involved significant potential cost or loss to the Council but due to this issue having been passed to Police Scotland and still being under investigation, no further information has yet been provided to the Audit and Scrutiny Committee. This issue will again be included in the 2021/22 Internal Audit annual report.

During 2021/22 the internal audit service operated in accordance with relevant professional audit standards and the Public Sector Internal Audit Standards. The internal audit arrangements comply with the governance requirements of the CIPFA statement: 'The Role of the Head of Internal Audit in Public Organisations (2019)'.

Progress against actions from last year's plan

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

- The Council's planned Community Choices participatory budgeting events, where local communities have the chance to vote on schemes/groups/projects in their local area, have not been progressed due to the impact of the pandemic. These events are now planned to take place in 2022/23 with the first events scheduled in June 2022
- The data programme is making good progress with the Information Asset Register (IAR) application built and deployed, a new cross departmental group is being established to review, prioritise and update data held locally by departments.
- Due to other commitments and priorities the Risk Management Strategy has not been reviewed. This action will be carried over to 2022/23 to ensure that the Strategy continues to meet the needs of the Council.
- Marketing campaign to raise awareness about the new complaints handling procedure and processes with briefings for Elected Members and managers and a comprehensive training programme for staff was rolled out.
- The new paper-based Equality & Fairness Impact Assessment process has been implemented.
- The annual review of the Council's Workforce Plan was completed
- Development of the Climate Change Strategy and Action Plan. The Council's Climate Change Strategy and Action Plan (to be known as Get to Zero Action Plan) is still in development. Over summer 2022, the required Strategic Environmental Assessment will be carried out. This will go to public consultation during the autumn of 2022. It is anticipated that the final document will be published by the end of the year.
- The Council voted to declare a Climate Emergency in October 2021. A required outcome is that the council establish a Climate Community Partnership as a forum for engaging local communities and businesses on climate change plans and action. Foundational preparations have been made for this, and the partnership will be launched shortly after the local elections in May 2022.

Other key achievements during 2021/22

- Review and where appropriate refresh the Council's governance arrangement for partnership working in relation to community planning.
- Modernise the Council's Outcome Delivery Plan performance management arrangements.



Annual Governance Statement 2021/22 (cont'd)

- Review of governance and resources for Council's digital transformation programme.
- Develop further participatory budgeting activities in line with the Council's ambitions
- Undertake research on impact of Covid-19 in East Renfrewshire as part of humanitarian response, Citizens Panel and budget engagement.
- Compliance with CIPFA's Financial Management Code was reported to Cabinet on 10 March 2022
- The Council's review of our Records Management Plan was approved by the Keeper of the Records of Scotland in June 2021

Key actions planned relating to governance for 2022/23

- Review and update Financial Regulations
- Review of the Code of Corporate Governance
- Develop multi-year budgeting plans following May/June 2022 Scottish Spending Review
- Establishment of a new Administration following the May elections and supporting elected members with induction.
- Implement new governance for digital transformation, with new Boards for Business Systems & Processes; Customer Experience; and Workforce Productivity.
- Use research on impact of Covid-19 in East Renfrewshire to influence the Council's strategic planning, including further development of Vision for the Future.

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 significant matters arising which would require to be raised specifically.

The only exception was from the Certificate of Assurance from the Chief Officer, HSCP, which stated that:

- they have an ongoing investigation in relation to anomalies identified within their access to funds account and are working with Internal Audit to progress this.

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:-



Annual Governance Statement 2021/22 (cont'd)

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.

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

Assurance

We consider that the governance and internal control environment operating during 2021/22 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

L. McMillan
Chief Executive
On behalf of East Renfrewshire Council



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 will be audited by the Council's appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland 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). 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 2021 the maximum annual salary for the Leader of East Renfrewshire Council was £31,010. 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 £188,377. 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 2021/22 East Renfrewshire Council had 8 Senior Councillors, which is one less than the maximum number permitted within the regulations, and the annual remuneration paid to these councillors totalled £182,307. 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 18 January 2021.



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:-

2020/21	European Parliamentary Elections, 23 May 2019 (25%)
2021/22	Scottish Parliamentary Election, 6 May 2021 (75%)

**Remuneration Report (cont'd)**

		Salary, Fees and Allowances	Election work	Compensation for loss of office	Taxable Expenses and Allowances	Total
		£	£	£	£	£
Lorraine McMillan (Chief Executive)	2021/22 2020/21	124,245 123,255	3,197 825	- -	- -	127,442 124,080
Mark Ratter (Director of Education, Commenced 01.11.20. Full Year Equivalent salary for 2020/21 was £112,581)	2021/22 2020/21	113,575 46,795	- -	- -	- -	113,575 46,795
Julie Murray * (Chief Officer of East Renfrewshire Integration Joint Board)	2021/22 2020/21	115,279 114,269	- -	- -	- -	115,279 114,269
Kate Rocks * (Chief Social Work Officer)	2021/22 2020/21	92,650 91,492	- -	- -	- -	92,650 91,492
Andrew Cahill (Director of Environment)	2021/22 2020/21	113,575 112,581	- -	- -	- -	113,575 112,581
Margaret McCrossan (Head of Accountancy/ Chief Financial Officer)	2021/22 2020/21	101,528 100,385	550 -	- -	- -	102,078 100,385
Caroline Innes (Deputy Chief Executive: retired 30.01.22. Full year equivalent salary for 2021/22 was £113,575)	2021/22 2020/21	94,793 112,581	- -	- -	- -	94,793 112,581
Louise Pringle (Director of Business Operations & Partnerships. Commenced on 31.01.22, Full Year Equivalent salary for 2021/22 was £113,575)	2021/22 2020/21	18,782 -	450 -	- -	- -	19,232 -
Gerry Mahon (Chief Officer – Legal and Procurement)	2021/22 2020/21	80,477 79,479	450 -	- -	- -	80,927 79,479
Michelle Blair (Chief Auditor)	2021/22 2020/21	57,578 56,875	- -	- -	- -	57,578 56,875
Anthony McReavy (Chief Executive Culture & Leisure Trust)	2021/22 2020/21	88,285 87,291	- -	- -	- -	88,285 87,291

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



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 2021/22 (E + M) (N) £	Total Salary Expenses 2020/21 (O) £
		Gross Allowance (C) £	Less Recharge to External Bodies (D) £	Net Allowances Paid (E) £	Car & Van Expenses - Reimbursed (F) £	Other Travel Expenses - Reimbursed (G) £	Other Travel Expenses Paid Directly (H) £	Subsistence & Meals Expenses Reimbursed (I) £	Training & Conference Expenses Reimbursed (J) £	Training & Conference Expenses Paid Directly (K) £	Telephone & ICT Expenses Paid Directly (L) £	Total Expenses (F to L) (M) £		
Buchanan	Leader of the Council	31,010	-	31,010	-	-	-	-	-	75	156	231	31,241	29,899
Fletcher	Provost	23,257	-	23,257	-	-	3,035	-	-	-	245	3,280	26,537	25,615
		54,267	-	54,267	-	-	3,035	-	-	75	401	3,511	57,778	55,514
Convery	Chair of Licensing Committee	23,257	-	23,257	-	-	-	-	-	-	60	60	23,317	22,384
Cunningham	Deputy Provost (and Convener for Environment from 30 June)	23,257	-	23,257	-	-	-	-	-	-	225	225	23,482	22,569
Devlin	Convener for Housing & Maintenance Services	23,257	-	23,257	-	-	-	-	-	-	608	608	23,865	23,087
Ireland	Chair of Planning Applications/Local Review Body	23,257	-	23,257	-	-	-	-	-	-	60	60	23,317	22,384
Lafferty	Convener for Environment until 30 June and Convener for Education and Equalities from 30 June	23,257	-	23,257	-	-	-	-	-	-	509	509	23,766	22,550
Merrick	Convener for Community Services and Community Safety	23,257	-	23,257	-	-	-	-	-	-	76	76	23,333	22,365
Miller	Chair of Audit and Scrutiny Committee	23,257	-	23,257	-	-	-	-	-	-	156	156	23,413	22,400
O'Kane	Convener for Education and Equalities (resigned 30 June)	19,508	-	19,508	-	-	-	-	-	-	102	102	19,610	22,380
Sub total	Senior Councillors	182,307	-	182,307	-	-	-	-	-	-	1,796	1,796	184,103	180,119
	All other Councillors	148,832	-	148,832	-	-	-	-	-	-	1,379	1,379	150,211	144,566
	Total	385,406	-	385,406	-	-	3,035	-	-	75	3,576	6,686	392,092	380,199

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

1. Provost Fletcher receives payment directly from Association for Public Service Excellence (APSE) in his position as the Chair of the Transport and Mechanical Services Group. For further details refer to www.apse.org.uk
2. East Renfrewshire Council leases a car for civic duties. The total cost of the car is £3,148.



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 2021/22 and 2020/21 are as follows:-

Actual Pensionable pay	Contribution rate 2021/22	Actual Pensionable pay	Contribution rate 2020/21
On pensionable pay up to and including £29,186	7.2%	On pensionable pay up to and including £28,309	7.2%
On pensionable pay £29,187 to £39,289	8.7%	On pensionable pay £28,310 to £38,108	8.7%
On pensionable pay £39,290 to £46,586	9.7%	On pensionable pay £38,109 to £45,186	9.7%
On pensionable pay £46,587 to £61,740	10.4%	On pensionable pay £45,187 to £59,884	10.4%
On pensionable pay £61,741 to £84,190	11.5%	On pensionable pay £59,885 to £81,659	11.5%
On pensionable pay above £84,191	11.9%	On pensionable pay above £81,660	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.

The pension entitlements of Senior Employees for the year to 31 March 2022 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

**Remuneration Report (cont'd)**

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.

Name and Post Title	In Year Pension contribution		2021/22 Accrued Pension Benefits		Change in Accrued Pension Benefits since 31 March 2021	
	2021/22	2020/21	Pension	Lump Sum	Pension	Lump Sum
	£	£	£	£	£	£
Lorraine McMillan (Chief Executive)	23,980	23,788	32,314	4,856	3,183	31
Mark Ratter (Director of Education: Commenced 01.11.20))	21,920	9,031	42,034	-	2,213	-
Julie Murray (Chief Officer of East Renfrewshire Integration Joint Board)	22,249	22,054	48,214	60,686	2,621	427
Kate Rocks (Chief Social Work Officer)	17,881	17,659	36,073	40,049	2,488	345
Andrew Cahill (Director of Environment)	21,920	21,728	63,999	109,218	2,719	768
Margaret McCrossan (Head of Accountancy / Chief Financial Officer)	19,595	19,374	60,092	105,637	2,857	797
Caroline Innes (Deputy Chief Executive Retired 30.01.22)	18,295	21,728	60,273	99,461	1,989	-
Louise Pringle (Director of Business Operations and partnerships: Commenced 31.01.22)	3,625	-	387	-	387	-
Gerry Mahon (Chief Officer – Legal and Procurement)	15,532	15,339	35,020	45,905	2,197	406
Michelle Blair (Chief Auditor)	11,113	10,977	25,149	33,118	1,590	325
Anthony McReavy (Chief Executive of East Renfrewshire Culture & Leisure Trust)	17,039	16,847	11,475	-	1,846	-



Remuneration Report (cont'd)

Senior Councillors

The pension entitlements for Senior Councillors for the year to 31 March 2022 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		2021/22 Accrued Pension Benefits		Change in Accrued Pension Benefits since 31 March 2021	
	2021/22 £	2020/21 £	Pension £	Lump Sum £	Pension £	Lump Sum £
Cllr Buchanan – Leader of the Council	5,985	5,744	7,137	1,751	946	151
Cllr Convery – Chair of Licensing Committee	4,489	4,308	2,257	-	484	-
Cllr Cunningham – Deputy Provost		-	-	-	-	-
Cllr Devlin – Convener for Housing & Maintenance	4,489	4,308	2,201	-	484	-
Cllr Fletcher – Provost	4,701	4,308	8,061	2,590	955	256
Cllr Ireland – Chair of Planning Applications / Local Review Body	4,489	4,308	2,257	-	484	-
Cllr Lafferty – Convener for Environment	4,489	4,308	6,466	1,898	919	250
Cllr Merrick – Convener for Community Services and Community Safety	4,489	4,308	2,257	-	484	-
Cllr Miller – Chair of Audit Committee	4,489	4,308	6,195	1,826	1,101	355
Cllr O'Kane – Convener for Education & Equalities	3,765	4,308	4,006	-	540	-

All senior members shown in the above table, with the exception of Cllr Cunningham, 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	2021/22			2020/21		
	Teachers	Employees	Total	Teachers	Employees	Total
£50,000 - £54,999	97	48	145	108	3	111
£55,000 - £59,999	73	23	96	67	19	86
£60,000 - £64,999	22	7	29	26	12	38
£65,000 - £69,999	22	9	31	24	7	31
£70,000 - £74,999	3	2	5	3	4	7
£75,000 - £79,999	6	1	7	3	2	5
£80,000 - £84,999	2	1	3	1	-	1
£85,000 - £89,999	-	10	10	1	10	11
£90,000 - £94,999	1	3	4	-	1	1
£95,000 - £99,999	1	-	1	2	1	3
£100,000 - £104,999	-	1	1	-	1	1
£105,000 - £109,999	-	-	-	-	-	-
£110,000 - £114,999	-	2	2	-	3	3
£115,000 - £119,999	-	1	1	-	-	-
£120,000 - £124,999	-	1	1	-	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	
	2021/22	2020/21	£	£	£	£	2021/22	2020/21
£0-£20,000	1	2	4,758	3,191	-	-	4,758	3,191
£20,001- £40,000	1	3	25,695	69,443	-	32,103	25,695	101,546
£40,001- £60,000	1	1	44,347	55,441	-	-	44,347	55,441
£60,001- £80,000	-	-	-	-	-	-	-	-
£80,001- £100,000	-	-	-	-	-	-	-	-
£100,001- £150,000	-	-	-	-	-	-	-	-
>£150,001	-	-	-	-	-	-	-	-
Total Cost included in CIES	3	6	74,800	128,075	-	32,103	74,800	160,178

**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 2021 to 31 March 2022	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 paybill spent on facility time	
Total Cost of Facility Time	£49,422.89
Total Wage Bill	£95,637,772.44
Percentage of Wage Bill spent on facility time	0.05%
Time spent on paid trade union activities as a percentage of total paid facility time hours	100.0%

Relevant Union Officials - Teaching	
Number of employees who were relevant union officials from 1 April 2021 to 31 March 2022	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 paybill spent on facility time	
Total Cost of Facility Time	£82,211.15
Total Wage Bill	£82,265,060.10
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	100.0%

Councillor Owen O'Donnell
Leader of the Council

Lorraine McMillan
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 2021			Year Ended 31 March 2022			
Gross Expenditure Restated £000	Gross Income Restated £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
171,487	(15,056)	156,431	Education	174,278	(17,032)	157,246
134,047	(81,534)	52,513	HSCP – Provision of Services	153,704	(94,628)	59,076
36,545	(6,351)	30,194	Environment	41,501	(10,909)	30,592
21,095	(14,548)	6,547	Business Operations & Partnerships	21,673	(14,329)	7,344
429	(114)	315	Chief Executive's Office	430	(250)	180
5,688	(2,835)	2,853	Other Expenditure & Income	5,111	(31)	5,080
3,463	(268)	3,195	Support Services – Chief Executive's Office	3,624	(285)	3,339
14,096	(53)	14,043	Support Services – Business Operations & P'ships.	15,425	(810)	14,615
2,268	(65)	2,203	Support Services – Environment	2,821	(278)	2,543
389,118	(120,824)	268,294	Cost of general fund services	418,567	(138,552)	280,015
16,201	(13,211)	2,990	HRA	20,351	(13,415)	6,936
405,319	(134,035)	271,284	Cost of Services	438,918	(151,967)	286,951
		(1,892)	Other operating expenditure (Note 12)			(1,045)
		12,223	Financing and investment income and expenditure (Note 13)			12,471
		<u>(279,029)</u>	Taxation and non-specific grant income (Note 14)			<u>(278,295)</u>
		2,586	(Surplus) or Deficit on Provision of Services			20,082
		(8,112)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 26)			(29,121)
		788	Impairment losses on non-current assets charged to the Revaluation Reserve (Note 26)			1,513
		-	Surplus or deficit on revaluation of available for sale financial assets			-
		20,704	Actuarial (gains)/losses on pension assets/liabilities (Note 26)			(92,177)
		13,380	Other Comprehensive (Income) and Expenditure			(119,785)
		15,966	Total Comprehensive (Income) and Expenditure			(99,703)



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 2021 carried forward	(11,670)	(35,594)	(2,221)	(1,920)	(4,236)	(1,969)	(2,668)	(60,278)	(399,511)	(459,789)
Movement in reserves during 2021/22										
Total Comprehensive (Income) and Expenditure	17,601	-	2,481	-	-	-	-	20,082	(119,785)	(99,703)
Adjustments between accounting basis & funding basis under regulations (Note 10)	(16,813)	-	(2,127)	-	-	-	231	(18,709)	18,709	-
(Increase)/Decrease in 2021/22	788	-	354	-	-	-	231	1,373	(101,076)	(99,703)
Net transfer (to) or from reserves	(895)	1,182	-	(708)	589	66	(234)	-	-	-
Balance at 31 March 2022 carried forward	(11,777)	(34,412)	(1,867)	(2,628)	(3,647)	(1,903)	(2,671)	(58,905)	(500,587)	(559,492)

	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 2020 carried forward	(9,643)	(21,818)	(2,316)	-	(5,829)	(1,960)	(2,656)	(44,222)	(431,533)	(475,755)
Movement in reserves during 2020/21										
Total Comprehensive (Income) and Expenditure	(1,630)	-	4,216	-	-	-	-	2,586	13,380	15,966
Adjustments between accounting basis & funding basis under regulations (Note 10)	(16,562)	-	(2,239)	-	-	-	159	(18,642)	18,642	-
(Increase)/Decrease in 2020/21	(18,192)	-	1,977	-	-	-	159	(16,056)	32,022	15,966
Net transfer (to) or from reserves	16,165	(13,776)	(1,882)	(1,920)	1,593	(9)	(171)	-	-	-
Balance at 31 March 2021 carried forward	(11,670)	(35,594)	(2,221)	(1,920)	(4,236)	(1,969)	(2,668)	(60,278)	(399,511)	(459,789)



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 2021 £000		Notes	31 March 2022 £000
731,566	Property, Plant & Equipment	15	767,359
234	Heritage Assets	16	260
172	Intangible Assets	18	118
255	Investments	20	250
732,227	Long Term Assets		767,987
-	Assets Held for Sale	19	-
481	Short Term Intangible Assets		481
1,049	Inventories		599
31,468	Short Term Debtors	21	30,359
7,999	Short Term Investments	20	13,998
63,698	Cash and Cash Equivalents	20,23	64,197
104,695	Current Assets		109,634
(2,579)	Bank Overdraft	20,23	(1,383)
(383)	Short Term Borrowing	20	(828)
(5,083)	Finance Leases including PFI/PPP	20	(5,211)
(49,993)	Short Term Creditors	24	(60,681)
(590)	Provisions – short term	25	(617)
(58,628)	Current Liabilities		(68,720)
(164)	Provisions – long term	25	(167)
(113,843)	Long Term Borrowing	20	(118,015)
(93)	Long Term Creditors	20,24	(43)
(78,712)	PFI/PPP Finance Lease	20	(73,500)
(119,443)	Defined Benefit Pension Liability	40	(50,357)
(6,250)	Capital Grant Receipts in Advance	32	(7,327)
(318,505)	Long Term Liabilities		(249,409)
459,789	Net Assets		559,492
(60,278)	Usable Reserves	11	(58,905)
(399,511)	Unusable Reserves	26	(500,587)
(459,789)	Total Reserves		(559,492)

Margaret McCrossan CPFA
Head of Accountancy (Chief Financial Officer)
The unaudited financial statements were issued on 14th June 2022



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.

2020/21		2021/22
£000		£000
2,586	Net (surplus) or deficit on the provision of services	20,082
(26,125)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 27)	(44,568)
-	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-
(23,539)	Net cash flows from Operating Activities	(24,486)
19,348	Investing Activities (Note 28)	16,330
(20,789)	Financing Activities (Note 29)	6,461
(24,980)	Net (increase) or decrease in cash and cash equivalents	(1,695)
(36,139)	Cash and cash equivalents at the beginning of the reporting period	(61,119)
(61,119)	Cash and cash equivalents at the end of the reporting period (Including Bank Overdraft) - (Note 23)	(62,814)



Notes to the Accounts

1. ACCOUNTING POLICIES

General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 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 certain categories of non-current assets and financial instruments. The accounts have been prepared on the basis that the Council is a going concern.

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.



Notes to the Accounts (cont'd)

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.

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.



Notes to the Accounts (cont'd)

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 2.7% (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:

- 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.



Notes to the Accounts (cont'd)

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. The negative balance that arises 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.

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 which it is the sole trustee for.

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 will comply 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 or covers Covid-19 pressures in 2020/21 and 2021/22 not met by government grants.

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 May 2022.

Civic Regalia

The chains of office used by the Provost and his partner 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 March 2022.

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 March 2022, provided by Registration Transfers, the largest dealer in 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 and Long Term Contracts

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 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

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.

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.

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



Notes to the Accounts (cont'd)

- 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 five year 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.

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.



Notes to the Accounts (cont'd)

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.

The amounts payable to the PFI operators each year are analysed into five 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 7.17% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent - increases in the amount to be paid for the property arising during the contract, 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 (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs - proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

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



Notes to the Accounts (cont'd)

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 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 Her 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	2020/21 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	2021/22 Adjustments Between Funding & Accounting Basis (See Note 3)	Net Expenditure in the Comprehensive Income & Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
132,756	23,675	156,431	Education	144,908	12,338	157,246
48,944	3,569	52,513	HSCP - Provision of Services	54,677	4,399	59,076
24,359	5,835	30,194	Environment	23,780	6,812	30,592
5,991	556	6,547	Business Operations & Partnerships	6,206	1,138	7,344
77	238	315	Chief Executive's Office	147	33	180
8,525	(5,672)	2,853	Other Expenditure & Income	10,153	(5,073)	5,080
2,839	356	3,195	Support Services – Chief Executive's Office	2,645	694	3,339
10,439	3,604	14,043	Support Services – Business Ops & P'ships	10,038	4,577	14,615
1,785	418	2,203	Support Services – Environment	1,954	589	2,543
235,715	32,579	268,294	Net Cost of General Fund Services	254,508	25,507	280,015
262	2,728	2,990	HRA	510	6,426	6,936
235,977	35,307	271,284	Cost of Services	255,018	31,933	286,951
(810)	(1,082)	(1,892)	Other operating expenditure	(751)	(294)	(1,045)
9,115	3,108	12,223	Financing and investment income and expenditure	8,697	3,774	12,471
(259,990)	(19,039)	(279,029)	Taxation and non-specific grant income	(261,535)	(16,760)	(278,295)
(15,708)	18,294	2,586	(Surplus) / Deficit on Provision of Services	1,429	18,653	20,082
(33,777)			Opening General Fund and HRA Balance	(49,485)		
(15,708)			(Surplus) / Deficit on General Fund and HRA Balance in Year	1,429		
(49,485)			Closing General Fund and HRA Balance*	(48,056)		

*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.

2021/22	Adjustments for Capital Purposes	Net Charges for Pension Adjustments	Other Differences	Total
	£'000	£'000	£'000	£'000
Education	10,763	7,113	(5,538)	12,338
HSCP – Provision of Services	(466)	4,941	(76)	4,399
Environment	4,930	3,448	(1,566)	6,812
Business Operations & Partnerships	11	1,101	26	1,138
Chief Executive's Office	-	-	33	33
Other Expenditure & Income	-	6	(5,079)	(5,073)
Support Services – Chief Executive's Office	-	708	(14)	694
Support Services – Business Ops & P'ships	2,845	1,841	(109)	4,577
Support Services – Environment	194	402	(7)	589
Net Cost of General Fund Services	18,277	19,560	(12,330)	25,507
HRA	9,707	938	(4,219)	6,426
Cost of Services	27,984	20,498	(16,549)	31,933
Other Operating Expenditure	(294)	-	-	(294)
Financing & Investment Income & Expenditure	-	2,593	1,181	3,774
Taxation & Non-Specific Grant Income	(16,760)	-	-	(16,760)
(Surplus)/Deficit on Provision of Services	10,930	23,091	(15,368)	18,653

2020/21	Adjustments for Capital Purposes	Net Charges for Pension Adjustments	Other Differences	Total
	£'000	£'000	£'000	£'000
Education	23,162	2,964	(2,451)	23,675
HSCP – Provision of Services	1,194	2,162	213	3,569
Environment	5,288	1,490	(943)	5,835
Business Operations & Partnerships	-	517	39	556
Chief Executive's Office	-	-	238	238
Other Expenditure & Income	-	24	(5,696)	(5,672)
Support Services – Chief Executive's Office	-	341	15	356
Support Services – Business Ops & P'ships	2,713	854	37	3,604
Support Services – Environment	228	176	14	418
Net Cost of General Fund Services	32,585	8,528	(8,534)	32,579
HRA	6,618	398	(4,288)	2,728
Cost of Services	39,203	8,926	(12,822)	35,307
Other Operating Expenditure	(1,082)	-	-	(1,082)
Financing & Investment Income & Expenditure	-	2,219	889	3,108
Taxation & Non-Specific Grant Income	(19,039)	-	-	(19,039)
(Surplus)/Deficit on Provision of Services	19,082	11,145	(11,933)	18,294



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 2022/23 code:-

Annual Improvements to International Financial Reporting Standards (IFRS) 2018-2020. The annual IFRS improvement programme notes 4 changed standards:

- IFRS 1(First-time adoption) - amendment relates to foreign operators of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) - clarifies the intention of the standard
- IFRS 16 (Leases) - amendment removes a misleading example that is not referenced in the Code material
- IAS 41(Agriculture) - one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances

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:

2021/22

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	123,770	32,253	19,647	6,479	24	6	15,785	4,662	2,593	205,219
Other services expenses	39,745	54,688	16,924	15,183	406	5,105	3,046	5,982	-	141,079
Depreciation, amortisation, impairment	10,763	(466)	4,930	11	-	-	3,039	9,707	-	27,984
Interest payments	-	-	-	-	-	-	-	-	10,054	10,054
Gain on the disposal of assets	-	-	-	-	-	-	-	-	(294)	(294)
Total expenditure	174,278	86,475	41,501	21,673	430	5,111	21,870	20,351	12,353	384,042
Income										
Fees, charges and other service income	(4,139)	(16,889)	(9,264)	(1,341)	(250)	(31)	(1,369)	(13,415)	(751)	(47,449)
Interest and investment income	-	-	-	-	-	-	-	-	(176)	(176)
Income from council tax	-	-	-	-	-	-	-	-	(54,366)	(54,366)
Government grants and contributions (Note 32)	(12,893)	(10,510)	(1,645)	(12,988)	-	-	(4)	-	(223,929)	(261,969)
Total income	(17,032)	(27,399)	(10,909)	(14,329)	(250)	(31)	(1,373)	(13,415)	(279,222)	(363,960)
(Surplus)/Deficit on the Provision of Services	157,246	59,076	30,592	7,344	180	5,080	20,497	6,936	(266,869)	20,082

2020/21

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	114,397	26,659	15,914	5,545	24	24	13,051	4,263	2,219	182,096
Other services expenses	33,928	48,663	15,343	15,550	405	5,664	3,835	5,320	-	128,708
Depreciation, amortisation, impairment	23,162	1,194	5,288	-	-	-	2,941	6,618	-	39,203
Interest payments	-	-	-	-	-	-	-	-	10,692	10,692
Gain on the disposal of assets	-	-	-	-	-	-	-	-	(1,082)	(1,082)
Total expenditure	171,487	76,516	36,545	21,095	429	5,688	19,827	16,201	11,829	359,617
Income										
Fees, charges and other service income	(4,905)	(15,567)	(4,881)	(1,251)	(114)	(2,835)	(386)	(13,211)	(810)	(43,960)
Interest and investment income	-	-	-	-	-	-	-	-	(688)	(688)
Income from council tax	-	-	-	-	-	-	-	-	(54,431)	(54,431)
Government grants and contributions (Note 32)	(10,151)	(8,436)	(1,470)	(13,297)	-	-	-	-	(224,598)	(257,952)
Total income	(15,056)	(24,003)	(6,351)	(14,548)	(114)	(2,835)	(386)	(13,211)	(280,527)	(357,031)
(Surplus)/Deficit on the Provision of Services	156,431	52,513	30,194	6,547	315	2,853	19,441	2,990	(268,698)	2,586

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:



Notes to the Accounts (cont'd)

- 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 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.
- During 2021/22 the Council received funding from the Scottish Government relating to grants and subsidies in support of hardship experienced by third parties from the impact of Covid-19. In many cases, the Council had no discretion over the terms of the grants awarded and any unspent grant was repaid to the Scottish Government; these have been treated as Agent transactions i.e. where the Council is acting as an intermediary and are excluded from the Comprehensive Income & Expenditure Statement, Balance Sheet and related Notes. Cash flows have, however, been included in the Cash Flow Statement. The CIPFA LASAAC Local Authority Code Board issued guidance in relation to the funding streams administered by Scottish local authorities in terms of their treatment as Agent or Principal (i.e. where the Council is acting on its own behalf) activities and this guidance has been followed. Further detail on the sums involved can be found in the Management Commentary.

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 2022 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
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A table setting out the potential sensitivity of change in assumptions on the pension liability is detailed in note 40. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £14.263m, a 0.1% increase in the salary increase rate will result in an increase in liabilities of £1.74m and a 0.1% increase in the pension increase rate will result in an increase in liabilities of £12.404m. During 2021/22, the Council actuaries advised that the net pension liability had decreased by £69.086m to £50.357m, following an assumptions update on the Consumer Price Index and Corporate Bond yield which resulted in a gain of £51m, in addition to a higher investment return of £18m (5.7%).

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

Arrears	At 31 March 2022, the Council had a sundry debtor balance of £3.65m, Council Tax Debtors of £14.39m and Non Domestic Rate Debtors of £3.16m. A review of significant balances suggested that an impairment of doubtful debts of 35.6% / £1.3m was appropriate for sundry debtors and provisions of 91% / £13.09m and 92.3% / £2.91m were made for Council Tax and Non Domestic Rates respectively. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, an increase in bad debt of 10% would require an additional £0.13m to be set aside for sundry debt as an allowance and £1.31m and £0.3m for Council Tax and Non Domestic Rate debtors respectively
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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 – MATERIAL ITEMS OF INCOME AND EXPENSE**

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

Disposal of property, plant and equipment	£000
Net Book Value of Assets	645
Sale Proceeds	(939)
(Profit)/loss on disposal	<u>(294)</u>

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

The Statement of Accounts was authorised for audit by the Head of Accountancy (Chief Financial Officer) on 14 June 2022. 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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.

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

2021/22	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	(18,167)	(9,707)					27,874
Amortisation of intangible assets (Note 18)	(110)						110
Capital grants and contributions applied (Note 34)	10,981	5,779					(16,760)
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)	(645)		231				414
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	10,183	2,834					(13,017)
Capital expenditure charged against the General Fund and HRA balances	2,362						(2,362)
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 (Note 34)							
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)	10						(10)
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)	(22,035)	(1,056)					23,091
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)	500	23					(523)
Total Adjustments (see MIRS)	(16,813)	(2,127)	231	-	-	-	18,709

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

2020/21	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	(32,464)	(6,618)					39,082
Amortisation of intangible assets (Note 18)	(121)						121
Capital grants and contributions applied (Note 34)	17,157	1,882					(19,039)
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)	(997)		159				838
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	10,527	2,938					(13,465)
Capital expenditure charged against the General Fund and HRA balances	1,933	100					(2,033)
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 (Note 34)							
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)	11						(11)
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)	(10,648)	(497)					11,145
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)	(2,068)	(44)					2,112
Total Adjustments (see MIRS)	(16,562)	(2,239)	159	-	-	-	18,642

**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 2021/22.

	Balance at 31 March 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Balance at 31 March 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31 March 2022 £000
Non-earmarked Reserve	(9,643)	16,165	(18,192)	(11,670)	788	(895)	(11,777)
Equalisation Reserve	(2,835)	-	(39)	(2,874)	-	(32)	(2,906)
Modernisation Fund	(7,050)	1,311	(32)	(5,771)	1,162	(7)	(4,616)
Unspent Grants	(5,246)	5,246	(6,696)	(6,696)	6,696	(4,852)	(4,852)
Unspent Covid-19 Grants	-	-	(12,815)	(12,815)	6,604	(7,874)	(14,085)
Whitelee Wind Farm	(747)	212	(293)	(828)	218	(302)	(912)
Commuted Sums	(2,160)	2,160	(2,371)	(2,371)	2,371	(2,457)	(2,457)
Devolved School Management	(3,580)	1,195	(1,654)	(4,039)	1,422	(1,813)	(4,430)
Feasibility Fund	(200)	-	-	(200)	46	-	(154)
General Fund Total	(31,461)	26,289	(42,092)	(47,264)	19,307	(18,232)	(46,189)
HRA	(2,316)	95	-	(2,221)	354	-	(1,867)
Capital Reserve	(2,656)	-	(12)	(2,668)	-	(3)	(2,671)
Capital Grants & Receipts unapplied account	-	-	(1,920)	(1,920)	-	(708)	(2,628)
Repairs and Renewal Fund	(5,829)	2,011	(418)	(4,236)	1,371	(782)	(3,647)
Insurance Fund	(1,960)	-	(9)	(1,969)	68	(2)	(1,903)
Total	(44,222)	28,395	(44,451)	(60,278)	21,100	(19,727)	(58,905)

12. COMPREHENSIVE INCOME & EXPENDITURE STATEMENT – OTHER OPERATING EXPENDITURE

	2021/22 £000	2020/21 £000
(Gain)/Loss on disposal of Fixed Asset (See Note 8)	(294)	(1,082)
Rental Income – operating lease over property, plant and equipment	(751)	(810)
	(1,045)	(1,892)

**Notes to the Accounts (cont'd)****13. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

	2021/22 £000	2020/21 £000
Interest payable and similar charges	10,051	10,691
Pension interest costs and expected return on pension assets	2,593	2,219
Interest receivable and similar income	(176)	(688)
Expected credit loss	3	1
Total	12,471	12,223

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

	2021/22 £000	2020/21 £000
Council Tax income	(54,366)	(54,431)
Non domestic rates *	(7,234)	(9,961)
Non ring-fenced government grants *	(199,935)	(195,598)
Capital grants and contributions	(16,760)	(19,039)
Total	(278,295)	(279,029)

The movement in income credited to the Comprehensive Income & Expenditure Statement in both 2020/21 & 2021/22 for Non Domestic Rates, from that reported in previous years, relates to the Business Rate relief granted to support businesses during the pandemic and was compensated for by an increase in Non ring-fenced government grants to the Council.

**Notes to the Accounts (cont'd)****15. PROPERTY, PLANT AND EQUIPMENT****Movements on Balances****Movements in 2021/22**

	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 2021	191,020	372,187	51,043	54,003	3,585	2,772	6,659	152,831	834,100
Additions	8,855	6,190	5,728	6,837	-	-	7,480	1,640	36,730
Donations	-	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	18,213	9,353	-	-	-	16	-	-	27,582
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,710)	(491)	-	-	-	-	-	-	(3,201)
Derecognition – disposals	-	(642)	(1,242)	-	-	-	-	-	(1,884)
Derecognition – other	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Assets transferred to/from assets under construction	4,725	-	-	-	-	-	(4,725)	-	-
Assets transferred to/from Surplus Assets	-	-	-	-	-	-	-	-	-
Depreciation written back on revaluation	(6,225)	(11,375)	-	-	-	-	-	-	(17,600)
At 31 March 2022	213,878	375,222	55,529	60,840	3,585	2,788	9,414	154,471	875,727
Accumulated Depreciation and Impairment									
At 1 April 2021	(11,710)	(17,894)	(40,012)	(13,924)	-	(2)	-	(18,992)	(102,534)
Depreciation charge	(6,846)	(7,384)	(5,207)	(1,406)	-	(2)	-	(3,828)	(24,673)
Depreciation written out on revaluation and disposal	6,225	11,375	1,239	-	-	-	-	-	18,839
Derecognition	-	-	-	-	-	-	-	-	-
At 31 March 2022	(12,331)	(13,903)	(43,980)	(15,330)	-	(4)	-	(22,820)	(108,368)
Net Book Value At 31 March 2022	201,547	361,319	11,549	45,510	3,585	2,784	9,414	131,651	767,359
At 31 March 2021	179,310	354,293	11,031	40,079	3,585	2,770	6,659	133,839	731,566

**Notes to the Accounts (cont'd)****Comparative Movements in 2020/21**

	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 2020	188,669	358,077	46,546	45,038	3,460	2,772	18,844	151,277	814,683
Additions	3,388	4,598	5,244	5,212	125	-	14,948	1,554	35,069
Donations	-	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,999	3,324	-	-	-	-	-	-	7,323
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	235	(14,527)	-	-	-	-	-	-	(14,292)
Derecognition – disposals	-	-	(747)	-	-	-	-	-	(747)
Derecognition – other	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Assets transferred to/from assets under construction	648	22,732	-	3,753	-	-	(27,133)	-	-
Assets transferred to/from Surplus Assets	-	-	-	-	-	-	-	-	-
Depreciation written back on revaluation	(5,919)	(2,017)	-	-	-	-	-	-	(7,936)
At 31 March 2021	191,020	372,187	51,043	54,003	3,585	2,772	6,659	152,831	834,100
Accumulated Depreciation and Impairment									
At 1 April 2020	(10,941)	(12,311)	(35,286)	(12,689)	-	-	-	(15,200)	(86,427)
Depreciation charge	(6,688)	(7,600)	(5,473)	(1,235)	-	(2)	-	(3,792)	(24,790)
Depreciation written out on revaluation and disposal	5,919	2,017	747	-	-	-	-	-	8,683
Derecognition	-	-	-	-	-	-	-	-	-
At 31 March 2021	(11,710)	(17,894)	(40,012)	(13,924)	-	(2)	-	(18,992)	(102,534)
Net Book Value At 31 March 2021	179,310	354,293	11,031	40,079	3,585	2,770	6,659	133,839	731,566
At 31 March 2020	177,728	345,766	11,260	32,349	3,460	2,772	18,844	136,077	728,256



Notes to the Accounts (cont'd)

Depreciation

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 years
- Community Assets – 0 - 20 years

Capital Commitments

At 31 March 2022, the Council was progressing a number of projects for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years. The major commitments include the following projects which have been stated at full project cost:-

	£000
Cowan Park Gate Lodge	1,118
Telecare Service	1,150
Full Fibre Digital Transformation	2,700
House Building Programme	54,145

Revaluations

The Council carries out a five year 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 excess of 20% of each category of assets was revalued. 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.

**Notes to the Accounts (cont'd)****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 2021	94	65	159	75	75	234
Revaluations	-	-	-	26	26	26
At 31 March 2022	94	65	159	101	101	260

	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 2020	94	65	159	75	75	234
Revaluations						
At 31 March 2021	94	65	159	75	75	234

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 2017/18 to 2021/22.

**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 £110k charged to revenue in 2021/22 was charged to the IT Administration cost centre.

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

	2021/22 Software Licences £000	2020/21 Software Licences £000
Balance at start of year:		
• Gross carrying amounts	1,646	1,642
• Accumulated amortisation	(1,474)	(1,353)
Net carrying amount at start of year	172	289
Additions:		
• Internal development	-	-
• Purchases	56	4
• Acquired through business combinations	-	-
Amortisation for the period	(110)	(121)
Other changes	-	-
Derecognition		
• Gross Book Value	-	-
• Accumulated amortisation	-	-
Net carrying amount at end of year	118	172
Comprising:		
• Gross carrying amounts	1,702	1,646
• Accumulated amortisation	(1,584)	(1,474)
Balance at end of year:	118	172



Notes to the Accounts (cont'd)

19. ASSETS HELD FOR SALE

	Current Assets 2021/22 £000	Current Assets 2020/21 £000
Balance outstanding at start of year	-	986
Assets newly classified as held for sale:		
• Property, Plant and Equipment	-	-
• Other assets/liabilities in disposal groups	-	-
Additions	-	11
Revaluation 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	-	(997)
Derecognition	-	-
Transfers from non-current to current	-	-
Balance outstanding at year-end:	-	-

**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.

	Long-term		Current	
	31 March 2022 £000	31 March 2021 £000	31 March 2022 £000	31 March 2021 £000
Investments				
Loans and receivables	250	255	78,177	71,679
Total investments	250	255	78,177	71,679
Borrowings				
Financial liabilities at amortised cost (including Bank overdraft and long term creditors)	(118,058)	(113,936)	(2,211)	(2,962)
Total Borrowings	(118,058)	(113,936)	(2,211)	(2,962)
Other Long Term Liabilities				
PFI and finance lease liabilities	(73,500)	(78,712)	(5,211)	(5,083)
Total other long term liabilities	(73,500)	(78,712)	(5,211)	(5,083)

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

	2021/22 Surplus or Deficit on the Provision of Services £000	2020/21 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	4,059	4,067
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	238	229
Total net(gain) / losses	4,297	4,296



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 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 £78,427k financial assets and £120,269k financial liabilities for which Level 2 valuations will apply. All the financial assets are held with Money Market Funds and Notice Accounts. 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 Link Asset Services 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 2022		31 March 2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial liabilities	120,269	143,008	116,898	154,198

The fair value of the liabilities is 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 2022) arising from a commitment to pay interest to lenders above current market rates.

Link Asset Services have also provided fair value calculations based on premature repayment. This shows the following comparable figures:-

	31 March 2022		31 March 2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial liabilities	120,269	174,788	116,898	189,744



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 £103.67m, the fair value using New Borrowing Rates would be £120.44m. 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 £147.92m.

The redemption charge is a supplementary measure of the fair value of the Public Works Loan Board (PWLB) loans of £103.67m. 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 2022		31 March 2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Deposits: short-term	64,178	64,189	63,680	63,711
Investments: short-term	13,999	13,989	7,999	8,005
Investments: long-term	250	250	255	255
	78,427	78,428	71,934	71,971

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 2022	31 March 2021
	£000	£000
Trade receivables	3,646	7,235
Receivables from other Public sector bodies	3,088	9,016
Prepayments	2,957	2,720
Other accounts	20,668	12,497
Total	30,359	31,468

**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 2022	31 March 2021
	£000	£000
Less than one year	3,790	3,702
Between one to two years	2,729	1,956
Between two and five years	4,026	3,465
More than five years	6,998	6,612
Total	17,543	15,735

Bad debt provision is provided for 3% of the amount levied in the current year and 100% of 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 2022	31 March 2021
	£000	£000
Cash held by the Council	18	18
Bank current accounts	(1,383)	(2,579)
Short-term deposits	64,179	63,680
Total	62,814	61,119

24. CREDITORS

	31 March 2022		31 March 2021	
	£000		£000	
	Short-term	Long-term	Short-term	Long-term
Trade payables	(3,419)	-	(3,717)	-
Payables to other public sector bodies	(28,079)	-	(18,035)	-
Other accounts	(29,183)	(43)	(28,241)	(93)
TOTAL	(60,681)	(43)	(49,993)	(93)

**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 2021	(182)	(408)	(590)	(19)	(145)	(164)
Additional provisions made in 2021/22	(209)	-	(209)	-	(16)	(16)
Amounts used in 2021/22	176	-	176	4	-	4
Unused amounts reversed in 2021/22	6	-	6	9	-	9
Balance at 31 March 2022	(209)	(408)	(617)	(6)	(161)	(167)

The Council has two short term provisions totalling £617k to cover holidays accrued whilst teachers are on maternity (£209k) and reflecting an overpayment of Universal Credit benefits made by the Department of Works & Pensions to the Housing Revenue Account (£408k).

Two long term provisions have been made in the accounts totalling £167k. These are made up firstly of £6k, 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 £161k to cover insurance excess for outstanding claims made against the Council.

26. BALANCE SHEET – UNUSABLE RESERVES

	31 March 2022	31 March 2021
	£000	£000
Revaluation Reserve	(192,429)	(169,653)
Capital Adjustment Account	(367,451)	(358,878)
Financial Instruments Adjustment Account	990	1,108
Pensions Reserve	50,357	119,443
Statutory Accumulating Compensated Absences Account	7,946	8,469
Total Unusable Reserves	(500,587)	(399,511)

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 2022 **31 March 2021**
£000 **£000**

Balance at 1 April	(169,653)	(167,123)
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	(29,121)	(8,112)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,513	788
Difference between fair value depreciation and historical cost depreciation	4,832	4,794
Accumulated gains on assets sold or scrapped	-	-
Balance at 31 March	(192,429)	(169,653)

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.

2021/22 **2020/21**
£000 **£000**

Balance at 1 April	(358,878)	(359,588)
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	27,874	39,082
• Revaluation losses on Property, Plant and Equipment	-	-
• PPP/PFI lifecycle costs	(1,640)	(1,505)
• Amortisation of intangible assets	110	121
• 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	645	997
	(331,889)	(320,893)
Adjusting amounts written out of the Revaluation Reserve	(4,832)	(4,794)
Net written out amount of the cost of non-current assets consumed in the year	(336,721)	(325,687)

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

Capital financing applied in the year:

• Use of the Capital Receipts to finance new capital expenditure	(231)	(159)
• Grants applied to Capital Investment	(16,760)	(19,039)
• PPP/PFI Finance lease repayments	(5,084)	(4,906)
• Loan repayments for the financing of capital investment charged against the General Fund and HRA balances	(7,933)	(8,559)
• Capital Funded from Current Revenue/capital reserve	(722)	(528)

Balance at 31 March**(367,451) (358,878)****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 uses the Account in the main, to manage premiums paid on the early redemption of loans. Over time, the expense is 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 on the Account at 31 March 2022 will be charged to the General Fund over the next 2 years. It is also a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments.

	2021/22 £000	2020/21 £000
Balance at 1 April	1,108	1,227
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with Statutory requirements	(108)	(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	(10)	(11)
Balance at 31 March	990	1,108

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. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

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

	2021/22 £000	2020/21 £000
Balance at 1 April	119,443	87,594
Actuarial (gains) or losses on pension assets and liabilities	(92,177)	20,704
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	36,180	23,276
Employer's pension contributions and direct payments to pensioners payable in the year	(13,089)	(12,131)
Balance at 31 March	50,357	119,443

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.

	2021/22 £000	2020/21 £000
Balance at 1 April	8,469	6,357
Settlement or cancellation of accrual made at the end of the preceding year	(8,469)	(6,357)
Amounts accrued at the end of the current year	7,946	8,469
Balance at 31 March	7,946	8,469

27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2021/22 £000	2020/21 £000
Interest received	(98)	(515)
Interest paid	4,532	4,794
Interest element of finance lease rental and PPP/PFI payment	5,643	6,016

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

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

	2021/22 £000	2020/21 £000
Depreciation and impairment	(27,874)	(39,082)
Amortisation of intangible assets	(110)	(121)
(Increase)/decrease in creditors	(9,549)	(6,635)
Increase/(decrease) in debtors	42	11,986
Increase/(decrease) in inventories	(450)	552
Movement in pension liability	(23,091)	(11,145)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(414)	(838)
Other non-cash items charged to the net surplus or deficit on the provision of services	16,878	19,158
	(44,568)	(26,125)

28. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2021/22 £000	2020/21 £000
Purchase of property, plant and equipment and intangible assets	35,621	35,039
Purchase of short-term and long-term investments	274,555	114,300
Proceeds from the sale of property, plant and equipment and intangible assets	(294)	(1,082)
Proceeds from short-term and long-term investments	(274,555)	(114,300)
Other receipts from investing activities	(18,997)	(14,609)
Net cash flows from investing activities	16,330	19,348

**Notes to the Accounts (cont'd)****29. CASH FLOW STATEMENT – FINANCING ACTIVITIES**

	2021/22 £000	2020/21 £000
Financing activities as at 1 April	(189,767)	(168,978)
Cash payments for the reduction of the outstanding Liability relative to a finance lease and on Balance Sheet PFI Contract	5,084	4,906
Repayments of short and long-term borrowing	1,377	(25,695)
Other payments for financing activities	-	-
Financing activities as at 31 March	(183,306)	(189,767)

30. AGENCY SERVICES

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

During 2021/22 the Council collected and paid over £18.5m (2020/21 £17.9m) and received £0.259m (2020/21 £0.259m) for providing the service.

In addition, the Council received a number of funding streams from the Scottish Government in 2021/22 to support financial hardship experienced by third parties (individuals and businesses) related to the Covid-19 pandemic. The Council had no discretion over the terms of the funding and could not use it for service delivery. This means that the Council acted as agent only and the grant funding received and paid out are not included in the Council's reserves, Comprehensive Income and Expenditure Statement or Balance Sheet. In some cases, an administration grant was awarded to the Council to facilitate these payments. This is accounted for as operational income and expenditure and not disclosed here.

Covid-19 Grants: where the Council acted as Agent	2021/22 £000	2020/21 £000
Business Support Grants	6,124	19,481
Winter & Spring Hardship Payments	-	342
Transitional Support Scheme	-	223
Temporary Restriction Funds	-	126
Self-Isolation	850	66
Personal Protective Equipment	-	912
Family Pandemic	944	-
Omicron Support Payments	130	-
Low Income Pandemic Payments	710	-

31. EXTERNAL AUDIT COSTS

	2021/22 £000	2020/21 £000
Agreed Audit Scotland audit fee for the year	241	237
Other Audit Services provided	-	-

**Notes to the Accounts (cont'd)****32. GRANT INCOME**

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

	2021/22 £000	2020/21 £000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant (including Covid-19 Funding of £8,339k)	199,935	195,598
Non Domestic Rates	7,234	9,961
Capital Grants and Contributions	16,760	19,039
Total	223,929	224,598
Credited to Services		
Housing Benefit Subsidy	12,483	12,820
Housing Benefit Administration Grant	153	159
Pupil Equity Fund	1,468	1,197
Unitary Charge – Barrhead High School	1,832	1,832
Education 1140 expansion	7,849	4,856
Education Maintenance Allowance	357	425
Young Persons Guarantee	216	-
Developing the Young Workforce	161	-
Criminal Justice Grant	703	698
Private Sector Housing Grant	489	134
Strathclyde Passenger Transport	300	630
Miscellaneous Revenue Grants	2,284	1,871
Covid-19 Grants: where the Council acted as Principal		
Self-Isolation	50	-
Food Fund	-	197
Alternative Certification Method	305	-
Education Recovery	-	1,163
Free School Meals	-	132
Criminal Justice Recovery	108	-
£500 Bonus Payments	2,043	-
Mobilisation Fund	7,239	7,240
Total	261,969	257,952

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	2021/22 £000	2020/21 £000
Developer's Contributions/ Commuted Sums	4,584	4,208
Environmental Improvement Grant	1,674	997
Town Centre Grant	480	720
Energy Grant	312	323
Bridge Fund	89	-
Levelling Up Grant	125	-
Miscellaneous	63	2
	7,327	6,250



Notes to the Accounts (cont'd)

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.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown on page 43. The code of conduct for members requires them to complete a Declaration of Interest which is updated annually and held on a central register which is held by the Department of Business Operations and Partnerships at Council Headquarters. A member is required to declare an interest where he/she feels that there may be a perception that their decision making may be influenced in any way by a personal interest or by representing an associated body. When this situation arises, and where appropriate, the relevant members 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 41 & 42). All officers adhere to the Council's code of conduct which 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:

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

	2021/22	2020/21
	£m	£m
Contributions made to East Renfrewshire CLT	5.196	5.826
Service Income received from East Renfrewshire CLT	(0.343)	(0.209)
East Renfrewshire CLT balance due (to)/from the Council	0.157	0.333

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:

	2021/22	2020/21
	£m	£m
Contributions made to East Renfrewshire IJB	94.672	81.558
Commissioning Income received from East Renfrewshire IJB	(84.405)	(75.799)
East Renfrewshire IJB balance due (to)/from the Council	11.380	5.355

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
- Clydeplan
- Continuing Education Gateway
- West of Scotland Archaeology Service
- West of Scotland European Forum
- Glasgow & Clyde Valley cabinet
- The SEEMIS Group LLP

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

2021/22	Housing £000	General Fund £000	Total £000
<i>Opening Capital Financing Requirement as at 31 March 2021</i>	35,083	168,357	203,440
<i>Capital investment</i>			
Property, Plant and Equipment	13,050	23,680	36,730
Intangible Assets	-	56	56
Revenue Expenditure Funded from Capital under Statute	-	-	-
<i>Sources of finance</i>			
Capital Reserve	-	-	-
Capital receipts	(6)	(225)	(231)
Government grants and other contributions	(5,779)	(10,981)	(16,760)
<i>Sums set aside from revenue</i>			
Direct revenue contributions	-	(722)	(722)
Finance lease Principal Repayments (including PFI/PPP Projects)	-	(6,724)	(6,724)
Loans Fund Principal	(2,834)	(5,099)	(7,933)
Closing Capital Financing Requirement as at 31 March 2022	39,514	168,342	207,856
Explanation of Movements in Year			
Increase in underlying need to borrow	4,431	(15)	4,416
Assets acquired under lease and lease type arrangements	-	-	-
Increase/(decrease) in Capital Financing Requirement	4,431	(15)	4,416
2020/21	Housing £000	General Fund £000	Total £000
<i>Opening Capital Financing Requirement as at 31 March 2020</i>	34,172	168,880	203,052
<i>Capital investment</i>			
Property, Plant and Equipment	5,731	29,349	35,080
Intangible Assets	-	4	4
Revenue Expenditure Funded from Capital under Statute	-	-	-
<i>Sources of finance</i>			
Capital Reserve	-	-	-
Capital receipts	-	(159)	(159)
Government grants and other contributions	(1,882)	(17,157)	(19,039)
<i>Sums set aside from revenue</i>			
Direct revenue contributions	-	(528)	(528)
Finance lease Principal Repayments (including PFI/PPP Projects)	-	(6,411)	(6,411)
Loans Fund Principal	(2,938)	(5,621)	(8,559)
Closing Capital Financing Requirement as at 31 March 2021	35,083	168,357	203,440
Explanation of Movements in Year			
Increase in underlying need to borrow	911	(523)	388
Assets acquired under lease and lease type arrangements	-	-	-
Increase/(decrease) in Capital Financing Requirement	911	(523)	388

**Notes to the Accounts (cont'd)****35. LEASES****COUNCIL AS A LESSEE****Operating Leases**

The Council has operating leases within land, property, vehicles and equipment, incorporating a mix of lease lives.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2022	31 March 2021
	£000	£000
Not later than one year	382	389
Later than one year and not later than five years	1,007	1,286
Later than five years	1,517	1,614
	2,906	3,289

The expenditure charged to the HSCP, Business Operations & Partnerships and Environmental lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2022	31 March 2021
	£000	£000
Minimum Lease payments	394	455
Contingent Rents	-	-
	394	455

COUNCIL AS A LESSOR**Operating Leases**

The Council leases out land and property under operating leases for the following purposes:

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

The future minimum lease payments receivable under non-cancellable operating leases in the aggregate and for each of the following periods:-

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

	31 March 2022	31 March 2021
	£000	£000
Not later than one year	272	231
Later than one year and not later than five years	342	545
Later than five years	15,355	15,740
	15,969	16,516

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 2021/22 there were no contingent rents received by the Council (2020/21 no contingent rents were received by the Council).

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
Valuation at 1 April 2021	22,026
Additions/Revaluations	80
Depreciation in Year	(614)
<u>NET BOOK VALUE AT 31 MARCH 2022</u>	<u>21,492</u>

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 £9.53m and the total value of income from the Scottish Government will be £5.42m resulting in a net outstanding undischarged obligation before inflation of £4.11m.

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

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.

Estimated Cash Value of Payments Due to be Made

	Liability	Contingent	Interest	Service	Total
	£000	Rent	£000	Charges	£000
		£000		£000	
Within 1 year	1,058	752	394	1,523	3,727
Within 2 to 5 years	3,463	2,747	592	6,448	13,250
Within 6 to 10 years	-	-	-	-	-
ESTIMATED TOTAL	4,521	3,499	986	7,971	16,977

(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.

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 1 April 2021	27,755
Additions/Revaluations	314
Depreciation in Year	(805)
NET BOOK VALUE AT 31 MARCH 2022	27,264

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 £1.31m.

**Notes to the Accounts (cont'd)****Estimated Cash Value of Payments Due to be Made**

	Liability	Contingent	Interest	Service	Total
	£000	Rent	£000	Charges	£000
		£000	£000	£000	£000
Within 1 year	1,091	1,124	1,164	1,207	4,586
Within 2 to 5 years	4,727	5,351	4,009	5,661	19,748
Within 6 to 10 years	8,516	7,624	3,238	5,894	25,272
Within 11 to 15 years	6,269	5,554	643	4,651	17,117
ESTIMATED TOTAL	20,603	19,653	9,054	17,413	66,723

(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.

Movement in Value of Assets	£000
Valuation at 1 April 2021	58,749
Additions/Revaluations	1,184
Depreciation in Year	(1,665)
NET BOOK VALUE AT 31 MARCH 2022	58,268

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 £63.46m and the total value of income from the Scottish Government will be £31.56m leaving a net outstanding undischarged obligation of £31.90m.

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.

**Notes to the Accounts (cont'd)****Estimated Cash Value of Payments Due to be Made**

	Liability	Contingent Rent	Interest	Service Charges	Total
	£000	£000	£000	£000	£000
Within 1 year	2,358	1,864	2,269	3,437	9,928
Within 2 to 5 years	10,800	8,514	7,174	15,249	41,737
Within 6 to 10 years	18,056	13,076	3,537	16,440	51,109
Within 11 to 15 years	-	-	-	-	-
ESTIMATED TOTAL	31,214	23,454	12,980	35,126	102,774

(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 1 April 2021	22,496
Additions/Revaluations	55
Depreciation in Year	(626)
NET BOOK VALUE AT 31 MARCH 2022	21,925

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 £42.842m and the total value of income from the Scottish Government will be £37.832m leaving a net outstanding undischarged obligation of £5.010m.

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.

**Notes to the Accounts (cont'd)****Estimated Cash Value of Payments Due to be Made**

	Liability	Contingent	Interest	Service	Total
	£000	Rent	£000	Charges	£000
		£000		£000	
Within 1 year	618	44	1,293	274	2,229
Within 2 to 5 years	2,293	84	4,779	1,896	9,052
Within 6 to 10 years	3,507	52	5,048	3,049	11,656
Within 11 to 15 years	5,098	215	3,674	3,094	12,081
Within 16 to 20 years	7,491	596	1,651	2,824	12,562
Within 20 to 25 years	609	34	20	244	907
ESTIMATED TOTAL	19,616	1,025	16,465	11,381	48,487

(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. 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 1 April 2021	2,813
Additions/Revaluations	7
Depreciation in Year	(118)
NET BOOK VALUE AT 31 MARCH 2022	2,702

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 31 March 2022 including an adjustment for inflation and excluding any estimation of availability and performance deductions are as follows:

Estimated Cash Value of Payments Due to be Made

	Liability	Contingent	Interest	Service	Total
	£000	Rent	£000	Charge	£000
		£000		£000	
Within 1 year	87	20	157	1,987	2,251
Within 2 to 5 years	331	98	580	8,507	9,516
Within 6 to 10 years	428	146	606	11,987	13,167
Within 11 to 15 years	491	225	507	13,569	14,792
Within 16 to 20 years	863	449	312	15,062	16,686
Within 20 to 25 years	558	293	62	8,880	9,793
ESTIMATED TOTAL	2,758	1,231	2,224	59,992	66,205

**Notes to the Accounts (cont'd)****37. IMPAIRMENT LOSSES****Impairment of Assets**

Impairment losses/(reversals) of £3.201m were charged to the Comprehensive Income and Expenditure Statement. The breakdown between class of asset is as follows:-

	Losses £000	Reversal of Previous Losses £000	Net Loss/(Reversal) £000
Property, Plant & Equipment and Assets Held for Sale	6,674	(3,473)	3,201

38. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2021/22 incurring liabilities of £0.075m (£0.16m in 2020/21). This was in respect of 3 officers (6 officers in 2020/21) from across the Council. The Remuneration Report at page 47 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 last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees' contributions.

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

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 2020 is 23.0% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay. In addition £0.39m was paid (2020/21 £0.34m) in respect of added years.

While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/ Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms were unlawfully discriminating on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The



Notes to the Accounts (cont'd)

interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

The total contribution paid into the Teachers' Pension Scheme during the year ending 31 March 2021, by East Renfrewshire Council was £13.523m, equating to approximately 2.07% of the total contributions made to the scheme and the amount paid during the year ending 31 March 2022 was £13.743m.

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.
- 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.



Notes to the Accounts (cont'd)

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	
	2021/22 £000	2020/21 £000
• Current service cost	34,827	22,330
• Past service costs (including curtailments)	6	24
• Effect of settlement	-	-
• Contributions in respect of unfunded benefits <i>Included within Financing and Investment Income and Expenditure</i>	(1,246)	(1,297)
• Net interest cost	2,593	2,219
Total of LGPS Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	36,180	23,276
Included within Other Comprehensive Income and Expenditure		
• Expected return on scheme assets	(36,208)	(117,286)
• Actuarial (gains) and losses on changes in demographic assumptions	(4,547)	(10,701)
• Actuarial (gains) and losses arising on changes in financial assumptions	(52,729)	155,078
• Other	1,307	(6,387)
	(55,997)	43,980

Movement in Reserves Statement

• Actual amount charged against the General Fund Balance for pensions in the year: employers' contributions payable to scheme	13,089	12,131
• Less: Total Post Employment Benefit charged to the Surplus or Deficit on Provision of Services	(36,180)	(23,276)
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(23,091)	(11,145)

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 as follows:

**Local Government
Pension Scheme**

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

	2021/22 £000	2020/21 £000
Present value of the defined benefit obligation	(737,116)	(755,122)
Fair value of plan assets	686,759	635,679
Net liability arising from defined benefit obligation	(50,357)	(119,443)

Reconciliation of the Movements in the Fair Value of Scheme Assets.**Local Government
Pension Scheme**

	2021/22 £000	2020/21 £000
Opening fair value of scheme assets	635,679	514,717
Effect of Settlement		
Interest income	12,735	11,845
Remeasurement gain/(loss)		
• The return on plan assets, excluding the amount included in the net interest expenses	36,208	117,286
• Other	-	(8,722)
The effect of changes in foreign exchange rates		
Contributions from employer	13,089	12,131
Contributions from employees into the scheme	4,122	3,860
Benefits paid	(15,074)	(15,438)
Closing fair value of scheme assets	686,759	635,679

Reconciliation of Present Value of the Scheme Liabilities**Funded liabilities:
Local Government
Pension Scheme**

	2021/22 £000	2020/21 £000
Opening balance at 1 April	(755,122)	(602,311)
Effect of Settlement	-	-
Current service cost	(34,827)	(22,330)
Interest cost	(15,328)	(14,064)
Contributions from scheme participants	(4,122)	(3,860)
Remeasurement gains and (losses)		
• Actuarial gains and (losses) on changes in demographic assumptions	4,547	10,701
• Actuarial gains and (losses) arising on changes in financial assumptions	52,729	(155,078)
• Other	(1,307)	15,109



Notes to the Accounts (cont'd)

Past service cost	(6)	(24)
Benefits paid	16,320	16,735
Closing balance at 31 March	(737,116)	(755,122)

Local Government Pension Scheme assets comprised:

Asset Category	31-Mar-22				31-Mar-21			
	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	32,142	30	32,172	5	36,602	-	36,602	6
Manufacturing	30,158	104	30,262	4	35,961	299	36,260	6
Energy and Utilities	7,093	54	7,147	1	6,530	109	6,640	1
Financial Institutions	18,847	66	18,913	3	22,501	-	22,501	4
Health and Care	22,877	72	22,949	3	17,459	275	17,734	3
Information Technology	39,878	-	39,878	6	29,414	-	29,414	5
Other	-	-	-	-	-	-	-	-
Debt Securities								
Corporate Bonds (investment grade)	-	-	-	-	-	-	-	-
Corporate Bonds (non-investment grade)	-	-	-	-	-	-	-	-
UK Government	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Private Equity:								
All	-	134,442	134,442	20	-	113,698	113,698	18
Real Estate:442								
UK Property	-	57,917	57,917	8	-	51,504	51,504	8
Overseas Property	-	-	-	-	-	-	-	-
Investment funds and unit trusts:								
Equities	3,810	250,487	254,296	37	5,982	216,349	222,331	35
Bonds	-	69,362	69,362	10	-	85,974	85,974	14
Hedge Funds	-	-	-	-	-	-	-	-
Commodities	-	236	236	-	-	269	269	-
Infrastructure	-	603	603	-	-	642	642	-
Other	-	1,106	1,106	-	-	1,323	1,323	-
Derivative:								
Inflation	-	-	-	-	-	-	-	-
Interest rate	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Other	-	-	-	-	115	-	115	-
Cash and cash equivalents								
All	17,243	232	17,475	3	10,241	431	10,672	2
Totals	172,048	514,711	686,759	100	164,806	470,873	635,679	100

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

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,



Notes to the Accounts (cont'd)

estimates for the Strathclyde Pension Fund being based on the latest full valuation of the scheme as at 31 March 2020.

The principal assumptions used by the actuary have been:-

	Local Government Pension Scheme	
	2021/22	2020/21
Investment returns	7.7%	25.1%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	19.6 years	19.8 years
• Women	22.4 years	22.6 years
Longevity at 65 for future pensioners:		
• Men	21.0 years	21.2 years
• Women	24.5 years	24.7 years
Rate of increase in salaries	3.90%	3.55%
Rate of increase in pensions	3.20%	2.85%
Rate for discounting scheme liabilities	2.70%	2.00%

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 2022:	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	14,263
0.1% increase in the Salary Increase Rate	-	1,740
0.1% increase in the Pension Increase Rate	2%	12,404

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 19.3% for the next three years following completion of the triennial valuation as at 31 March 2020.



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 2023 is £13.077 million.

The weighted average duration of the defined benefit obligation for scheme members is 19.0 years (19.0 years 2020/21).

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 between 0.1% and 0.2% of total liability 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 and any shortfall in Government Funding to cover the additional pressures faced by the Council in connection to Covid-19.

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.

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;



Notes to the Accounts (cont'd)

- 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 2021/22 including the prudential indicators was approved by Council on 15 March 2021 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2021/22 was set at £272.375m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £247.783m. 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 30% 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) 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 periodically.

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 Link Asset Services. 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:-

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

Financial Asset Category	Criteria	Fitch	Moody's
		Deposits with Bank and Money Market Funds	Short Term: Long Term:

The Council's [Capital Investment Strategy for 2021/22](https://www.eastrenfrewshire.gov.uk/media/4761/Council-Item-05-15-March-2021/pdf/Council_Item_05_-_15_March_2021.pdf?m=637510756156430000) was approved by Council on 15 March 2021 (https://www.eastrenfrewshire.gov.uk/media/4761/Council-Item-05-15-March-2021/pdf/Council_Item_05_-_15_March_2021.pdf?m=637510756156430000)

The Council's maximum exposure to credit risk in relation to its investments in banks, £12.5m, 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 2022 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 £3,023 (2020/21 £860) during the year, the Council did not write off any financial assets.

Credit Risk Exposure

The Council has the following exposure to risk at 31 March 2022.

£000s	Credit Risk rating	Gross Carrying Amount (£)	Exposure to Credit Risk (£)
12-month expected credit losses	AAA	22,655,000	-
	AA-	16,525,000	-
	A+	19,000,000	2,057
	A	20,000,000	966
Simplified approach (trade receivables excluding statutory debtors - Council Tax and Non-Domestic Rates)	Less than 3 months and past due date	1,166,000	-
	Three to five months	67,000	-
	Six months to one year	183,000	-
	More than one year	1,116,000	-

The Council does not generally allow credit for customers, such that as at 31 March 2022 £2.532m of the £3.646m (£1.627m of £7.235m as at 31 March 2021) 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.



Notes to the Accounts (cont'd)

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 2022	31 March 2021
	£000	£000
Less than one year	828	383
Between one and two years	377	828
Between two and five years	32	392
More than five years	117,606	112,623
	118,843	114,226

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

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

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

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.

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	211
Increase in interest receivable on variable rate investments	100
Increase in government grant receivable for financing costs	(252)
Impact on Surplus or Deficit on the Provision of Services	59
Share of overall impact debited to the HRA	17
Decrease in fair value of fixed rate investment assets	83
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)	21,740

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

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 and 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	2021/22 £000	2020/21 £000
Income			
Dwelling Rents		(12,334)	(12,027)
Non-dwelling Rents		(212)	(180)
Other Income		(869)	(1,004)
Total Income		(13,415)	(13,211)
Expenditure			
Repairs and Maintenance		5,776	4,906
Supervision and Management		4,589	3,583
Depreciation and Impairment on Non-Current Assets		9,707	6,618
Movements in the Impairment of Debtors	4	(18)	264
Other expenditure		297	830
Total Expenditure		20,351	16,201
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		6,936	2,990
HRA Services' Share of Corporate and Democratic Core		44	34
Net Cost for HRA Services		6,980	3,024
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		-	-
• Interest Payable and Similar Charges		1,364	1,306
• Interest and Investment Income		(2)	(12)
• Pension Interest Cost and Expected Return on Pension Assets		118	99
• Rental Income – operating lease over Property, Plant and Equipment		(200)	(201)
• Capital Grants and Contributions Receivable		(5,779)	(1,882)
(Surplus) or Deficit for the Year on HRA Services		2,481	2,334



Notes to the Housing Revenue Account

Movement on the Housing Revenue Account Statement

	HRA Notes	2021/22 £000	2020/21 £000
(Surplus) or Deficit for the Year on HRA Income and Expenditure Statement		2,481	2,334
Adjustments between Accounting Basis and Funding Basis Under Statute	1	(2,127)	(2,239)
Net (Increase) or Decrease Before Transfers to or from Reserves		354	95
(Increase) or Decrease in Year on the HRA		354	95
Balance on the HRA at the end of the Previous Year		(2,221)	(2,316)
Balance on the HRA at the end of the Current Year		(1,867)	(2,221)

Housing Revenue Account Disclosures

1. Adjustments between Accounting Basis and Funding Basis under Statute

	2021/22 £000	2020/21 £000
Gain or loss on sale of HRA non-current assets	-	-
Capital expenditure funded by the HRA	-	100
Transfer (to)/from the Capital Adjustment Account:		
• Depreciation	(9,707)	(6,618)
• Capital Grants and Contributions	5,779	1,882
• Repayment of Debt	2,834	2,938
HRA share of contributions to or from the Pensions Reserve	(1,056)	(497)
Transfer to/from the Statutory Compensated Absences Account	23	(44)
	(2,127)	(2,239)

2. Housing Stock

Council's housing stock at 31 March 2022 was 3,061 (2,994 at March 2021) in the following categories:

	2021/22 Number	2020/21 Number
1 Apartment	172	172
2 Apartment	952	938
3 Apartment	1,296	1,270
4 Apartment	559	533
5 Apartment	78	77
6 Apartment	4	4
Total	3,061	2,994

3. Rent Arrears

At the year-end rent arrears amounted to £1,378,533 (2020/21: £1,390,559) of which the current rent arrears were £906,860 (2020/21: £950,435) representing 6.7 % (2020/21: 7.1 %) of gross rent due and former tenant arrears amounted to £471,673 (2020/21: £440,124). In addition, the figure contains £58,821 (2020/21: £27,269) in respect of outstanding Housing Benefit Overpayments.



Notes to the Housing Revenue Accounts (cont'd)

4. Impairment of Debtors

In the financial year 2021/22, the bad debt provision for the Housing Revenue Account was decreased by £17,749, resulting in a bad debt provision balance of £1,295,827 (2020/21: £1,313,575).

5. Void Rents

The loss of rental income recoverable from houses that were not let during the year totalled £262,062 (2020/21: £377,764).



National Non Domestic Rates

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".

	2021/22	2020/21
	£000	£000
Gross rates levied and the contributions in lieu	20,333	18,998
Less:		
• Reliefs and other deductions	(9,807)	(13,005)
• Payments of interest	-	-
• Write-offs of uncollectable debts and allowance for impairment	(21)	(481)
Net Non-Domestic Rate Income collected	10,505	5,512
Collection adjustment to meet Provisional Contribution Amount	(207)	1,106
Contribution to Non Domestic Rate pool	10,298	6,618
Distribution from Non Domestic Rate pool	7,234	9,961
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)	7,234	9,961

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 2021/22 was £0.49 (2020/21 £0.498)

	Number	Rateable Value as at 1 April 2021 £
Shops	597	15,032,675
Offices	357	3,527,760
Hotels, Boarding Houses etc.	15	491,000
Industrial and Freight Transport	161	1,446,770
Subject Miscellaneous	423	17,315,272
Subjects Other	263	3,395,500
Total	1,816	41,208,977



Council Tax

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.

	2021/22	2020/21
	£000	£000
Gross Council Tax levied and contributions in lieu	67,516	66,638
Adjustments for prior years Council Tax	(371)	(82)
Adjusted for:		
• Council Tax Reduction Scheme	(4,063)	(4,142)
• Council Tax Benefits (Net of Government Grants)	-	5
• Other discounts and reductions	(6,747)	(6,584)
• Uncollectable debt and allowance for impairment	(1,969)	(1,404)
Net Council Tax Income included in the Comprehensive Income and Expenditure Account (as per Note 14)	54,366	54,431

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 2021/22 was £1,289.96 (2020/21: £1,289.96).

A discount of 25% on the council tax is made where there are fewer than two residents in a property and 50% for properties that are empty for less than 6 months. Discounts of 10% are applied to unoccupied properties. 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 (cont'd)****Calculation of the Council Tax Base 2021/22***

	No. of Dwellings	No. of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	Total Dwellings	Ratio to Band D	Band D Equivalents
BAND A	1,337	(144)	19	(181)	(14)	1,017	240/360	677
BAND B	5,257	(270)	6	(600)	(28)	4,365	280/360	3,395
BAND C	4,063	(140)	46	(422)	(22)	3,526	320/360	3,134
BAND D	6,670	(166)	(14)	(626)	(25)	5,840	1	5,840
BAND E	8,305	(132)	(9)	(555)	(21)	7,589	473/360	9,971
BAND F	6,390	(75)	(42)	(327)	(14)	5,932	585/360	9,640
BAND G	6,674	(74)	(6)	(287)	(17)	6,290	705/360	12,318
BAND H	757	(2)	-	(19)	(3)	733	882/360	1,795
							TOTAL	46,770
							Provision for non-collection (2%)	(935)
							Council Tax Base	45,835

*Source: A Questionnaire requested by the Scottish Government entitled Council Tax Base 2020
(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 2021/22 was £1,289.96.

BAND A	£859.97	BAND E	£1,694.87
BAND B	£1,003.30	BAND F	£2,096.19
BAND C	£1,146.63	BAND G	£2,526.18
BAND D	£1,289.96	BAND H	£3,160.41

**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.

Movement in Reserves statement for the year ending 31 March 2022

	2021/22 Unusable Reserve £000	2020/21 Unusable Reserve £000
Balance at 1 April	(1,713)	(1,877)
Deficit / (surplus) on the provision of services	91	164
Other comprehensive income and expenditure	(77)	-
Balance at 31 March	(1,699)	(1,713)

Comprehensive Income and Expenditure Statement for the year ending 31 March 2022

	Expenditure £000	2021/22 Income £000	Net £000	Expenditure £000	2020/21 Income £000	Net £000
Net costs of services	91	-	91	164	-	164
(Surplus) or deficit			91	164	-	164
(Surplus) / deficit on revaluation of fixed assets			(77)			-
Total Comprehensive (Income) and Expenditure			14			164

Balance Sheet

	2021/22 £000	2020/21 £000
Property, Plant and Equipment	1,699	1,713
Net Assets	1,699	1,713
Unusable Reserve:		
Revaluation Reserve	(689)	(627)
Capital Adjustment Account	(1,010)	(1,086)
Net Reserves	(1,699)	(1,713)

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

	Land and Buildings 2021/22 £000	Land and Buildings 2020/21 £000
Cost or Valuation at 1 April	1,833	1,972
Additions	-	-
Donations	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	77	(26)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(19)	(58)
Derecognition – disposals	-	-
Derecognition – other	-	-
Assets reclassified (to)/from Held for Sale	-	-
Other movements in cost or valuation	(192)	(55)
As at 31 March	1,699	1,833
Accumulated Depreciation and Impairment at 1 April	(120)	(95)
Depreciation charge	(72)	(80)
Depreciation written out on revaluation and disposal	192	55
Derecognition – other (transfers)	-	-
As at 31 March	-	(120)
Net Book Value at 31 March 2022	1,699	
Net Book Value at 31 March 2021	1,713	1,713
Net Book Value at 31 March 2020		1,877

**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 2021

Year ended 31 March 2022

Gross Expenditure Restated £'000	Gross Income Restated £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
166,018	(14,978)	151,040	Education	169,712	(16,801)	152,911
133,984	(81,534)	52,450	HSCP – Provision of Services	153,511	(94,628)	58,883
36,297	(6,316)	29,981	Environment	41,098	(10,863)	30,235
21,049	(14,510)	6,539	Business Operations & Partnerships	21,673	(14,300)	7,373
429	(114)	315	Chief Executive's Office	430	(250)	180
5,688	(2,835)	2,853	Other Expenditure & Income	5,111	(31)	5,080
3,463	(263)	3,200	Support Services – Chief Executive's Office	3,624	(279)	3,345
14,096	(53)	14,043	Support Services – Business Operations & P'ships	15,391	(810)	14,581
2,268	(12)	2,256	Support Services – Environment	2,821	(247)	2,574
			Share of operating results of subsidiaries:-			
8,773	(3,084)	5,689	ERC Leisure Trust	10,784	(4,792)	5,992
164	-	164	Common Good	91	-	91
2	-	2	Trust Funds	10	(9)	1
392,231	(123,699)	268,532	Net Cost of General Fund Services	424,256	(143,010)	281,246
16,201	(13,211)	2,990	HRA	20,351	(13,415)	6,936
408,432	(136,910)	271,522	Cost of Services	444,607	(156,425)	288,182
		(1,892)	Other operating expenditure			(1,045)
		12,221	Financing and investment income and expenditure			12,471
		(279,029)	Taxation and non-specific grant income			(278,295)
		2,822	(Surplus) / Deficit on Provision of Services			21,313
		(509)	Share of operating results of associates			(279)
		(2,879)	Share of operating results of joint venture			(5,134)
		(566)	Group (Surplus) / Deficit (Note 1 Group)			15,900
		(7,324)	(Surplus) / Deficit on revaluation of fixed assets			(27,685)
		23,976	Actuarial (gains)/losses on pension assets/liabilities			(98,169)
		(215)	Share of other comprehensive expenditure and income of associates and joint venture			(1,960)
		16,437	Other Comprehensive (Income) and Expenditure			(127,814)
		15,871	Total Comprehensive (Income) and Expenditure			(111,914)



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	Capital Grants & Receipts Unapplied £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 2021 carried forward	(11,670)	(35,594)	(2,221)	(1,920)	(4,236)	(1,969)	(2,668)	(60,278)	(399,511)	(14,935)	(7,106)	(481,830)
Movement in reserves during 2021/22												
Total Comprehensive (Income) and Expenditure	17,601	-	2,481	-	-	-	-	20,082	(119,785)	(4,182)	(8,029)	(111,914)
Adjustments between accounting basis & funding basis under regulations	(16,813)	-	(2,127)	-	-	-	231	(18,709)	18,709	(1,803)	1,803	-
(Increase)/Decrease in 2021/22	788	-	354	-	-	-	231	1,373	(101,076)	(5,985)	(6,226)	(111,914)
Net transfer to or from Reserves	(895)	1,182	-	(708)	589	66	(234)	-	-	-	-	-
Balance at 31 March 2022 carried forward	(11,777)	(34,412)	(1,867)	(2,628)	(3,647)	(1,903)	(2,671)	(58,905)	(500,587)	(20,920)	(13,332)	(593,744)
	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	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 2020 carried forward	(9,643)	(21,818)	(2,316)	-	(5,829)	(1,960)	(2,656)	(44,222)	(431,533)	(10,933)	(11,013)	(497,701)
Movement in reserves during 2020/21												
Total Comprehensive (Income) and Expenditure	(1,630)	-	4,216	-	-	-	-	2,586	13,380	(3,152)	3,057	15,871
Adjustments between accounting basis & funding basis under regulations	(16,562)	-	(2,239)	-	-	-	159	(18,642)	18,642	(850)	850	-
(Increase)/Decrease in 2020/21	(18,192)	-	1,977	-	-	-	159	(16,056)	32,022	(4,002)	3,907	15,871
Net transfer to or from Reserves	16,165	(13,776)	(1,882)	(1,920)	1,593	(9)	(171)	-	-	-	-	-
Balance at 31 March 2021 carried forward	(11,670)	(35,594)	(2,221)	(1,920)	(4,236)	(1,969)	(2,668)	(60,278)	(399,511)	(14,935)	(7,106)	(481,830)



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 2021 £000		31 March 2022 £000
733,361	Property, Plant & Equipment	769,161
234	Heritage Assets	260
172	Intangible Assets	118
24,268	Long-term Investments and/or Investments in Associates and Joint Venture	31,193
255	Investments	250
758,290	Long Term Assets	800,982
-	Assets Held for Sale	-
481	Short Term Intangible Assets	481
1,072	Inventories	617
32,405	Short Term Debtors	32,100
7,999	Short Term Investments	13,998
65,479	Cash and Cash Equivalents	67,562
107,436	Current Assets	114,758
(2,579)	Bank Overdraft	(1,383)
(383)	Short Term Borrowing	(828)
(5,083)	Finance Leases including PFI/PPP	(5,211)
(50,492)	Short Term Creditors	(62,932)
(590)	Provisions	(617)
(59,127)	Current Liabilities	(70,971)
(164)	Provisions – long term	(167)
(113,843)	Long Term Borrowing	(118,015)
(93)	Long Term Creditors	(43)
(338)	Liabilities in associates and joint venture	110
(78,712)	PFI/PPP Finance Lease	(73,500)
(125,369)	Defined Benefit Pension Liability	(52,083)
(6,250)	Capital Grant Receipts in Advance	(7,327)
(324,769)	Long Term Liabilities	(251,025)
481,830	Net Assets	593,744
(75,213)	Usable Reserves	(79,825)
(406,617)	Unusable Reserves	(513,919)
(481,830)	Total Reserves	(593,744)

Margaret McCrossan CPFA
Head of Accountancy (Chief Financial Officer)

The unaudited financial statements were issued on 14th June 2022

**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.

2020/21	2021/22
£000	£000
(566) Net Group (surplus) or deficit on the provision of services	15,900
(22,616) Group adjustments to net surplus or deficit on the provision of services for non-cash movements	(41,970)
- Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-
(23,182) Net cash flows from Operating Activities	(26,070)
19,348 Investing Activities	16,330
(20,789) Financing Activities	6,461
(24,623) Net (increase) or decrease in cash and cash equivalents	(3,279)
(38,277) Cash and cash equivalents at the beginning of the reporting period	(62,900)
(62,900) Cash and cash equivalents at the end of the reporting period (Including Bank overdraft)	(66,179)

**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.

	2021/22 £000	2020/21 £000
(Surplus)/Deficit on East Renfrewshire Council's provision of services	20,082	2,586
(Surplus)/Deficit in year arising from subsidiaries included in Group Accounts:		
Net expenditure/(income) on Trust Funds in year	1	-
Common Good	91	164
East Renfrewshire Culture and Leisure Trust	1,139	72
(Surplus)/Deficit in year arising from associates included in the Group Accounts:		
<ul style="list-style-type: none"> • Strathclyde Partnership for Transport • Strathclyde Concessionary Travel Scheme Joint Committee • Renfrewshire Valuation Board 	(303) (51) 75	(382) (122) (5)
(Surplus)/Deficit in year arising from a joint venture included in the Group Account:		
East Renfrewshire Integration Joint Board	(5,134)	(2,879)
GROUP ACCOUNT (SURPLUS)/DEFICIT FOR THE YEAR ON PROVISION OF SERVICES	15,900	(566)



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 along with the Council's Charitable Trust Funds are administered by East Renfrewshire Council (as sole trustee) 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

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 £0.911m at 31 March 2022. The loss on ordinary activities before and after taxation for the year to 31 March 2022 £1.139m (2020/21 £0.072m).

The accounts are subject to independent audit and are available from Chief Executive, East Renfrewshire Culture and Leisure Trust, St John's Campus, 18 Commercial Road, Barrhead, East Renfrewshire, G78 1AJ.

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

Is the statutory body responsible for formulating the public transport policy for the 12 local authorities in the West of Scotland. The Council contributed £1.53m or 4.26% to the Council's running costs during 2021/22 and accounted for £20.612m (2020/21 £18.872m) 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, Consort House, 12 West George Street, Glasgow G2 1HN.



Notes to the Group Accounts (cont'd)

Strathclyde Concessionary Travel Scheme Joint 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 2021/22 the Council contributed £0.182m or 4.45% to the annual running costs and accounted for £0.205m (2020/21 £0.154m) 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, Consort House, 12 West George Street, Glasgow G2 1HN.

The Renfrewshire Valuation Joint 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 £0.573m or 20.67% to the organisation's revenue costs and its share of the year-end net asset of £0.110m (2020/21 £0.338m net liability) 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 2021/22 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 2021/22 the Council contributed £94.672m or 42.0% to the annual running costs and accounted for £10.376m (2020/21 £5.242m) 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 £34.252m, representing the Council's net share of the net assets in these entities.

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. 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.

6. 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 liability. The 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.

**Notes to the Group Accounts (cont'd)****7. TRUST FUNDS**

The Council acts as Trustees for 17 Trusts, 7 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.

Charity Number		Balance 31.03.21 £	Expenditure £	Income £	Balance 31.03.22 £
SCO05976	Duff Memorial Fund	7,515	-	15	7,530
SCO16641	Newton Mearns Benevolent Fund	2,447	317	5	2,135
SCO19475	Janet Hamilton Fund	12,890	1,451	63	11,502
SCO19474	John Pattison Memorial	41	-	12	53
SCO19473	Hugh & Janet Martin Fund	952	-	20	972
SCO37293	Netherlee School 1937	2,011	6,875	8,812	3,948
SCO37925	Talented Children & Young People	22	-	-	22
CHARITABLE REVENUE BALANCES		25,878	8,643	8,927	26,162
	Thornliebank War Memorial Fund	705	-	1	706
	Anderson Bequest	78	75	1	4
	Cathcart Cemetery Fund	6,331	-	11	6,342
	Crum Memorial	74	-	2	76
	McNiven Prize	942	-	2	944
	Rev Denis Reen	2,233	-	6	2,239
	James Cowan Bequest	402	-	1	403
	Cowan Park Cropping Fund	27	-	-	27
	Annie Tyson Trust Fund	49,103	1,590	246	47,759
	Rita Donnelly Memorial Prize	20	-	-	20
OTHER TRUST FUND REVENUE BALANCES		59,915	1,665	270	58,520

			Capital Value of Fund	
			31.03.22 £	31.03.21 £
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
	Talented Children & Young People	For talented children and young people in the fields of arts and crafts	555	555
	Other – Charitable		1,500	1,500
CHARITABLE TOTAL RESERVES			87,063	87,063
	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

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

		2021/22	2020/21
		£	£
Balance Sheet – Charitable	Fund balances	113,225	112,941
	Creditors	-	-
	TOTAL LIABILITIES	113,225	112,941
	Investments	-	-
	Debtors	-	-
	Due by Loans Fund	113,225	112,941
	TOTAL ASSETS	113,225	112,941
		2021/22	2020/21
		£	£
Balance Sheet – Other Trust Funds	Fund balances	226,082	227,477
	Creditors	-	-
	TOTAL LIABILITIES	226,082	227,477
	Investments	-	-
	Debtors	-	-
	Due by Loans Fund	226,082	227,477
	TOTAL ASSETS	226,082	227,477

8. 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 £76,300 (2020/21, £74,031) representing 2% (2020/21, 2%) of the organisation's estimated running costs for the year to 31 March 2022.
- The **Clydeplan** Joint Committee is constituted under a formal agreement of the eight Councils in the Glasgow and Clyde Valley area. Under the Town and Country Planning (Scotland) Act 1997, each member council not only has responsibilities for the local planning matters in their area but also the strategic issues that cover the wider area of Glasgow and Clyde Valley. Accordingly the Committee prepares, monitors and reviews the Structure Plan on behalf of member councils and liaises with central government, Scottish Enterprise and other bodies. During the year, the Council made a contribution of £52,537 (2020/21, £72,437) representing 12.5% (2020/21, 12.5%) of the Committee's estimated running costs for the year to 31 March 2022.
- **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 (2020/21, £18,369.18) representing 4.20% (2020/21 4.19%) of the consortium's estimated running costs for the year to 31 March 2022.



Notes to the Group Accounts (cont'd)

- 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 (2020/21, £7,619) representing 5.7% (2020/21 5.5%) of the Committee's estimated running costs for the year to 31 March 2022.
- The **West of Scotland European Forum** was set up in 2007 as a Joint Committee and consists mainly of 12 local authorities. Its purpose is to develop positive links between the communities of the region and institutions of the European Union. In this task it follows on from the work previously undertaken by the West of Scotland European Consortium (WOSEC). During the year, the Council made a contribution of £1,632 (2020/21, £1,632) representing 4.1% (2020/21 3.9%) of the Forum's estimated running costs for the year to 31 March 2022.
- The **Glasgow and Clyde Valley 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 £67,044 (2020/21, £52,061) representing 5.2% (2020/21 5.2%) of the organisation's running costs for the year to March 2022.
- 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 £124,473 (2020/21, £73,415) representing 2.51% (2020/21 2.51%) of the organisation's running costs for the year to 31 March 2022.



Glossary of Terms

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.

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 (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 whose 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.



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