

Business Operations and Partnerships Department

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Date: 17 June 2022

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

AUDIT AND SCRUTINY COMMITTEE

A meeting of the Audit and Scrutiny Committee will be held on **Thursday, 23 June 2022 at 2.00pm.**

The agenda of business is as listed below.

Please note this is a virtual meeting.

Yours faithfully

Louise Pringle

L PRINGLE

DIRECTOR OF BUSINESS OPERATIONS & PARTNERSHIPS

AGENDA

1. **Report apologies for absence.**
2. **Declarations of interest.**
3. **Chair's Report.**
4. **Unaudited Annual Accounts 2021/22 – Report by Head of Accountancy (Chief Financial Officer)(copy attached, pages 3 - 138).**
5. **Code of Corporate Governance – Report by Director of Business Operations and Partnerships (copy attached, pages 139 - 180).**
6. **Consultancy Expenditure and Related Log – Report by Clerk (copy attached, pages 181 - 188).**

7. **Internal Audit Plan 2021/22 - Implementation Progress – January to March 2022 - Report by Chief Auditor (copy attached, pages 189 - 206).**
8. **Internal Audit Strategic Plan 2022/23 – 2026/27 – Report by Chief Auditor (copy attached, pages 207 - 218).**
9. **National External Audit Report – Local Government Financial Overview 2020/21 - Report by Clerk (copy attached, pages 219 - 226).**
10. **Integration Joint Board Performance and Audit Committee - Invitation to Co-opt Member of Audit Scrutiny Committee – Report by Clerk (copy attached, pages 227 - 228).**
11. **Audit and Scrutiny Committee Work Plan, Outcome of Self-Evaluation and Related Issues – Report by Clerk (copy attached, pages 229 - 282).**

For information on how to access the virtual meeting please email:-
linda.hutchison@eastrenfrewshire.gov.uk

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

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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

Head of Accountancy - Margaret McCrossan
Chief Accountant - Barbara Clark Tel 0141 577 3068
E-mail. Barbara.Clark@EastRenfrewshire.gov.uk

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

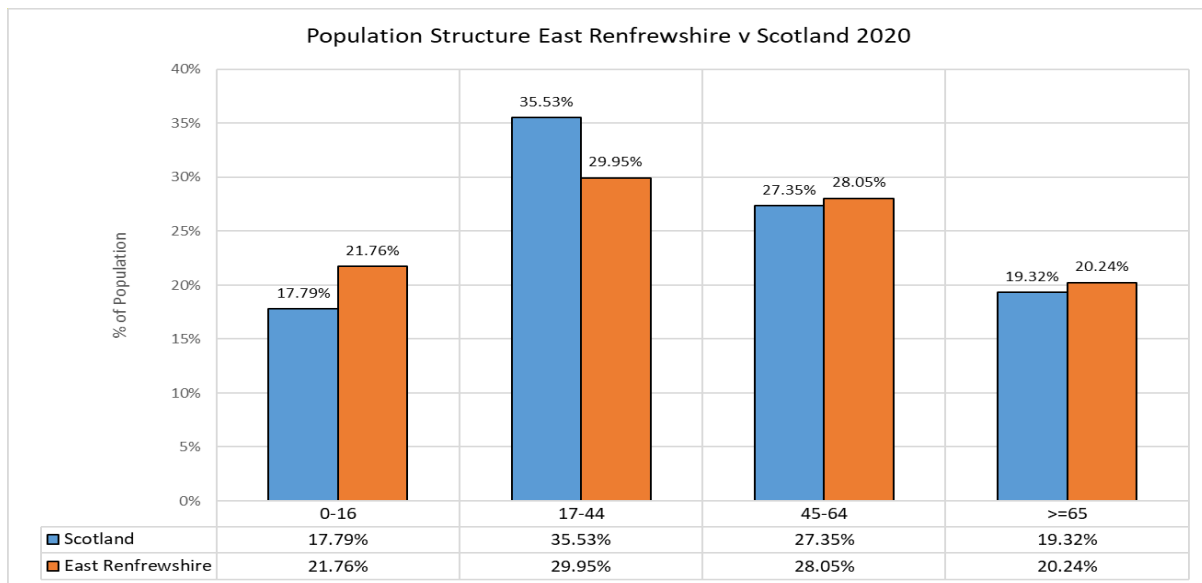
1. Introduction

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.

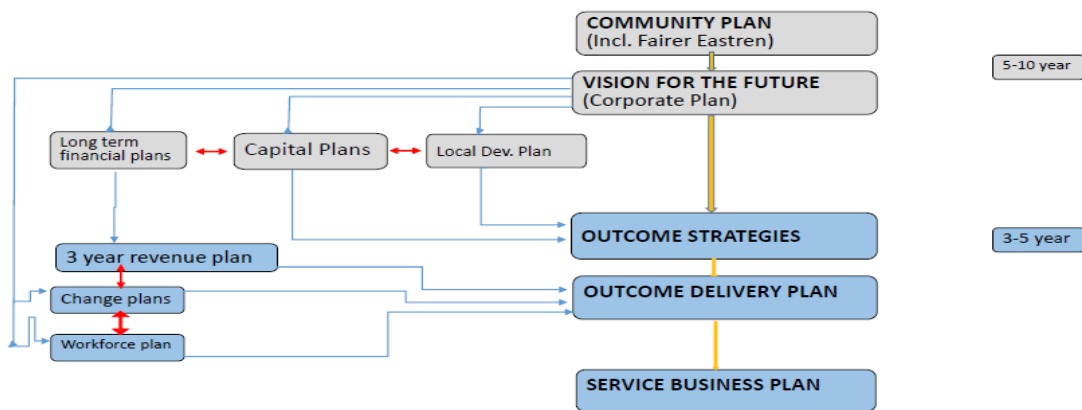


Management Commentary (cont'd)

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

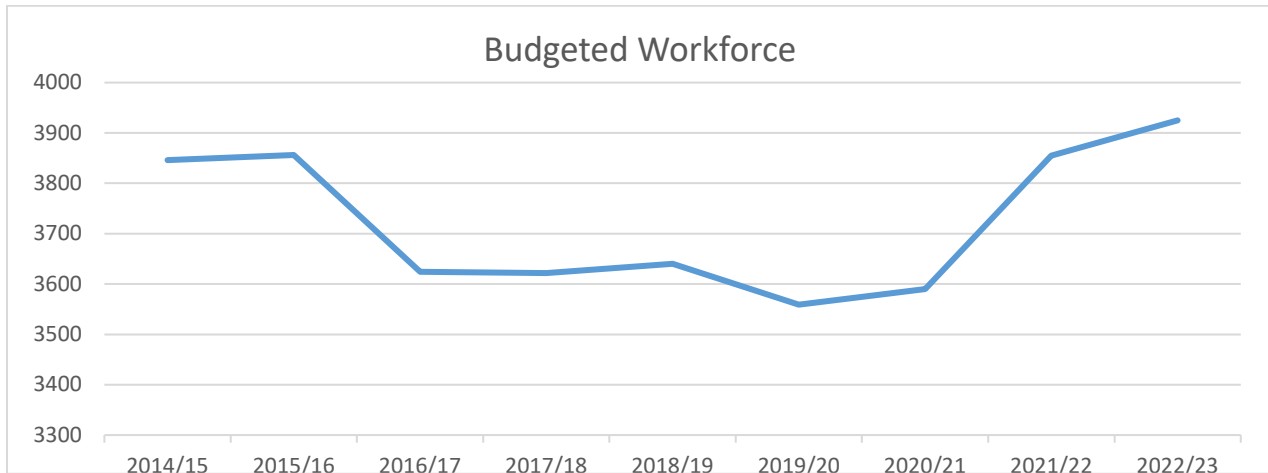


Management Commentary (cont'd)

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

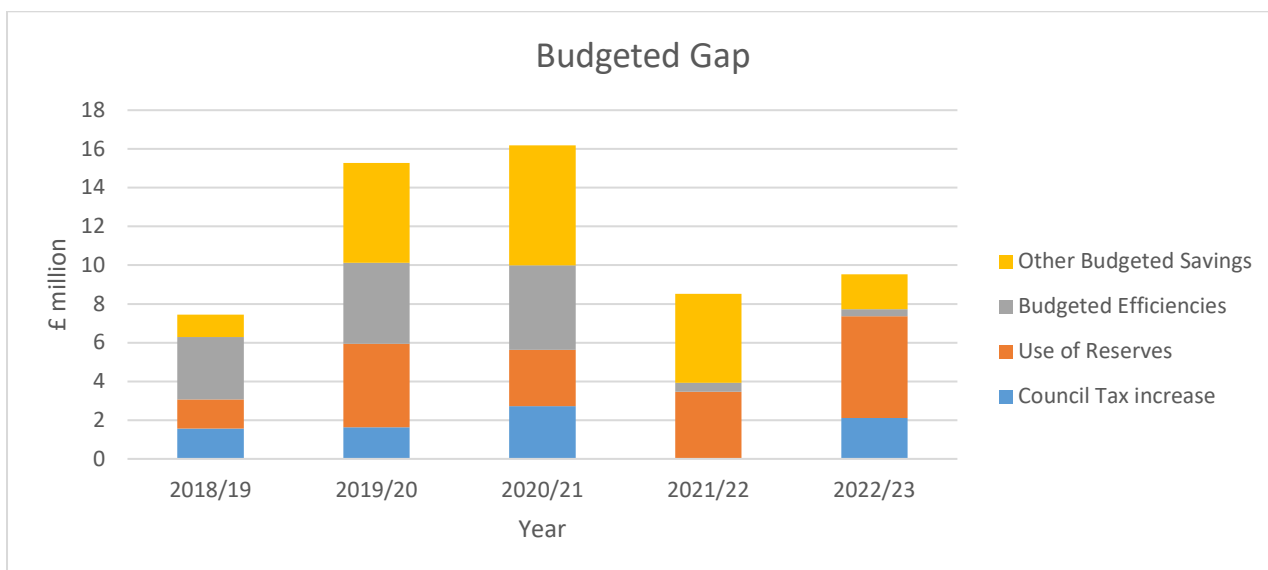
Following our successful previous multi-year budget approach, the Council undertook extensive community engagement, during autumn 2017, on setting its budget for future financial years. Reflecting on that engagement, a budget for 2018/19 and indicative budgets for 2019/20 and 2020/21 were approved by 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

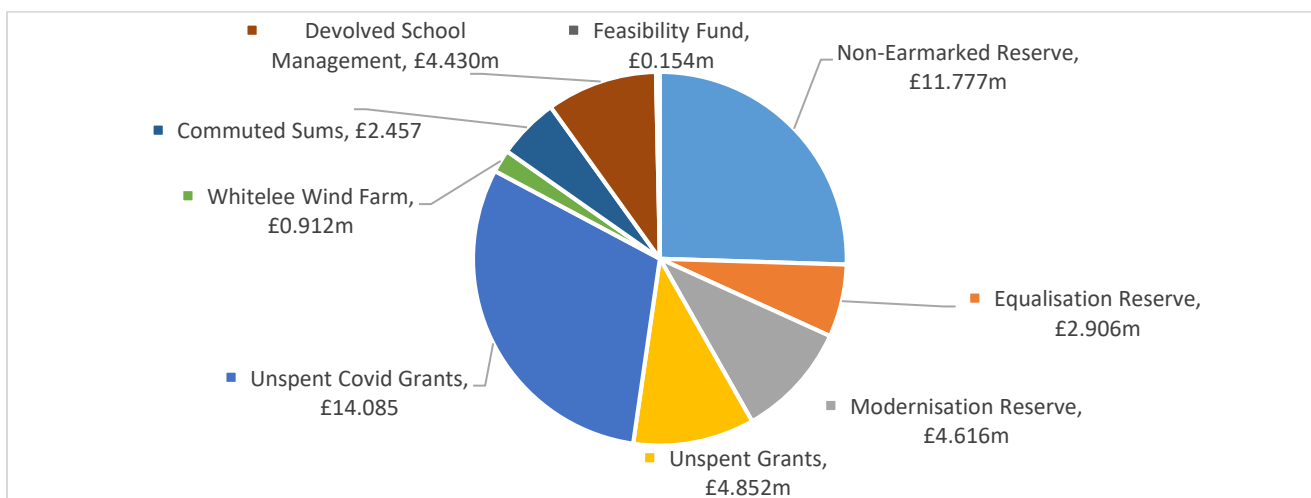
The Council’s financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be found on page 49 and has been prepared using International Financial Reporting Standards. To show the net position of the Council, it is necessary to adjust the Comprehensive Income and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

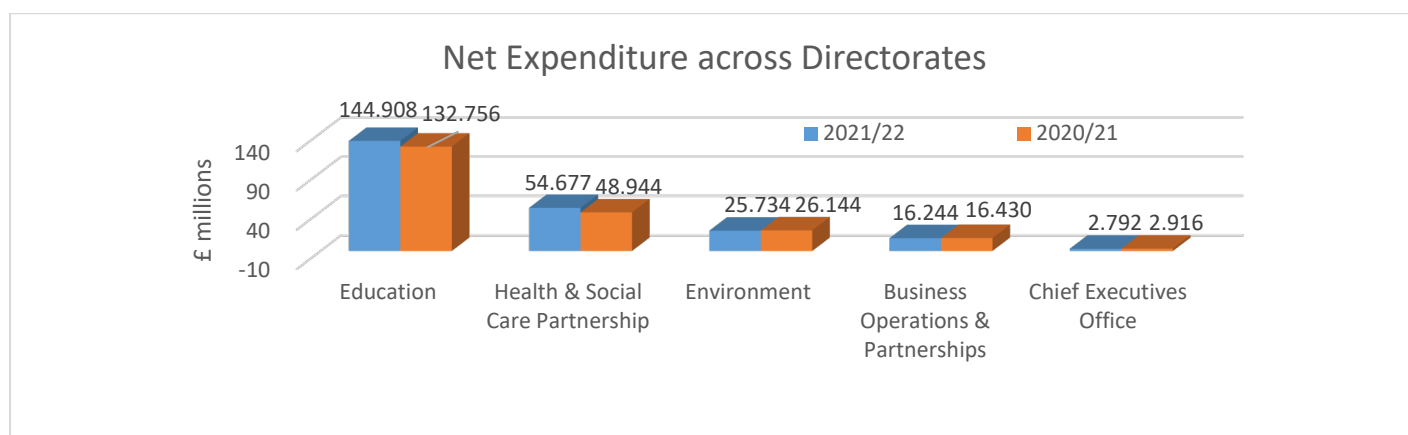
Budget Performance

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.

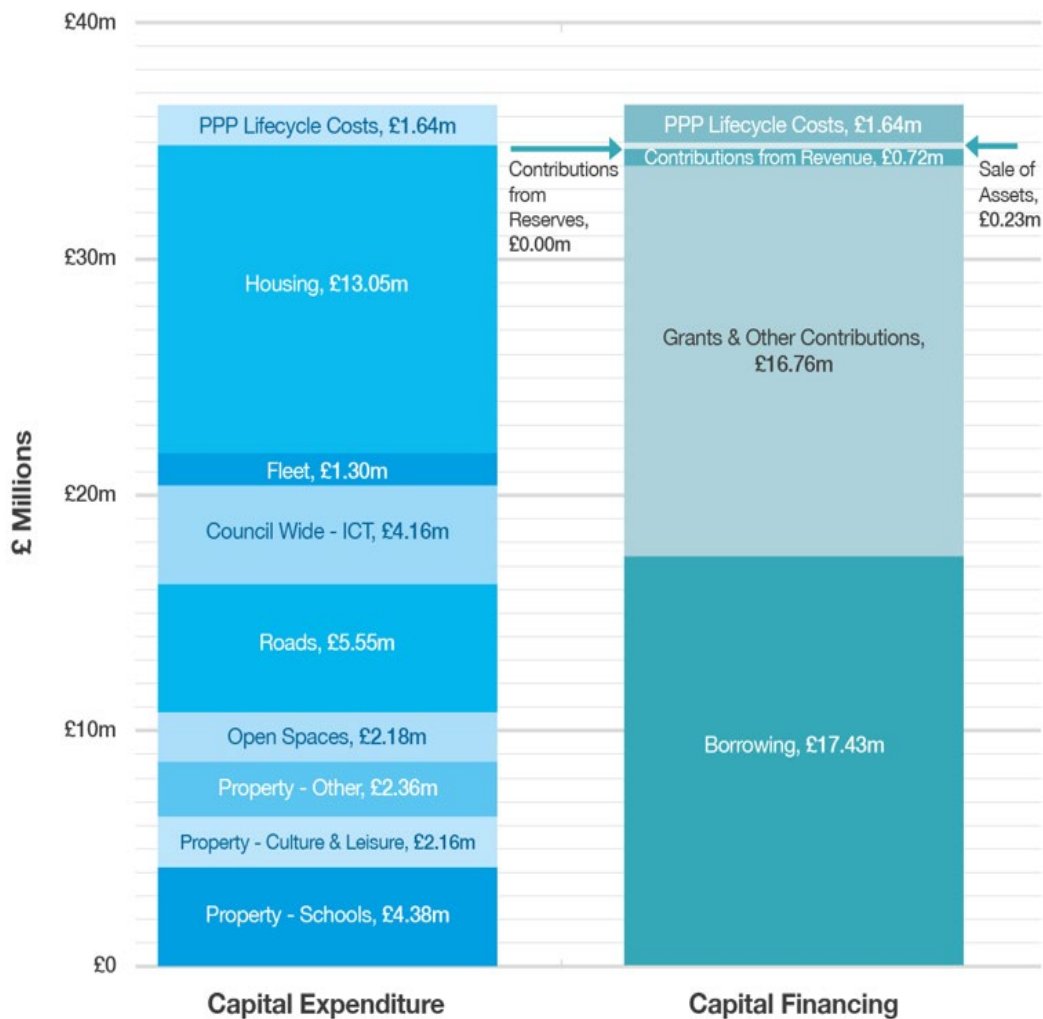


Management Commentary (cont'd)

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: [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](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:

	Unacceptable to take risks					Higher willingness to take risks				
	1	2	3	4	5	6	7	8	9	10
Reputation	1	2	3							
Compliance	1	2	3							
Financial	1	2	3							
People and culture		2	3	4	5	6	7			
Operational services		2	3	4	5	6	7			
Major change activities				4	5	6	7	8	9	
Environmental and social responsibility			3	4	5	6	7	8		



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-imbusement 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)



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**

Cost or Valuation	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
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 £000	31 March 2021 £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 £000	2020/21 £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	
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	-	-
Balance Sheet – Other Trust Funds	Debtors	-	-
	Due by Loans Fund	113,225	112,941
	TOTAL ASSETS	113,225	112,941
	Investments	-	-
Balance Sheet – Other Trust Funds	Fund balances	226,082	227,477
	Creditors	-	-
	TOTAL LIABILITIES	226,082	227,477
	Investments	-	-
Balance Sheet – Other Trust Funds	Debtors	-	-
	Due by Loans Fund	226,082	227,477
	TOTAL ASSETS	226,082	227,477
	Investments	-	-

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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EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

23 June 2022

Report by Director of Business Operations and Partnerships

CODE OF CORPORATE GOVERNANCE

PURPOSE OF REPORT

1. To update the Audit and Scrutiny Committee on progress against improvement actions in the 2021/22 Code of Corporate Governance (see Annex 1) and to approve a new Code for 2022/23 (listed at Annex 2).

RECOMMENDATIONS

2. The Audit and Scrutiny Committee is asked to:-
- (a) Note progress on the 2021/22 Code of Corporate Governance improvement actions (Annex 1), and:
 - (b) Approve the Code of Corporate Governance updates and actions for 2022/23 (Annex 2).

BACKGROUND

3. East Renfrewshire Council is responsible for ensuring that business is: conducted in accordance with the law and proper standards; and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

4. In discharging this responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of resources. Since December 2002, the Council has adopted and updated annually a Code of Corporate Governance which is consistent with the principles and requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: *Delivering Good Governance in Local Government*.

5. The Code of Corporate Governance is a statement of the structures and processes that govern internal policy-making, community leadership, partnership working and the mechanisms to ensure proper control and accountability are in place.

6. The *Delivering Good Governance in Local Government* framework was revised in 2016. The Code comprises of seven governing precepts alongside a set of supporting principles. The full set of principles is listed in the draft code in Annex 2.

7. All councils must comply with the following requirements:
- Publication of an annual progress summary on the previous year's Code, including any actions taken to improve compliance.
 - Publication of an annual Code of Corporate Governance update. This must include an update on any new evidence we can present. It must also include self-assessment scoring of the evidence we have regarding: compliance with national guidance on each governance requirement; and details of any action planned to improve compliance during 2022/23.
 - Inclusion of an Annual Governance Statement in the Council's Annual Report and Accounts.

PROGRESS ON 2021/22 ACTIONS

8. In May 2022 an update on the actions from the 2021/22 Code of Corporate Governance update was produced. The update is attached at Annex 1 and is available to the public on the [council website](#).

9. Three of six improvement activities listed in the 2021/22 code were completed:
- To promote our new complaints system a marketing campaign was completed in March 2021. This included, updates on the Council's Complaints Hub on the intranet and briefings for elected members and managers, 1.
 - ER supported a youth led event in March 2022 with youth groups/organisations accessing small grants to a total value of £5000. To support our mainstreaming Participatory Budgeting (PB) approach, the Council and Linking Communities co-delivered a series of workshops in June 2021, and departments are now shaping a number of PB proposals.
 - An updated Council Workforce Plan was submitted to the Corporate Management Team in May 2021.

The remaining activities have been carried forward into the 2022/23 plan. We have developed a new Equality, Fairness and Rights Impact Assessment (EFRIA), however we are still in the process of creating a central repository of completed EFRIAs which should be live by the end of 2022. The Get To Zero Action Plan is still in development, and the foundational preparations for a Climate Community Partnership have been made and will be launched after the local elections in mid-2022. A new cross departmental group on the Information Asset Register (IAR) is being established to review, prioritise and update data held locally by departments.

UPDATED CODE OF CORPORATE GOVERNANCE FOR 2022/23

10. The updated Code of Corporate Governance for 2022/23 is included at Annex 2 and sets out arrangements which fulfil the seven governance principles outlined in the national guidance.

11. The CIPFA / SOLACE framework emphasises that councils should:
- keep codes of corporate governance under review;
 - carry out a process of self-evaluation scoring; and
 - develop actions to address any gaps or areas for improvement in governance arrangements.

The self-assessment scoring of this year's code found that we were compliant across all governance principles.

12. As well as the activities that have been carried forward from last year's plan a number of actions to be undertaken in 2022/23 to further improve compliance with the Code have been identified. Each action has been included only once to avoid duplication. Key actions for 2022/23 are:

- We will update our Vision for the Future plan with the new Administration by June 2023.
- We will develop a framework for mainstreaming Participatory Budgeting (PB) by March 2023.
- We have developed a new Equality, Fairness and Rights Impact Assessment (EFRIA) and associated training materials and are in the process of creating a central repository of completed EFRIAs which should be live by the end of 2022 (carried forward action).
- The Get To Zero Action Plan is still in development, and the foundational preparations for a Climate Community Partnership have been made and will be launched after the local elections in mid-2022 (carried forward action).
- Consider implications from the Independent Review of Adult Social Care and subsequent National Care Service proposals and the national consultation exercise which is still awaited.
- A new Health and Well-being action plan will be implemented by March 2023.
- A new cross departmental group on the Information Asset Register (IAR) will be established by August 2022 to review, prioritise and update data held locally by departments (carried forward action).

13. Some actions included within the report relate to several principles, however these actions are only mentioned once for brevity.

14. Once approved, the Code of Corporate Governance 2022/23 will be made available on the Council's website. A progress update on the actions will be made available in May 2023 after the close of the 2022/23 financial year.

ANNUAL GOVERNANCE STATEMENT

15. As part of the SOLACE/CIPFA corporate governance framework the Leader and the Chief Executive are responsible for ensuring the inclusion of the Annual Governance Statement in the Annual Report and Accounts. The Annual Governance Statement references the work undertaken and updates to the Code of Corporate Governance. The statement is included in the 2021/22 Annual Report and Accounts to be published later in the year.

CONCLUSION

16. Based on the evidence presented here East Renfrewshire Council is governed by sound and effective internal management controls and continues to demonstrate compliance with the requirements of the CIPFA/SOLACE Framework: *"Delivering Good Governance in Local Government"*.

17. As part of the annual review process the Code of Corporate Governance has been updated and scored in line with evidence and in consultation with colleagues across the Council. Progress on planned actions for last year (2021/22) has been posted on the Council's website, accessible [here](#). Subject to Audit and Scrutiny Committee's approval the new revised Code for 2022/23 will also be posted on the Council's website in June 2022.

RECOMMENDATIONS

18. The Audit and Scrutiny Committee is asked to:-
- (a) Note progress on the 2021/22 Code of Corporate Governance improvement actions.
 - (b) Approve the Code of Corporate Governance updates and actions for 2022/23 (Annex 2).

Louise Pringle
Director of Business Operations and Partnerships
15 June 2022

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BACKGROUND PAPERS

- Code of Corporate Governance, Audit & Scrutiny Committee, June 2022.

KEYWORDS

(governance, code, corporate, principles, CIPFA, SOLACE, LAN, accountability, improvement actions, leadership).

EAST RENFREWSHIRE COUNCIL
Update on CODE OF CORPORATE GOVERNANCE

2021/22 Improvement Actions

In June 2022 East Renfrewshire Council's Audit and Scrutiny Committee will meet to approve the local Code of Corporate Governance 2022/23. The code is a Council statement of the structures and working arrangements in place for internal policy-making; community leadership; partnership working and accountability mechanisms. As well as self-assessing our local code's compliance against the national prescribed scoring, the statement also includes a number of improvement actions to be carried out as part of the 2021/22 code. A progress update on the improvement actions is listed below. For more information contact the Strategic Services Team at Listening@eastrenfrewshire.gov.uk

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law				
Sub Principle	Requirement	Evaluation of Requirement Against Code (1– not; 2– partial; 3–fully)	Further Action Required	Action completed/ deferred
1. Behaving with integrity	1.4 Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	3	Marketing campaign to raise awareness about the new complaints handling procedure and processes. Delivery of training programme to support efficient complaints handling via the new customer experience management system (GOSS).	Completed A marketing campaign, including updates on the Complaints Hub on the intranet and briefings for elected managers and managers, was carried out in March 2021. A comprehensive training programme for staff was rolled out across the Council in June 2021. The programme covered the train the trainer sessions, updated training materials, including short videos and refreshed guidance on the intranet.

Principle B: Ensuring openness and comprehensive stakeholder engagement				
Sub Principle	Requirement	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required	Action completed/ deferred
1. Openness	1.3 Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	3	Implement new Equality & Fairness Impact Assessment process and create a central repository of all completed Impact Assessments on council webpage.	Ongoing We have developed a new Equality, Fairness and Rights Impact Assessment (EFRIA) and associated training materials. We are in the process of creating a central repository of completed EFRIAs which should be live by December 2022.
Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits				
Sub Principle	Requirement	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required	Action completed/ deferred
1. Defining outcomes	1.5 Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	3	Action deferred due to the COVID 19 pandemic. Community Choices participatory budgeting process/events have been delayed due to current restrictions.	Completed Support and partnership working continues but due to the election period events across Barrhead, Neilston and Thornliebank have been postponed to June 2022. ER supported a youth led event in March 2022 with youth groups/organisations accessing small grants to a total value of £5000. To support our mainstreaming PB approach the Council and Linking Communities co-delivered a series of

				workshops in June 2021 to council officers to raise awareness and understanding of mainstream PB processes, and departments are now shaping a number of proposals.
2. Sustainable economic, social and environmental benefits	2.3 Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	3	Climate change views sought by Citizens' Panel in January 2021. Climate Change Strategy and Action Plan under development.	<p>Ongoing</p> <p>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 after the local elections in Mid-2022.</p> <p>Climate Change Strategy and Action Plan (to be known as Get to Zero Action Plan) still in development. Going through a required Strategic Environmental Assessment over summer, and out to public consultation in autumn 2022. It is anticipated that the final document will be published by the end of the year.</p>

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it				
Sub Principle	Requirement	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required	Action completed/ deferred
1. Developing the entity's capacity	1.3 Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	3	Review and update workforce plan.	Completed Updated Council Workforce Plan submitted to Corporate Management Team on 25 May 2021.
Principle F: Managing risks and performance through robust internal control and strong public financial management				
Sub Principle	Requirement	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required	Action completed/ deferred
4. Managing data	4.2 Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	2	Roll out the replacement Information Asset Register (IAR) application, with a focus on: identifying IAR users across departments; reviewing and building on Third Party sharing guidance (includes data processing agreements & information sharing protocols) for IAR users; and supporting users to populate the register	Ongoing The Information Asset Register (IAR) application built, deployed and populated with core corporate information; a new cross departmental group is being established to review, prioritise and update data held locally by departments. This will be established by August 2022.

			with Asset details, relevant sharing documentation and review dates.	
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EAST RENFREWSHIRE COUNCIL

CODE OF CORPORATE GOVERNANCE 2022/23¹

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1– not; 2– partial; 3–fully)	Further Action Required
1. Behaving with integrity	1.1 Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	<ul style="list-style-type: none"> Codes of Conduct for Members & Employees Members' Induction Programme Council Values (reviewed 2019) Quality Conversations framework <u>Monitoring Officer role</u>² 	3	
	1.2 Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	<ul style="list-style-type: none"> Council Values HR notices and policies Customer Care standards Council website Communications Strategy Vision for the future strategy (reviewed 2020) Citizens' panel findings on demonstrating council values 	3	Update Vision for the Future (VFTF) with new Administration by June 2023. Responsible Officer: Director of Business Operations and Partnerships, Louise Pringle
	1.3 Leading by example and using these standard operating principles or values as a framework for decision making and other actions	<ul style="list-style-type: none"> Minutes of meetings Council Standing Orders Audit and Scrutiny Committee Scheme of Administration Scheme of Delegated Functions Council values Register of interests 	3	

¹ The documents listed below are the most up to date available e.g. ODP 2021-24

² New pieces of evidence that have been identified will be underlined throughout the document

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1– not; 2– partial; 3–fully)	Further Action Required
1. Behaving with integrity	1.4 Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	<ul style="list-style-type: none"> • HR notices and policies • <u>Data Protection Policy</u> • Social Media Policy & Media Protocol • <u>Fraud, Bribery & Theft Policy (updated April 2022)</u> • Registers of interests (Councillor and Employee) • Complaints procedure • Unacceptable Actions Policy • Codes of Conduct for Members & Employees • <u>Register of Employee Interests</u> • Council Values • Leadership Competencies • Management & Leadership Development Programmes 	3	
2. Demonstrating strong commitment to ethical values	2.1 Seeking to establish, monitor and maintain the organisation’s ethical standards and performance	<ul style="list-style-type: none"> • Minutes of committee meetings • Council Standing Orders • Audit and Scrutiny Committee chaired by non-Administration councillor • Scheme of Administration • Scheme of Delegated Functions 	3	
	2.2 Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation	<ul style="list-style-type: none"> • Members’ Induction Programme • Codes of Conduct for Members & Employees • Scheme of Delegated Functions • Council Values • Leadership Competencies 	3	

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1– not; 2– partial; 3–fully)	Further Action Required
2. Demonstrating strong commitment to ethical values	2.3 Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	<ul style="list-style-type: none"> • HR notices and policies • <u>Data Protection Policy and DPIA Framework</u> • Contract Standing Orders • Quality Conversations • Chief Executive performance review meetings • Recruitment and Selection Code of Practice • Discipline & Grievance procedures • Corporate Procurement Strategy 	3	
	2.4 Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	<ul style="list-style-type: none"> • Codes of Conduct for Members & Employees • Contract Standing Orders • General Conditions of Purchase • Corporate Procurement Strategy • Integration scheme for ER HSCP • Culture and Leisure Trust – Transfer of Services Agreement and Articles of Association 	3	
3. Respecting the rule of law	3.1 Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.	<ul style="list-style-type: none"> • Scheme of Administration • Council Values • Contract Standing Orders • Adherence to Local Government in Scotland Act • Other statutory provision (e.g. planning legislation, placing requests, freedom of information, data protection and health and safety requirements) • Role of Monitoring Officer • Financial Regulations • Declarations of Employee interests 	3	

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1– not; 2– partial; 3–fully)	Further Action Required
3. Respecting the rule of law	3.2 Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	<ul style="list-style-type: none"> • Codes of Conduct for Members & Employees • Scheme of Delegated Functions • Job descriptions • Financial Regulations • Compliant with CIPFA Statement on role of Chief Financial Officer • Council Standing Orders 	3	
	3.3 Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	<ul style="list-style-type: none"> • Legal files and emails • Outcome Delivery Plan 	3	
	3.4 Dealing with breaches of legal and regulatory provisions effectively	<ul style="list-style-type: none"> • Role of Monitoring Officer • Legal files and emails (e.g. response to Housing Regulator reports) • Adherence to Local Government in Scotland Act 2003 • Other statutory provision (e.g. planning legislation, placing requests, freedom of information and data protection requirements) 	3	

Principle B: Ensuring openness and comprehensive stakeholder engagement				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
1. Openness	1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	<ul style="list-style-type: none"> • <u>Vision for the Future</u> • Community Plan & Outcome Delivery Plan • National reporting requirements to Scottish Government/Audit Scotland • COVID-19 actions reports to Council throughout 2020 and onwards • Internal Audit annual report • Annual Report & Accounts • Strategic mid and end year reporting • Council and Community Planning Partnership (CPP) performance reports • Citizen Space engagement tool • Social media growth and content strategy • Council website • Citizens' Panel reports • Council Standing Orders • Planning for the future demographic report • National LGBF benchmarking report • Annual Complaints report • Chief Social Work Officer Annual Report • Publication Scheme • Records Management Plan • FoI annual report • Council values • Communications Strategy • Insider magazine • Programme reporting & governance • HSCP Strategic Plan 	3	

Principle B: Ensuring openness and comprehensive stakeholder engagement				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
1. Openness	1.2 Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	<ul style="list-style-type: none"> • Council meetings and webcasts • Council Standing Orders • Audit and Scrutiny Committee chaired by non-Administration councillor • Scheme of Administration • Scheme of Delegated Functions 	3	
	1.3 Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	<ul style="list-style-type: none"> • Scheme of Administration • Call-in procedure • Scheme of Delegated Functions • Committee Minutes and reports • Risk management strategy • Options appraisal guidance and training • Reporting arrangements • Unacceptable Actions Policy • Integrated Impact Assessment (Equality, Fairness and Rights) • <u>Data Protection Impact Assessment Framework</u> 	3	<p>ONGOING</p> <p>We have developed a new Equality, Fairness and Rights Impact Assessment (EFRIA) and associated training materials. We are in the process of creating a central repository of completed EFRIAs which should be live by December 2022. Responsible Officer: Strategic Services Lead, Claire Coburn.</p>

	<p>1.4 Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</p>	<ul style="list-style-type: none"> • Community Plan • Community Planning Partnership • Citizen Space community engagement tool • <u>Budget Consultation</u> • Social media interaction • Citizens' Panel reports • Service-level customer communication • Digital Customer Experience principles • User/service design as part of Digital Transformation and training on Scottish Approach to Service Design • Community Benefits Wish List • <u>Humanitarian research into impact of COVID-19 in East Renfrewshire</u> • <u>HSCP Strategic Planning Group</u> 	<p>3</p>	
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Principle B: Ensuring openness and comprehensive stakeholder engagement				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
2. Engaging comprehensively with institutional stakeholders	2.1 Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	<ul style="list-style-type: none"> • Outcome Delivery Plan • Vision for the Future strategy • Communications Strategy • Community Engagement for Fairer East Ren plan • Locality Planning - targeted and joint approaches to improving outcomes in specific communities • <u>HSCP Strategic Planning Group</u> 	3	
	2.2 Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	<ul style="list-style-type: none"> • Citizens' Panel reports • <u>Budget Consultation</u> • Community Planning Partnership • Voluntary organisations database • Community Groups database • Community Plan (incorporating Fairer East Ren) • Joint work with Voluntary Action East Renfrewshire as part of pandemic support response for local communities (Community Hub) • <u>HSCP Partnership & Engagement Network</u> 	3	
	2.3 Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners, and that the added value of partnership working is explicit	<ul style="list-style-type: none"> • Community Planning Partnership • Integration scheme for ER HSCP • Culture and Leisure Trust – Transfer of Services Agreement and Articles of Association 	3	

Principle B: Ensuring openness and comprehensive stakeholder engagement				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
3. Engaging stakeholders effectively, including individual citizens and service users	3.1 Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	<ul style="list-style-type: none"> • Citizen Space community engagement tool • Community Planning Partnership • Council website • Participation Requests Framework • <u>HSCP Partnership & Engagement Network</u> • <u>HSCP Self-Directed Support (SDS) Forum</u> 	3	
	3.2 Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	<ul style="list-style-type: none"> • Vision for the Future strategy • Citizen Space engagement tool • Service-level customer communication • Communications Strategy • Social media growth and content strategy • Community engagement training • HSCP Participation & Engagement Strategy 	3	
	3.3 Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	<ul style="list-style-type: none"> • Citizens' panel data trends • Citizen Space engagement tool • Planning for the Future document • Communications Strategy • Social media growth and content strategy • Locality Planning – targeted/joint approaches to improve outcomes in specific communities • <u>Budget Consultation</u> • Equality and Human Rights Mainstreaming report including equality outcomes • <u>Humanitarian research into impact of COVID-19 in East Renfrewshire</u> • Supplier Development and Meet The Buyer Programme • <u>HSCP Strategic Planning Group/Locality Groups</u> • <u>HSCP Partnership Engagement Group</u> 	3	

Principle B: Ensuring openness and comprehensive stakeholder engagement				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
3. Engaging stakeholders effectively, including individual citizens and service users	3.4 Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	<ul style="list-style-type: none"> • Citizen Space community engagement tool • Social media & new Council website • Citizens' Panel reports • Complaints report • Communications Strategy • <u>HSCP Participation & Engagement Strategy</u> • <u>HSCP Partnership Engagement Group</u> 	3	
	3.5 Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	<ul style="list-style-type: none"> • Citizen Space community engagement tool • Locality Planning – targeted/joint approaches to improve outcomes in specific communities • HSCP Partnership Engagement Group 	3	
	3.6 Taking account of the interests of future generations of tax payers and service users	<ul style="list-style-type: none"> • Social media engagement • <u>Budget consultation</u> • Annual Report & Accounts • Strategic mid and end year reporting • Council and CPP performance reports • Vision for the Future strategy • Financial Planning • Planning for the future demographic document • Renewal theme of COVID-19 recovery • HSCP Needs Assessment 	3	

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
1. Defining outcomes	1.1 Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions	<ul style="list-style-type: none"> • Council vision, capabilities and values • Outcome Delivery Plan • Annual updates on Community Plan and Outcome Delivery Plan • Council Report – Financial Planning • Capital Investment Strategy • Community Planning Partnership (CPP) meetings • Vision for the Future strategy • Strategic Planning update for Council • Five capabilities (incl. modernisation, data, digital and empowering communities) • Digital Transformation Strategy & Programme • <u>HSCP Strategic Plan</u> 	3	
	1.2 Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	<ul style="list-style-type: none"> • Outcome Delivery Plan • Vision for the Future strategy • <u>Digital Transformation Programme</u> • Directors of Finance- Economic Forecasts/Benchmarking • Communications Strategy • Locality Planning • Budget planning process • <u>Budget consultation</u> • <u>HSCP Strategic Plan</u> 	3	

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
1. Defining outcomes	1.3 Delivering defined outcomes on a sustainable basis within the resources that will be available	<ul style="list-style-type: none"> • Annual updates on Community Plan and Outcome Delivery Plan • Annual report and accounts • Council Report – Financial Planning • Treasury Management Strategy • <u>Digital Transformation project prioritisation approach</u> 	3	
	1.4 Identifying and managing risks to the achievement of outcomes	<ul style="list-style-type: none"> • Strategic and operational risk registers • Risk reporting • Audit and Scrutiny and CMT risk monitoring • Risk Management Strategy • Business Continuity Planning 	3	
	1.5 Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	<ul style="list-style-type: none"> • Public performance reporting • 2022 Budget consultation exercise • Participatory budgeting (PB) – engagement and participation in expenditure and policy developments e.g. ER Spaces for People (consultation on safe travel during Covid-19), Learning & Leisure in Neilston and support for Linking Communities: community led PB group. • Outcome Participation Request policy and process • <u>HSCP Festival of Engagement</u> 	3	We will develop a framework for mainstreaming PB by March 2023. Responsible Officers: Strategy and Partnerships Manager Julie Breslin and Strategic Services Officer Kim Gear.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
2. Sustainable economic, social and environmental benefits	2.1 Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	<ul style="list-style-type: none"> • Capital programme/ Capital Investment Strategy • City Deal • Invest East Renfrewshire • Sustainable procurement policy • Corporate Procurement Strategy • City Deal procurement strategy • Budget Strategy Group and annual budget process • PEST analysis in Vision for the Future • Living Wage, Modern Slavery Charter, Community Benefits • <u>Data Protection Impact Assessment Framework</u> 	3	
	2.2 Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	<ul style="list-style-type: none"> • Agendas, reports and minutes of meetings • Council Report – Financial Planning 2022-28 • Capital Investment Strategy • Treasury Management Strategy • Budget Strategy Group and annual & multi-year budget process • Strategic risk register monitoring • Recovery & Renewal themes of COVID-19 response 	3	

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
2. Sustainable economic, social and environmental benefits	2.3 Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	<ul style="list-style-type: none"> • Agendas, reports and minutes of meetings • Council Standing Orders • Council website • Scheme of Administration • Budget consultation exercise • Main Issues Report & Local Development Plan 	3	<p>ONGOING</p> <p>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 after the local elections which were held in mid-2022.</p> <p>Climate Change Strategy and Action Plan (to be known as Get to Zero Action Plan) still in development. Going</p>

				through a required Strategic Environmental Assessment over summer, and out to public consultation in autumn 2022. It is anticipated that the final document will be published by the end of 2022. Responsible Officer: Climate Change Officer, Samuel Ibbott.
2. Sustainable economic, social and environmental benefits	2.4 Ensuring fair access to services	<ul style="list-style-type: none"> • Adhering to statutory guidance • Integrated Impact Assessment (Equality, Fairness and Rights) • Equality Outcomes Mainstreaming Plan and Report • Fairer Scotland Duty 	3	

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 fully)	Further Action Required
1. Determining interventions	1.1 Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	<ul style="list-style-type: none"> Options appraisals (including guidance & training) – mainstreamed into change & financial bid processes Council Standing Orders Agendas, reports and minutes of meetings Corporate template - options 	3	
	1.2 Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resource available including people, skills, land and assets and bearing in mind future impacts	<ul style="list-style-type: none"> Financial planning and financial management Budget Strategy Group Use of Citizens' Panel data Service/user design via Digital Transformation Scoping citizen engagement and participation software Use of 'Commonplace' – tool for plotting and responding to needs Use of Citizen Space community engagement tool across departments Local Development Plan 2 development 	3	
2. Planning interventions	2.1 Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	<ul style="list-style-type: none"> Cabinet system of governance Annual Cabinet work plan Six monthly strategic performance monitoring Digital Transformation & Investment Programme governance Multi-year budgeting Procurement Contract Register 	3	

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
2. Planning interventions	2.2 Considering and monitoring risks facing each partner when working collaboratively including shared risks	<ul style="list-style-type: none"> • Community Planning Partnership including thematic outcome delivery groups • Risk Management Strategy • Strategic Risk Register • Business Continuity Planning 	3	
	2.3 Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	<ul style="list-style-type: none"> • Performance Management Framework • Evaluative approach to Service Business Planning • Outcome strategies • Outcome Delivery Plan • Community Plan 	3	
	2.4 Ensuring capacity exists to generate the information required to review service quality regularly	<ul style="list-style-type: none"> • Performance Management System • 6 monthly performance reporting • <u>Analysis and reporting of Local Government Performance Framework</u> 	3	
	2.5 Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	<ul style="list-style-type: none"> • Financial planning and management • Budget Strategy Group • Financial Planning 	3	

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
3. Optimising achievement of intended outcomes	3.1 Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	<ul style="list-style-type: none"> • Financial management and planning • Budget Strategy Group • Capital Investment Strategy • Treasury Management Strategy • Asset Management Plans • Budget engagement process • Capital planning • Local Development Plan 2 development • Participatory budgeting (PB) – participatory approaches to policy development and capital and revenue spend • Community Benefits, Fair Working Practices 	3	
	3.2 Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	<ul style="list-style-type: none"> • Asset Management Plans • Corporate Asset Management Group • Capital Project Appraisal Forms • Financial Planning • Revenue Savings Templates • Corporate Resource Planning (e.g. transformation fund, restructuring budget) • Treasury Management Strategy 	3	
	3.3 Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	<ul style="list-style-type: none"> • Financial Planning and management • <u>Workforce planning</u> • <u>Get to Zero plans</u> 	3	

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
3. Optimising achievement of intended outcomes	3.4 Ensuring the achievement of 'social value' through service planning and commissioning	<ul style="list-style-type: none"> • Economic Development & City Deal approaches to community benefits • Change programmes • Corporate procurement • Alternative models of service delivery (HSCP) • <u>National Care Service</u> 	3	Consider the implications from the Independent Review of Adult Social Care and subsequent National Care Service proposals and national consultation exercise which is still awaited. Responsible Officer: HSCP Governance and Compliance Officer, Pamela Gomes.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
1. Developing the entity's capacity	1.1 Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	<ul style="list-style-type: none"> • Procurement Strategy • Option appraisal • APSE benchmarking reports • Participation in benchmarking groups & Local Government Benchmarking Framework report 	3	
	1.2 Recognising the benefits of partnerships and collaborative working where added value can be achieved	<ul style="list-style-type: none"> • COSLA • Improvement Service engagement • Community Planning Partnership • ERCL Trust • HSCP • City Deal • Scotland Excel • Local Government Digital Partnership • Clyde Valley arrangements • hubWest • Shared services/collaborative arrangements • Third Sector Interface via Voluntary Action East Renfrewshire 	3	

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
1. Developing the entity's capacity	1.3 Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	<ul style="list-style-type: none"> • Workforce Plan and driver diagram • Planning for the Future staff profile • Vision for the Future strategy 	3	.
2. Developing the capability of the entity's leadership and other individuals	2.1 Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	<ul style="list-style-type: none"> • Scheme of delegated functions • Elected member inductions • Scheme of Administration • Codes of Conduct for Employees & Members • <u>Fraud, Bribery & Theft Policy (updated April 2022)</u> • Job descriptions 	3	
	2.2 Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	<ul style="list-style-type: none"> • Scheme of Delegated Functions • Scheme of Administration • Council Standing Orders • Contract Standing Orders 	3	
	2.3 Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure, whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	<ul style="list-style-type: none"> • Job descriptions • Scheme of Delegated Functions • Quality Conversations • Six monthly corporate performance reporting and departmental reviews 	3	

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
2.Developing the capability of the entity's leadership and other individuals	2.4 Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks	<ul style="list-style-type: none"> • Member and Officer induction programme • Leaders for the Future programme • Vision for the Future strategy • Briefings to Members • Corporate Training Calendar • Brightwave e-learning • Atomic online video training • Quality Conversations • Member Training and Development Plans • Organisational Development Board 	3	
	2.5 Ensuring that there are structures in place to encourage public participation	<ul style="list-style-type: none"> • Citizens' Panel reports • Citizens' Space engagement tool • Community Councils and Tenant group support • Service/User design as part of change programme • Supporting community groups • Participatory budgeting 	3	
	2.6 Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	<ul style="list-style-type: none"> • Member support team • Chief Executive and Member meetings • Member Training and Development Plans • Leadership training 360 feedback 	3	

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
2.Developing the capability of the entity's leadership and other individuals	2.7 Holding staff to account through regular performance reviews which take account of training or development needs	<ul style="list-style-type: none"> • Quality Conversations • Training and Development Plans • Annual review corporate training programme • Chief Executive and Member meetings 	3	
	2.8 Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	<ul style="list-style-type: none"> • HR and Health and Safety policies • Implementation of Health & Safety ICT system • Employee counselling provision • Occupational Health provision • Stress risk assessment • <u>Pilot staff health and well-being survey results</u> • <u>Organisational Development Board reports and minutes</u> • <u>Changes to Quality Conversations process to have more focus on staff-wellbeing</u> • <u>New Health and Well-being Strategy and action plan</u> 	3	To implement the new Health and Well-being action plan by March 2023. Responsible Officer: Organisational Development Business Partner, Pauline Cameron.

Principle F: Managing risks and performance through robust internal control and strong public financial management				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
1. Managing risk	1.1 Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	<ul style="list-style-type: none"> • Scheme of Administration • Scheme of Delegated Functions • Risk management strategy • Corporate Management Team monitoring • Business Continuity Planning • Risk registers as part of response to and recovery from COVID-19 • <u>Data Protection Impact Assessment Framework</u> 	3	
	1.2 Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	<ul style="list-style-type: none"> • Risk management strategy 	3	
	1.3 Ensuring that responsibilities for managing individual risks are clearly allocated	<ul style="list-style-type: none"> • Risk management strategy • Risk Management Group • Audit and Scrutiny Committee role • Operational risk registers 	3	
2. Managing performance	2.1 Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review	<ul style="list-style-type: none"> • Strategic planning and performance arrangements (Outcome Delivery Plan, Community Plan) • Council Minutes and Committee reports • Performance Management Framework • <u>Digital Transformation programme governance</u> • Corporate Asset Management Group 	3	

	2.2 Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	<ul style="list-style-type: none">• Member Support team• Corporate report format guidance• Council Minutes and Committee reports	3	
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Principle F: Managing risks and performance through robust internal control and strong public financial management				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial;3 – fully)	Further Action Required
2. Managing performance	2.3 Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	<ul style="list-style-type: none"> • Scheme of Administration • Scheme of Delegated Functions • Codes of Conduct for Members and Employees Recruitment and Selection Code of Practice • Registers of interests (Member and Officer) • <u>Fraud, Bribery & Theft Policy (updated April 2022)</u> • Council Standing Orders • Annual Governance Statement • Adherence to Local Gov. in Scotland Act • Audit and Scrutiny Committee chaired by non-Administration councillor • Call-in procedure • <u>Audit and Scrutiny Committee – Report Activity</u> 	3	
	2.4 Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	<ul style="list-style-type: none"> • Directors' 1:1s with Convenors • <u>Corporate Management Team briefings</u> • Performance management framework • Strategic and service business plan reporting arrangements 	3	
	2.5 Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements)	<ul style="list-style-type: none"> • Contract Standing Orders • Financial planning and management • Annual Report and Accounts 	3	

Principle F: Managing risks and performance through robust internal control and strong public financial management				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
3. Robust internal control	3.1 Aligning the risk management strategy and policies on internal control with achieving objectives	<ul style="list-style-type: none"> • Risk management strategy • Strategic risk register • Internal audit plan and reports • Risks linked to outcomes in key plans 	3	
	3.2 Evaluating and monitoring risk management and internal control on a regular basis	<ul style="list-style-type: none"> • Risk management strategy • Budget monitoring arrangements 	3	
	3.3 Ensuring effective counter fraud and anticorruption arrangements are in place	<ul style="list-style-type: none"> • <u>Fraud, Bribery & Theft Policy (updated April 2022)</u> • Compliance with the Code of practice on managing the risk of fraud and corruption 	3	
	3.4 Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	<ul style="list-style-type: none"> • Annual Governance Statement • Annual Report and Accounts • Internal audit work plan • Audit and Scrutiny Committee oversight of Internal /External Audit and Strategic Risks • <u>Annual Data Protection Governance Report</u> 	3	
	3.5 Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment, that its recommendations are listened to and acted upon	<ul style="list-style-type: none"> • Audit and Scrutiny Committee chaired by non-Administration councillor • Audit and Scrutiny Committee oversight of Internal /External Audit and Strategic Risks • Use of 'call in' procedures • <u>Audit and Scrutiny Committee – Report Activity</u> 	3	

Principle F: Managing risks and performance through robust internal control and strong public financial management				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
4. Managing data	4.1 Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	<ul style="list-style-type: none"> • Codes of Conduct for Members and Employees • Recruitment and Selection Code of Practice • Registers of Members' and Employees' interests • <u>Fraud, Bribery & Theft Policy (updated April 2022)</u> • Corporate training and guidance notes on FOI, Regulation of Investigatory Powers and Data Protection • Data Loss Prevention programme • Data Protection (e-courses) • Information Governance Officer • <u>Information Governance Framework</u> • <u>DPIAs as part of digital transformation programme</u> • Records Management Plan 	3	ONGOING The Information Asset Register (IAR) application built, deployed and populated with core corporate information; a new cross departmental group is being established by August 2022 to review, prioritise and update data held locally by departments. Responsible Officer: Strategic Insight and Communities Senior Manager, Jamie Reid.
	4.2 Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	<ul style="list-style-type: none"> • Data Loss Prevention programme • Information Governance Officer • Data protection policies • <u>Information Sharing Protocols</u> • Digital Information Asset Register <ul style="list-style-type: none"> • <u>Data-sharing agreements</u> 	3	

Principle F: Managing risks and performance through robust internal control and strong public financial management				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
4. Managing data	4.3 Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	<ul style="list-style-type: none"> • Performance Management Framework • Sign off procedures • Mid and end year reporting • Mid and end year review meetings • Local Government Benchmarking Framework analysis 	3	
5. Strong public financial management	5.1 Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance	<ul style="list-style-type: none"> • Financial planning and management arrangements • Council Report - Financial Planning • Capital Investment Strategy • Treasury Management Strategy • Outcome Delivery Plan • Finance Business Partner Approach 	3	
	5.2 Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks & controls	<ul style="list-style-type: none"> • Budget monitoring reports • Annual report and accounts • Finance Business Partner Approach • <u>Business Systems & Processes digital transformation programme</u> 	3	

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
1. Implementing good practice in transparency	1.1 Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	<ul style="list-style-type: none"> • Council website • Corporate Reporting Format guidance • Communications strategy 	3	
	1.2 Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	<ul style="list-style-type: none"> • Annual Public Performance Report • Council website - performance pages • Evaluation of public performance reporting arrangements 	3	
2. Implementing good practices in reporting	2.1 Reporting at least annually on performance, value for money and the stewardship of its resources	<ul style="list-style-type: none"> • Annual report and accounts • Annual Public Performance Report • Performance Management Framework • Local Government Benchmarking Framework and report • Strategic mid and end year reporting 	3	
	2.2 Ensuring members and senior management own the results	<ul style="list-style-type: none"> • Discussion at Council/Cabinet/Committees • Chief Executive review meetings • Chief Executive's 'Quality Conversation' 	3	

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
2. Implementing good practices in reporting	2.3 Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	<ul style="list-style-type: none"> Annual governance statement Code of Corporate Governance improvement actions published online 	3	
	2.4 Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	<ul style="list-style-type: none"> Annual governance statement- included in annual accounts and publicly available 	3	
	2.5 Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	<ul style="list-style-type: none"> Recent review of annual account format to improve accessibility 	3	
3. Assurance and effective accountability	3.1 Ensuring that recommendations for corrective action made by external audit are acted upon	<ul style="list-style-type: none"> Recommendations made by external audit acted upon Audit Scotland Annual Audit Report to Members and the Controller of Audit East Renfrewshire Best Value report 	3	

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability				
Sub Principle	Requirement	Evidence	Evaluation of Requirement Against Code (1 – not; 2 – partial; 3 – fully)	Further Action Required
3. Assurance and effective accountability	3.2 Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	<ul style="list-style-type: none"> • Compliance with CIPFA's statement on the role of the head of internal audit • Compliance with public sector internal audit standards 	3	
	3.3 Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	<ul style="list-style-type: none"> • Recommendations made by peer reviews/inspections/regulatory and bodies considered and included in plans for implementation e.g. thematic review cycle in schools 	3	
	3.4 Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	<ul style="list-style-type: none"> • Annual Governance Statement 	3	
	3.5 Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	<ul style="list-style-type: none"> • Community Planning Partnership governance arrangements • Ongoing approach to community engagement, participation and feedback on decisions 	3	

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

23 June 2022

Report by Clerk

CONSULTANCY EXPENDITURE AND RELATED LOG

PURPOSE OF REPORT

1. This report provides feedback on consultancy expenditure following the end of the 2021/22 financial year as referred to in the log created for this.

RECOMMENDATION

2. It is recommended that the committee:-
- (a) consider the feedback provided and discuss if any further action is to be taken regarding that; and
 - (b) otherwise, note that a further report on such expenditure will be submitted to the committee after the end of the 2022/23 financial year.

CONSULTANCY EXPENDITURE AND RELATED LOG

3. Reflecting the interest which the Audit and Scrutiny Committee has taken over a number of years in the extent to which consultants have been used within the Council, in January 2019 the committee agreed, at the end of the 2019/20 financial year, to review the content of the log the Council had agreed to establish in relation to the appointment of consultants and related issues. The first such report on that issue ([Consultancy Expenditure and Related Log](#)), which included a summary of the historical discussions on consultancy expenditure by the committee, was submitted to the committee in June 2020. A report on the 2020/21 Log was subsequently submitted to the committee in April 2021 ([Consultancy Expenditure and Related Log](#)).

4. Amongst other things, the report considered in June 2020 referred to concerns the then Chair had expressed at the Council meeting in October 2018, and subsequent Audit and Scrutiny Committee meeting, on the extent to which external consultants were being used by the authority, following which the committee agreed to look at the level of and reasons for such expenditure; and which consultants had been used. Reference was also made in the same report to some detailed work the committee had progressed during the previous Administration on consultancy expenditure during 2013/14 and 2014/15, related discussions then, why the committee had progressed that work, and the outcome of it.

5. The report also explained that in December 2018 the Council had agreed to reduce the threshold for allowing directors to appoint consultants under Contract Standing Orders from £50k to £10k, and to approve related logging arrangements. In addition to providing information on the consultancy log for 2019/20, the June 2020 report confirmed that the log was published on the corporate procurement section of the Council's website and updated on a 6-monthly basis.

6. When the committee considered the report in June 2020, in addition to noting the content of the log, it was agreed that a report on such expenditure should be submitted to the committee annually after the end of each financial year.

7. The report on the log for 2020/21 was submitted to the committee in April 2021. Following consideration of it, as well as agreeing to seek confirmation if every contract awarded for consultancy had been awarded in accordance with the guidance in place for this (which was subsequently sought and provided), the committee agreed that when future reports on the log were provided, feedback on consultancy should be grouped by department and section for ease of review.

8. The Chief Procurement Officer has now provided feedback on the 2021/22 log, a copy of which is appended.

RECOMMENDATIONS

9. It is recommended that the committee:-
- (a) consider the feedback provided and discuss if any further action is to be taken regarding that; and
 - (b) otherwise, note that a further report on such expenditure will be submitted to the committee after the end of the 2022/23 financial year.

Local Government Access to Information Act 1985

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Background Papers:-

1. Information provided by departments on the use and costs of consultants in 2013/14 and 2014/15 in accordance with the definition agreed by the committee
2. Reports submitted to the Committee on its previous work on consultants, including the meetings of the Committee held on March 2016, January 2019, June 2020 and April 2021
3. Consultancy Log on Council Website

CONSULTANCY LOG: 1 APRIL 2021 - 31 March 2022

Description of the services to be provided	Rationale for appointment	Supplier Name	Town/City	Contract Award Sum	Actual spend incurred	Start date	End Date	Department	Section	Dept Contact Name
1	Consultancy services to ensure new file maker (ELC Database) is secure prior to their use on web.	Tim Anderson Group	Larbert	£900.00	£600.00	16/06/2021	23/06/2021	Education	Schools	James Murphy
2	Consultancy Services - Examination analysis and Timetabling preparation.	Robert Tennant	Dunoon	£16,000.00	£15,952.50	08/09/2019	01/04/2025	Education	Schools	Mark Ratter
3	Race Equality & Inclusion Support training for staff.	University of the West of Scotland (UWS)	Paisley	£2,900.00	£2,900.00	05/01/2022	31/07/2022	Education	Schools	Siobhan McColgan
4	Independent social work consultant	CGCC 'Celia Gray Cares Consultancy'	Strathaven	£20,775.00	£19,775.00	May-21	Mar-22	HSCP	Children & Families	Kate Rocks
5	Consultant services for development of Peer Research Programme	Figure 8 Consultancy Services Ltd	Dundee	£30,500.00	£22,824.00	Apr-21	Mar-22	HSCP	Recovery Services	Tracy Butler
7	IT Technical partner to support development and further implementation of M365 and to work with records management consultancy and internal staff to deliver both a technical and organisational framework to support ERC's record management strategic direction and roll out.	Company Net	Edinburgh	£44,840.00	£16,680.00	24/08/2020	31/08/2021	Business Operations & Partnership	Project Management Office	Lesley Anne Neill
9	Support the development of the Council's change programme & organisational structure to support this.	GNOS-TECH	Glasgow	£9,600.00	Spent £3K (or £3600 inc VAT) and agreed rest was not	07/06/2021	01/03/2022	Business Operations & Partnership	Communities, Revenue and Change	Louise Pringle
	Consultant to provide to support its Customer Experience vision including implementation of its Customer Experience Management system	Gunn Stewart Solutions	Glasgow	£49,999	For April 21 to March 22 £38,370	01/11/2020	30/09/2021	Business Operations & Partnership	Customer Services	Sharon Dick
	Consultancy Support on Customer Experience and Management System	Gunn Stewart Solutions	Glasgow	£26,000	For April 21 to March 22 £14,300	25/01/2022	30/11/2022	Business Operations & Partnership	Customer Services	Sharon Dick
10	Greenlaw Business Centre Ventilation Strategy	Innovated Design Solution	Irvine	£5,000.00	£5,000.00	Sep-21	Oct-21	Environment		Alan Robertson
11	Mechanical Engineering Support for Education Ventilation projects	Hub West Territory Partnering Agreement - Structural Engineering Call-off Consultancy Services NQ162-ERC04 - Xburo	Glasgow	£55,000 limit	£37,925.00	23/03/2021	Ongoing until limit is reached or contract mutually cancelled	Environment	Technical Services, on behalf of Property Services	Alan Hook

12	Mechanical Engineering Support for Education Ventilation projects	ERC do not retain any internal mechanical engineering support	hub West Territory Partnering Agreement - Structural Engineering Call-off Consultancy Services NQ162-ERC06-Baker Hicks Limited	Glasgow	£55,000 limit	£41,996.00	20/05/2021	Ongoing until limit is reached or contract mutually cancelled	Environment	Technical Services, on behalf of Property Services	Alan Hook
13	Mechanical Engineering Support for Education Ventilation projects	ERC do not retain any internal mechanical engineering support	hub West Territory Partnering Agreement - Structural Engineering Call-off Consultancy Services NQ162-ERC07-RybKa Ltd	Glasgow	£55,000 limit	£44,187.00	20/05/2021	Ongoing until limit is reached or contract mutually cancelled	Environment	Technical Services, on behalf of Property Services	Alan Hook
14	Mechanical Engineering Support for Education and other Mechanical Engineering projects	ERC do not retain any internal mechanical engineering support	hub West Territory Partnering Agreement - Structural Engineering Call-off Consultancy Services NQ162-ERC09-Xburo Ltd	Glasgow	£55,000 limit	not yet called off	02/11/2021	Ongoing until limit is reached or contract mutually cancelled	Environment	Technical Services, on behalf of Property Services	Alan Hook
15	Building and Quantity Surveying Support for Rouken Glen Drainage Works, Linn Park Meas. Surv. and Eastwood Changing Village.	ERC internal QS resources temporarily overstretched and no internal Building Surveying support available	hub West Territory Partnering Agreement - Structural Engineering Call-off Consultancy Services NQ162-ERC03-Brown & Wallace	Glasgow	£55,000 limit	£9,544.00	09/02/2021	Ongoing until limit is reached or contract mutually cancelled	Environment	Technical Services	Alan Hook
16	Structural Engineering Support	ERC do not retain any internal structural engineering support	hub West Territory Partnering Agreement - Structural Engineering Call-off Consultancy Services NQ162-ERC02-Cowal Design	Glasgow	£55,000 limit	£30,650.00	11/11/2021	Ongoing until limit is reached or contract mutually cancelled	Environment	Technical Services	Alan Hook
17	Structural Engineering Support	ERC do not retain any internal structural engineering support	hub West Territory Partnering Agreement - Structural Engineering Call-off Consultancy Services NQ162-ERC08-Cowal Design	Glasgow	£55,000 limit	£5,000.00	12/10/2021	Ongoing until limit is reached or contract mutually cancelled	Environment	Technical Services	Alan Hook
18	Scotland Excel Mechanical & Electrical Consultancy Framework	ERC do not retain any internal mechanical or electrical engineering support	Innovated Design Solutions	Irvine	£600,000 over 4 years, £150,00 per annum	£22,328.00	01/04/2021	01/04/2026	Environment	Technical Services	Alan Hook
19	Archaeological Consultancy	Planning Requirement	Clyde Achaeology Ltd	Glasgow	£2,828.00	£4,087.00	29/10/2021	16/11/2021	Environment	Technical Services	Alan Hook
20	Sports Facility Design Service - Mearns Castle High School Sports Pitch and Track	Specialist Design Requirement	Professional Sportsturf Design Ltd (PSD Ltd)	Glasgow	£41,500.00	£24,155.00	13/05/2021	31/08/2023	Environment	Technical Services	Alan Hook
21	Ecological Consultancy - Quick Quote	Specialist Consultancy Requirement on various projects	Applied Ecology Ltd	Glasgow	£49,999 limit	£5,220.00	30/04/2021	When limit is exhausted	Environment	Technical Services	Alan Hook
22	Specialis Rot Survey	Specialist Advice - Capelrig House	Cuthbertson Preservation (Scotland) Limited	Glasgow	£832.00	£832.00	15/12/2021	15/102/2021	Environment	Technical Services	Alan Hook
23	Architectural Consultancy	Design Team continuity with Children First - Capelrig House	Lee Boyd	Edinburgh	£38,500.00	£19,852.00	18/11/2021	01/12/2023	Environment	Technical Services	Alan Hook
24	Pool, water and treatment consultancy	Specialist Advice and Specification Assistance - Eastwood Changing Village	Azure Pools	Glasgow	£1,200.00	£1,200.00	29/03/2021	16/04/2021	Environment	Technical Services	Alan Hook
25	Consultancy to establish a carbon baseline for the Council emissions	Required technical knowledge to quantify carbon emissions across Council operations. Currently no capacity within existing resource to undertake this type of work.	Accelar Ltd	Edinburgh	£10,670.00	£10,670.00	08/03/2021	15/09/2021	Environment	Get to Zero	Sam Ibbott
26	Consultancy update to carbon emissions calculations and final report	Aether Ltd. had done detailed calculations for Accelar Ltd. As part of the above award and some changes were required post-contract.	Aether Ltd	Oxford	£500.00	£500.00	15/12/2021	24/01/2022	Environment	Get to Zero	Sam Ibbott

27	M&E Engineering Consultancy	Early Years Expansion Projects (Various) (QQ18 19 051)	Innovated Design Solutions	Invine	£49,999.99	£3,667.00	Apr-21	TBC	Environment	Major Capital Projects	John Adam
29	Strategic Support Partnering Services in connection with Neilston Wellbeing Hub	HubWest Territory Partnering Agreement -Service Ref:NQ208-ERC-01	Hub West Scotland(&Sub Consultants - Holmes Miller. Robinson Low Francis LLP. Rybka Ltd. Cowal Design Consultants Ltd	Glasgow	£26,476.00	£26,476.00	22/06/2021	02/07/2021	Environment	Major Capital Projects	John Adam
30	Strategic Support Partnering Services in connection with Neilston Wellbeing Hub	HubWest Territory Partnering Agreement -Service Ref:NQ208-ERC-02	Hub West Scotland(&SubConsultants - Ardmore Point Ltd	Glasgow	£9,750.00	£9,750.00	Jul-21	Jul-21	Environment	Major Capital Projects	John Adam
31	Strategic Support Partnering Services in connection with Neilston Wellbeing Hub	HubWest Territory Partnering Agreement -Service Ref:NQ208-ERC-03	Hub West Scotland(&Sub Consultants - Ardmore Point Ltd	Glasgow	£1,427.00	£1,427.00	Jun-21	Jun-21	Environment	Major Capital Projects	John Adam
32	Strategic Support Partnering Services in connection with Neilston Wellbeing Hub	HubWest Territory Partnering Agreement -Service Ref:NQ208-ERC-04	Hub West Scotland(&Sub Consultants - Cowal Design Ltd	Glasgow	£1,730.00	£1,730.00	Jul-21	Jul-21	Environment	Major Capital Projects	John Adam
33	NHS Construction consultancy Services Ref: SBS/13/DM/PZR/8369 (NB this is a continuation of PO 66950)- Maidenhill Primary School : Project Manager with Multi-Disciplinary Design Team	Update of original PO PO66950 to 60000023	Gardiner & Theobald Ltd	Glasgow	£3,733.00	£3,733.00	Nov-21	Feb-22	Environment	Major Capital Projects	John Adam
34	Provision of strategic support partnering services in connection with ground investigation, topographical, GPR and utilities surveys at Cross Arthurlie and Carolside Primary Schools	Hub West Territory Partnering Agreement Service Ref: NQ195-ERC-01 Rev B Cross Arthurlie & Carolside PS Feasibility Study.	Hub West Scotland(&SubConsultants - Cowal Design Consultants Ltd	Glasgow	£15,830.00	£15,830.00	Jan-22	Mar-22	Environment	Major Capital Projects	John Adam
35	Provision of Strategic Support Partnering Services in connection with various consultancy services at Cross Arthurlie and Carolside Primary Schools	Hub West Territory Partnering Agreement Services Ref: NQ195-ERC-02 Cross Arthurlie & Carolside PS Feasibility Study	Hub West Scotland(&SubConsultants - Holmes Miller & Sussed. Cowal Design Consultants Ltd. Atelier Ten. Faithful & Gould	Glasgow	£46,395.00	£46,395.00	Jan-22	Mar-22	Environment	Major Capital Projects	John Adam

36	Provision of strategic support partnering services in connection with Topographical surveys, GPR utilities Scans, PU Plans and Phase 1 Desk Studies at Cross Arthurlie and Carolside	Hub West Territory Partnering Agreement Service Ref: NQ195-ERC-03 Cross Arthurlie & Carolside PS Feasibility Study.	Hub West Scotland(&SubConsultants - Ardmore Point	Glasgow	£5,500.00	£5,500.00	Jan-22	Mar-22	Environment	Major Capital Projects	John Adam
37	Business Gateway services funded via COSLA	Business Growth Services - not delivered directly to ERC	CJM Accountancy	Kilmarnock	£110,000.00	£110,000.00	01.04.21	31.03.22	Environment	Economic Development	Michael McKernan
38	Employability services funded via European Social Fund	Client Management Services - not delivered directly to ERC	VERG	Motherwell	£45,116.70	£45,116.70	01.04.21	31.03.22	Environment	Economic Development	Michael McKernan
39	Employability services funded via European Social Fund	Employer Engagement - not delivered directly to ERC	The Lennox Partnership	Clydebank	£43,426.97	£43,426.97	01.04.21	31.03.22	Environment	Economic Development	Michael McKernan
40	Employability services funded via European Social Fund	Job Brokerage - not delivered directly to ERC	VERG	Motherwell	£38,572.51	£38,572.51	01.04.21	31.03.22	Environment	Economic Development	Michael McKernan
41	Employability services funded via European Social Fund	Health Conditions - not delivered directly to ERC	The Lennox Partnership	Clydebank	£44,553.12	£44,553.12	01.04.21	31.03.22	Environment	Economic Development	Michael McKernan
42	Employability services funded via Young Persons Guarantee	Employability support Additional Support Needs - not delivered directly to ERC	IncludeMe2	Barrhead	£41,500.00	£41,500.00	01.04.21	31.03.22	Environment	Economic Development	Michael McKernan
43	Employability services funded via Young Persons Guarantee	Employability support - Family Firm. not delivered directly to ERC	VERG	Clydebank	£44,131.00	£44,131.00	01.04.21	31.03.22	Environment	Economic Development	Michael McKernan
44	Employability services funded via Young Persons Guarantee	Employability support - Youth Employability. not delivered directly to ERC	The Lennox Partnership	Clydebank	£39,351.00	£39,351.00	01.04.21	31.03.22	Environment	Economic Development	Michael McKernan
45	Delivery of Modern Apprentices	ERC MA programme - not delivered directly to ERC	Communities First Consultants	Old Kilpatrick	£37,000.00	£37,000.00	25.03.22	31.03.23	Environment	Economic Development	Michael McKernan
46	Online Stakeholder Engagement Platform	To assist in the development Local Action Plans	Commonplace	Manchester	£9,999.00	£19,998.00	25.03.22	31.03.23	Environment	Economic Development	Michael McKernan
47	A77 Cycle Lane: Phase 2: M77 Bridge to Hunter's Roundabout: Design & Tender Preparation	Consultant for Phase 1 Design & Tender preparation, on programme and within budget. Clear technical advantages of continuity from Ph 1 to Ph 2.	Mott MacDonald	Edinburgh	£69,450.00	ongoing £1600 as at 31.03.22	25/02/2022	Dec '22	Environment	Traffic & Lighting	Alan Reid
48	A77 Ayr Road - Stage 1 Road Safety Audit	Audit of initial plans to improve cycling infrastructure on Ayr Road	AECOM Ltd	St Albans	£1,655.27	£1,655.27	03/08/2021	13/10/2021	Environment	Traffic & Lighting	Calum Cook
49	Spaces for People - Monitoring and Evaluation Support	Report on all available evidence regarding success or otherwise of Spaces for People measures	WSP UK Ltd	Basingstoke	£9,750.00	Ongoing; £7375.00 as of 22/03/2022	30/09/2021	Ongoing	Environment	Traffic & Lighting	Calum Cook
50	A77 Ayr Road - Stage 3 Road Safety Audit	Audit of installed light segregation of A77 Spaces for People cycle lanes	SWECO UK Ltd	Leeds	£2,760.00	£2,760.00	12/11/2021	14/12/2021	Environment	Traffic & Lighting	Calum Cook
51	B767 Clarkston - East Kilbride Rail Electrification Access Opportunity	Development of high-level options to provide cycle route across railway near Clarkston station	AECOM Ltd	St Albans	£10,000.00	£9,500.00	19/01/2022	04/02/2022	Environment	Traffic & Lighting	Calum Cook
52	Davieland Road public realm design development (QQ 21 22 049)	Development of options to improve public realm and active travel infrastructure on Davieland Road	ERZ Ltd	Glasgow	£13,200.00	Ongoing; £7,920.00 as of 10/05/2022	01/02/2022	Ongoing	Environment	Traffic & Lighting	Calum Cook

53	Academy Road safety review, options appraisal, and technical support	Assessment of effectiveness and potential future of Academy Road School Street Spaces for People measure	SWECO UK Ltd	Leeds	£14,840.00	Ongoing; Not invoiced	01/02/2022	Ongoing	Environment	Traffic & Lighting	Calum Cook
54	A77 masterplan design development	Development of options to improve public realm and active travel infrastructure on Ayr Road	Atkins Ltd	Bristol	£19,995.00	Ongoing; £12,000.00 as at 24/05/2022	01/02/2022	Ongoing	Environment	Traffic & Lighting	Calum Cook
55	Mearns Cross design development	Development of options to improve public realm and active travel infrastructure at Mearns Cross	Atkins Ltd	Bristol	£20,000.00	Ongoing; £12,000.00 as of 24/05/2022	03/02/2022	Ongoing	Environment	Traffic & Lighting	Calum Cook
56	Commonplace licence extension to end August 2022	To continue receiving public feedback on Spaces for People measures	Commonplace Digital Ltd	London	£2,400.00	£2,400.00	02/03/2022	31/08/2022	Environment	Traffic & Lighting	Calum Cook
57	Analysis of cyclist and pedestrian count data	To assess effectiveness of A77 Spaces for People cycle lanes	Cycling Scotland	Glasgow	£5,400.00	£5,400.00	11/03/2022	22/04/2022	Environment	Traffic & Lighting	Calum Cook
58	Survey public perceptions of A77 Spaces for People	To assess local views regarding light segregation of A77 Spaces for People cycle lanes using a demographically representative sample	IBP Strategy and Research	Hamilton	£4,500.00	Ongoing; Not invoiced	11/03/2022	Ongoing	Environment	Traffic & Lighting	Calum Cook
59	Camera surveys and analysis on A77 Spaces for People	To monitor road user behaviour and reasons for damage to infrastructure	WSP UK Ltd	Basingstoke	£14,900.00	Ongoing; £7,020.00 as of 05/05/2022	11/03/2022	Ongoing	Environment	Traffic & Lighting	Calum Cook
60	Various data collection and analysis on A77 Spaces for People	To assess success or otherwise of Spaces for People measures	WSP UK Ltd	Basingstoke	£16,835.00	Ongoing; £2,220.00 as of 05/05/2022	11/03/2022	Ongoing	Environment	Traffic & Lighting	Calum Cook
61	Independent assessment of proposed building costs – Caldwell House planning application	Specialist knowledge & experience of build costs in complex Listed Building projects - to inform DVS assessment of reasonableness of enabling development proposed and proposed level of Planning Obligations	Armour Construction Consultants	Glasgow	£12,725.00	£12,725.00	29/10/2021	31/03/2022	Environment	Planning & Building Standards	Karen Barrie
62	Technical services relating to production of NEC4 contract and contract drawings, tree survey and ecological survey, production of a SFU and earth works management plan, budget estimate for soil re-profiling	No expertise available within council	Aecom	Edinburgh	£41,532.00	£41,532.00	Oct-21	Apr-22	Environment	Planning & Building Standards	MarkBrand
63	Ground Investigation work (bore holes x 3) lab analysis and production of Quantitative Risk Assessment and Ground Remediation Strategy	No expertise available within council. Work required condition of planning consent	Aecom	Edinburgh	£68,794.00	£35,263.00	Feb-22	Apr-22	Environment	Planning & Building Standards	MarkBrand

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EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE23 JUNE 2022Report by Chief AuditorINTERNAL AUDIT PLAN PROGRESS REPORT 2021/22 QUARTER 4**PURPOSE OF REPORT**

1. To inform members of progress on Internal Audit's annual plan for 2021/22 as approved in September 2021.

BACKGROUND

2. The work performed by Internal Audit is based on a rolling 5-year strategic plan, which is revised annually to take into account changes in circumstances. This report is provided to allow members to monitor the activities of Internal Audit and to oversee actions taken by management in response to audit recommendations.

AUDIT PLAN 2021/22 - PROGRESS REPORT QUARTER 4

3. A copy of the annual audit plan for 2021/22 is shown in appendix 1. Eight audits relating to planned 2021/22 audit work were completed in quarter 4 as shown in appendix 2. Appendix 3 gives details of reports which were carried out as part of the 2021/22 plan where the responses were received since the last progress report. Responses are deemed to be satisfactory if all recommendations are accepted for implementation by management and where any recommendation is not accepted, a satisfactory reason is given. The quarterly performance indicators for the section are shown in appendix 4. Some indicators are not being met due to COVID19 restrictions on audit work that was able to be carried out during lockdown and delays in departments responding to audit queries.

4. Four audits relating to planned 2021/22 audit work are still in progress and it is hoped that these can be issued soon.

5. In addition, several audits have been deleted from the plan as indicated in appendix 1 for varying reasons. It is proposed that some of these will be able to be deferred to 2022/23.

RECOMMENDATION

6. The Committee is asked to:

- (a) note Internal Audit's progress report for quarter 4 of 2021/22
- (b) note the audits contained within the plan which will not be completed and
- (c) confirm whether they wish any of the reports detailed in appendix 3 to be circulated to audit and scrutiny committee members or submitted to a future meeting for more detailed consideration.

Further information is available from Michelle Blair, Chief Auditor, telephone 0141 577 3067.

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EAST RENFREWSHIRE COUNCIL
Internal Audit Section
ANNUAL AUDIT PLAN FOR 2021/22 PROGRESS REPORT

Department	Title	Audit Number	Original No. of days	Status
Chief Executives	Corporate Procurement Cards	1	15	Complete
Corporate & Community	Payroll	2	28	Complete
	Creditor interfaces, e-invoicing	3	18	Deleted
	Debtors	4	24	In progress
	Housing Benefits/Universal Credit	5	30	In progress
	Clothing grants, free school meals	6	12	Complete
	Council tax – reductions and liability	7	24	Complete
	Education	Environmental controls – Education	8	10
Schools cluster		9	32	Complete
Environment	Clyde Valley Contract Group	10	13	Deleted
	Grant certification	11	15	Deleted
	Gas Servicing	12	15	Complete
	City Deal	13	15	Complete
	Climate Change Report	14	5	Complete
	COVID business grants	15	25	Complete
	Energy and Fuel	16	15	Deleted
Housing	Housing Repairs	17	20	Complete
	New Council Houses	18	24	Deleted
HSCP	Care First Finance System	19	20	Deleted
	Kinship, fostering and adoption	20	16	Complete
	IJB	21	15	Complete
Trust	Culture and Leisure Limited Trust	22	20	In progress
Various	Contract 1 TBA	23	20	Deleted
	Application Audit	24	18	Deleted
	Fraud contingency	25	70	Complete
	General Contingency	26	30	Complete
	LG Benchmarking Framework	27	10	Complete
	Follow up	28	50	Complete
	Previous year audits	29	52	Complete
Total			661	

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SUMMARY OF 2021/22 REPORTS ISSUED WHERE RESPONSES WERE RECEIVED SINCE LAST PROGRESS REPORT

1. MB1151FM Payroll

The scope of the audit was to ensure:

- Payroll procedures are established
- Controls are in place to ensure that employee records are only created where an authorised post exists and the required documents/authorisations have been obtained
- Records are maintained of all statutory and non-statutory deductions made
- Variations to pay are calculated and authorised correctly
- Controls are in place to ensure that prior to employees leaving, all relevant sections are notified and appropriate documentation is provided to the relevant internal and external bodies
- Payments are made correctly, securely and in a timely manner
- Reconciliations are undertaken regularly
- Data is held in accordance with the organisations information classification and data retention policies.

Testing confirmed that the payroll/HR service is generally operating in accordance with procedures and that appropriate controls are in place. However, weaknesses were identified in the lack of annual employee verification checks and the exit procedures relating to IT systems removal and the return of equipment for leavers.

As highlighted in previous audits, controls around the accuracy of overtime claims are sometimes inadequate with managers wrongly authorising claims at time and a half when plain time is the appropriate rate.

A total of 22 recommendations were made, three were classified as high risk, seven were classified as medium risk with the remaining twelve as low risk. All recommendations were accepted by management. The high and medium risk recommendations are reproduced below with the departmental responses

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	Officers must ensure that any Request to Recruit is fully complete and signed by the appropriate Director/Head of Service and that the details are correctly entered on to the payroll/HR system.	Medium	Yes	BOP Reminder will be sent to the team.	Michael Hughes, HR Direct Team Leader	30 th April 2022
4.1.2	Officers must take care to ensure that the details entered on to the HR system agree to the details on the Request to Recruit, unless there is evidence of agreed changes such as a reduction in contracted hours, change in working pattern etc.	Medium	Yes	BOP Reminder will be sent to the team.	Michael Hughes, HR Direct Team Leader	30 th April 2022
4.2.1	The HR employees mentioned above, with access to both HR and payroll functions on iTrent, should have their access rights amended so that they have read only access to the payroll functions.	High	Yes	BOP A new system profile will be created.	Kath McCormack, HR Manager	30 th April 2022
4.3.1	Line managers must ensure that the online leavers form is fully completed and submitted in advance of the employee leaving.	High	Yes	BOP We already include this in our 4 weekly email.	Kath McCormack, HR Manager	30 th April 2022
				Environment A reminder regarding the correct policy and process will be issued to appropriate managers	Principal Business Intelligence Officer	30 May 2022

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
				Education Will be discussed at Head Teachers meetings in May and guidance issued.	Education Senior Manager (Developing People) Tracy Morton	May-22
				HSCP A reminder will be issued to Managers. We have requested from HR colleagues whether a compliance report can be produced.	Chief Financial Officer	May 2022
				CEO Reminder to be issued to CEO line managers	Head of Accy	April 2022
4.3.2	Line managers must ensure that the Exit Procedures Leavers Checklist is actioned and saved to Information at Work for all leavers.	Medium	Yes	BOP We will include in our 4 weekly email.	Kath McCormack, HR Manager	30 April 2022
				Environment A reminder regarding the correct policy and process will be issued to appropriate managers	Principal Business Intelligence Officer	30 May 2022
				Education Liaising with HR to issue appropriate communication for the department as schools currently do not have access to information@work. Will be discussed at Head Teachers meetings in May and guidance issued.	Education Senior Manager (Developing People) Tracy Morton	May-22
				HSCP A reminder will be issued to Managers. We have requested from HR colleagues whether a compliance report can be produced.	Chief Financial Officer	May 2022
				CEO Reminder to be issued to CEO line managers	Head of Accy	April 2022
4.3.4	HR should ensure that any manual calculations, such as annual leave calculations, are checked by a second member of the team and saved to Information at Work.	Medium	Yes	BOP We will show the calculations, then an internal check will be put in place to sample all processes including this one.	Michael Hughes, HR Direct Team Leader	30 May 2022
4.4.1	Line managers must ensure that all employees on 35 hours contracts or part-time contracts have worked 37 hours in the week before overtime at time and a half can be claimed.	Medium	Yes	BOP This is included as part of our 4 weekly email to managers	Kath McCormack, HR Manager	Complete
				Environment A reminder regarding the correct policy and	Principal Business Intelligence Officer	30 May 2022

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
				process will be issued to appropriate managers		
				Education Correspondence will be issued to managers within the department reminding them of overtime/additional hours procedures and issues highlighted in the report.	Business Manager (Budget Unit) Barry Taylor	May-22
				HSCP A reminder will be issued to Managers		May 2022
				CEO Reminder to be issued to CEO line managers	Head of Accy	April 2022
4.4.2	Line managers must ensure that care is taken to look at overtime claimed according to the week in which it was worked to ensure that the correct rate of pay is claimed.	Medium	Yes	BOP This is already included in our 4 weekly email to managers	Kath McCormack, HR Manager	Complete
				Environment A reminder regarding the correct policy and process will be issued to appropriate managers	Principal Business Intelligence Officer	30 May 2022
				Education Correspondence will be issued to managers within the department reminding them of overtime/additional hours procedures and issues highlighted in the report.	Business Manager (Budget Unit) Barry Taylor	May-22
				HSCP A reminder will be issued to Managers		May 2022
				CEO Reminder to be issued to CEO line managers	Head of Accy	April 2022
4.6.1	Audit should be advised when the systems based employee verification process is rolled out.	High	Yes	BOP This is due to be approved at the core systems board. Following discussion we will undertake this process every 6 months.	Kath McCormack, HR Manager	30 April 2022 31 October 2022
4.9.1	BACS transmissions should be carried out independently of payroll to ensure that there is appropriate segregation of duties.	Medium	Yes	BOP This process will be reviewed and amended	Kath McCormack, HR Manager	31 st May 2022

2. MB1153NS Corporate Procurement Cards

The scope of the audit focussed on the following control areas:

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- Adequate records are maintained to allow the proper control over ordering, receipt and payment
 - Cards are appropriately protected and their use is controlled
 - Use of cards is restricted to appropriate purchases
 - Card applications are appropriately controlled
 - Receipts are available to support all purchases

Testing was carried out on transactions covering the period 1 January to 31 August 2021. The audit did not cover a review of the credit cards that are held across the Council as confirmation was received from the Senior Treasury Officer that only the annual card fee had been paid for within the review period and therefore there were no transactions to sample.

The three high risk recommendations all relate to a refund which was made to an employee's personal card rather than the original council card that the payment had been made with. Whilst the value of this transactions was low and the amount was reimbursed to the Council, this incident along with anecdotal evidence raises questions over the adequacy of controls over security of all refunds.

Nine recommendations were made, three were classified as high risk, two as medium risk with the remaining ones as low risk. All recommendations were accepted by management. The high and medium risk recommendations are reproduced below with the departmental responses

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.2.1	All expenditure incurred via purchasing and e-pay cards should be posted to the ledger prior to the end of the period in which they were incurred.	Medium	Yes	Accountancy services have no control over any timing differences between the transaction date and the Lloyds posting date. While this is normally within 1-2 days and often the same day, it can occasionally be longer. For example, one of the transactions on the sample showed a difference of 154 days between the transaction date and the date posted to lloyds system. This was posted to the financial ledger 14 days after being posted to lloyds however due to the timing difference has contributed to the average days calculation at 4.2	Mark Waugh	March 2022
4.2.2	Where this is not possible appropriate steps should be taken to ensure that they are posted by the end of the subsequent period at the latest.	Medium	Yes	For transactions covered by this audit, it should be noted that Period 1-3 transactions for 2021/22 were posted to P3 in this case where P1 and 2 transactions would normally be posted to P2 at the latest. Going forward we will seek to post transactions to the financial ledger in the period in which they occur. There are occasional coding issues (less than 2% of transactions) that may	Mark Waugh	March 2022

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
				prevent this but we will seek to post to the subsequent period in those cases.		
4.4.1	An instruction should be issued to all cardholders, delegate and line managers highlighting that all refunds should be processed to the original card used to make the purchase.	High	Yes	CE Office A new section will be added to the SOP in relation to refunds.	Chief Executive's Business Manager	April 2022
4.4.2	It should also be highlighted that it is not acceptable in any circumstances to have refund processed to a personal card.	High	Yes	CE Office This will be included as part of the SOP update.	Chief Executive's Business Manager	April 2022
4.4.3	All Directors should be contacted to inform them that there is a risk that refunds can be processed to another card and that they should ensure appropriate controls are in place to monitor refunds on card purchases.	High	Yes	CE Office This will be included in a report to CMT on the use of ePay cards.	Chief Executive's Business Manager	April 2022

3. **MB1154NS Kinship, Fostering and Adoption**

The scope of the audit was to ensure that

- Rates payable have been properly approved
- All payments are in accordance with the set rates and are appropriately authorised
- Appropriate documentation is held for placements and discharges
- Budgetary control is exercised on a regular basis
- Discretionary foster payments are made in accordance with the procedures.

A sample of 15 Foster, 15 Kinship and 5 adoption payments were taken and traced to documentation held to support the ongoing payments being made and checks completed to ensure that the payments were in line with the charges approved by the relevant committee. In all cases there was paperwork held to support the payments and the rates being paid were accurate.

In addition to the main samples, a sample of 5 discretionary payments was taken and it was noted that there were no procedures in place detailing how such payments were to be made and there were no pre-approved rates to be used. Each of the discretionary payments was presented to management and assessed based on their individual merits. An audit trail for approval was provided in each case but the lack of a clear documented process leaves scope for disparity between discretionary payments. Audit recognises that no two discretionary payments are the same but there should be a consistent approach to what is paid for and how these are approved.

Three recommendations were made, all were classified as low. All recommendations were accepted in full or in part by management.

4. **MB1155EL –Covid Grants**

The scope of the audit was to ensure:

- compliance with Scottish Government guidelines for awarding grants
- criteria for grant application is met, appropriate checks carried out and evidenced on all grants paid
- appropriate amounts are paid for each grant in line with guidelines
- payment of multiple grants to one person/company is appropriate in all cases and within the guidelines

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- appropriate segregation of duties exists between assessment, verification and approval of grants.

Grants processed and included in the audit samples appear to be appropriately assessed, verified and authorised prior to payment and adequate evidence was provided in line with the Scottish Government requirements. Audit recommendations related to filing and naming structures, increasing the efficiency and digitalisation of the existing process and addressing where the manual assessment, processing and recording of grants have resulted in duplicate payment for three applicants.

Five recommendations were made, one was classified as high risk, two as low and two made in the interest of future efficiency. All recommendations were accepted by management. The high risk recommendation is reproduced below with the departmental response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.3.1	Checks for duplicate grant payments should be carried out for all grants processed prior to submitting the payment request for processing.	High	Yes	Currently in discussion with the DC team to create a digital platform for all future grant applications. The importance of multiple payment requests being identified against the original requests was discussed and an online platform would help mitigate any duplications.	Julia Whitaker	End of July 2022

5. **MB1156NS Clothing Grants and Free School Meals**

The audit covered checks in the following areas:

- Written policy and procedures are available
- Responsibility for processing claims are allocated and reporting lines are clear
- Controls exist to prevent duplicate payments
- Controls exist to prevent fraudulent payments
- Open communication lines exist between benefits staff and customer first staff
- Grants are paid in a secure manner
- Appropriate evidence is provided to support all applications
- Grant Payments are correctly coded to the Financial Ledger

Generally, the processing of school clothing grants and free school meals appears to be operating satisfactorily and appropriate controls had been put in place to ensure applications were still being processed and awarded during periods of restriction caused by the pandemic.

A review of the paperwork held to support the payment process showed that there is not always a complete audit trail in place to record changes to payment runs and in two cases (which were both paid on the same day) the various reports produced for each payment run did not agree.

Eight recommendations were made, five were classified as medium risk, with the remaining ones as low risk. All recommendations were accepted by management. The medium risk recommendations are reproduced below with the departmental responses

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.2.1	Management need to ensure that an appropriate audit trail is in place to support payments being made by BACS.	Medium	Yes	A payment run header will be created for completion and signed off by management	Lorna Adams – Accounts Payable/ Receivable Manager	July 2022
4.2.2	Appropriate notes or subsidiary reports need to be taken from the system to ensure any changes to the payment run are fully documented.	Medium	Yes	Any changes to the payment run will be documented in the payment run folder and noted on the payment run header.	Lorna Adams – Accounts Payable/ Receivable Manager	July 2022
4.4.2	The Standard Operating Practice should also include details of the management checks to be completed on claims and the number of claims which require to be audited and documented.	Medium	Yes	A SOP, Payment run header and compliance guide on claims to be audited will be created.	Lorna Adams – Accounts Payable/ Receivable Manager	July 2022
4.5.1	A system of checks should be introduced prior to each payment run to ensure that there are no duplicate payments and evidence of these checks being completed should be held.	Medium	Yes	Compliance will carry out checks prior to the payment run and these will be documented.	Lorna Adams – Accounts Payable/ Receivable Manager	July 2022
4.5.2	A reconciliation should be carried out between all reports generated as part of the payment run to ensure that they agree and that the payment run is accurate.	Medium	Yes	Compliance will carry out reconciliations prior to every payment run.	Lorna Adams – Accounts Payable/ Receivable Manager	July 2022

6. MB1159NS City Deal

The scope of the audit was as follows:

- Reporting frequency of specified information is being adhered to.
- In awarding contracts, City Region Procurement Strategy and Council Contract Standing Orders have been complied with.
- Arrangements are in place to ensure that changes to project budgets are reflected in the overall programme budget and are recorded using appropriate documentation.
- Claims submitted to Scottish Government are accurate and have supporting documentation.
- Payments made are in accordance with approved City Deal expenditure.
- Risk management arrangements are in place, up to date and reviewed regularly
- Follow-up of previous city deal audit recommendations.

It was concluded that more care needs to be taken to ensure that only valid amounts are claimed and that they are allocated against the correct City Deal project.

There was also no evidence to show that the recommendation made in the previous audit report regarding a full review of supplier 00072400 invoices has been completed.

Six recommendations were made, three were classified as medium risk with the remaining ones as low risk. All recommendations were accepted by management. The medium risk recommendations are reproduced below with the departmental responses

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.2.1	Checks should be carried out to ensure that the coding of costs to projects is accurate.	Medium	Yes	A separate code will be created for Balgray Links. A new process	City Deal Principal Officer	End June 2022

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Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
				is in place and PM's get a monthly print out from the ledger to check the coding and that only City Deal invoices are charged to the claim.		
4.2.2	Only invoices relating to actual work carried out on behalf of ERC in relation to City Deal should be passed for payment.	Medium	Yes	As above.	City Deal Principal Officer	End June 2022
4.2.3	A full review of all invoices relating to supplier 00072400 should be carried out to ensure that only valid invoices have been included within previous City Deal claims submitted and appropriate adjustments made to future claims to reverse incorrect amounts claimed.	Medium	Yes	This piece of work has been carried out and the results sent to Legal to arrange a ledger transfer.	City Deal Principal Officer	complete

7. **MB1160NS Council Tax Reductions and Liabilities**

The scope of the audit was to ensure:

- Procedures are in place for processing reductions and are based on current legislation
- A consistent and transparent approach is used in determining liability
- All amendments to liability have supporting documentation and are actioned promptly
- Discounts and exemptions are only granted following verification
- Appeals are dealt with in accordance with legislation
- Appropriate reconciliations and checks are carried out at regular intervals and are reviewed by Senior Management
- All data is held securely.

Testing confirmed that the council tax service is generally operating in accordance with procedures and the appropriate controls are in place with no high risk recommendations being made. There are however some areas where recommendations are made to reduce the risk of loss of income to the council such as ongoing checks to ensure discounts are valid, withdrawing discounts and exemptions within the appropriate timescale and that appropriate plans are in place to ensure business continuity in the event of a system failure.

The implementation of the new system as well as the restrictions in place due to the pandemic has resulted in the majority of the previous recommendations, which covered billing and collection, not being fully implemented as these additional pressures meant the necessary time could not be devoted to the points raised and as such they are included again in the audit report. It is of concern that the level of credit balances which was raised previously has risen significantly and has not been addressed.

Fourteen recommendations were made, seven were classified as medium risk, with the remaining ones as low risk. All recommendations were accepted in full or in part by management and the response is deemed satisfactory. The medium risk recommendations are reproduced below with the departmental responses

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
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4.2.1	Timetables to review each type of discount and exemption should be established to ensure applicants are being asked to verify entitlement at regular intervals.	Medium	Yes in part. Internal audit are asked to recognise the ongoing National fraud initiative as being the mechanism for verifying ongoing entitlement to sole occupancy discount	Timetables to review each type of discount (with the exception of sole occupancy discount) and each type of exemption are in place however, the process for carrying out the reviews has not yet been established on the NEC system. The Operations team are working with the product owner to develop the most efficient process.	Senior revenues officer & product owner	October 2022
4.4.1	The Council Tax Team should be reminded not to remove an end date when awarding unoccupied and unfurnished exemption.	Medium	Yes	The Council Tax Team will be reminded not to remove an end date when awarding unoccupied and unfurnished exemption	Council Tax team leader	June 2022
4.4.2	A full review of current empty property awards should be carried out to ensure there is an end date in the system in each case and the award has not been for more than 6 months.	Medium	Yes	A full review of current empty property awards will be carried out to ensure there is an end date in the system in each case and the award has not been for more than 6 months.	Council Tax team leader (with help from Product owner to provide report)	June 2022 (for report) July 2022 (for review)
4.4.3	Periodic reviews should be carried out at least twice a year to ensure that empty property awards at 100% are limited to 6 months.	Medium	Yes	Periodic reviews will be carried out at least twice a year to ensure that empty property awards at 100% are limited to 6 months.	Council Tax team leader	December 2022
4.6.1	A Business Continuity Plan should be written and approved which fully documents the steps to be taken in the event of a systems failure and action to be taken to recover the system in a timely manner.	Medium	Yes	Internal Audit are asked to recognise that service areas are currently awaiting further guidance and a new template in relation to this. An updated Business Continuity Plan will be written and approved which fully documents the steps to be taken in the event of a systems failure and action to be taken to recover the system in a timely manner.	Senior compliance Assistant and Operations manager	March 2023

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4.7.1	Council tax staff must ensure that accounts in credit, particularly those with larger balances are reviewed regularly and the appropriate action taken promptly after any investigations have concluded.	Medium	Yes	Council tax staff will ensure that accounts in credit, particularly those with larger balances are reviewed regularly and the appropriate action taken promptly after any investigations have concluded. A process to review quarterly will be established	Senior revenues officer	October 2022
4.10.1	Details of how bill suppressions will be identified and reviewed should be passed to audit following a full investigation and testing of the potentially more efficient process.	Medium	yes	Details of how bill suppressions will be identified and reviewed will be passed to audit following a full investigation and testing of the potentially more efficient process.	Senior Revenues officer	December 2022

Risk Ratings for Recommendations	
High	<ul style="list-style-type: none"> • Key controls absent, not being operated as designed or could be improved and could impact on the organisation as a whole. • Corrective action must be taken and should start immediately.
Medium	<ul style="list-style-type: none"> • There are areas of control weakness which may be individually significant controls but unlikely to affect the organisation as a whole. • Corrective action should be taken within a reasonable timescale.
Low	<ul style="list-style-type: none"> • Area is generally well controlled or minor control improvements needed. • Lower level controls absent, not being operated as designed or could be improved
Efficiency	<ul style="list-style-type: none"> • These recommendations are made for the purposes of improving efficiency, digitalisation or reducing duplication of effort to separately identify them from recommendations which are more compliance based or good practice.

EAST RENFREWSHIRE COUNCIL
Internal Audit Section

QUARTERLY PERFORMANCE INDICATORS

<u>Internal Audit Indicators reported Quarterly</u>	Target (where applicable)	Quarter 4 Actual 2021/22	Cumulative Actual 2021/22
2. Audit Coverage.			
2.2 Actual direct audit days as a percentage of total days available	75%	75%	76%
2.3 Number of requests for assistance/queries raised by departments outwith planned audit work.	-	4	8
2.4 Percentage of planned contingency time used. (Days available exclude public holidays, annual leave and sickness absence)	<100%	5%	76%
5. Issue of Reports.			
5.1 Number of audit reports issued per quarter.	-	8	14
5.2 Ave. time in weeks from start of fieldwork to issue of report. (Note 1)	12 weeks	22.3 wks	20.1 wks
5.3 Ave. time taken to issue report (working days). (Note 2)	10 working days	9.0days	10.9 days

Notes

1. Average weeks calculated as working days divided by 5.
2. Working days excludes weekends, public holidays, annual leave and sickness absence.

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EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE23 June 2022Report by Chief AuditorINTERNAL AUDIT STRATEGIC PLAN 2022/23 TO 2026/27**PURPOSE OF REPORT**

1 To submit Internal Audit's 5 year strategic plan for 2022/23 to 2026/27 to members for approval. The strategic plan includes the detailed annual plan for 2022/23 plus the indicative number of days to be spent in the following four years based on the risk assessed audit universe which lists all potential audits.

BACKGROUND

2. The Internal Audit service is an independent appraisal unit within the Chief Executive's Office. It performs independent examinations of accounting, financial and other operations of the Council to provide assurance to management and members on the adequacy of the system of internal control. Independence is achieved through the organisational status of Internal Audit and the objectivity of internal auditors. The Chief Auditor reports directly to the Chief Executive and the Audit & Scrutiny Committee.

3. Through independently reviewing the Council's key systems and controls, Internal Audit helps to ensure that the corporate aim of providing local services which are measurable and of a high standard, is achieved. Internal Audit contributes to the realisation of the Council vision to ensure that resources are managed to provide services that represent value for money.

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

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

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

6. The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). Internal Audit work is governed by the policies, procedures, rules and regulations established by the Council such as the Contract Standing Orders, Financial Regulations and the Anti-Fraud and Bribery Strategy.

STRATEGIC AUDIT PLAN 2022/23 TO 2026/27

7. The work performed by Internal Audit is based on a rolling 5 year strategic plan (see attached appendix) which is revised annually to take into account changes in circumstances.
8. In preparing the plan, members of the corporate management team, elected members and the Council's external auditors were consulted to ensure that current and developing risks were appropriately considered and included in the strategic audit plan. The corporate strategic risk register was also reviewed to ensure that key identified areas of risk were included in the audit universe as appropriate.
9. In accordance with the Public Sector Internal Auditing Standards (PSIAS) which require a risk based approach to be taken when preparing the plan, audits have been prioritised based on risk assessments, the service's collective experience of the risks involved, resources available and knowledge gained over the past 5 years. It is also important that annual audit coverage is sufficient to allow Internal Audit to conclude on the adequacy of internal controls. Contingency time is available to allow any further risk related work to be carried out should this be required for new or changing risks identified during the year.
10. A number of key financial systems have been identified, including financial ledger and budgetary control, cash income and banking, debtors, council tax, creditors, rent accounting, payroll and housing and council tax benefit/universal credit. The aim is that all identified systems in the audit universe will be audited at least once in the 5 year cycle however the key financial systems will usually be audited more frequently than this depending on the perceived risks. The timing of systems audits will also be adjusted to avoid duplication of effort with external audit.
11. The consultation process and risk assessment used to prepare the plan sometimes results in new audits being added to the audit universe (for example IT asset management).
12. Similarly, some audits have now been deleted from the audit universe as they are no longer applicable or have low risk assessments or been merged with other audits (for example Covid business grants, education music service).
13. The Internal Audit service supports the Council's commitments outlined in the Outcome Delivery Plan by monitoring the systems that underpin the delivery of these commitments. Employees who work for Internal Audit adhere to the corporate values.
14. A total of 20 audit days have been included in the annual plan for providing an internal audit service to East Renfrewshire Culture and Leisure Trust (ERCLT). The scope of audits to be carried out using these days will be agreed with the management of ERCLT and members of its Finance, Audit and Risk Committee. Resulting audit reports will be issued directly to the Chief Executive of ERCLT.

AUDIT RESOURCES ASSESSMENT

15. The Internal Audit section has an establishment of five members of staff (4.7 FTE) including the Chief Auditor. There is currently one vacant post but an assumption has been made that this will be filled in the second quarter of 2021/22 when calculating the number of audit days available.
16. The number of days available in 2022/23 has been estimated and compared to the number of days required. Various assumptions have had to be made regarding the number of working days that will be available. On the basis of the audit universe which lists all potential audits, an estimated

3,721 days are required to complete all planned audits at the required frequency within the 5 year period. An estimated 3,687 staff days are available for direct audit work over this same period, leaving an estimated shortfall of 34 days over the 5 year period (or an average of 7 days per annum). The current shortfall in audit days over the 5 year period is viewed as manageable at present but will be kept under review. Audits have been rescheduled to ensure that planned audits for 2022/23 can be met within the estimated days available. The current staffing levels of the Internal Audit section is therefore considered to be adequate at the present time on the assumption that the vacant post will be filled.

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

RECOMMENDATION

18. The committee is asked to approve Internal Audit's Strategic Plan for 2022/23 to 2026/27.

Further information is available from Michelle Blair, Chief Auditor, telephone 0141 577 3067.
Chief Auditor
7 June 2022

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EAST RENFREWSHIRE COUNCIL

STRATEGIC AUDIT PLAN

2022/23 to 2026/27

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Chief Auditor
07 June 2022

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EAST RENFREWSHIRE COUNCIL 2022/23
Internal Audit Section
ANNUAL AUDIT PLAN

Department	Title	Audit Number	No. of days
Chief Executives Office	Treasury Management	1	18
	Ordering and certification	2	20
	VAT	3	12
Business Operatons and Partnerships	Barrhead Payment Centre	4	11
	Creditors	5	24
	Debtors control	6	10
	Housing Benefits/ Universal Credit	7	30
	IT asset management	8	20
	Scottish Welfare Fund	9	15
	Council Tax -recovery and enforcement	10	18
Education	Early Learning and Childcare Payments	11	15
	Schools cluster	12	32
Environment	Clyde Valley Contract Group	13	13
	Grant Certification	14	15
	Stores	15	20
	City Deal	16	15
	Climate Change Report	17	5
	Energy and Fuel	18	20
Housing	New council houses	19	24
HSCP	Direct Payments	20	20
	Barrhead Resource Centre	21	10
	IJB	22	15
Trust	Trust	23	20
Various	Contract 1 - TBA	24	20
	File controls	25	12
	Fraud Contingency	26	70
	General Contingency	27	30
	LG Benchmarking Framework	28	5
	Follow Up	29	55
	Previous year audits	30	45
			639

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EAST RENFREWSHIRE COUNCIL 2022/23

Internal Audit Section
SUMMARY OF STRATEGIC PLAN

<u>Type of Audit</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>Total</u>
Systems/Regularity Audit	432	726	458	335	454	2,405
Contract Audit	20	65	40	40	65	230
Computer Audit	12	69	73	47	10	211
Performance Indicators	5	10	10	10	10	45
Fraud Contingency	70	70	70	70	70	350
General Contingency	30	30	30	30	30	150
Previous Year Follow Up	55	50	50	50	50	255
Grant Certification	15	15	15	15	15	75
Total	639	1035	746	597	704	3,721

**Internal Audit Section
AUDIT DAYS AVAILABLE**

ESTIMATED ANNUAL DAYS AVAILABLE		2022	2023	2024	2025	2026	TOTAL
Number of days in full year		Days					
	Note 1	1,140	1,222	1,226	1,226	1,226	6,040
Less:	Public Holidays	46	46	46	46	46	230
	Annual Leave	131	138	139	140	141	689
	Purchase of Annual Leave	6	6	6	6	6	30
	Sickness Absence	14	15	15	15	15	74
	vaccinations and hospital appointments	5					5
	induction training	20					20
	Authorised Absence	9	10	10	8	10	47
Working days available		909	1,007	1,010	1,011	1,008	4,945
Indirect Audit Work :-							
	Administration	50	50	50	50	50	250.0
	Planning and Reporting	15	15	15	15	15	75.0
	Courses/training	25	20	20	20	20	105.0
	Seminars & Audit Meetings	36	36	36	36	36	180.0
	Audit Committee/team meets	40	40	40	40	40	200.0
	PSIAS	15	3	3	3	3	27.0
	HGIOS/AGS	3	3	3	3	3	15.0
	Recruitment	6					6.0
	PRD	15	15	15	15	15	75.0
	Consultancy	20	20	20	20	20	100.0
	FOI	-	-	-	-	-	-
Total for Indirect Audit Work		225	202	202	202	202	1033
Estimated annual time available for Direct Audit Work		684	805	808	809	806	3,912
	Direct as % of available days	75%	80%	80%	80%	80%	79%
Direct audit work:							
	Reporting	45	45	45	45	45	225
	Audit work	639	760	763	764	761	3,687
		684	805	808	809	806	3,912

Note 1 Internal audit has 4.7 FTE established posts including Chief Auditor . Assumption that vacant post will be filled for 8 months of the year.

Note 2 Additional days for PSIAS in years where external assessments are involved

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AUDIT UNIVERSE
EAST RENFREWSHIRE COUNCIL 2022/23

Title	Dept	Type	2022	2023	2024	2025	2026	Total	Est days	Freq (yrs) 1=annual	Days in 5 yrs	Gen Risk
Asset Management	Env	Sys		20				20	20	5	20.00	L
Barhead Payment Centre	BOP	Reg	11			11		22	11	3	18.33	M
Barhead Resource Centre	HSCP	Reg	10					10	10	5	10.00	L
Building Cleaning	Educ	Reg			15			15	15	5	15.00	L
Burial Income	Env	Reg				8		8	8	5	8.00	L
Climate Change Report	Env	reg	5	5	5	5	5	25	5	1	25.00	X
Cash Income and Banking	BOP	Sys		22			22	44	22	3	36.67	M
Cashless catering and Parentpay	Educ	Reg		30			30	60	30	3	50.00	M
HSCP Health Care Centres and area offices	HSCP	Reg			8			8	8	5	8.00	L
HSCP emergency payments (Sect 22 & 12)	HSCP	Sys		8				8	8	5	8.00	L
HSCP Direct Payments	HSCP	Sys	20			20		40	20	3	33.33	M
Project management of capital projects	Env	cont		25			25	50	25	3	41.67	M
City Deal	Env	Reg	15	15	15	15	15	75	15	1	75.00	X
Clothing Grants / Free Meals	BOP	Reg					12	12	12	5	12.00	L
Commercial rents (ind units/shops)	Env	Sys		20				20	20	5	20.00	L
ERCLT	Trust	Reg	20	20	20	20	20	100	20	1	100.00	X
Community Safety Unit	BOP	reg		20				20	20	5	20.00	L
Complaints Monitoring	BOP	Sys		15				15	15	5	15.00	L
Computer	Various	Comp	12	69	73	47	10	211	40	1	200.00	X
Contract	Various	Cont	20	40	40	40	40	180	40	1	200.00	X
Corporate Procurement Cards	Ch Exec Office	Sys					15	15	15	5	15.00	L
Council Tax - Reductions/liability	BOP	Sys			24			24	24	3	40.00	M
Council Tax - Billing & Coll.	BOP	Sys		24			24	48	24	3	40.00	M
Council Tax - Recovery and Enforcement	BOP	Sys	18			18		36	18	3	30.00	M
Creditor Payments	BOP	Reg		10	10	10	10	40	10	5	10.00	X
Creditors (to include invoicing and interfa	BOP	Sys	24					24	24	1	24.00	X
Debtors	BOP	Sys					24	24	24	1	24.00	X
Debtors Control	BOP	Reg	10	10	10	10		40	10	5	10.00	X
Education Support (SEN, Bi-Lingual Supp, taxis etc.)	Educ	Sys			20			20	20	5	20.00	L
Energy and Fuel (incl utility payments)	Env	Reg	20					20	20	5	20.00	L
Financial Ledger and budgetary control	Ch Exec Office	reg		20			20	40	20	3	33.33	M
Follow up	Various	FU	55	50	50	50	50	255	50	1	250.00	X
Fraud Contingency	Various	Fraud	70	70	70	70	70	350	70	1	350.00	X
Gas Servicing	Housing	Reg					15	15	15	5	15.00	L
General Contingency	Various	Gen Cont	30	30	30	30	30	150	30	1	150.00	X
Grant Certification	Env	Grant	15	15	15	15	15	75	15	1	75.00	X
Health & Safety	Env	reg		15				15	15	5	15.00	L
Grounds Maintenance	Env	Reg			15			15	15	5	15.00	L
Highways Maintenance	Env	reg			20			20	20	5	20.00	L
Home Care Services	HSCP	Sys			22			22	22	3	36.67	M
Housing - Rent Accounting	Housing	Sys		20			20	40	20	3	33.33	M
Housing - voids, garage allocations etc.	Housing	Sys			14			14	14	5	14.00	L
Housing Allocations and homeless person acc	Housing	sys		27			27	54	27	3	45.00	M
Housing Benefits/ Universal Credit	BOP	Sys	30	30	30	30	30	150	30	1	150.00	X
Housing Repairs	Housing	Sys			20			20	20	3	33.33	M
IT Asset Management	BOP	Reg	20			20		40	20	3	33.33	M
IJB	HSCP	reg	15	15	15	15	15	75	15	1	75.00	X
Income Maximisation, money advice, welfare	BOP	sys		30				30	30	5	30.00	L
Insurance Arrangements	BOP	Sys		8				8	8	5	8.00	L
Kinship, Fostering and Adoption	HSCP	Sys					16	16	16	5	16.00	L
Bonnyton House	HSCP	Reg			10			10	10	5	10.00	L
LG Benchmarking Framework	Various	Pis	5	10	10	10	10	45	10	1	50.00	X
Licensing Income	BOP	Reg			15			15	15	5	15.00	L
Maximising Attendance	BOP	Reg		20			20	40	20	3	33.33	M
Members' Expenses	BOP	Sys			12			12	12	5	20.00	L
NDR	BOP	Reg		7				7	7	5	7.00	L
Ordering & Certification	Ch Exec Office	Sys	20			20		40	20	3	33.33	M
Overtime	BOP	Reg		22			22	44	22	3	36.67	M
Parks & other outdoor income	Env	Reg			8			8	8	5	8.00	L
Payments to Care providers	HSCP	Reg		25		25		50	25	2	62.50	H
Payroll - All payruns	BOP	Sys		28		28		56	25	2	70.00	H
Pupil Equity fund	Educ	Sys		12				12	12	5	12.00	L
Petty Cash	Various	Reg		15				15	15	5	15.00	L
Previous year audits	Various	Sys	45	20	20	20	20	125	20	1	100.00	X
Record Management Plan	Ch Exec Office	Reg		10				10	10	5	10.00	L
Risk Management & Corporate Governance	Various	Reg		15				15	15	5	15.00	L
Schools - Educational Payments	Educ	Sys				8		8	8	5	8.00	L
Schools - Transport	Educ	Sys		15				15	15	5	15.00	L
schools cluster 1 St Lukes	Educ	Reg					32	32	32	7	22.86	X
schools cluster 2 Mearns Castle	Educ	Reg				32		32	32	7	22.86	X
schools cluster 3 Eastwood	Educ	Reg					0	0	32	7	22.86	X
schools cluster 4 Woodfarm	Educ	Reg					0	0	32	7	22.86	X
schools cluster 5 Williamwood	Educ	Reg	32					32	32	7	22.86	X
schools cluster 6 St Ninians	Educ	Reg		32				32	32	7	22.86	X
schools cluster 7 Barrhead High	Educ	Reg			32			32	32	7	22.86	X
Schools Vat Free Purchase Scheme	Educ	Sys		12				12	12	5	12.00	L
Scottish Welfare Fund	BOP	Reg	15			15		30	15	3	25.00	M
Stores	Env	Sys	20					20	20	5	20.00	L
Sustainability (incl procurement)	Env	Reg		20				20	20	5	20.00	L
Carers Legislation	HSCP	Reg			15			15	15	5	15.00	L
GDPR	BOP	Reg			15			15	15	5	15.00	L
Client Monies	HSCP	Reg			15			15	15	3	25.00	M
Clyde Valley Contract Group	Env	Reg	13					13	13	5	13.00	L
Subsidy Control (previously State Aid)	Env	Reg			10			10	10	5	10.00	L
Care First Finance System	HSCP	Sys					20	40	33.33	5	33.33	L
PPP projects	Env	Reg		15				15	15	5	15.00	L
DSM guidelines	Educ	sys		15			15	30	25	3	25.00	M

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AUDIT UNIVERSE

EAST RENFREWSHIRE COUNCIL 2022/23

Title	Dept	Type	2022	2023	2024	2025	2026	Total	Est days	Freq (yrs) 1=annual	Days in 5 yrs	Gen Risk
Early Learning and Childcare payments	Educ	sys	15	5	5	5	5	35	25	3	25.00	M
New Council Houses	Housing	sys	24					24	24	5	24.00	M
Thornliebank Resource Centre	HSCP	Reg		10				10	10	5	10.00	L
Trade Refuse Income and special uplifts, Gar	Env	Sys			18			18	18	5	18.00	L
Travelling & Subsistence	BOP	Reg		12				12	12	5	12.00	L
Treasury Management	Ch Exec Office	Sys	18					18	18	5	18.00	L
VAT	Ch Exec Office	Reg	12					12	12	5	12.00	L
Vehicle Services	Env	Reg		12				12	12	5	12.00	L
ELC Add On	Educ	Sys			20			20	20	5	20.00	L

Total days needed per universe		639	1035	746	597	704	3721
Available days (automated from audit needs)		639	760	763	764	761	3687
Audit Needs Assessment	Shortfall/ (over)	0	275	-17	-167	-57	34
Average shortfall/(Over) per year							6.8

Main financial systems in bold

	Risk
H	High - audited on 2 year cycle
M	Medium - audited on 3 year cycle
L	Low - audited on 5 year cycle
X	Frequency determined by factors other than risk eg external requiremnt, annual or cyclical coverage needed

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EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

23 June 2022

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT – LOCAL GOVERNMENT IN SCOTLAND
FINANCIAL OVERVIEW 2020-21

PURPOSE OF REPORT

1. To provide information on the Audit Scotland report *Local Government in Scotland Financial Overview 2020-21*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

BACKGROUND

3. A copy of the Audit Scotland report ([Local Government in Scotland: Financial Overview 2020/21](#)), published on 10 March, has already been circulated to all Audit and Scrutiny Committee Members. Pending confirmation of the specialisation arrangements the committee wishes to establish for dealing with such reports, the Member of the committee who is leading the review of this particular report is Councillor Morrison in his capacity as Chair.

4. When national external audit reports of relevance to local government are published, the Clerk is notified and seeks comments from an appropriate senior officer or officers within the Council on the local position relative to the content of report and any recommendations made. On this occasion, the Head of Accountancy (Chief Financial Officer) has provided comments on the local position and a copy of those comments is attached (see Appendix A).

RECOMMENDATION

5. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

Report Author: Linda Hutchison, Clerk to the Committee (Tel.No.0141 577 8388)
e-mail: linda.hutchison@eastrenfrewshire.gov.uk

Background Papers:-

1. Audit Scotland Report – Local Government in Scotland Financial Overview 2020-21.

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EAST RENFREWSHIRE COUNCILAUDIT and SCRUTINY COMMITTEE23 June 2022LOCAL GOVERNMENT IN SCOTLAND: FINANCIAL OVERVIEW 2020/21

INTRODUCTION

1. In March 2022 Audit Scotland published a financial overview report of local government in Scotland in relation to 2020/21. This report advises members on the Council's position in relation to the findings from the report.

COUNCILS' INCOME IN 2020/21

2. Part 1 of the report considered Councils' Income in 2020/21 and found that Councils' total income rose by £1.8bn over the previous year. £1.5bn of this related to Covid-19 funding. East Renfrewshire received £27.245m of Covid-19 funding during the year, much of this only being confirmed in March 2021 and, as such, £12.814m was carried forward for use in addressing Covid-19 pressures in 2021/22 and beyond.

3. Excluding Covid-19 funding, underlying Scottish Government funding to Councils rose by 1.1% in real terms between 2019/20 and 2020/21. More than half of this comprised specific grants (e.g. for the expansion of early learning and childcare). These grants made up 6.7% of recurring revenue funding in 2020/21, up from 4.9% in 2019/20. The report notes that such rises in ring fencing increasingly constrain a proportion of total funding, removing local discretion over how these funds can be used by Councils.

4. Over the longer term, underlying Scottish Government revenue funding for local government has fallen by 4.2% in real terms since 2013/14, whilst funding for other Scottish Government funded sectors has increased in real terms over the same period. This reflects the Scottish Government's prioritisation of other sectors, particularly health. Accordingly, this has resulted in Councils having to raise more funding themselves through Council Tax and charges or to identify additional savings. The maximum permissible Council Tax increase for Scottish Councils was set at 4.84% in 2020/21.

5. Taking account of the above factors, together with inflation, national pay settlements and demands from a rising population, in setting its budget for 2020/21 East Renfrewshire Council identified savings of £10.559m, agreed to draw down £3.500m from reserves and increased Council Tax by 4.84% (generating a further £2.722m). 19 other Scottish Councils applied the maximum 4.84% increase and East Renfrewshire remained below the average Band D Council Tax level.

6. Council Tax collection in East Renfrewshire fell by just over 1% during 2020/21. This was only slightly higher than the average reduction experienced across Scotland as a result of the pandemic. In East Renfrewshire, however, the reduction also reflected a significant project to implement a new Council Tax & Benefits ICT system during the year, which further impacted on the scheduled debt follow-up timetable. It is expected that these arrears will be collected over a longer period and that our target of 98% collection will still be achieved over time.

7. With relatively little income generated from cultural, community and car parking sources, East Renfrewshire was less badly affected by Covid-19 impacts on income streams

than many other Councils. Such local income losses for our Council services were generally covered by Covid-19 grant support. Similarly, ERCLT's income losses were partly offset by additional income from the NHS for the use of leisure facilities as vaccination centres.

8. The Scottish Government distributes around 2/3 of its funding to Councils using the Grant Aided Expenditure methodology, which takes account of factors such as population, deprivation, crime and rurality. In the past East Renfrewshire usually increased its annual share of the national grant funding as our population was rising faster than most other authorities. This pattern has now changed as Council areas in the east are experiencing significant increases in house building at the same time as grant allocations are taking more cognisance of deprivation, crime and rurality factors which are not prevalent in East Renfrewshire. The remainder of funding is distributed using a variety of other methodologies agreed by the Scottish Government and COSLA. These are now published in the Scottish Government's annual Green Book document to improve transparency.

9. The increasing commitment of funding to national policy initiatives is reducing local flexibility for Councils. COSLA estimates that around 60% of Council operations (e.g. teachers, adult social care, PFI/PPP, Scottish Government initiatives etc.) is effectively ring fenced or protected. This increases pressure for savings on other Council services.

10. In comparison to other Councils, East Renfrewshire receives a relatively low level of income from grants and NHS funding. This is likely to reflect the relatively low levels of deprivation in this area.

COUNCILS' FINANCIAL POSITION IN 2020/21

11. Part 2 of the report considered the finances of Scottish Councils in 2020/21 and the following paragraphs comment on East Renfrewshire's position in relation to the key areas covered in the overview document.

12. The report states that Scottish Councils faced a 2020/21 funding gap of around 1.7%. East Renfrewshire's gap was higher at just over 6%. This reflects increasing demands coupled with a smaller share of grant and the planned use in previous years of reserves to address budget gaps. As in previous years, East Renfrewshire closed the funding gap using a combination of savings, reserves drawdown and Council Tax increases.

13. The Council planned to make some £10.559 million savings in 2020/21 and, unlike some other Councils, managed to achieve this target other than in some areas, such as cleaning, where Covid-19 prevented this. Where Covid-19 impacted on savings plans, this was covered by Covid-19 grant funding received. The £10.559m savings figure included £2m of savings arising from a planned change in the accounting treatment of loan charges.

14. The utilisation of £3.5m of reserves to support the 2020/21 budget was non-recurring and this pressure therefore recurred in the 2021/22 budget.

15. In common with all other Scottish Councils, our reserves increased substantially during 2020/21. This was due to two main factors

- In June 2020, recognising the financial pressures of the COVID-19 pandemic and that, at that early stage, there was no confirmation of Government funding to cover all of these, the Council instructed Directors to avoid all non-essential expenditure in case insufficient additional funding was received.
- Substantial Covid funding was allocated by the Government as the year progressed, with much of this only received by the Council in March 2021.

16. East Renfrewshire's usable reserves increased from £44.2m to £60.3m (increase of £16.1m, 36%), as a result of COVID grants, managed underspends and a slight net increase in various other reserves. This was less than the average Scottish increase of 46%, reflecting that the Council was also utilising some of its non-Covid reserves to support budgets and transformation initiatives. Much of the Covid funding was received very late in the year, with £12.814m not spent in 2020/21 but carried forward in a separate Covid-19 reserve to address Covid pressures in 2021/22 and beyond. This separate treatment is in line with Audit Scotland recommendations.

17. East Renfrewshire's usable reserves breakdown as at 31 March 2021 was:

General Fund (non-earmarked)	£11.6m
General Fund (Earmarked –incl COVID)	35.6
Housing Revenue Account	2.2
Capital Reserve	2.7
Unused Grants	1.9
Repairs & Renewals	4.3
Insurance Fund	<u>2.0</u>
	£60.3m

18. Covid-19 had a major impact on all Councils' capital programmes in 2020/21, with projects stalled due to lockdown restrictions and subsequent social distancing working arrangements. Whilst various local works were delayed and some cost increases encountered, the Council managed to deliver 5 new early years facilities during the year. The Council spent only £27.84m on general fund capital projects during the year against the originally planned £43.09m. On the Housing programme expenditure was £5.73m against an initial budget of £17.589m, with lockdown restrictions limiting access to residents' homes for most works, however 4 new units were still completed during the year.

19. Whilst much of the funding for capital projects comes from government grants, developers' contributions and capital receipts from selling assets, a sizeable element of capital expenditure in East Renfrewshire is funded by borrowing. This has to be carefully monitored as the debt repayments from increased borrowing impact on the revenue budget. The Council's capital programme is supported by a combination of funding, with the largest elements used in 2020/21 being Government Grants (56%) and Council borrowing (41%). In East Renfrewshire we have less scope for capital receipts and developers' contributions than in many other Councils and this, together with our ambitious capital plan, has produced a higher than average percentage of capital funded via government grants and borrowing. (Scottish totals for government grants and borrowing are 49% and 33% respectively for the same year). Historically however, the Council still has lower than average overall debt levels, although this will change as we progress major new schools, leisure, City Deal and carbon reduction projects.

20. Unlike most other Councils, the Council's net debt (total debt less cash and investments) rose slightly from £44.4m to £45.1m in 2020/21. Whilst the Council's gross debt reduced slightly in the year as a result of our repaying some debt but not incurring any new borrowing (due to delays in the capital programme), this was more than offset by a reduction in our cash and investments figure due to the timing of payments at year end. We expect our net debt to rise further in future years.

21. As a result of the Covid funding received in 2020/21 the Council did not have to utilise any of the fiscal flexibilities available to assist with Covid-19 pressures during the year. With the availability of future funding to support Covid-19 pressures unclear, however, the Council prudently agreed to set aside close to £2m of capital receipts in case there was a funding gap as a result of pandemic pressures during 2021/22 or 2022/23.

22. In addition to its impact on reserves and capital works, COVID-19 also increased financial workload pressures across all Councils in 2020/21. In East Renfrewshire our Council Economic Development and Revenues/Accounts Payables staff administered and disbursed £20.238m of grants to businesses and individuals during the year, with these having to be accounted for separately from the Council's normal expenditure. The additional workload of COVID grants and several types of hardship payments continued into 2021/22 with some extending further to the end of 2022. Covid expenditure on Council services, and related Government grants, also required additional monitoring by accountancy and departmental staff and this added to staff workload. Further, the implementations of our new HR/Payroll and Council Tax and Benefits systems were also rendered more difficult due to remote working and to Revenues staff being diverted to address pandemic related Scottish Welfare Fund/Council Tax Reduction and self-isolation support grants pressures, however both systems were still successfully adopted during the year.

23. In line with other areas, East Renfrewshire's Culture and Leisure Trust was also affected by Covid closures and the Council provided a letter of comfort as assurance that any financial shortfalls would be addressed. Although the Trust suffered significant loss of income from its operations in 2020/21, these were covered by Government staff furlough support, NHS rental payments for leisure facilities used as vaccination centres, and Covid grant support.

24. East Renfrewshire Council updates its 6 year long term financial plan every February. As the pandemic is expected to continue for some time, the long term plan has now been reviewed to ensure that any anticipated Covid impacts are factored in.

25. Despite all of these additional pressures, the Council submitted its draft accounts prior to the statutory 30 June deadline and received an unqualified audit certificate from our external auditors. No significant concerns were raised in relation to internal control and the auditors signed off our accounts before the 30 November target date. Not all Councils met these dates.

26. Local Government staff in East Renfrewshire Council are part of the Strathclyde Pension Fund. The Fund's investment returns were positive in 2020/21 and close to the average for Scottish Local Government and the Strathclyde Fund is more than 100% funded. Both employer and employee contribution rates for the scheme have been constant for a number of years.

27. Whilst the national overview notes that Covid contributed to some errors and control weaknesses in various Councils' accounts, our local auditors found that, in addition to demonstrating effective financial management, the Council had appropriate governance arrangements in place, had introduced appropriate emergency arrangements at the start of the pandemic and was committed to conducting its business in an open and transparent manner. Our staff are now working to further improve upon this by providing even more explanatory narrative on the Council's finances and performance in future years' Management Commentaries within the annual accounts document.

COUNCILS' FINANCIAL OUTLOOK

28. Part 3 of the overview report focusses on the uncertainties and challenges impacting on Councils' financial planning for the years ahead.

29. East Renfrewshire aims to follow good practice in planning its detailed revenue budgets on a 3 year cycle, with the first year fixed and the following years set on an indicative basis. 2020/21 was the final year in the previous three year cycle. In recent years multi-year budget setting has been rendered more difficult as UK and Scottish Government

settlement figures have been provided only on a single year basis and the position has been exacerbated by the impact of COVID-19 on national budget planning. Accordingly, in June 2020 the council agreed to set only a single year budget for 2021/22. Similarly, with the late announcement of UK 3 year settlement figures in autumn 2021 leading to the subsequent publication of only a single year Scottish budget, the Council again agreed to set a one year budget for 2022/23. With the publication on 31 May 2022 of the Scottish Government's Resource Spending Review it is expected that the Council will be able to resume its preferred 3 year budget setting approach from 2023/24 onwards.

30. In the meantime, departmental budget planning figures for Outcome Delivery Plan purposes have continued to be produced by the Council on a 3 yearly rolling basis to enable medium term planning. These include forecasts of government grant levels, loan charges, inflation and any major departmental expenditure pressures. The Council also publishes its updated higher level financial plans, including consideration of possible scenarios for the coming 6 years, as part of the Council budget process each year. These plans take into account economic forecasts and any medium/long term plans published by the Scottish Government.

31. The overview report notes that during 2020/21 all Councils faced uncertainty over future Covid funding and that this made 2021/22 budget preparations difficult. In setting its 2021/22 revenue budget East Renfrewshire published two sets of figures, showing our plans both excluding and including Covid funded items. In addition, the Council agreed to earmark around £2m of capital receipts to assist in meeting Covid pressures, should this be required. So far, we have not had to call on these earmarked funds, as the late Covid funding received in March 2021, after we had set our 2021/22 budget, was sufficient to cover the unfunded pandemic pressures faced in 2021/22 as well as those anticipated when setting the 2022/23 budget.

32. The financial pressures faced by East Renfrewshire in 2021/22 were in line with those listed in the overview report, i.e. recovery costs, pay/inflation, public demand, capital budget pressures and leisure trust finances.

33. The report states that, excluding Covid funding, Scottish Government revenue funding for Councils in 2021/22 again increased by 1.1% in real terms. This again includes new funding ring-fenced for Scottish Government initiatives such as early learning and childcare. If the 2020/21 non-recurring Covid funding is also included however, the settlement fell by 7.4% in real terms between 2020/21 and 2021/22.

34. The overview recommends that Councils monitor the position in relation to Covid pressures and revise medium and long term plans as the outlook becomes clearer. All Councils have a medium term financial plan, but the report notes that not all have a long term plan (more than 5 years). East Renfrewshire has both medium and long term financial plans in place and revises both annually, taking account of grant forecasts, service pressures, pay, inflation etc. This approach will help us to adjust our figures to recognise both the changing pandemic and wider economic situations. During the course of 2022/23 we will also consider whether we need to utilise any further fiscal flexibilities – specifically in relation to service concession (PFI/PPP) debt - to assist in addressing the forecast financial challenges.

35. The report also recognises that capital resources will be constrained in the next few years. This will impact on Councils' ability to invest in transformation, pandemic recovery and carbon reduction initiatives and to deliver local community priorities and Government policy commitments. Since the report was published the capital outlook has worsened, with rising inflation and staff and material shortages impacting on projects. East Renfrewshire has recently conducted a review and reprioritisation of its planned 2022/23 capital projects in order to remain within its approved capital allocations.

36. Publication of the Scottish Government's Resource Spending Review will help us as we update our medium and long term revenue plans but uncertainties will persist longer term in relation to the funding of economic recovery measures, business transformation, ongoing Covid pressures, carbon reduction initiatives and the proposed national care service. After publication of the spending review in summer 2022 the Council will review its financial plans and strategies to transform and reprioritise services and to deliver recurring savings that will balance future budgets.

37. The overview report recognises that this will be a major challenge, particularly as much of local Councils' grant funding is effectively "ring-fenced", reducing local Councils' flexibility in adjusting their budget plans. Scottish Parliament Information Centre (SPICE) figures confirm that specific grants grew from 2.7% of Councils' total revenue in 2018/19 to 6.6% in 2022/23. COSLA also regards funds transferred to local government from other Government portfolios as effectively ring-fenced and this produces a movement from 4.0% in 2018/19 to 17.9% of Council revenue in 2022/23. If "protected" service budgets such as teachers, HSCP and PFI/PPP are also factored in, COSLA has estimated that the restricted portion of local Council funding is around 60%. This will remain a contentious issue for the foreseeable future.

38. Further national overview reports will continue to consider these issues. The latest Scottish overview report reviews Councils' situations for 2021/22 and was published on 25 May 2022. This focusses on general issues facing Councils in addition to the financial challenges set out in the report considered above and a report will be brought back to this committee on the 2021/22 overview after the summer recess.

CONCLUSION

39. The report outlines the main financial issues facing Scottish Councils in 2020/21. Whilst East Renfrewshire is not specifically mentioned in the report, the issues raised are almost all relevant to the Council and it is clear that we will continue to face substantial and increasing financial challenges in future.

RECOMMENDATION

40. The Committee is asked to consider and note the contents of this report.

Margaret McCrossan, Head of Accountancy, 24 May 2022

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

23 June 2022

Report by Clerk

INTEGRATION JOINT BOARD PERFORMANCE AND AUDIT COMMITTEE -
INVITATION TO CO-OPT MEMBER OF AUDIT AND SCRUTINY COMMITTEE

PURPOSE OF REPORT

1. To seek the nomination of a Member of the Audit and Scrutiny Committee to serve as a co-opted member on the East Renfrewshire Integration Joint Board (IJB) Performance and Audit Committee and the nomination of a substitute.

RECOMMENDATION

2. It is recommended that the Committee:-
- (a) consider the nomination of a Member of the Committee to serve as a co-opted member on the IJB Performance and Audit Committee and the nomination of a substitute; and
 - (b) recommends to the Council that the nominations be approved.

REPORT

3. In September 2016 the Committee noted that the Integration Joint Board (IJB) Performance and Audit Committee was exploring the option of co-opting a member of the Council's Audit and Scrutiny Committee. Subsequently in November that year it was confirmed that the IJB had agreed to pursue this and clarified to the Committee that any related recommendation required to be submitted to the full Council for approval.

4. During the previous Administration, the Committee agreed that former Councillor Grant be appointed as the co-optee and that it be requested that Councillor Ireland be appointed as substitute. This was subsequently approved by the Council and the IJB.

5. Further to the Election and the appointment of Members to the Audit and Scrutiny Committee, the Committee is now invited to consider the nomination of one of its Members to serve as the co-opted member on the IJB Performance and Audit Committee and the nomination of a substitute.

RECOMMENDATION

6. It is recommended that the Committee:-
- (a) considers the nomination of a Member of the Committee to serve as a co-opted member on the IJB Performance and Audit Committee and the nomination of a substitute; and
 - (b) recommends to the Council that the nominations be approved.

Local Government (Access to Information) Act 1985

Report Author:- Linda Hutchison, Senior Committee Services Officer (577 8388)
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Background papers:-

- Report on Invitation to Co-opt Member of Audit and Scrutiny Committee onto Integration Joint Board Performance and Audit Committee (August 2017)

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

23 June 2022

Report by Clerk

AUDIT AND SCRUTINY COMMITTEE WORK PLAN, OUTCOME OF
SELF-EVALUATION AND RELATED ISSUES

PURPOSE OF REPORT

1. To comment on the operation of the Audit and Scrutiny Committee, its Work Plans and related issues; refer to a recent self-evaluation undertaken by the committee; and seek views on observations and recommendations arising from that review.

RECOMMENDATIONS

2. It is recommended that the committee:-
- (a) considers:-
 - (i) the proposals made regarding the specialisation arrangements operated by the committee for dealing with internal and external audit reports and inspection reports; and
 - (ii) otherwise, the recommendations and observations made arising from the self-evaluation recently completed by the committee;
 - (b) agrees that a special meeting of the committee takes place at 2.00pm on Wednesday, 26 October to allow the 2021/22 Annual Accounts, draft Annual Audit Report and related documents to be considered prior to their submission to the Council later that day;
 - (c) approves the draft 2022/23 Annual Work Plan, to the extent it has been developed thus far;
 - (d) agrees that the development of the 2022/23 Work Plan continue, with an update submitted to a future meeting;
 - (e) notes, further to (c) and (d) above, that Members of the committee will be invited, in due course, to consider issues on which they might wish the committee to progress work and provide related feedback to the Clerk with a view to proposals being considered at a future meeting;
 - (f) notes that progress made delivering the 2022/23 Work Plan will be reviewed and reported on in due course; and
 - (g) otherwise, notes the report.

BACKGROUND

3. The Audit and Scrutiny Committee operates within the context of guidance published by various bodies, including the Chartered Institute of Public Finance and Accountancy (CIPFA) which sets out basic requirements for such committees. The effectiveness of internal audit is considered to be enhanced by a properly functioning committee of this type and local authorities are expected to demonstrate compliance with audit committee principles to meet the requirements of good corporate governance. Members serving on the committee previously have acknowledged the importance of ensuring that it scrutinise issues objectively, independently and in a non-confrontational manner; focuses on improvement; adopts a 'critical friend' approach; and operates in the best interests of the Council as a whole as an important part of the control environment and in a way that satisfies Audit Scotland and other requirements.

4. The Council first established an Audit Committee in May 1999 when it approved new political management arrangements. Although the committee's work has been ongoing since then, in 2001 the Council considered if additional scrutiny mechanisms were necessary. Arising from that review an additional scrutiny body, the Policy Review Committee, was established to look primarily at policy related issues, meetings of which were convened until 2007. Following the local government Elections in 2007 a decision was taken not to reconvene that committee, following which the Council approved revised Terms of Reference for the Audit Committee, taking account of that decision and some views expressed by the committee itself. Following the 2012 local government Elections the committee recommended, and the Council agreed, that its name be changed to the Audit and Scrutiny Committee to better portray the extent of its role and its focus on both financial and non-financial matters.

5. Since 2017 there have been a range of more recent developments and issues the committee has dealt with as outlined below:-

Scrutiny Training

6. An Audit of Best Value in East Renfrewshire Council took place in 2017, the overall outcome of which was very positive. Following the 2017 Elections a range of induction training and development opportunities were made available to all Elected Members. Linked to that and a 2017 Best Value Assurance Review (BVAR) recommendation that Elected Members in the Council should take a more transparent and active role in scrutiny, a scrutiny training programme was also developed and offered in 2018 to all Elected Members, not just those serving on the committee. This included sessions on essential scrutiny skills, risk management, treasury management and the roles of internal and external audit.

7. Arising from a recent self-assessment the committee undertook earlier this year, which will be referred to in more depth later, the committee in place prior to the Elections encouraged those serving on it in future to take full advantage of such training and development opportunities. The committee, and some other Elected Members surveyed on induction arrangements, requested that the scrutiny programme commence earlier than after the 2017 Elections, which was fed back to the Members Induction Working Group and is already planned. Such a programme is being put in place again in the months ahead as part of the 2022/23 induction programme for all councillors, not only those serving on the committee, to help them discharge their responsibilities effectively.

Scrutiny and Evaluation Officer

8. A further development linked to the BVAR report and recommendation referred to above was that a Scrutiny and Evaluation Officer was appointed in 2019, following identification of some limited funding for this, who was in post for one year only until 31 March 2020. That Officer's remit included supporting the committee to undertake detailed reviews of

issues it agreed to pursue itself in a way that would not have been possible otherwise in view of the limited resources at the committee's disposal.

Guide to Scrutiny and Review

9. In advance of supporting two such detailed reviews which the committee pursued, the Scrutiny and Evaluation Officer supported, in consultation with others including the Chief Executive, the preparation of a *Guide to Scrutiny and Review* within the overall context of Best Value.

10. The Guide includes advice on good practice; what could be within and out with 'scope' for scrutiny reviews; questioning techniques; and selection and rejection criteria for reviews amongst other things. Following approval by the committee and subsequently the full Council in 2019, the *Guide* was distributed widely, including to all Elected Members. A copy of the current Guide is attached to this report (see **Appendix A**), having been reviewed recently just to ensure it and links within it remain fully up to date, including because in 2019 there were some further developments following its initial publication on how the committee might wish to prioritise issues for review as high, medium and low, reference to which is now included.

Annual Work Plans

11. The *Guide to Scrutiny and Review* proposed the development of annual Work Plans for the committee which have been prepared since 2019/20. These plans, which are considered live documents and evolve over the course of each year, such as to take account of decisions made by the committee, include reference to a range of recurring reports considered each year as referred to later in this report. Importantly, they assist the committee schedule and prioritise work, and provide transparency, openness and evidence of the Council's ongoing commitment to demonstrating Best Value and continuous improvement in the interests of local residents, customers and service users. Progress made is reviewed periodically by the committee. Copies of the completed Work Plans for 2019/20 to 2021/22 have already been circulated to members of the committee as part of a range of briefing material circulated by the Clerk.

12. Arising from the committee's self-evaluation, it was recommended that each year a copy of the Work Plan, on its completion, be put on the internet. Discussions on achieving this are underway.

Head of Accountancy (Chief Financial Officer)

13. A further recent development is that, since January 2019, the Head of Accountancy (Chief Financial Officer) has attended meetings of the committee as an advisor, which also provides a useful link to the Corporate Management Team. Like her, the Clerk to the Committee (the Senior Committee Services Officer) and Chief Internal Auditor attend all meetings or are represented at them.

COVID-19

14. COVID-19 has impacted on various aspects of the committee's work. Following the start of the related lock down in March 2020, which led to the cancellation of various formal meetings, the committee was amongst the first to be reconvened virtually using Teams prior to the summer recess that year. It continued to meet virtually after that, with some meeting dates rescheduled as required. Recordings of all the virtual meetings since then are available to view on the Council's YouTube Channel. The committee took interest in the Council's response to the pandemic following the publication of a related Guide by Audit Scotland, requesting feedback on a range of issues raised within it.

TERMS OF REFERENCE AND RELATED ISSUES

15. As approved by the Council in June 2021, during the remainder of 2022 the committee is scheduled to be convened at 2.00pm on the following dates:-

11 August
27 September
10 November

16. The Annual Accounts for both the Council's Charitable Trusts and the Council together with related external audit reports, including the draft Annual Audit Report for the Council, are normally considered by the committee in September before being considered by the full Council later the same day. Due to COVID-19, the statutory deadline for dealing with these issues and allowing the Accounts to be signed changed to the end of November in 2020 and 2021.

17. Regarding the 2021/22 Accounts etc., the external auditor has confirmed that the statutory deadline for these to be signed will be the end of October 2022, with the aim of local government audits returning to the normal September timeline from next year onwards. Taking account of this, it is proposed that this year these reports are considered at a special meeting of the committee at 2.00pm on Wednesday, 26 October following which they would be considered by the full Council meeting which is already scheduled to take place at 7.00pm that evening.

18. A report seeking approval of the full 2023 meetings calendar is to be prepared and submitted, if possible, to the full Council on 29 June this year. Although the exact dates the committee will be convened in 2023 remain to be confirmed, it is likely that prior to the summer 2023 recess these will be set in January, February, March, April and June.

Terms of Reference

19. The committee's Terms of Reference are listed in **Appendix 1** of the *Guide to Scrutiny and Review* (see **Appendix A**). Recommendations/observations (2) and (3) and some others, arising from the committee's recent self-evaluation (see **Appendix B**) reflect that the committee continues to value these highly. However it has been recommended that they be reviewed, including because they have not changed for some time.

Routine Issues

20. As reflected in its annual Work Plans, the committee considers many reports, arguably routinely, in accordance with its Terms of Reference. Although many are considered around the same time each year, the exact time can vary subject to circumstances. For example, COVID-19 impacted on this to a degree.

21. Reports considered annually include the following:-

- Internal Audit Strategic Plan
- Internal Audit Annual Report
- External Audit Annual Plan for East Renfrewshire
- Unaudited Annual Accounts
- East Renfrewshire Council Management Report (External Audit Report)
- Annual Accounts and a related Annual Audit Report to the Council
- Treasury Management Strategy
- Interim Treasury Management Report
- Annual Treasury Management Report

- Early retirement and redundancy costs
- Code of Corporate Governance
- Consultancy Expenditure and Related Log
- Managing Absence
- Fraud Response Statement – Managing Risk of Fraud and Corruption

22. Examples of other routine reports considered more frequently throughout the year include:-

- Chair's reports
- Quarterly progress reports on the implementation of the Internal Audit Plan
- Biannual reports on risk management and the Strategic Risk Register
- Reports on national external audit reports published on various issues

External and Internal Audit Reports etc. and Related Specialisation Arrangements

23. For information, the [East Renfrewshire External Audit Plan 2021/22](#), including the timetable for publishing related documents such as the Annual Audit Report for the Council for 2021/22, was noted by the committee in April 2022. Also for information, it has just been confirmed that the Auditor General and Accounts Commission have approved the appointments for audits for the financial years 2022/23 to 2026/27, securing the services of six firms to conduct audits alongside Audit Scotland. The external auditor for the Council for the audits for that period of time will be Ernst & Young, taking over from Audit Scotland.

24. The committee's recent report summarising its work from 2017-2022, which was circulated to Members recently, includes comments on its approach to dealing with national external audit reports such as those published by Audit Scotland; local ones prepared by the Council's external auditor; and internal audit reports prepared by the Council's Chief Auditor. A wide range of such reports are discussed by the committee during each year, at times leading to further scrutiny and/or assurances being sought.

25. The committee has always had access to internal audit reports, but detailed reports on specific audits have generally only been circulated or submitted to the committee on the request of its members, one exception being summary follow up audit reports prepared on each department which focus on outstanding recommendations across a number of audits which are always circulated. As for external audit reports, an area of particular interest has been the extent to which internal audit recommendations have been accepted and implemented or otherwise. However, the committee has adopted a risk-managed approach to this because it has regarded the Chief Auditor's regular progress reports, which overview the position on and outcome of a range of audits, and annual reports on the implementation of the Internal Audit Plan to be sufficient. Additional detail provided in these reports since 2018, on the findings of individual audits and the acceptance of related recommendations, has been welcomed.

26. This approach also reflects the strong confidence the committee had stated it has continued to have in internal audit, the fact that the Chief Auditor proactively draws attention to issues of note on specific work, and a conscious decision made by the committee for many years to focus its limited time where it feels it is needed most.

27. Regarding external audit reports and extending a practice established in 2005, during the most recent 5 years the committee has continued to receive reports on these, including related recommendations made within them, and the associated management response to them within the authority. The Clerk sends all members of the committee copies of the external audit reports of relevance to local government when published. More specifically, when the Chief Executive receives any such report, the Chief Auditor and Clerk are notified of this and which director is leading on consideration of it. This allows the Clerk to ask the

director concerned to prepare and submit to the committee detailed comments on how the Council is placed against the national picture.

28. In the past, by exception when considered necessary, senior officers have been invited to attend the committee when the feedback on such external audit reports is discussed. However self-evaluation Recommendation/Observation (43)(see **Appendix B**) recommends that the new committee consider if they wish to invite appropriate senior officers to attend more of its meetings, at least more than before, to answer questions on external audit issues etc. when local feedback is considered.

29. To enable the committee's workload to be managed efficiently, effectively and fairly by its members, since June 2010 the committee has had in place its own specialisation arrangements and procedures for dealing with internal and external audit reports. Since then members of the committee, working in pairs and specialising in specific service areas as agreed by the committee, have reviewed various reports in detail, including implementation of related action plans. This is done in discussion with officers to the extent they consider appropriate.

30. Although very few changes have been made to these arrangements they remained subject to review if necessary and were largely based on departmental (and associated director) responsibilities, with arrangements having also been put in place to deal with reports on corporate issues and those regarded as having a more Council-wide focus. More specifically, when a report relates to a corporate issue which cuts across several departments and lead responsibility for that lies with a specific director (e.g. equality issues), responsibility for reviewing the document has fallen to the members of the committee who usually dealt with the department with which corporate responsibility for the issue rested. Reports regarded as more Council-wide in focus (e.g. Audit Scotland reports on an *Overview of Local Government in Scotland*) have been dealt with by the Chair and Vice-Chair in liaison with other committee members as they consider appropriate. Administrative arrangements to enable Members to provide feedback to the Clerk on action they considered required on reports are in place.

31. The arrangements in place prior to the 2022 Elections are reflected in the Table below

2017-22 SPECIALISATION ARRANGEMENTS

	Reports with Council-Wide Focus	Business Partnerships and Operations Dept.	Chief Exec's Office	Environ't Dept.	HSCP	Educ'n Dept.
Chair	√			√		
Vice-Chair	√			√		
Member 3		√				√
Member 4		√				√
Member 5			√		√	
Member 6			√			
Member 7					√	

32. For a number of years the committee has also welcomed reviewing, under its specialisation arrangements, some external inspection reports prepared on Council services. These would be the subject of a report to the committee, by exception, if felt necessary by its members. Self-evaluation Recommendation/Observation (44)(see **Appendix B**) comments that notification of the publication of these to the Clerk can be sporadic, and that it is not fully clear therefore if the Clerk has been alerted to the publication of all such reports. To address this, it is suggested that the Clerk email departments, on a 6-monthly basis routinely,

requesting notification of all inspection reports published in the previous 6 months to help ensure all are received and to allow them to be reviewed more timeously.

33. Self-evaluation Recommendation/Observation (41)(see **Appendix B**) suggests it may be worth considering specialisation responsibilities resting with individual members of the committee, rather than pairs, to help ensure no dubiety exists about who is responsible for leading a review of a report or providing feedback. It is suggested that the committee consider its general view on this proposal at its first meeting in June and, subject to the outcome of discussions and further consultation with Members on which remits they would be interested in pursuing, specific remits be agreed in August.

34. Other recommendations made on such reports (See **Appendix B (40)-(46)**) include asking the Clerk to highlight more clearly potential questions on issues provided in some national external audit reports; and encouraging Elected Members to complete and return any related pro-formas they are requested to complete to the Clerk sooner than they have been.

Cabinet Decisions Called-In for Consideration by Committee Prior to Implementation

35. Under the most recent call-in arrangements approved by the Council in 2009, the committee deals with the scrutiny of some Cabinet decisions which are called-in for consideration prior to implementation, other than those where a valid request is made for delegated powers not to be exercised by the Cabinet and for a Cabinet decision to be deferred to the full Council for determination. The most recent arrangements were approved following a review of the timing of the provision of information on Cabinet reports to all Elected Members to try to facilitate ways of resolving issues prior to them becoming the subject of the lengthy and resource intensive call-in process. Unlike prior to 2009, reasons for decisions being called-in, and an alternative proposal to that agreed by the Cabinet, now have to be specified by Members from the outset, and only the lead signatory of the call-in is invited to attend the Audit and Scrutiny Committee meeting to put forward the case for calling-in a decision.

36. Appropriate officers and the Convener with responsibility for the Cabinet report in question continue to be invited to attend the committee meeting when called-in decisions are being considered and discussed. Sometimes these discussions take place at scheduled meetings, but special meetings can require to be convened at other times.

AUDIT AND SCRUTINY COMMITTEE SELF-EVALUATION

37. The committee has always aimed to ensure it performs a valuable scrutiny function within the Council and has therefore completed a self-evaluation periodically, including in late 2021/early 2022. It is recommended that audit committees review their effectiveness as often as annually. The committee's view has always been that periodic self-evaluations are useful, such as for analysing performance, enhancing practices, and identifying how the work of the internal audit service can be supported for example. However doing this as frequently as annually has never been considered by it a necessary or efficient use of its limited time.

38. For the most recent review, instead of using a self-assessment tool developed by the Audit Committee Institute (ACI) as in 2012 and 2017, tools made available by the Chartered Institute of Public Finance and Accountancy (CIPFA) were used instead on what is accepted as best practice for local authority audit committees. A copy of the detailed report prepared on the self-evaluation, completed over a number of months, is accessible through this link [Self-Evaluation etc.](#) More detailed information on the assessment is available from the Clerk.

39. On the basis of the outcome of the self-evaluation, a list of observations, and recommendations on matters where room for some improvement was considered to exist, in the previous committee's view (O/Rs), listed under various categories as follows, was prepared:-

- General issues, Committee's Terms of Reference and Related Matters, Including its Approach and Understanding of its Role in the Council (O/Rs (1)-(8))
- Call-in Arrangements (O/R (9))
- Learning and Development and Related Issues (O/R (10)-(15))
- Guide to Scrutiny and Review (O/Rs (16)-(17))
- Committee's Annual Work Plans and Annual Report (O/Rs (18)-(20))
- Detailed Investigations Undertaken by Committee (O/Rs (21)-(23))
- Governance and Control (O/Rs (24)-(30))
- Role of Chair and Related Knowledge and Skills (O/Rs (31)-(33))
- Sources of Guidance and Support (O/Rs (34)-(39))
- Committee's Specialisation Arrangements – Audit Reports Etc. (O/Rs (40)-(46))
- Ethical Issues (O/Rs (47)-(50))
- Scrutiny Effectiveness (O/Rs (51)-(53))
- Performance of Committee - Self-Assessment and Holding Committee to Account Etc. (O/Rs (54)-(57))
- Communication (O/Rs (58)-(60))

40. Some of these have already been commented on in a little detail in this report. As it was hoped that future Members of the committee and officers would reflect on these, the committee is invited to discuss the recommendations and observations made. More specifically, where recommendations or suggestions have been made, the committee is invited to confirm if there are any that are not supported. Given the nature of some of those made, some have been, or are already in the process of being, acted upon.

2022/23 WORK PLAN AND RELATED ISSUES

41. Further to previous comments on the committee's Work Plans and related issues, in April the committee considered a report which included reference to performance against its [2021-22 Work Plan](#). As stated before, amongst other things, such Plans help the committee to schedule and prioritise work, and provide transparency, openness and evidence of the Council's ongoing commitment to demonstrating Best Value and continuous improvement.

42. This report presents a draft Work Plan for 2022/23 for consideration, to the extent it has been possible to develop it thus far (see **Appendix C**). As usual, it includes reference to the various recurring reports routinely submitted and takes account of national and local external audit reports which have been or are being published to the extent the position is clear at present. It will be updated further, in due course, as appropriate. As for previous Plans, it should be regarded as a 'live' document. Therefore, moving forward, it and future Plans will include reference to specific areas on which the committee wishes to focus a little or more of its time, including any more detailed work which may be pursued in due course. It is also proposed that the committee agrees that its development be kept under review, taking account, amongst other things, that the Scrutiny and Evaluation Officer who supported the delivery of some in-depth work which formed part of the committee's 2019/20 Work Plan is a resource that is no longer available.

43. Notes at the end of the Plan, provide an update on a few issues that remained outstanding at the end of the previous Administration or may be of interest. These can be discussed further when appropriate.

44. This report and related ones, including the one circulated on the committee's work between 2017 and 2022, demonstrate that opportunities for the committee to consider, in-depth or otherwise, issues and performance are wide-ranging. It is important to emphasise that the work of the Council's scrutiny committee, which operates independently of specific front line services and has a role to challenge issues constructively, should ideally be driven by Members themselves. Whilst officers can support and assist, the committee gives Members opportunities to suggest and prioritise which issues are of particular interest or require particular attention, scrutiny and examination in their view, taking account of the advice within the *Guide to Scrutiny and Review*.

45. Regarding issues explored in more depth, as the *Guide* reflects, key challenges are considering information and evidence from a variety of internal or external sources to help prepare comments and draw conclusions together coherently in a report, and presenting reasoned arguments and realistic and achievable recommendations. Copies of reports prepared on previous more in-depth work are available from the Clerk on request. It is worth noting that it remains an option at any time for the committee to review the outcome of a previous investigation, such as to establish the extent to which recommendations made and approved by the Cabinet were implemented and/or are operating as intended, this being one issue commented on in the committee's self-evaluation findings attached to this report (see **Appendix C (21)-(23)**).

46. Regarding the committee's relationship with the Cabinet, the committee has concluded in the past that generally there is no need to invite the Cabinet Convener with responsibility for a service under detailed examination to attend its meetings or to ask the Convener concerned to comment on proceedings, but that this could be merited on occasion. However the committee's view has always been that it is courteous to inform the relevant Convener(s) that an issue is being investigated in-depth and that they may attend the committee should they wish. More generally, given the extensive distribution of committee papers and Minutes to Elected Members and as the committee submits recommendations to the Cabinet following any detailed investigation, it has not generally been felt that any additional action is required to apprise the Cabinet of the committee's deliberations.

47. In due course with a view to a report being prepared and submitted to a future meeting, the Clerk will invite Members to reflect on the comments above and start to consider their views on potential issues they may wish to examine in-depth or otherwise. Particularly regarding in-depth work, taking account of the committee's overall workload and resources, as in the past, investigations would require to be limited in number and undertaken sequentially.

CONCLUSION

48. This reports comments on the operation of the Audit and Scrutiny Committee, its Work Plans and related issues. It also refers to the outcome of the recent self-evaluation undertaken by the committee, seeking views on issues as specified in the observations and recommendations arising from that work.

RECOMMENDATIONS

49. It is recommended that the committee:-

(a) considers:-

(i) the proposals made regarding the specialisation arrangements operated by the committee for dealing with internal and external audit reports and inspection reports; and

- (ii) otherwise, the recommendations and observations made arising from the self-evaluation recently completed by the committee;
- (b) agrees that a special meeting of the committee takes place at 2.00pm on Wednesday, 26 October to allow the 2021/22 Annual Accounts, draft Annual Audit Report and related documents to be considered prior to their submission to the Council later that day;
- (c) approves the draft 2022/23 Annual Work Plan, to the extent it has been developed thus far;
- (d) agrees that the development of the 2022/23 Work Plan continue, with an update submitted to a future meeting;
- (e) notes, further to (c) and (d) above, that Members of the committee will be invited, in due course, to consider issues on which they might wish the committee to progress work and provide related feedback to the Clerk with a view to proposals being considered at a future meeting;
- (f) notes that progress made delivering the 2022/23 Work Plan will be reviewed and reported on in due course; and
- (g) otherwise, notes the report.

Local Government (Access to Information) Act 1985

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Background Papers:-

1. Reports on Work Progressed by Audit and Scrutiny Committee between 2017 and 2022 and Related Self-Evaluation
2. Reports on Guide to Scrutiny and Review
3. External Audit Plan



EAST RENFREWSHIRE COUNCIL

Guide to Scrutiny and Review

Updated June 2022

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INTRODUCTION

The advice provided in this *Guide to Scrutiny and Review* is primarily for members of the Audit and Scrutiny Committee to help them undertake robust scrutiny, but will also be useful to all Elected Members whose role as a Council, Cabinet or Committee member involves scrutiny.

Good scrutiny plays an important part in demonstrating good governance and ensuring public confidence in Scotland's councils. As highlighted by the Improvement Service (IS), "*the overall objective of scrutiny is improvement*" and it is "*less about the activities that services undertake than it is about the outcomes they deliver.*" The IS highlights the importance of this function in the face of reducing resources, considering it an investment in improvement.

Scrutiny can be undertaken as part of the ongoing operations of the Council, through meetings of the Council, Cabinet, and the Committees and Boards which have a scrutiny function e.g. scrutiny of performance, scrutiny of proposed policies, and scrutiny of the effectiveness of policies. The convention which has been followed within East Renfrewshire Council is for reports on investigations by the Audit and Scrutiny Committee to be recommended for consideration and approval to the Cabinet. This helps to ensure that there is separation of roles between the two bodies and minimises the risk of any overlap in terms of scrutiny. An area of scrutiny could also include an integrated team, and as a result, may involve wider scrutiny and engagement with another body such as the Health Board.

The Council's Scheme of Administration specifies issues for which each of the Council's main bodies, including the Council itself, are responsible. The Audit and Scrutiny Committee has an audit and scrutiny role and its full remit (see Appendix 1) covers both financial and non-financial performance. In relation to financial controls, these are covered by the role of the Chief Auditor. The committee's remit includes for example: promoting internal controls; reviewing the control environment; developing an anti-fraud culture; promoting good financial practice; agreeing the internal audit strategy; reviewing internal and external audit reports; and considering some decisions made by the Cabinet that are called in for scrutiny. Its remit also includes other aspects of scrutiny i.e. "*to review the performance of the Council in terms of:-*

- *service delivery*
- *the processes by which policy decisions have been taken*
- *the substance of a particular policy and how it fits in with the overall objectives of the Council*
- *the effectiveness of a policy in terms of implementation*"

When conducting reviews, the Audit and Scrutiny Committee may refer to concerns which they have about performance in the reports that they prepare and submit to Cabinet. Scrutiny can also be undertaken externally. For Scottish councils, the work of external scrutiny bodies is coordinated and results in an annual Local Scrutiny Plan. The plan is based on a Shared Risk Assessment undertaken by the Local Area Network (LAN) of external scrutiny bodies, such as Audit Scotland, the Care Inspectorate, Education Scotland and the Scottish Housing Regulator. The LAN brings together such bodies with the aim of improving the coordination of strategic scrutiny activity amongst them.

This *Guide to Scrutiny and Review* has been prepared in the overall context of Best Value in the Council. It complements the wide range of guidance already available to all Members on scrutiny, including documents published by the IS. These documents are accessible on the Councillors' intranet pages but are also available through the following link ([Improvement Service Guide on Scrutiny](#)).

The *Guide* includes advice on good practice on scrutiny; what could be within and outwith 'scope' for scrutiny reviews; questioning techniques, and considers selection and rejection criteria for reviews. It also comments on critical success factors as well as providing links to other documents that already exist, such as on performance. Finally, it refers to the preparation of an annual work plan for the Audit and Scrutiny Committee.

1. WHY IS SCRUTINY IMPORTANT

Under the Local Government (Scotland Act) 2003, Councils have a statutory duty to make arrangements to secure Best Value, which requires them to:-

- Work with their partners to identify a clear set of priorities that respond to the needs of their local communities
- Make arrangements to deliver those priorities
- Demonstrate they are meeting their community's needs
- Operate in a way that drives continuous improvement in its activities

To be successful, the approach adopted to scrutiny should take all such issues into account, and help embed the principles of Best Value and related good practice criteria set out by Audit Scotland, including, for example, Best Value 'Toolkits'.

Four principles have been developed by the Centre for Public Scrutiny which it argues should underpin Councils' approaches to scrutiny. It should:-

- Provide a 'critical friend' challenge to executive policy-makers and decision makers
- Reflect the voice and concerns of the public
- Be carried out by 'independent minded governors' who lead and own the scrutiny role
- Drive improvement in public services

Critical success factors of effective scrutiny in the Council, such as those to be used by the Audit and Scrutiny Committee, include that:-

- Reviews should be undertaken within the overall context of Best Value
- Reviews should demonstrate clear links to the strategic priority areas of the Community Plan and the Council's strategy Vision for the Future
- Reviews should be undertaken in a spirit of mutual respect

Objectives for scrutiny would include:-

- Management of risk
- Improved working practices
- Improved service delivery
- Securing financial savings and other efficiencies
- Identifying opportunities for further exploration

2. WHAT SHOULD BE SCRUTINISED

This guidance, which is meant to be advisory and not prescriptive, has been produced to help Elected Members initially identify topics, and progress related work, which could be the subject of scrutiny and review evaluations.

The selection of topics for review by the committee is an ongoing matter. Examples of the types of initial questions Elected Members may wish to ask themselves, when considering what might be useful to look at in more depth, are as follows:-

How would scrutiny benefit East Renfrewshire residents?

Do performance indicators suggest an area should be reviewed?

How would scrutiny add value (e.g. improve service delivery)?

Would scrutiny help deliver savings or efficiencies?

Would work the Council does in partnership with other organisations merit review?

Has a risk or issue been highlighted in an audit report?

Potential Selection/Rejection Criteria

To avoid poor topic selection, an objective and structured approach to determining which potential topics should be subject to detailed scrutiny and review can help. Potential selection and rejection criteria are provided in the following table. The selection criteria is not a check-list requiring all of the selection criteria having to be met for a single investigation:-

Selection Criteria	Rejection Criteria
Policy to be reviewed has been implemented for at least one year	Policy to be reviewed has been implemented within the last year
A policy gap has been identified	Policy is in place or is planned for a service
To help focus on all areas of service, preferably the area concerned has not been the subject of a scrutiny review in the past year	The area of service concerned has been the subject of a scrutiny review in the past year, or scrutiny has been carried out by another committee
Area of review would add value to one or more of the 5 strategic outcomes of the Community Plan	Review would not meet the Community Plan outcomes
The review will benefit residents of East Renfrewshire, customers & service users	The review will impact upon too few residents, customers & service users
Performance data suggests the need for a review	Performance data suggests that the service is being delivered well
Scrutiny could add value to how the Council conducts its operations	The subject has too narrow a focus and would have limited impact
Scrutiny could deliver savings/efficiencies	Anticipated savings/efficiencies are not of a sufficient level to justify selection
There is scope for a revised service delivery model	The topic is already under review
The review is in response to concerns of residents or stakeholders (e.g. through public consultations, representative groups and forums, Council surgeries and the complaints process)	The issue has already been responded to in the recent past
It would be a valid topic for detailed review by Elected Members	It would be more appropriate for scrutiny of the issue to be done by another body aligned to the Council
The issue is in response to an identified risk (e.g. from the Strategic Risk Register, or the Local Scrutiny Plan)	The risk is already being addressed, or is programmed for attention
The selection of the area of review has been made on a non-partisan basis	The area of review selected may be regarded as overtly political

As a further aid to elected Members, where a review area meets the selection criteria, a priority rating can be used to allow for scheduling of review work, using the following scale:-

Priority 1: High (A review is required: work to be scheduled to commence following completion of latest review on list)

Priority 2: Medium (A review is required: timing of commencement of work to be considered to achieve optimum outcomes)

Priority 3: Low (Area suitable for a review, although not in the immediate future: however, area to remain under observation)

Potential Topics

To help the committee determine what detailed scrutiny and evaluation work it wishes to include in its annual work plan, a list of examples of potential topics has been prepared (See Appendix 2). The list includes policy areas discussed previously by the Cabinet, Council etc. over the past 5 years or so. A further list has also been provided (See Appendix 3) of topics which have been the subject of audit/scrutiny reviews by some selected local authorities in Scotland and England, the majority of which also have Cabinet systems.

Performance Information

When topics for detailed scrutiny and evaluation reviews are being selected and carried out, a review of performance information can be valuable. In general terms though, performance information is provided as one of a number of ways to assess how well, or how efficiently, a service is being delivered. Comparing performance or financial information about a service from one period or year to another can then be used as a basis for asking further questions.

The Annual Public Performance Report provides a summary of Council and Community Planning Partnership (CPP) Performance, and is closely linked to the *Council's Strategy – Vision for the Future*, which sets out the vision to be “*a modern, ambitious council creating a fairer future with all*”. Key activities covered include Early years; Learning health and wellbeing; Employment and training; Economy and environment; Living in East Renfrewshire; Safe supportive communities; Older years; Customer efficiency; People; and Looking ahead to the future. The performance reports can be viewed by year, and by service area, through the following link: www.eastrenfrewshire.gov.uk/performance

The Cabinet also receives strategic mid-year and end of year performance reports, which provide a summary of CPP and Council performance as set out in the Outcome Delivery Plan 2021 – 2024 (ODP) (www.eastrenfrewshire.gov.uk/programmes-and-plans) highlighting performance that is both good and off-target. Access to a wide range of performance data available is accessible through the following link: www.eastrenfrewshire.gov.uk/performance

The performance of the Council can be compared to that of other similar councils (our family group) using the Local Government Benchmarking Framework. Further information on the Local Government Benchmarking Framework can be found on the Improvement Service website: www.improvementservice.org.uk/benchmarking/

The Citizens Panel is another way in which the Council listens to the views of local residents to help make decisions on how best to improve services and to inform policies. Self-awareness of the Council's performance is an important part of scrutiny and evaluation.

Developing the Committee’s Work Plan

To help the Audit and Scrutiny Committee schedule and prioritise its scrutiny and evaluation review work over the course of each year, an annual work plan should be developed and agreed. This will help to provide transparency, openness and evidence of the Council’s ongoing commitment to demonstrating Best Value, and continuous improvement, in the interests of local residents, customers and service users in accordance with the strategic priorities and outcomes of the Community Plan; Vision for the Future (Corporate Plan); and ODP 2021-2024

The work plan would effectively be a ‘live’ document, as items could be moved, or added as appropriate. It is intended that the work plan will be extended to include specific areas identified by the Audit and Scrutiny Committee for a scrutiny and evaluation investigation. The format of the committee’s work plan, and related updates on progress, should follow the same model adopted for the Cabinet work plan, a template for which is provided below:-

**Audit and Scrutiny Committee
Scrutiny and Evaluation Work Plan**

Planned Report Date (Month)	Report Subject	Report by	Date Considered by Audit & Scrutiny Committee

4. HOW DO WE CARRY OUT SCRUTINY

General Comments

A scrutiny and review evaluation might assess a Council policy or service activity to determine how well the policy is being implemented, the effectiveness of the service being delivered, or if value for money is being achieved. Alternatively, the evaluation could focus on the delivery of a specific project.

Arguably the more information sources that are used and reviewed the better equipped Members will be to form a more rounded picture of the issue under scrutiny. Irrespective of the extent to which that is pursued, a well-planned and structured approach is essential.

Timescale of Reviews

An individual review is likely to involve a number of stages. After the topic is selected and the scope of the work is determined, evidence requirements will need to be identified and related discussions will be required to allow conclusions to be drawn, and a related report and recommendations to be prepared on the committee's behalf such as for the Cabinet.

Ideally, reviews should be conducted over a set timescale, which would usually be 2 to 3 formal meetings of the committee to allow detailed discussions to take place and information to be requested and provided. However to ensure this timescale is met, a lot of the detailed work is likely to take place between formal meetings. A flowchart diagram is provided as Appendix 4 to the Guide, showing the different stages of a scrutiny and review investigation.

Gathering Information

In terms of the detailed work progressed and the gathering of evidence, techniques for gathering information that could form part of the scrutiny and review evaluation could include:-

- Discussion with partner organisations, other stakeholders and customers
- Visits to facilities to gain 'first hand' experience of the policy or service under review
- Interviews with officers and others and taking of evidence from them
- Gathering information from other sources external to the authority, such as from other local authorities directly, or through the Local Government Benchmarking Framework, the Improvement Service, or the Convention of Scottish Local Authorities (COSLA) for example

Detailed Framework for Review

Initially a topic may be quite loosely defined and to enable it to be prioritised appropriately, it may need to be defined more tightly. However, if it is selected for detailed review, further clarification is likely to be needed on a range of issues, not least of all what is within and outwith scope. Appendix 5 to this Guide suggests a framework that could be followed for agreeing the precise scope and terms of reference for a scrutiny and evaluation review, and how it could be carried out, which Elected Members may like to consider following.

It includes:-

- Considering the background to a review
- Setting objectives
- Defining the scope of work

- Outlining the precise approach to be adopted
- Considering evidence requirements
- Determining with whom discussions should take place
- Confirming the timescale for the whole review and related aspects of work

Conduct at Scrutiny Meetings

Following on from comments at the start of this guide on the principles of effective scrutiny, it is considered essential that all parties involved in reviews approach them from a standpoint of mutual respect and on a non-partisan basis from the outset. This has been highlighted by the committee itself on more than one occasion since its establishment since 1999. Key points which the Audit and Scrutiny Committee itself has highlighted as important before, are summarised below:-

- Conduct at meetings, including when detailed investigations are being progressed, is governed by the Council's Standing Orders
- Members and officers attending meetings are always expected to ensure that they are adhering to their Code of Conduct
- Everyone attending a meeting is expected to respect the Chair's direction and to act in a proper and reasonable manner
- It is considered important that the committee establishes as informal an atmosphere as possible, pursuing questioning which is fair and impersonal
- Before attending any meetings, whether formal or informal, those invited to attend will be advised of the subject, purpose and direction of any enquiry in progress and how they may be expected to assist
- The committee has no powers to censure or discipline; the committee's primary interest is not to apportion blame but, through its endeavours, to seek improvement in the Council's quest for Best Value, minimisation of risk and demonstration of continuous improvement
- The committee will be happy for those attending meetings to ask appropriate questions if they feel that any matter needs to be expanded on or explained further
- Where appropriate, any individual invited to attend a meeting (such as when a detailed investigation is being progressed) may be accompanied by an adviser or supporter to assist them with their responses to questions
- Those attending meetings may bring with them any reference materials, overheads or printed information they consider necessary to present, subject to discussion with the Clerk beforehand

The Chair has a key role in ensuring that the above principles are adhered to; that the committee undertakes its role as fairly as possible; that evidence and everyone's contributions are heard, considered and respected; that all meetings operate in a courteous and constructive manner; and ensuring that the committee operates on a non-partisan basis.

Getting Value from Questions

It is almost inevitable that at least some of those who engage with the Audit and Scrutiny Committee during a detailed review, or more generally, may be doing so for the first time. Some could find that prospect daunting, even if that is not intended to be the case.

The IS guidance emphasises the importance, not only of putting people at ease who are engaging with such committees and ensuring their views are fully understood, but also of approaching questioning in a way that is sensitive and enables information to be drawn out as intended.

As well as emphasising the importance of balancing good rapport with the need to discuss issues and receive required answers, the IS guide on scrutiny also suggests that it is prudent, before any questions are asked, to do some research to help ensure questions are targeted effectively and then gauge if answers provided are sufficiently informative.

It also highlights that, if there is a wish to secure useful information, it is counterproductive for questions to be confrontational.

Whatever approach is adopted, it would be good practice to ensure that all those who interface with the committee are made aware of the scope of the review, why it is considered important to speak to them, and to ensure that they are given sufficient notice of the date and time of any meeting they are invited to attend.

Examples and guidance are provided below.

- Some forms of questions (e.g. open questions) can be more useful to use than others which are better avoided
- Repeating key words can encourage fuller replies
- Allow respondents time to consider their reply
- Use plain language rather than jargon whenever possible
- Considering what questions are to be asked before meetings, what order they should be asked in, and who should ask them, is useful
- Letting people know in advance the main questions to be posed (it is acknowledged that this may not necessarily be a restrictive list) and the outline of the issues the review is intended to cover, helps ensure they can both prepare for and answer them

Useful Types of Questions

Open and Probing Questions

Such questions:-

- Start with what, how, why, when etc.,
- Encourage people to provide more detail
- Are useful for seeking detailed feedback
- Can be useful to seek verifiable data

Examples

What impact has the new legislation had?

How are you intending to?

Can you explain what happens when.....?

You said that your service had not done (A) in the past, could you tell me more about that?

Behavioural Questions

Such questions:-

- Can be useful when seeking evidence on how a task might be done in future using examples of what has been done in the past
- Can be useful to seek verifiable data

Examples

What have you done in the past that worked well?

How do you know that worked well before?

Hypothetical Questions

Such questions:-

- Are useful for testing ideas
- Can be useful for seeking evidence

Examples

If it was possible to (A), how would that impact on the way the service is delivered?

If you had another type of vehicle, could you.....?

Less Useful Types of Questions

Closed Questions

Such questions:-

- May be useful when a short, factual answer is required
- Are not good to use when more detail is being sought

Examples

When did the service end?

How long has the policy been in place?

When was the (A) policy last reviewed?

Leading Questions

Such questions:-

- Suggest that a question is expected to be answered a particular way
- Are unlikely to yield genuine answers
- Make it harder for a respondent to answer candidly and honestly

Examples

It is already known that (A) is the most successful approach, what do you think?

It is obvious that there is only one option going forward, do you agree?

I support Option A, as it seem the only sensible thing to do, what are your thoughts?

Double Headed Questions

Such questions:-

- Ask more than one question at a time
- Can be confusing
- May result in only one part of a question being answered, when all parts of it are valid

Examples

If your service was given responsibility for (A), how many staff would be required and what would it cost?

Could (A) be done through Customer First, what impact would that have, would there be any problems with that and are there any reasons why that cannot be done?

Multiple Choice Questions

Such questions:-

- Suggest a number of answers are possible
- Do not really ask for any real explanation

Examples

Do you think A, B or C is the best approach in future?

7. CONCLUSION

This guide is intended to be a helpful aid to Elected Members, particularly members of the Audit and Scrutiny Committee who are involved in reviewing aspects of policy or service. As a matter of good practice, it also comments that it would be useful for the committee to consider and agree an annual work plan. The guide can be updated as required, including in the light of practical experience of review work, such as that progressed by the Audit and Scrutiny Committee, and any other relevant developments, including the publication of any new advice on scrutiny.

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Audit and Scrutiny Committee Terms of Reference

- (a) to promote internal controls, financial and otherwise, in order to provide reasonable assurance of effective and efficient operations and compliance with laws and regulations;
- (b) to review the control environment and make an annual statement to the Council on its evaluation of internal controls;
- (c) to develop an anti-fraud culture within the Council to ensure the highest standards of probity and public accountability;
- (d) to promote good financial practice within the Council;
- (e) to agree the internal audit strategy and plan;
- (f) to receive internal audit progress reports;
- (g) to oversee and review action taken on internal audit recommendations and assist in responding to any criticisms made;
- (h) to review the internal audit annual report;
- (i) to be consulted on the external audit strategy and plan;
- (j) to review all external audit material, in particular the annual report and management letters relative to the audit opinion of the Council's financial statements;
- (k) to oversee and review action on external audit recommendations;
- (l) to review financial procedures including the effective operation of financial regulations;
- (m) to review the Council's financial performance as contained in the Annual Accounts;
- (n) to examine the activities and accounts of the Council in order to ensure that (a) the expenditure approved by the Council has been incurred for the purposes intended, (b) services are being provided efficiently and effectively and (c) value for money is being obtained;
- (o) to consider those decisions of the Cabinet "called in" in terms of agreed procedure;
- (p) to make recommendations to the Cabinet on the introduction and development of appropriate risk management arrangements across the Council;
- (q) to review the performance of the Council in terms of:-
 - service delivery
 - the processes by which policy decisions have been taken
 - the substance of a particular policy and how it fits in with the overall objectives of the Council
 - the effectiveness of a policy in terms of implementation
- (r) to undertake whatever research and consultation is required in support of the analysis being undertaken on any particular issue.

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Examples of Policies/Strategies Discussed in Past 5 Years by Cabinet/Council etc.

<p><i>Policy/Strategy Areas (General)</i> Anti-fraud and Bribery Strategy Community Choices Budgeting Community Empowerment (Scotland) Act 2015 Community Plan (including Fairer East Ren) Community Transport Corporate Debt and Rent Arrears Policies Framework for Participation Requests Funding for Community & Voluntary Groups Procurement Strategy and Improvement Plan Unacceptable Actions by Customers Policy Vision for the Future</p>
<p><i>Operational</i> Anti-Money Laundering Plan Benchmarking Charging for Services Data Protection Policy Mobile Device Policy</p>
<p><i>Partnerships</i> City Deal Review East Renfrewshire Renewable Energy Fund SPT/Bus Deregulation</p>
<p><i>Asset Management</i> Corporate Asset Management & Planning Environment Asset Management Fleet Asset Management Plan Housing Asset Management ICT Asset Management Plan Open Space Asset Management Plan Property Asset Management</p>
<p><i>Workforce Management</i> Equality Mainstreaming, Human Rights & Fulfilling Equality Duties Modern Apprenticeships (Council Employees) Workforce Planning</p>

Environmental/Energy Efficiency

Employability Strategy & Action Plan
 Environment Sustainability Strategy & Action Plan
 Local Transport Strategy & Active Travel Plan for East Renfrewshire
 Energy Efficiency Measures – Capital Investment
 Kerbside Recycling Service
 Roads Revenue Works Programme
 Winter Maintenance Arrangements

Education

Advancing Excellence & Equity in Education in East Renfrewshire
 Anti-bullying Policy
 Community Learning and Development
 Devolved School Management Carry Forward Arrangements
 Developing Young Workforce in East Renfrewshire
 Early Learning and Childcare Strategy
 Language Learning Policy in East Renfrewshire based on A 1+2 Approach
 Literacy Strategy
 Vocational Education in East Renfrewshire Schools
 Young Persons Services

Housing

Discretionary Housing Payments
 Homeless Households (e.g. Leasing Temporary Accommodation in Private Sector,
 Elimination of Use of Bed & Breakfast Accommodation & Rough Sleeping)
 Housing Allocation Policy & Implementation of Choice Based Letting
 Housing - Delivering Improvement to East Renfrewshire
 Housing - Local Strategy & Investment
 Housing Services - Customer Engagement Strategy
 Rent Arrears and Write-off Policy
 Sheltered Housing Issues

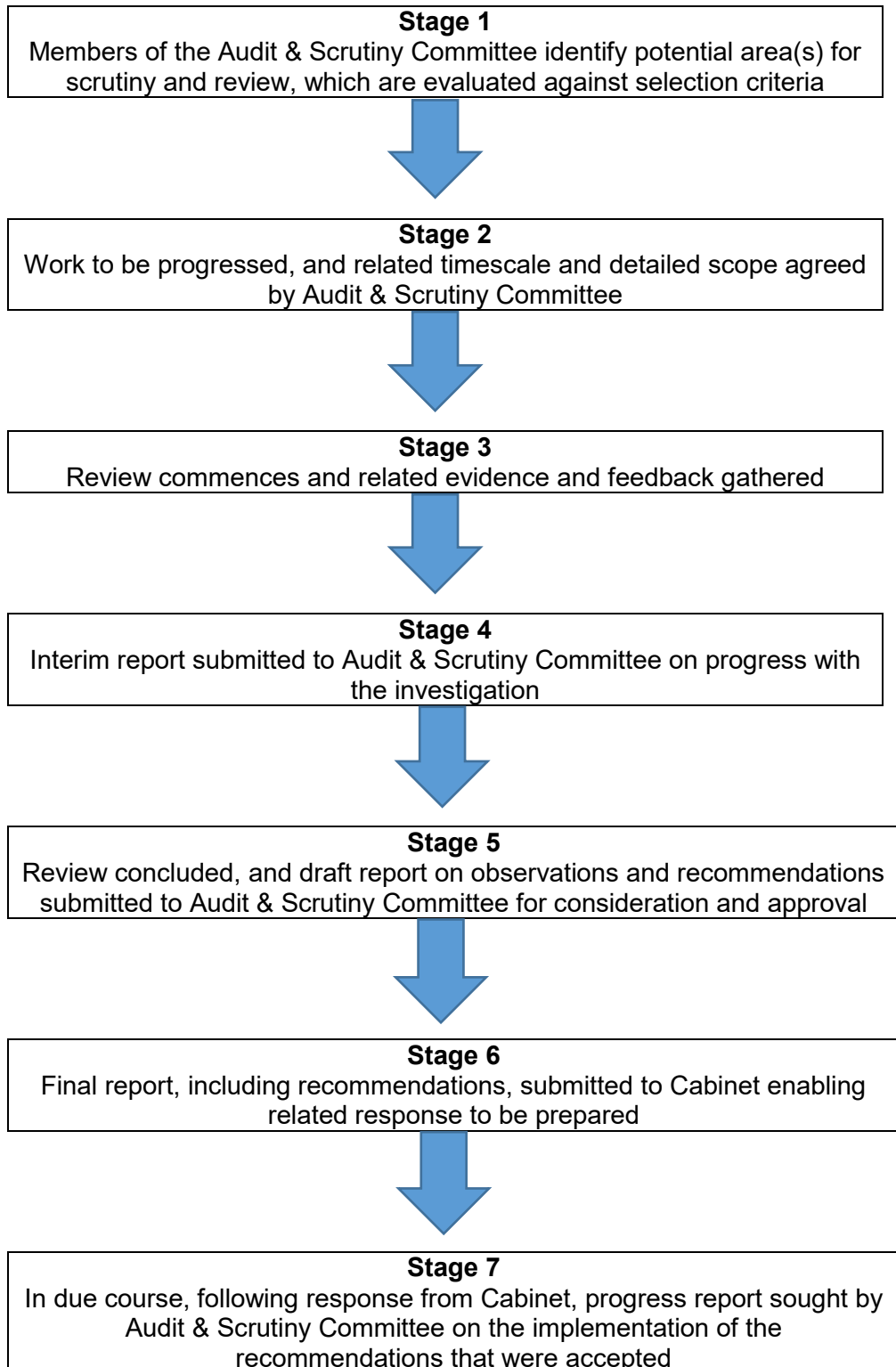
Health and Social Care

Chief Social Work Officer's Annual Report on social work issues are now delegated to the East Renfrewshire Health and Social Care Partnership Integration Joint Board

Sample List of Audit and Scrutiny Review Areas Conducted by Other Local Authorities in Scotland and England

<p><i>Policy/Strategy Areas (General)</i> Brexit Digital Strategy Effectiveness of Fair Trade Income Generation and Commercialisation</p>
<p><i>Operational</i> Benchmarking Corporate Fraud Customer Experience Disaster Recovery Information Governance</p>
<p><i>Partnerships</i> Bus Deregulation and its Impact on Transport Services Scrutiny of External Organisations Shared Digital Services</p>
<p><i>Asset Management</i> Accommodation Strategy Data Security registers</p>
<p><i>Environmental/Energy Efficiency</i> Conversion of Grassed Areas to Parking Flood Risks Fly-tipping in the Countryside Japanese Knotweed Newly Introduced Speed Limits Waste Strategy</p>
<p><i>Education</i> Children with High Needs Early Years Provision Effective Home Education School Meals Youth Employment/Youth Services</p>
<p><i>Housing</i> Homelessness Housing repairs by Council and outside contractors Maintenance of Multi-occupancy Accommodation</p>
<p><i>Health and Social Care</i> Child poverty Homecare Occupational Therapy Safeguarding of Children</p>

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Stages for Conducting a Scrutiny Review and Evaluation Investigation

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Scoping and Progressing a Scrutiny and Evaluation Review

Background	<ul style="list-style-type: none"> • Consider the background to the review • Confirm that the topic has been prioritised against the agreed selection criteria
Objectives	<ul style="list-style-type: none"> • Confirm what the main aim of the review is • Propose objectives covering the various aspects to be examined as part of the review
Scope & Exclusions	<ul style="list-style-type: none"> • Define in detail what areas will be covered <i>For example, is the focus a whole service or part of it; is a particular timeframe to be looked at; is there to be a focus on a particular geographical area</i> • Highlight any aspects that will not be covered by the review <i>For example, are some things excluded due to time or resource constraints; or because they have recently been or to be examined such as by internal or external audit</i> <p><u>Note</u></p> <p><i>It is already considered good practice to advise the Chair and Director with responsibility for a service/policy under review that work is progressing on a matter relating to them and what is within the scope of the review</i></p>
Approach	<ul style="list-style-type: none"> • Determine the approach to be taken to the review <p><i>Depending on what is being reviewed, there may be a range of approaches that are appropriate to complete the work. Determining what lines of enquiry are appropriate from the outset is useful as this informs timescales, resources, involvement of various key stakeholders etc.</i></p> <p><i>Approaches may include:-</i></p> <ul style="list-style-type: none"> ○ <i>Reviewing local performance data and trends</i> ○ <i>Reviewing financial data and trends</i> ○ <i>Benchmarking and determining what is good practice</i> ○ <i>Discussions with appropriate council officers</i> ○ <i>Local site visits</i> ○ <i>Visits to other service providers or partners, such as other local authorities</i> ○ <i>Meeting with external partners (e.g. representatives of community groups)</i> ○ <i>Inviting internal and external stakeholders to provide evidence</i> ○ <i>Determining which members of the committee may be involved in any of the above</i>

<p>Consider Evidence Requirements</p>	<ul style="list-style-type: none"> • Consider what evidence (both written and oral) would be useful to gather and review and the preferred format of it <p><i>Depending on the nature of the review, this may include:-</i></p> <ul style="list-style-type: none"> ○ <i>Reports, plans and strategies</i> ○ <i>Identifying background reading (e.g. research articles)</i> ○ <i>Recording interviews</i> ○ <i>Seeking written evidence</i> ○ <i>Collecting benchmarking data</i> ○ <i>Preparing a survey/questionnaire</i> ○ <i>Writing up comments from site visits</i> ○ <i>Research and analysis</i> ○ <i>Equalities Impact Assessments</i> ○ <i>Options Appraisals</i>
<p>Interviews etc.</p>	<ul style="list-style-type: none"> • Consider who needs to be spoken to <p><i>Depending on the nature of the review, this may include:-</i></p> <ul style="list-style-type: none"> ○ <i>Other Elected Members</i> ○ <i>Members of CMT</i> ○ <i>Other Officers</i> ○ <i>Service Users</i> ○ <i>Trade Unions</i> ○ <i>Professional Experts</i> ○ <i>Community Groups</i> ○ <i>External Partners</i> ○ <i>Deciding what advance correspondence is required with any or all of the above</i>
<p>Anticipated Outcome</p>	<ul style="list-style-type: none"> • Considering from the outset what you expect the review to deliver can be useful <p><i>Depending on the nature of the review, this may include:-</i></p> <ul style="list-style-type: none"> ○ <i>Making recommendations to Cabinet on how a policy or service delivery could be improved</i> ○ <i>Improved understanding of the challenges faced by the service concerned</i> ○ <i>Suggesting a different approach to delivery of a service</i>
<p>Timescales</p>	<ul style="list-style-type: none"> • To help ensure the review progresses as intended, consider setting timescales for various aspects of the review <p><i>This may include:-</i></p> <ul style="list-style-type: none"> ○ <i>When the review is scheduled to start and finish</i> ○ <i>When any updates are to be provided to the committee</i> ○ <i>When a draft report is shown to officers for comments</i> ○ <i>When the final version of a report and related executive summary, prepared on the committee's behalf, are to be submitted to the committee and then the Cabinet</i> ○ <i>When progress on implementation of recommendations accepted by the Cabinet may be reviewed</i>

AUDIT AND SCRUTINY COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS
ARISING FROM 2022 SELF-EVALUATION

GENERAL ISSUES, COMMITTEE'S TERMS OF REFERENCE AND RELATED MATTERS, INCLUDING ITS APPROACH AND UNDERSTANDING OF ITS ROLE IN THE COUNCIL

- (1) In 2012/13, the Committee welcomed a change of name from the Audit to Audit and Scrutiny Committee which it felt better portrayed the extent of its role and its focus on both financial and non-financial matters. The Committee, meetings of which are generally well attended, still holds the view that its membership should not be extended to include an independent person. It is always an option to invite others, including other Members, to contribute to its work.
- (2) The Committee continues to value very highly its Terms of Reference, which cover a range of governance issues amongst other things. The current Committee wish to emphasise to those appointed to it following the forthcoming Elections that, although the Committee has few decision making powers other than as specified (e.g. to agree the Internal Audit Strategy and Plan), its extensive remit continues to provide scope to look at a wide range of issues of its own choosing; it does not need to be bound by what others consider appropriate; and it can speak to any appropriate officers and Members when doing so.
- (3) As the Terms of Reference have not been reviewed for many years however, it is recommended that they are to:-
 - (i) Compare them with those of similar committees in other authorities;
 - (ii) Ascertain if any issues referred to in the Chartered Institute of Public Finance and Accountancy (CIPFA) Practical Guidance for Audit Committees (LAs and Police) 2018, including the CIPFA Position Statement within it, should be referenced further or more clearly; and
 - (iii) Determine if reference should be added to reports now considered routinely (e.g. Annual Code of Corporate Governance and Annual Fraud Response Statement).

It is suggested that those appointed to the Committee in May are made aware of the 2018 Guidance referred to above.

- (4) It is considered important to stress, regarding the work of the Committee, that all of its members (whether Administration or Opposition) should **always** act in an apolitical manner; scrutinise issues objectively, independently and in a non-confrontational manner; focus on improvement; and adopt a 'critical friend' approach, in the interests of the Council as a whole.
- (5) The Committee's Terms of Reference are accessible on both the intranet and internet. The Corporate Management Team (CMT) and senior managers are regarded by the Committee as having a full understanding and acceptance of its role. However, as the extent to which the role and purpose is understood and accepted by **all** officers is not fully known, it is suggested that it could be useful to consider a survey at some stage to determine this and if any related action is required.

- (6) During the next Administration, once the new Chair has settled into the role, publishing an article on the Committee's role, as has been done in the past, could be valuable to help heighten awareness of it.
- (7) It would be useful to ensure, at the start of the Administration, that all members of the Committee are fully aware, and become familiar with, the Scheme of Administration and Scheme of Delegated Functions and, therefore, how decisions are made and by whom. Both are widely available.
- (8) In the interests of clarity, it is important to ensure that the locus of the Audit and Scrutiny Committee versus that of the Performance and Audit Committee of the Integration Joint Board (IJB) is clearly understood, especially by new Members.

CALL-IN ARRANGEMENTS

- (9) It is important to ensure, very shortly after the Elections in advance of Cabinet meetings resuming, that all new Members fully understand how the call-in arrangements operate and that issues may be referred to the Audit and Scrutiny Committee or full Council.

LEARNING AND DEVELOPMENT AND RELATED ISSUES

- (10) Addressing the learning and development (L&D) needs of the Committee can be challenging. The important responsibilities the Committee has underlines the importance of its Members being willing to and taking advantage of relevant training offered and other L&D development opportunities, to gain the knowledge and expertise they require. Training will be made available on a range of issues as part of the Elected Members Induction Programme and can be arranged subsequently, including in response to need or requests, on an on-line, group or individual basis as appropriate.
- (11) Regarding the extent to which detailed financial/technical expertise amongst the membership exists or is essential (which depends to an extent on who is appointed to the Committee in any case), what is felt to be most important is having access to such expertise through officers for example, which already exists.
- (12) Various issues are being identified on which induction training and briefings will be useful. Sessions of relevance to scrutiny which the Committee's membership, and other Members also, are strongly encouraged to attend include sessions on:-
 - (i) Various key issues to be led by the CMT shortly following the Elections, parts of which will, for example, focus on governance issues and provide a broad overview of financial issues, including the role of the Chief Financial Officer, funding sources and plans, and the importance of plans being prudent and affordable;
 - (ii) Effective scrutiny, which amongst other things should encourage questioning as other scrutiny training sessions are likely to do also;
 - (iii) The roles of Internal Audit and External Audit, the full scope of which may not be fully clear to new Members (the Committee suggests this should include reference to the Public Sector Internal Audit Standards (PSIAS) which members of the Committee could also be alerted to by the Clerk or Chief Auditor at an early stage);

- (iv) Risk management; and
 - (v) Treasury management (the Committee recommends that training on this quite technical issue is organised twice during the Administration).
- (13) In view of the importance of the Committee's role, and scrutiny generally, the delivery of scrutiny training earlier than provided following the 2017 Elections is supported. Doing so, and attendance at such training, would also help raise the profile of such work and its importance amongst Members at an early stage.
- (14) It is emphasised that the attendance of all Members at the training referred to above is useful, not only because scrutiny is the responsibility of all Members, committees and the full Council, but also because the Committee's membership can change during an Administration as it did various times after the May 2017 Elections.
- (15) A knowledge and skills analysis formed part of the Committee's self-assessment which was both retrospective and forward looking. It is recommended that, in due course, members of the new Committee make use of the *Knowledge and Skills Framework* in the 2018 CIPFA Guidance referred to above, to help them evaluate their own knowledge and skills and assess if any relevant L&D needs remain to be addressed.

GUIDE TO SCRUTINY AND REVIEW

- (16) To complement the above, it is recommended that the *Guide to Scrutiny and Review*, prepared in 2019 with the assistance of the Audit and Scrutiny Committee Members and approved by the Council in June that year, which was distributed widely then, should be shared with Elected Members following the Elections, including those appointed to the Committee, and be referred to and used as required.
- (17) It is suggested that promotion of the *Guide* during the effective scrutiny training session (Section 12 refers) would be valuable.

COMMITTEE'S ANNUAL WORK PLANS AND ANNUAL REPORT

- (18) Although recommended by CIPFA, no Annual Report is prepared by the Committee or submitted to the Council. This has not been requested by the Council and is not considered crucial because the Committee's Minutes and Agendas are widely available (which since 2019 have included reports on its Annual Work Plan) and in view of the pressure on resources supporting the Committee.
- (19) The Committee's workload can be challenging for its Members, with the current Committee having had realistic expectations about what can be achieved with the resources at its disposal, as the new Committee should do also. Having an annual Work Plan has confirmed what has been achieved, is planned and is outstanding at any given point in time; helped the Committee prioritise its workload; and enhanced transparency on both. However, to further raise awareness of the Committee's work, it is recommended that each year a copy of the Work Plan, on its completion, should be put on the internet where the Committee's Agendas and Minutes etc. are available.
- (20) To complement the above, a copy of the report it has already been agreed to prepare, summarising the Committee's work over the past 5 years, should be shared with new members of the Committee, other Elected Members and made available on the internet.

DETAILED INVESTIGATIONS UNDERTAKEN BY COMMITTEE

- (21) Some detailed review work, which the Committee itself decided to pursue, has been done, but not to a great extent taking account of the limited resources available to the Committee which need to be considered regarding the implementation of its Work Plans.
- (22) When the Committee makes recommendations following a detailed investigation (most work on which is done out with formal meetings), the Cabinet response is submitted for noting. The Committee then actively seeks feedback after a period of time on the actual implementation of the recommendations accepted by the Cabinet. It is recommended that this is always done to help the Committee monitor and assess the impact of its work.
- (23) When undertaking such investigations, but otherwise also as appropriate, the Committee could consider making better use of the Local Government Benchmarking Framework data available. This is one way of comparing performance locally with that elsewhere.

GOVERNANCE AND CONTROL

- (24) To the extent the Committee is made aware of issues, it considers the adequacy of the control environment and related assurances; and assesses the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks. This is achieved such as through its consideration of risk managements reports, and other reports on corporate governance for example. The new Committee should note that it is always an option to ask further questions or make recommendations on governance issues.
- (25) The most recent External Audit Annual Audit Report (November 2021) considered by the Committee, then the full Council, confirmed that overall the Council has appropriate governance arrangements in place, therefore no concerns are held on this by the current Committee at present. Current members of the Committee are familiar with the governance arrangements, but they should be highlighted to new Members, such as through induction.
- (26) The Committee's Work Plans now help confirm timescales for considering a range of governance issues each year, including the Local Code of Corporate Governance, the Annual Governance Statement (when the Annual Accounts are considered), risk management reports and ones on treasury management to name a few examples. Although the Committee considers a range of reports on governance, risk and control, it does not tend to make many recommendations on these issues, which could be useful to consider further, but it does query some issues and seek related assurances.
- (27) The Committee receives assurances on risk issues and some such issues are taken forward by the Council in partnership or collaboration with other bodies, but there is no specific reference to partnership or other collaborative arrangements in the Committee's Terms of Reference, such as on seeking assurances that they are working effectively and that the related governance arrangements are appropriate. There has been considered to be an increase in partnership working since the Terms of Reference were first prepared and subsequently reviewed, which may be useful to reflect better in them in an appropriate way.

- (28) It is appropriate for the Committee to consider risk management as an integral part of its work. Where comments are fed back (e.g. on risk scores or related issues) from the Committee, it is not always actively checked if and exactly how they are acted upon which could be useful to pursue, possibly by seeking confirmation on this in the biannual reports submitted to the Committee on the Strategic Risk Register and Risk Management Progress.
- (29) A report on the Local Code of Corporate Governance is submitted to the Committee annually and is likely to be one of the first reports considered (probably in June 2022) prior to consideration of the Annual Governance Statement later in the year when the Annual Accounts are also considered. This will provide a useful overview of the arrangements in place. The Committee reviews the self-assessment of governance arrangements when the Code is considered, but is not actively involved in the self-assessment exercise otherwise. It is acknowledged that doing so might not necessarily alter the outcome, but it could be useful to suggest benchmarking to see what approach is taken in other areas.
- (30) There is considered to be free access to the External Auditor. However, taking account of the 2018 CIPFA Guidance, it would be useful to seek clarification if the External Auditor would value an annual meeting with the Chair and/or other Members to discuss issues of mutual interest, including corporate governance matters, and any advice the External Auditor may have for the Committee on how it discharges its responsibilities.

ROLE OF CHAIR AND RELATED KNOWLEDGE AND SKILLS

- (31) It is considered useful to refer to the key role the Chair plays in driving forward the Committee's work and ensuring the effective management of its meetings. For the Audit and Scrutiny Committee, this role includes ensuring an objective and apolitical approach and focus on improvement is taken as referred to earlier; encouraging constructive discussion and questions to be posed such as to seek assurances; and encouraging Members to contribute to the formulation of its Work Plans.
- (32) It has been commented that chairing a major committee can be very challenging, especially for new Members. If the new Chair has little experience of this, it is recommended that advantage is taken of any training available.
- (33) It is useful, in the interests of clarity when, at the end of items considered by the Committee, the decisions taken are summarised by the Chair.

SOURCES OF GUIDANCE AND SUPPORT

- (34) The Committee interacts regularly with various officers, including the Head of Accountancy (Chief Financial Officer) who provides a useful and important point of contact for the CMT, the Chief Auditor and the Clerk.
- (35) A range of senior officers readily attend meetings (some regularly), and it is very important that all are treated respectfully when they do. They, and others, contribute to reports and respond to related queries and have been found to be very willing to do so.
- (36) It is important to note that, out with meetings, it is always an option for members of the Committee to seek clarity on issues from officers, which is encouraged, either directly or via the Clerk.

- (37) As well as encouraging Members to seek further clarification from officers on issues out with meetings, it would also be useful to encourage Members to alert the Clerk or Chair in advance to issues they wish to raise at meetings where possible. This would help ensure that answers could be requested and made available at Committee meetings in the interests of transparency.
- (38) Inviting some officers, with whom the Committee interacts regularly, to a short informal session immediately after the first meeting, simply to introduce themselves briefly and to provide an opportunity for questions/ clarification may be useful.
- (39) Previous members of the Committee could be a useful source of guidance for new members of it, if they were willing to provide this.

COMMITTEE'S SPECIALISATION ARRANGEMENTS – AUDIT REPORTS ETC.

- (40) The Committee considers various external audit reports, internal audit ones and external inspection reports; related risk and performance issues; and management feedback under its own specialisation arrangements, which helps enable them to be considered in more detail than might otherwise be the case.
- (41) Under these arrangements, all members of the Committee see the External Audit reports and Inspection reports the Clerk has been alerted to. However, currently working in pairs, they specialise in leading the review of various ones depending on the subject matter. It may be worth considering responsibilities resting with individual members of the Committee, rather than pairs, to help ensure no dubiety exists about who is responsible for leading a review of a report or providing feedback. It is suggested that the Committee be invited to consider the general position on this at its first meeting and, subject to the outcome, specific remits at its second one.
- (42) Regarding potential questions itemised in some National External Audit reports, where these are provided it would be useful for the Clerk to highlight these further to members of the Committee when the reports are circulated. It is recommended that greater use of them is encouraged, although it remains the case that Members are always free to formulate their own questions and ask officers to attend to respond to these.
- (43) It is also recommended that the new Committee considers if they wish to invite appropriate senior officers to attend more meetings of the Committee to answer questions on External Audit issues etc. when local feedback on these is considered, at least more than at present. It has been observed that more issues tend to be raised when officers attend than is the case otherwise, and it could provide valuable opportunities for further clarification to be sought on the implementation of actions that are on-going and the timescales for doing so.
- (44) For several years the Committee has welcomed reviewing some external inspection reports prepared on Council services, considering this a welcome development and improvement. These are also considered under its specialisation arrangements and would be the subject of a report to the Committee, by exception, if felt necessary by its Members. However as receipt can be sporadic, it is not fully clear if the Clerk has been alerted to the publication of all such reports. To address this, it is suggested that it would be useful for the Clerk to send an email to departments, on a 6-monthly basis, requesting notification of all inspection reports published in the previous 6 months. This would help ensure they are all received and allow them to be reviewed more timeously.

- (45) The Committee continues to have high confidence in the Chief Auditor and her team, and has continued to adopt a risk managed approach on internal audit issues which are reported on regularly to the Committee, progressing matters by exception when it wishes to pursue specific issues. Some issues are dealt with under the Committee's specialisation arrangements. This is considered the most effective use of the Committee's limited time and resources.
- (46) It would be useful to encourage members of the Committee to return the pro-formas they are requested to complete on various reports (under its specialisation arrangements) to the Clerk sooner than they are returned at present. This would make it clearer, earlier, what further action if any is suggested by Members.

ETHICAL ISSUES

- (47) Reference to the Ethical Framework is not specified in the Terms of Reference and the Council does not have a Standards and Ethics Committees to support ethical values with which to work, but some ethical issues are considered, such as when the Local Code of Governance is considered annually, or when reports on fraud and corruption are discussed, providing opportunities for assurances to be provided or sought. It is not suggested that there is a need to change the Committee's Terms of Reference on such issues, unless considered appropriate following a wider review of the Terms of Reference as suggested at (3) above.
- (48) It would be useful to ensure that members of the Committee, and others, are aware of the range of approaches taken by the Council on countering fraud and corruption at an early stage, such as through the induction programme (possibly as part of the session on Internal and External Audit if possible) or to ensure that Members of the Committee know, at an early stage, where to access the most recent Fraud Response Statement.
- (49) On a specific issue, it has been some time since the Committee actively promoted whistle blowing. It is felt important that people feel safe about raising concerns in this way. The new Committee may wish to consider if some further work in relation to this issue is merited, such as pursuing further related publicity (e.g. an article involving the Chair) to help raise awareness of the importance attached to addressing fraud and irregularity and promote confidence in and champion the whistle-blowing arrangements in place.
- (50) It should be noted that when information is submitted anonymously, those submitting it cannot be advised of the outcome in person, but some feedback on work taken forward may be available, including in reports prepared by the Internal Auditor.

SCRUTINY EFFECTIVENESS

- (51) As reflected in the *Guide to Scrutiny and Review*, it is important generally for those involved in scrutiny, including members of the Committee, to ask questions and seek assurances on issues such as the implementation of action plans and the completion of such plans, and focus on how improvement can be achieved. Members do ask questions, at times more than at others, are invited to do so by the Chair when items are being considered, and are comfortable doing so, but encouraging more (framed appropriately to challenge and elicit detail), taking advantage of guidance and training available, was discussed and could be valuable.

- (52) It was acknowledged that it might not always be possible for all answers to be provided at meetings, with the provision of clarification, other feedback and assurances later considered acceptable, where necessary. During discussion, it was suggested that it might be useful, in the interests of transparency, if the Clerk submits a summary of clarification provided on issues after meetings, to the next meeting. The extent to which this might be of interest to those observing meetings is unknown.
- (53) Regarding a range of issues, including matters raised in audit reports, inspection reports and reports on risk management for example, the Committee should be encouraged to focus particularly on and seek assurances on higher risk issues. This could include seeking clarification and assurances on actions taken, and how risk scores have changed or will change as a result of actions taken for example.

PERFORMANCE OF COMMITTEE - SELF-ASSESSMENT AND HOLDING COMMITTEE TO ACCOUNT ETC.

- (54) Completing a further self-evaluation exercise recently was considered worthwhile. As in 2017, the Committee's view remains that periodic self-evaluations are useful to help analyse its own performance and allow areas for improvement to be considered. It is recommended, in the interests of good governance, that further periodic self-assessments of the Committee's own operations are undertaken, but not as frequently as annually due to its limited time and resources available for this. However, rather than only doing one review during the Administration, it is suggested that it could also be valuable to do a further one, mid-way through it.
- (55) CIPFA's views is that the Committee should be held to account regularly by the full Council as part of its governance role, with a range of issues reviewed (e.g. adherence to Terms of Reference, good practice adopted and self-assessment work done), such as if an Annual Report is submitted to the Council. No such arrangements have been established locally. It would be for the Council to determine what is appropriate, should it choose to.
- (56) Further to the comments above, irrespective of any view that might be taken by the Council, there could be merit in suggesting that some form of appropriate external perspective on the Committee's performance is considered (perhaps as part of a mid-term self-assessment). This could include seeking views from the CMT, or a peer review by a Chair of a Committee in another local authority. It is commented in Section 30 above, that a meeting with the External Auditor could be useful periodically.
- (57) Learning how Audit and Scrutiny Committees operate elsewhere, as has been done in the past (but not for some time) such as through visits from or to other areas could be useful too.

COMMUNICATION

- (58) The Committee supports the use of plain English in reports, receiving information in a format that is easy to understand and meets its needs, and definitions of all acronyms being provided.
- (59) Given its importance, communication was on a list of issues the Committee considered reviewing, but there was insufficient time and resource to do so prior to the Elections.
- (60) A view was expressed that finding Councillors' contact details, including those serving on the Committee, could be a little better presented on the Councillors' pages on the website to assist with contact. It would be useful to see if this could be addressed.

Audit and Scrutiny Committee
2022/23 Work Plan

Planned Report Date	Report Subject	Report by	Date Considered by Audit & Scrutiny Committee
7 April 2022	East Renfrewshire Council - Annual Audit Plan 2021/22	External Auditor	7/4/22
	Strategic Risk Register and Risk Management Progress - Biannual Report	Chief Executive	7/4/22
	Work Progressed by Committee Since 2017; Performance Against 2021/22 Work Plan; and Self-Evaluation (See Note 6 Below)	Clerk to the Committee	7/4/22
23 June 2022	Unaudited Annual Accounts 2021/22	Head of Accountancy (Chief Financial Officer)	23/6/22
	Code of Corporate Governance	Director of Business Operations and Partnerships	23/6/22
	Consultancy Expenditure and Related Log (See Note 1 below)	Clerk to Committee in liaison with Chief Procurement Officer	23/6/22
	Internal Audit Plan 2021/22 - Implementation Progress – January to March 2022	Chief Auditor	23/6/22
	Internal Audit Strategic Plan 2022/23 – 2026/27	Chief Auditor	23/6/22
	National External Audit Report - Local Government Financial Overview 2020/21	Clerk in liaison with Head of Accountancy (Chief Financial Officer)	23/6/22
	Integration Joint Board Performance and Audit Committee - Invitation to Co-opt Member of Audit Scrutiny Committee	Clerk to the Committee	23/6/22

Planned Report Date	Report Subject	Report by	Date Considered by Audit & Scrutiny Committee
23 June 2022 (Cont'd)	Audit and Scrutiny Committee Work Plan, Outcome of Self-Evaluation and Related Issues	Clerk to the Committee	23/6/22
11 August 2022	Annual Treasury Management Report 2021/22	Head of Accountancy (Chief Financial Officer)	
	Internal Audit Annual Report 2021/22	Chief Auditor	
	Internal Audit Plan 2022/23 - Implementation Progress - April to June 2022		
29 September 2022	Strategic Risk Register and Risk Management Progress – Biannual Report	Chief Executive	
	Managing the Risk of Fraud and Corruption - East Renfrewshire Council Annual Fraud Statement 2022/23		
	National Fraud Initiative – Update	Director of Business Operations and Partnerships	
	National External Audit Report - Local Government Overview 2022	Clerk to the Committee in liaison with Director of Business Operations and Partnerships	
	Managing Absence – 2021/22 Annual Report	Director of Business Operations and Partnerships	
	Summary of Early Retirement/ Redundancy Costs to 31 March 2022		

Planned Report Date	Report Subject	Report by	Date Considered by Audit & Scrutiny Committee
26 October 2022	2021/22 Annual Accounts and Draft Annual Audit Report for East Renfrewshire Council	Head of Accountancy (Chief Financial Officer) and External Auditor	
	2021/22 Annual Accounts for Council's Charitable Trusts and External Audit International Standard on Auditing 260 Report		
10 November 2022	Interim Treasury Management Report 2022/23	Head of Accountancy (Chief Financial Officer)	
	Internal Audit Plan 2022/23 – Implementation Progress – July to September 2022	Chief Auditor	
	Update on Audit and Scrutiny Committee Work Plan 2022/23	Clerk to the Committee	
January 2023 (See Note 4 Below)	<i>As of June 2022, no items scheduled to be considered</i>	N/A	N/A
February 2023 (See Note 4 Below)	Internal Audit Plan 2022/23 – Implementation Progress October to December 2022	Chief Auditor	
	Public Sector Internal Audit Standards (PSIAS) Assessment		
	Treasury Management Strategy 2023/24	Head of Accountancy (Chief Financial Officer)	
March 2023 (See Note 4 Below)	Strategic Risk Register and Risk Management Progress – Biannual Report	Chief Executive	
	East Renfrewshire Council - Annual Audit Plan 2022/23	External Auditor	
	Internal Audit Strategic Plan 2023/24 – 2027/28	Chief Auditor	

NOTES ON WORK PLAN**Note 1 (Consultancy Expenditure and Related Log)**

In January 2019 the committee agreed, at the end of the 2019/20 financial year, to review the content of the log the Council had established on the appointment of consultants and related issues. The committee noted a report on this issue in June 2020, and agreed that further reports on consultancy expenditure, as referred to in the log created for this, should be submitted annually after the end of each financial year. The next report is scheduled to be submitted in June 2022.

Note 2 (Withdrawal from European Union)

In February 2019 the committee considered feedback on a National External Audit Report on *Withdrawal from the European Union (EU) - Key Audit Issues for the Public Sector*. A report on the Council's *Treasury Management Strategy for 2019/20*, and the implications which Brexit might have for interest rates, Council borrowing, return on investments etc., had also been considered. Audit Scotland had also indicated that the scope, timing and any performance audit work relating to a further report it proposed to prepare on the *Withdrawal from the EU* would depend on developments.

In August 2019 the committee agreed to carry out a review regarding Brexit and the related financial implications as a medium priority issue, subject to further consideration of the timing of its commencement, having regard to the future outcome of the UK Government's discussions with the EU. It was also agreed then that, in the first instance following the appointment of the Council's Brexit Coordinator, arrangements should be made for the post holder to meet the committee to allow its members to take evidence/gather information on Brexit issues. The post was to help coordinate and monitor progress on all aspects of Brexit, including internal preparedness and external liaison with appropriate bodies (including the Scottish Government and Police Scotland), and involved reporting to Elected Members, the Corporate Management Team (CMT) and other Council officials.

A report on the UK's withdrawal from the EU was to have been submitted in April 2020. However, in liaison with the Chair and taking account of the impact of the COVID-19 emergency and related issues, a report was considered on 13 August 2020 instead. Since then, at the request of the committee, the Brexit Coordinator (now the Resilience Coordinator) has provided further updates in November 2020, March and September 2021, and February 2022. Subsequent to various meetings, at the request of the committee, he has provided clarification on a range of issues which has been circulated, including on the EU Settlement Scheme, funding issues and State Aid.

When the most recent report was submitted in February 2022, the committee agreed that the Resilience Coordinator should provide further information to the Clerk for circulation to Members on telephone charges, the length of time the temporary Fuel Poverty Worker had been appointed for, and to what extent the Shared Prosperity Fund would replace EU structural funding. That was circulated on receipt. Otherwise the report and related comments made were noted.

Note 3 (Audit Scotland COVID-19 Guide for Audit and Risk Committees)

In September 2020, the committee agreed that a report on issues raised in the new *COVID-19 Guide for Audit and Risk Committees*, published by Audit Scotland in August 2020, be prepared for its meeting in November 2020. The Guide posed questions to assist auditors and public bodies effectively scrutinise and provide challenge in key areas requiring additional

focus at present, categorising these under the headings of internal control and assurance; financial management and reporting; governance; and risk management.

When feedback and comments on these issues were submitted in November 2020, the committee agreed that a further update be provided around March or April 2021, and that the Clerk should liaise with members of the committee to ascertain the specific issues on which feedback and further assurances were to be sought by exception. It was noted that the Performance and Audit Committee of the Integration Joint Board (IJB) had also been considering issues raised within the Guide.

On 18 March 2021, the Chair reported he had sought and received confirmation that the feedback dated November 2020 on changes to internal controls required due to COVID-19 remained current. Taking account of this and other information the committee already had access to, including reports on risk and Internal Audit's work, it was noted that no other issues had been identified by members of the committee that they wished followed up at that stage; noted that it remained an option to seek further updates on specific issues at any point; and agreed that it might be useful to review the position later in 2021, perhaps in late summer, to pick up any issues that may be raised from the year end Accounts process or transition to the "new normal" working arrangements which it was hoped would start to be introduced by then.

Thus far no issues have been identified by members of the committee that they wish followed up further, taking account of other information available to them, such as reports submitted to the Council on COVID-19 issues. On 25 November 2021 the then Chair highlighted, and it was noted, that it remains an option to seek further updates on specific issues at any point through either the Chair or Clerk.

Note 4 (Meeting Dates)

The dates of meetings between January and March 2023 are subject to approval of the calendar of meetings by the Council in June 2022. The Work Plan will be updated when the exact dates are known.

An extra meeting on 26 October 2022 has been proposed to allow reports on the 2021/22 Annual Accounts for the Council's Charitable Trusts, the 2021/22 Annual Accounts for the Council, the Draft Annual Audit Report for East Renfrewshire Council and related documents to be considered then, following which they will be submitted to the full Council meeting which is already scheduled to take place at 7.00pm that evening. This will meet the external auditor's revised requirements for 2022 regarding the signing of the Annual Accounts by the end of October.

Note 5 (Cabinet Responses to Audit and Scrutiny Committee Investigations on Income Generation and Commercialisation; and Climate Change)

Following submission of the report on the committee's investigation on *Income Generation and Commercialisation* to the Cabinet on 5 December 2019, and a slight delay due to the impact of COVID-19, a response to the report was approved by the Cabinet on 24 September 2020. It reflected that all 12 of the committee's recommendations had been agreed and that, despite the challenges of dealing with COVID-19 related issues, work had been started in many of the areas with future work planned in due course.

The final report on the committee's investigation on *Climate Change* was completed early in 2020 but, also due to COVID-19, its submission to the Cabinet was delayed to 13 August. The committee had made 24 recommendations, a key one being that the Council's strategy on climate change be renewed. As the recommendations had been known for some time, the Cabinet considered a report, in response, by the Director of Environment at the same meeting

outlining a proposed approach for the development of a Climate Change Strategy and Action Plan, particularly in view of the recommendations made by the committee.

In November 2020, having noted the responses approved by the Cabinet to both investigations, including the extent to which the recommendations had been accepted, the committee agreed that reports be submitted on progress on implementation of the recommendations accepted by the Cabinet as part of the committee's 2021/22 Work Plan.

As scheduled, the updates were considered by the committee on 20 January 2022. Regarding the *Income Generation and Commercialisation* investigation, the committee agreed then that further clarification be sought, for circulation by the Clerk, on issues raised at the meeting regarding Recommendations 1, 2, 3, 4, 6, 7, 10 and 11 of the report, and otherwise noted the report and related comments made. Regarding the *Climate Change* investigation, the committee agreed that the Head of Environment (Strategic Services) seek and provide further clarification to the Clerk for circulation to members of the committee on issues raised at the meeting on public transport and the environmental measures to be installed in the new Eastwood Leisure Complex and what its carbon dioxide emissions would be compared to the current facility. That information was circulated to the committee prior to the Elections. Otherwise, the report and related comments made were noted.

Should the committee wish to do so, it could request further updates on progress in future.

Note 6 (Audit and Scrutiny Committee Self-Evaluation and Summary of Work Undertaken Since 2017)

In April 2021 the committee agreed, as has been the case in the past, that prior to the local government Elections in 2022 a short, focussed report be prepared overviewing work the committee undertook during the Administration; and that a further self-evaluation exercise be completed.

On schedule, a report on both issues was submitted to and approved by the committee in April 2022 following which a related report is to be submitted to the committee on 23 June 2022.

Self-evaluations are considered useful, such as for analysing performance, enhancing practices and identifying how the committee can support the work of the internal audit service for example, but the committee's view remains that progressing these as frequently as annually is neither a necessary nor efficient use of its limited time and resources. The committee appointed following the Election, is to be asked if it would support a mid-Administration evaluation and end of Administration one in future.

Note 7 (External Audit Reports)

The External Auditor confirmed that a number of reports, briefings etc. were due to be published in the first few months of 2022, such as the financial overview of local government 2021/22 on which a report is to be submitted to the committee on 23 June.

It was highlighted in January that, subject to when various reports are published and given that time is needed to consider the content and response locally, some reports might not be dealt with until after the Election and would therefore be itemised in the committee's 2022/23 Work Plan.

Note 8 (Council Website/Communications with the Public)

In August 2019 the committee agreed to review the issue of the Council Website/Communications with the Public once the Council's new website, which was at that time in the latter stages of development, had been operational for a given period of time. The matter was considered to be a low priority for review.

It was also agreed, prior to considering further when such a review may be appropriate, that in the interim a demonstration of the new website be organised for Elected Members to provide an opportunity for questions to be asked about it and its capabilities. The situation regarding COVID-19 resulted in the launch of the new website being postponed until 7 July 2020, with further improvements having been made to it since then.

In consultation with the then Chair, taking into consideration when a range of issues were scheduled to be considered by the committee, it was agreed that a presentation on the website should be made at its meeting on 21 January 2021. Arrangements were made to enable other Members of the Council to view it if they wished. The committee noted the presentation and that any further comments or feedback on the website could be sent to the Communications Manager for consideration. Discussions on progressing any more detailed work were outstanding at April 2022.

Note 9 (Graffiti Removal and Fly-tipping)

In August 2019 the committee agreed to review (1) graffiti removal; and (2) fly-tipping as medium priority issues. In the first instance it was agreed to undertake site visit(s) in the latter half of 2019/20 to gather information on the latest procedures and equipment being used for this by the Environment Department. However, subsequently, it was suggested that seeking briefings on these issues could be sufficient, at least at that stage.

Taking account of issues relating to COVID-19 and to allow the Environment Department to prioritise matters relating to the pandemic, briefings were not requested from the Head of Environment (Operations) until the end of July 2020. They were circulated on receipt in September 2020, at which time Members were invited to advise the Clerk if they wished to pursue any issues at that stage. No such issues were identified. Discussions on any more detailed work to be progressed were outstanding as of April 2022.

Note 10 (Schools Admission Policy and Education Appeals System)

As agreed in August 2019, the former Director of Education was advised then of the committee's concerns on the potential implications of the proposal under consideration by the Scottish Government to transfer administration of the Education Appeals System from local authority control to the Scottish Tribunals System. This was to allow her to consider the views expressed when formulating responses to any related consultation. She was also advised of concerns expressed at the meeting on the current criteria for approving school placing requests, specifically the impact the approach had had on some East Renfrewshire resident families in terms of siblings not necessarily being able to access the same school when catchment areas are altered.

At the same meeting, the committee agreed that the Education Appeals System was a low priority issue for review, but that the appeals process would continue to be monitored over the next two academic years to ascertain the impact of implementing any changes made to the national education appeals system, and that the committee would consider in 2021/22 any modifications to the appeals process that may be required to improve the focus on customers, including if there was considered to be a need for any representations to be made at a national level. It was noted that this issue would be revisited in due course, such as when the committee's 2021/22 Work Plan was considered.

In the interim, it was agreed as part of the committee's 2019/20 Work Plan, that a presentation be made to the committee on the admission policy and the appeals system. That presentation was made and noted in November 2019. Discussions on any more detailed work to be progressed were outstanding as of April 2022.

Note 11 (Early Years Provision Policy)

In August 2019 the committee agreed that the new Early Years Provision policy was a low priority for review and that it, including the financial implications of it, could be considered for review in the 2022/23 financial year, following completion of the current roll-out of the provision.