

Business Operations and Partnerships Department

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Date: 24 March 2023

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

AUDIT AND SCRUTINY COMMITTEE

A meeting of the Audit and Scrutiny Committee will be held in the Council Chamber, Council Headquarters, Eastwood Park, Giffnock, on **Thursday, 30 March 2023 at 2.00pm.**

The agenda of business is as listed below.

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. **Strategic Risk Register and Risk Management Progress - Biannual Report - Report by Chief Executive (copy attached, pages 3 - 30).**
5. **Women's Health Related Matters – Presentation by HR Manager.**
6. **National External Audit Report – Tackling Child Poverty - Report by Clerk (copy attached, pages 31 - 40).**

7. **East Renfrewshire Council – Provisional Annual Audit Plan for Year Ended 31 March 2023 - Report by External Auditor (copy attached, pages 41 - 84).**

8. **Internal Audit Strategic Plan 2023/24 – 2027/28 – Report by Chief Auditor (copy attached, pages 85 - 96).**

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

30th March 2023

Report by Chief Executive

REVIEW OF THE STRATEGIC RISK REGISTER
AND RISK MANAGEMENT PROGRESS

PURPOSE OF REPORT

1. This report provides the latest biannual update of the Council's Strategic Risk Register and a summary of risk management progress. The previous update of the Strategic Risk Register was considered by the Audit and Scrutiny Committee on 23rd September 2022.

RECOMMENDATIONS

2. The Audit and Scrutiny Committee is asked to consider and note the development of the Council's Strategic Risk Register noting that this is considered a "live" document and will be updated and amended by the Corporate Management Team (CMT) as appropriate.

BACKGROUND

3. The Strategic Risk Register (Appendix 1) sets out the key strategic risks to be considered by East Renfrewshire Council and details the actions that management has put in place to manage these risks. Each service has an operational risk register to record day to day and service specific risks.

4. The previous update of the Council's Strategic Risk Register was considered by the Audit and Scrutiny Committee on 23rd September 2022.

5. Several risks have been amended to include additional control measures and the risks have been rescored for significance. A thorough review of all risks on the register has been undertaken by the CMT. There are now 39 risks of which 9 are evaluated as high and 30 as medium. Where a risk has been evaluated as "low" it will be removed from the Strategic Risk Register and monitored within Departmental or Operational registers if appropriate.

6. The Strategic Risk Register is reviewed and updated frequently as appropriate to reflect the current "live" situation and therefore liable to change. The Strategic Risk Register in Appendix 1 to this report is therefore reported below as dated (122nd March 2023).

7. Where risk numbers are not sequential within the Register this is as a result of a risk having been removed from the Strategic Risk Register.

8. Relevant significant risks which may impact on the achievement of the Council's outcomes relating to the work of the Integrated Joint Board and the Culture and Leisure Trust have been considered as part of this update.

REPORT

9. The following risks remain as **high risks**:

- Ensuring sufficient catchment places for East Renfrewshire children and young people across all sectors in light of impact of new residential developments – in particular the Local Development Plan. *(Risk 2.3 - High)*
- Closure of facilities (related to Trust) as a result of unforeseen failure or management practices resulting in loss of attendance, revenue, damage to reputation and increased management fee. *(Risk 2.4 - High)*
- Risk of failure of a key care provider, including care home, care at home and other care provider due to financial instability, staff recruitment and selection difficulties or significant care concerns. Consequences could include disruption to service delivery, requirement to implement contingency plans, impact on individuals and families with potential disruption to care arrangements. *(Risk 5.2 – High)*
- Interruption to service or total inability to provide ICT services, resulting in impact to Council business, due to the loss of the Barrhead Data Centre and/or other critical infrastructure components due to fire, vandalism, equipment malfunction (including environmental controls). *(Risk 6.7 - High)*
- The Covid-19 Pandemic reduces community activity and diverts staff resources away from being able to identify, plan and deliver Participatory Budgeting (PB) opportunities resulting in the Council failing to meet its goal of 1% of spend being via Participatory Budgeting. *(Risk 6.24 – High)*

10. Further to discussion about the risk score of this risk at the Audit and Scrutiny Committee on 23rd September 2022 it has subsequently been reviewed and rescored down from **high to medium**:

- Inability to continue to deliver East Renfrewshire Council's preferred (or at least an acceptable) model of 1,140 hours of free early learning and childcare (ELC) which locally addresses the principles of quality, flexibility, accessibility and affordability. *(Risk 1.1-Medium)*
- Increase in the number of children and adults with additional support requirements leading to a rise in demand on services. *(Risks 2.2 - Medium)*

11. The following risk was rescored up from **medium to high**:

- Significant pressures and lack of service capacity impact on service delivery and quality standards. Impact on service users and carers. *(Risk 5.3 - High)*
- Reduced central government funding and new grant conditions leading to failure to support the current level of service provision leading to public discontent and negative effect on the Council's reputation and increased pressure to draw down council reserves on future years' budgets. *(Risk 6.1 - High)*

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

- Our major works capital programmes face unanticipated challenges as a result of external factors, during the lifespan of projects. These challenges have a detrimental impact on the costs and / or timescales relating to their delivery. Examples of the factors that could lead to pressures include Covid-19, EU Exit, the Ukrainian War and cost and technical solutions associated with achieving “Get to Zero” specifications. (*Risk 6.22 – High*)

12. The following risks **were added to** the register:

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

- Lack of affordable temporary and permanent accommodation to meet the statutory homeless duties and wider housing need. (*Risk 3.9 – High*)

- Significant and prolonged disruption to the Electricity Network impacts on normal service delivery and heightens vulnerabilities within our communities. Prominent risks include National Electricity Transmission System (NETS) Failure or planned Rota Load Disconnection. (*Risk 6.27 – Medium*)

- Unplanned disconnection of analogue telephone lines as part of Ofcom retirement of analogue telephone networks such as the Public Switched Telephone Network (PSTN) by the end of 2025 could disrupt Council services including communications, asset management and technology operations. (*Risk 6.28 – High*)

13. The following risks have been **removed** from the Strategic Risk Register since this was last considered by the Audit and Scrutiny Committee in September 2021.

- Ongoing threat of Covid-19 impacts on the Council's ability to provide education to children and young people, either through significant rates of absence or school/class closures in schools across the authority. Higher rates of staff absence due to impact of Covid-19 cases and the need for self-isolation. Ongoing impact of school closures on attainment of young people. (*Risk 1.4*)

- Removed: Covid-19 is no longer monitored in the same way across Education and is now mainstreamed in to day-to-day absence management.

- Covid-19 pandemic leads to customer anxiety, affects demand, attendances and revenues, impedes full recovery and results in an increased management fee. Combined with a requirement for rescheduling and reprogramming throughout the year affecting venue availability and high rates of staff absence, the national trend of loss of staff to the sector following lockdown and an inability to recruit, all continue to impact the ability to provide high quality service across all venues. (*Risk 2.8*)

- Removed: Covid-19 no longer has the same impact on day-to-day operations.

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- Supporting the mass vaccination and other key Covid-19 response work streams within East Renfrewshire leads to other key work being delayed or postponed resulting in longer timescales for projects or work not being undertaken and outcomes for residents being reduced. *(Risk 6.20)*

- Removed: Covid-19 no longer has the same impact on day-to-day operations.

- High workloads with additional work as a result of the Covid-19 pandemic coupled with business as usual may impact on employee absence and poor wellbeing and also may impact on project delivery resulting in delayed deadlines which could damage the Council's reputation. *(Risk 6.23)*

- Removed: Covid-19 no longer has the same impact on day-to-day operations.

14. The following risk descriptions were amended to **reflect the current position or provide further clarity** (additions in bold, removed text with line through and revised risk included below for clarity) on this occasion.

- Potential breaches of **UK Subsidy Control** compliance lead to lengthy investigations, suspension of works leading to costly delays and financial penalties. **This risk is complicated by the newly introduced UK Subsidy Control (previously State Aid) regime; with updated guidance and procedures.** *(Risk 3.3)*

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- ~~Risk of failure of a key care provider, including care home, care at home and other care provider due to financial instability, staff recruitment and selection difficulties or significant care concerns. Consequences could include disruption to service delivery, requirement to implement contingency plans, impact on individuals and families with potential disruption to care arrangements.~~ **Significant pressures and lack of service capacity impact on service delivery and quality standards. Impact on service users and carers.** *(Risk 5.2 – High)*

- Significant pressures and lack of service capacity impact on service delivery and quality standards. Impact on service users and carers. *(Risk 5.3 - High)*

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

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

- ~~The drive to deliver our ambitious change programme has an adverse impact on our employees as they strive to balance a relentless pace and scale of change with day to day responsibilities, leading to slower delivery of benefits and/or lower performance as services go through change.~~ **Our ambitious change programme may be affected by prioritisation of resource due to budgets and service reductions. This may have an adverse impact on the pace and scale of change and our ability to deliver change,**

digital transformation and enable future efficiencies. This may lead to slower delivery of benefits and affect the development of our core ICT systems. (Risk 6.4 - Medium)

- Our ambitious change programme may be affected by prioritisation of resource due to budgets and service reductions. This may have an adverse impact on the pace and scale of change and our ability to deliver change, digital transformation and enable future efficiencies. This may lead to slower delivery of benefits and affect the development of our core ICT systems. *(Risk 6.4 - Medium)*
- Our major works capital programmes face ~~significant pressures~~ **unanticipated challenges** as a result of ~~raw material costs, supplier costs, supply chain or contractor difficulties as a result of Covid-19, Brexit and the war in Ukraine.~~ **external factors, during the lifespan of projects.** ~~This will have a detrimental impact on the costs and/or timescales related to the delivery of projects.~~ **These challenges have a detrimental impact on the costs and / or timescales relating to their delivery. Examples of the factors that could lead to pressures include Covid-19, EU Exit, the Ukrainian War and cost and technical solutions associated with achieving “Get to Zero” specifications. (Risk 6.22 – Medium)**
 - Our major works capital programmes face unanticipated challenges as a result of external factors, during the lifespan of projects. These challenges have a detrimental impact on the costs and / or timescales relating to their delivery. Examples of the factors that could lead to pressures include Covid-19, EU Exit, the Ukrainian War and cost and technical solutions associated with achieving “Get to Zero” specifications. *(Risk 6.22)*
- Resettlement of displaced persons from Ukraine and Afghanistan (or any other area) **and unaccompanied asylum seeking children** overwhelm the availability of resources in East Renfrewshire, impacting upon already stretched availability for housing, facilities (eg school provision, GP access, etc.), **Young Persons Services**, Council Services and the Third Sector. *(Risk 6.26)*
 - Resettlement of displaced persons from Ukraine and Afghanistan (or any other area) and unaccompanied asylum seeking children overwhelm the availability of resources in East Renfrewshire, impacting upon already stretched availability for housing, facilities (eg school provision, GP access, etc.), **Young Persons Services**, Council Services and the Third Sector. *(Risk 6.26)*

RISK TOLERANCE

15. Map of strategic risks in East Renfrewshire Council

Likelihood	4			5.2; 6.7; 6.24	
	3		1.3; 2.12	1.1; 2.2; 3.2; 3.3; 4.4; 5.1; 6.4; 6.12; 6.14; 6.22; 6.26; 6.27;	2.3; 2.4; 2.13; 3.9; 5.3; 6.1; 6.12; 6.28
	2			1.2; 2.6; 2.9; 3.1; 3.3; 6.3; 6.6; 6.18; 6.25	3.5; 3.7; 3.8; 4.1; 4.2;
	1				
		1	2	3	4
Impact					

Risk Score	Overall Rating
11 to 16	High – RED
5 to 10	Medium – Orange
1 to 4	Low – Green

Outcome	Low Risk	Medium Risk	High Risk	Total
1. All children in East Renfrewshire experience a stable and secure childhood and succeed	-	3		3
2. East Renfrewshire residents are healthy and active and have the skills for learning, life and work	-	4	3	7
3. East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses	-	6	1	7
4. East Renfrewshire residents are safe and live in supportive communities	-	3	-	3
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	-	1	2	3
6. Our Strategic Outcomes: Customer, Efficiency and People	-	9	5	14
Total Strategic Risks	-	26	11	37

RISK APPETITE

16. The term “risk appetite” describes the attitude towards the amount of risk the Council is prepared to accept in trying to achieve outcomes. The Council’s appetite to risk, as set out in the Risk Management Strategy 2023 – 2025, is illustrated below.

17. Following discussion at the Cabinet on 23rd February 2023 a further report on risk appetite will be considered by the Audit and Scrutiny Committee in 6 months’ time to consider if this continues to reflect the Council’s appetite for risk.

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

RISK PROGRESS

18. The Corporate Management Team continues to discuss and reviewed the Strategic Risk Register on a regular basis and it remains a standing item on the CMT agenda. A number of updates have been made to both the risk control measures currently in place and the proposed risk control measures to ensure the information reflects the most up to date position.

19. A revised Risk Management Strategy 2023 – 2026 was considered by Audit and Scrutiny Committee on 19th January 2023 and approved by Cabinet on 23rd February 2023.

20. A Risk Management Training session was arranged for Elected Members on 9th March 2023. This session was led by a Risk Management Consultant from Zurich and was attended by 8 Elected Members and appeared to be well received and some interesting discussion topics covered. A copy of the slides used during the training was shared with all Elected Members.

21. Following an initial suggestion by Audit Scotland that consideration was given to including any information on areas of interest or which could, at some point in the future, reach a level which would then result in a risk to the Council and, at that point, be included in the Strategic Risk Register. “Horizon scanning” information is included below to provide a high-level overview of areas which are currently being considered but have not, yet, resulted in a risk being added to the Strategic Risk Register.

22. Horizon scanning at present broadly includes the following areas which are being kept under review by the Corporate Management Team, Departments and Services as appropriate. Any risks identified will be added to the appropriate service, operational, departmental or Strategic Risk Register in due course.

- National Care Service Bill
- Housing – possible implications of the Housing Bill
- Education Reform Bill
- Asylum Dispersal Scheme
- Public Sector Reform Bill

FINANCE AND EFFICIENCY

23. The review of the Strategic Risk Register forms a fundamental role in ensuring that the Council meets the objectives detailed in Fairer East Ren, the Modern Ambitious Programme (MAP) and the Outcome Delivery Plan.

CONSULTATION

24. The Corporate Management Team, Heads of Service and all Corporate Risk Representatives were invited to provide updates to the Strategic Risk Register. In addition at this time all operational risk registers were scrutinised and high risks examined to determine if they should be escalated to the Strategic Risk Register. Risks associated with East Renfrewshire Culture and Leisure Trust (ERCLT) and the Integrated Joint Board were also considered by the relevant Departments and escalated to the Council's Strategic Risk Register where appropriate.

CONCLUSION

25. As part of the review of the register 4 new risks was added and 4 risks were removed. There are now 37 risks on the register of which 11 are classified as "high" risk.

26. The Strategic Risk Register is reported every 6 months to the Audit and Scrutiny Committee and annually to the Cabinet.

27. The risks captured in the Strategic Risk Register continue to be monitored and evaluated by the Corporate Management Team on a regular basis. The Appendix to this report therefore contains the most up to date position at the time of this report.

RECOMMENDATIONS

28. The Audit and Scrutiny Committee is asked to consider and note the development of the Council's Strategic Risk Register noting that this is considered a "live" document and will be updated and amended by the Corporate Management Team (CMT) as appropriate.

REPORT AUTHOR

- Lorraine McMillan, Chief Executive

- Gill Darbyshire, Chief Executive's Business Manager 07718 4252 036
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22nd March 2022

BACKGROUND PAPERS

- Appendix 1 East Renfrewshire Council Strategic Risk Register_V5.7_Updated
22.03.2023

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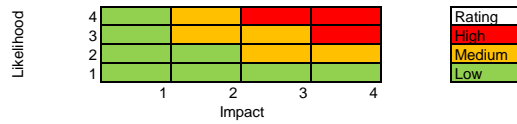
Classification	Official Sensitive
Name	East Renfrewshire Council Strategic Risk Register
Version	V5.7
Date	22/03/2023
Updated by:	Gill Darbyshire, Chief Executive's Business Manager

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

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

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

Risk Scoring is presented based on the risk matrix below



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Outcome 1: All children in East Renfrewshire experience a stable and secure childhood and succeed.												
Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current in place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
C (07/03/2023)	1.1	Inability to continue to deliver East Renfrewshire Council's preferred (or at least an acceptable) model of 1,140 hours of free early learning and childcare (ELC) which locally addresses the principles of quality, flexibility, accessibility and affordability.	<p>ERC's anticipated annual revenue funding shortfall from the first full year (2021/22) of implementation of 1140 hours has been well documented since 2018 and officers and elected members have petitioned SG/COSLA. In anticipation officers have sought to maximise the carry forward of specific ELC grant funding released on a phased basis in advance of full implementation. Such actions helped delay the full financial impact of the funding gap up to and including 2022/23.</p> <p>High quality, flexible accessible childcare available within East Renfrewshire Local Authority settings.</p> <p>Continue to monitor provision and regularly review delivery models based on bi-annual consultation, ensuring efficiency in the use of space and resources, whilst offering choice to families to make LA provision attractive.</p> <p>Maintain tight control of revenue spend, including scrutiny of requests to recruit to ensure all recruitment is on a needs (ratio) basis and that staffing levels in ELC settings are operating at maximum efficiency. Maintain flexibility in staffing.</p> <p>Continue to monitor house building across the authority and, where necessary, increase local authority provision.</p> <p>Continue to work in partnership with funded providers to deliver flexibility, accessibility and choice to families.</p> <p>Introduction of Add-on hours and more flexible models of delivery beyond 1140, enabling families to purchase additional hours where capacity allows.</p> <p>Review of models to ensure greater flexibility and full time hours for parents.</p>	3	3	9	<p>Following the end of taper period (25/26), assess the impact on ERC's delivery models and report to elected members as appropriate.</p> <p>Ongoing review of capacity across communities to ensure sufficient places for families to access 1140.</p> <p>Review of staffing models to ensure continued efficiency of delivery.</p> <p>Consult on a bi-annual basis on models of delivery to ensure greater flexibility and choice for parents.</p> <p>Increase capacity in the Barrhead/Neilston community with the introduction of a nursery class at St John's Primary School.</p>	<p>31/05/2025</p> <p>30/06/2023</p> <p>31/08/2023</p> <p>30/09/2024</p> <p>31/01/2024</p>	2	3	6	Director of Education
C (07/03/2023)	1.2	Scottish Government Funding Follows the child guidance in relation to parents accessing Early Learning and Childcare (ELC) in their choice of provider will have a significant financial impact on budget. Review of sustainable rate places increased pressure on the budget.	<p>Rigorous scrutiny process to determine partnership status for East Renfrewshire Council Funded Providers.</p> <p>Setting a fair and sustainable funded rate for 2022/23.</p> <p>Promote the quality and affordability aspects of all ELC settings with parents and carers.</p> <p>Forecasting of the current demand and cost of children accessing non-Local Authority (LA) settings.</p> <p>Continue to implement Funding Follows the Child and the West Partnership Cross Boundary Protocol, allowing parents maximum choice.</p> <p>Revised ELC admissions policy reflecting the enhanced 1140 provision and the allocation of places.</p> <p>Operation of application window to ensure allocation to nurseries can be undertaken to provide financial oversight. Funding request window notified to all funded providers.</p> <p>Review of application process to ensure LA and Funded Provider applications run in parallel, reducing 'double offers' made to families.</p> <p>Continued provision of add-on and introduction of more full time place to increase the flexibility available within LA settings.</p> <p>Review of models of delivery in LA settings through the ELC Consultation exercise to provide greater choice and flexibility.</p>	2	3	6	<p>Establish a reference group with representation from funded providers to agree criteria for setting sustainable rate in future years.</p> <p>Review the sustainable rate for session 2023/24, to ensure ongoing sustainability for both funded providers and the authority.</p> <p>Review of models of provision to ensure ongoing attractiveness of local authority provision.</p>	<p>30/04/2023</p> <p>31/07/2023</p> <p>31/07/2023</p>	1	3	3	Director of Education

<p>C (07/03/2023)</p>	<p>1.3</p>	<p>An increase in the number of parents and carers seeking to defer their child's entry to primary school in line with the Scottish Government's 2023 policy implementation leads to insufficient places or reduced flexibility being available and increased costs to ensure provision can be made.</p>	<p>Implementation of the Early Learning & Childcare (ELC) Admission Policy</p> <p>ELC settings to continue to engage with parents, outlining the progress and achievements of children.</p> <p>Playful pedagogy approach in Early Years of Primary School including high quality remote provision during times of restrictions.</p> <p>Departmental officer sitting on national Scottish Government working group.</p> <p>Introduction of new admissions process to ensure early oversight of deferral numbers for 2023/24. Deferral mapping system in place to support service planning.</p> <p>Capital investment across the ELC estate to ensure sufficient places to deliver statutory commitment as part of exercise in capacity mapping across ELC communities.</p> <p>West Partnership working group looking at the impact of deferral on pedagogical practice.</p>	<p>3</p>	<p>2</p>	<p>6</p>	<p>Ongoing review of capacity and provision across communities to ensure sufficient places for families to access additional year of funded ELC.</p>	<p>30/04/2023</p>	<p>2</p>	<p>2</p>	<p>4</p>	<p>Director of Education</p>
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Outcome 2: East Renfrewshire residents are healthy and active and have the skills for learning, life and work.

Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current in place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
S (28/03/2022)	2.2	Increase in the number of children and adults with additional support requirements leading to a rise in demand which impacts on our ability to provide services.	Advanced Practitioner post to improve practice across adult and children services in preparing young people with additional support needs for adulthood. Analysis of demographic changes and increased financial forecasting. Education Resource Group manage specialist resources and admission to specialist provision. Resource Allocation Group (RAG) strengthened membership to include educational psychologist and occupational therapist. New transitions strategy implemented and full team recruited	3	3	9	Continued monitoring and Covid support to partly offset increased demand. Implementation of Supporting People Framework	Ongoing (Review 21.03.23) 30/04/2023	3	2	6	Chief Officer HSCP
C (13/03/2023)	2.3	Ensuring sufficient catchment places for East Renfrewshire children and young people across all sectors in light of inward migration including the impact of new residential developments- in particular the Local Development Plan.	Regular review of available and demand for school places. Implementation of school admission and placing request arrangements and policies. Current capital plan reflects new build and extended educational estate, supplemented as appropriate by developer contributions, according to timescales and extent of provision noted in LDP (1), approved June 2015. On an ongoing basis, Education and Environment Depts continue to review the release of housing via the Housing Land Audit aligned with the pupil product ratios associated with new build homes in East Renfrewshire, to determine projected educational establishment rolls and the consequential infrastructure requirements to meet demand.. Pupil Product Ratios (PPRs) for ELC, primary, secondary and ASN (Additional Support Needs) sectors are regularly refreshed and analysed to take into consideration changing trends of inward migration. Council approved in June 2019 that the Proposed LDP2 be consulted upon in Autumn 2019, adopting a strategy of consolidation and regeneration with no further new housing sites released, with a factor for this being the demand for school places from any new developments, in addition to the demands from LDP1. The proposed LDP2 was challenged and subsequently was further examined by the Reporter with the Council responding to all challenges; the proposed LDP2 was adopted following the review in March 2022. The Council will continue to review school roll projections annually and Pupil Product Ratios (PPRs) at least every 2 years. -	3	4	12	Council's Capital Investment Strategy and the associated future 10-year Capital Plan updated to reflect education estate requirements for all school sectors taking account of operational requirements/timescales. As appropriate education statutory consultation to be undertaken in advance and within required timeframes. Education and Environment to collaborate closely about any potential further residential development as LDP3 progresses to ensure sufficiency of places across the education estate and that any new provision is included in future Capital Investment Strategies.	28/02/2024 In line with relevant timescales In line with relevant timescales	2	4	8	Director of Education
S (30/08/2019)	2.4	Closure of facilities (related to Trust) as a result of unforeseen failure or management practices resulting in loss of attendance, revenue, damage to reputation and increased management fee.	Current capital plan reflects major new replacement for Eastwood Leisure Centre and provision for repair and maintenance of Culture & Leisure facilities to improve the customer environment. In addition the capital plan includes the intent to renew sports and library facilities for the village of Neilston as part of campus approach to replace outdated local educational provision. Quarterly meetings take place between the Trust and Property and Technical Services to monitor performance. Business Continuity Plans in place for services. Service Level Agreement (SLA) in place between ERC & ERCL. Responded to the Main Issues Report and contributed to the new Local Development Plan (LDP) (2) highlighting any impact in terms of the culture and leisure estate. Additional capital maintenance budget agreed for Trust properties in February 2019.	3	4	12	Capital Plan reviewed annually and updated to reflect operational requirements of facilities operated by the Trust. This will be ongoing. Progress new culture and leisure projects, reviewed regularly and updated to reflect requirements of facilities. ERCL to take advantage of any opportunities offered by development of Local Development Plan (LDP) 3 taking account of due process such as planning and consultation in partnership with East Renfrewshire Council and in line with relevant timescales.	28/02/2024 In line with timescales set out in Capital Plan In line with timescales set out in Capital Plan.	3	3	9	Director of Education/Head of Accountancy

<p>C (13/03/2023)</p>	<p>2.6</p>	<p>An increase in the number of children and young people disengaging with learning as a consequence of legacy Covid-19 impacts and subsequently requiring specialist support.</p>	<p>Curricular focus on health and wellbeing to negate impact of Covid-19 Scottish Attainment Challenge funding to support wider efforts. Focus on supporting children and young people in to school and the promotion of in school learning. Effective multi-agency planning around the child. HealthIER Minds Service to support pupils and staff. Education Resource Group Inter-agency recovery group A review of specialist supports and services across the Education Department. Emotionally Based School Absence Support package developed including guidance, CLPL and specialist support.</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>Implementation of the findings of the ASN review. Wider campaign around the promotion of pupil attendance.</p>	<p>30/06/2023 30/06/2023</p>	<p>2</p>	<p>1</p>	<p>2</p>	<p>Director of Education</p>
<p>S (24/08/2021)</p>	<p>2.9</p>	<p>Inability to recruit appropriately skilled teacher workforce at all levels, leading to a reduction in service levels and an inability to provide adequate teaching across schools. Inability to recruit head teachers and other senior leaders, leading to an inability to provide education leadership. Lack of appropriately qualified CDOs results in decrease in quality across ELC provision.</p>	<p>Workforce planning strategy approved with improved recruitment and selection procedures. Ongoing work with university partners to ensure upskilling of new teacher workforce at all levels. Succession planning toolkit for managers. Training and support for aspiring leaders to provide a continuum from middle leadership through to HT. Leadership strategy embedded across the department.</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>Review of the CLPL offer to ensure appropriate high quality provision.</p>	<p>30/06/2023</p>	<p>1</p>	<p>2</p>	<p>2</p>	<p>Director of Education</p>
<p>C (13/03/2023)</p>	<p>2.1 2</p>	<p>The handback of PFI/PPP schools from the current management to the Council results in a decline in service due to an inability to successfully manage the transition and ongoing operation of the buildings. Buildings handed back to the Council as per the PFI/PPP agreements are not in an appropriate condition, resulting in additional maintenance costs for the Council.</p>	<p>PPP/PFI handback management group established, comprising of Bellrock SPV and appropriate officers from the Council to direct and monitor actions of operational sub groups: staffing; building condition and maintenance; equipment; legal; and finance. Membership of local government officers group</p>	<p>3</p>	<p>2</p>	<p>6</p>	<p>Establishment of oversight group and subgroups to plan effective transition to ensure ongoing services, building condition suitability and financial/legal issues are concluded. Membership of oversight group to include representative from SFT.</p>	<p>31/08/2023 31/08/2023</p>	<p>1</p>	<p>2</p>	<p>2</p>	<p>Director of Education</p>
<p>N (07/03/2023)</p>	<p>2.1 3</p>	<p>Full or partial operational loss or restrictions on the use of school/nursery buildings due to fabric/operational maintenance issues, leading to significant disruption to learning and teaching and a wider impact on children and young people. Inability to meet statutory duties around the provision of education/ELC. Inability to provide safe working/teaching environments in line with health and safety requirements.</p>	<p>Maintenance planning arrangements in place, with appropriate oversight of any essential repairs. Continued funding of repairs budget to ensure continued investment in school/nursery facilities. Emergency heating arrangements in place within school/nursery Business Continuity Plans (BCPs), including remote monitoring of temperatures to ensure ongoing Health and Safety compliance Availability of remote learning for short periods of disruption. Fire Risk Assessments of buildings. Careful selection from framework of agreed contractors who will ensure appropriate preventative expectations are met on ERC sites</p>	<p>3</p>	<p>4</p>	<p>12</p>	<p>Updated BCP template for all schools and nurseries - reflecting black start procedures. Engagement with CHSU on new fire response procedures to consider new mitigations required. Supported CPA for boiler and roof renewal programme.</p>	<p>31/08/2023 31/05/2023 31/05/2023</p>	<p>2</p>	<p>4</p>	<p>8</p>	<p>Director of Education</p>

Outcome 3: East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses.

Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current in place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
C (13/02/2023)	3.1	Glasgow and City Region City Deal infrastructure projects (including those projects outwith East Renfrewshire) do not proceed on schedule and/or do not produce the anticipated economic benefits resulting in a gap in funding provided by the UK and Scottish Government.	<p>City Deal projects are delivered within the governance, procedures & project management requirements set out in the City Deal Assurance Framework. Regular reporting on City Deal projects is provided for Governance meetings that are held every 2 months. Additionally, there are frequent project & team meetings, with issues raised with the Programme Management Office (PMO).</p> <p>There are rigorous checks of all business cases - initially through checks by the Governance Board, prior to going to the PMO. There is a further check by the PMO prior to expenditure approval and project implementation.</p> <p>Reproofing projects in terms of scope, timescales and cost to ensure the projects remain value for money, can be achieved within current budgets and still provide the required GVA with the Finance Business Partner.</p> <p>The Regeneration and Infrastructure Group within the Environment Department is chaired by the Director of Environment and meets monthly, enabling monitoring of progress and issues relating to City Deal Projects.</p> <p>All existing & new employees receive regular training to ensure their project management knowledge is up to date. This includes all City Deal project managers being trained in NEC3 contracts and financial standing orders.</p>	2	3	6	Development and delivery of an annual report that will be provided to the Cabinet - to provide an overview of projects. This is being established in 2023 and will be offered each year thereafter.	30/04/2023	2	3	6	Director of Environment
S (17/08/2022)	3.2	Increase in construction inflation costs may negatively impact on the planned capital plan and City Deal GVA (Gross Value Add).	<p>Major capital projects have been reviewed for inflationary impact in preparing the 2020/2021 to 2029/2030 Capital Plan. Reassessment of capital plan to ensure budget can be met.</p> <p>There is prudent budgeting and ongoing monitoring of reserves - including monitoring the effects of Brexit, Covid-19 and construction inflation on costs, availability of labour and changes to safe working practices.</p> <p>Building Cost Information Service (BCIS) is updated annually and the mid construction point is used to inflate projects, and notified to the Finance Service.</p> <p>Regular review of Government budgets and subsequent Council budgets takes place, to consider impacts on major projects.</p>	3	3	9	Re-profiling of 10 Year Capital Plan should significant variations occur or are likely to occur in a single financial year.	Long Term Consideration	3	2	6	Director of Environment

C (13/02/2022)	3.3	Potential breaches of UK Subsidy Control compliance leads to lengthy investigations, suspension of works leading to costly delays and financial penalties. This risk is complicated by the newly introduced UK Subsidy Control (previously State Aid) regime; with updated guidance and procedures.	<p>Close monitoring of capital expenditure/income against budget throughout year.</p> <p>UK Subsidy Control references are made within appropriate Cabinet/Council reports, where relevant.</p> <p>A member of the Environment Department attends 2 meetings per year at the Scottish State Aid Local Authority Network, to keep up to date with any changes to Subsidy Control compliance.</p> <p>There is an explicit inclusion of State Aid / Subsidy Control in East Renfrewshire Council's Financial Regulations and/or Standing Orders. Further information including examples of what constitutes State Aid is provided in the relevant links on the intranet (Home/Chief Executive's Office/State Aid Guidance)</p> <p>UK Government guidance has been published and is being updated. UK Government Guidance is available at: https://www.gov.uk/government/publications/complying-with-the-uk-international-obligations-on-subsidy-control-guidance-for-public-authorities</p> <p>An annual State Aid return is provided to the Scottish Government each June.</p>	2	3	6	<p>Economic Development have put a request to the Scottish Government for further training to staff, in light of the UK Subsidy Control regime coming into force in 2023.</p> <p>The above training will be offered to all relevant staff.</p>	30/06/2023 30/06/2023	2	2	4	Director of Environment
S (28/01/2021)	3.5	There is a risk of an internal structural collapse at Braidbar Quarry which could result in the ground surface opening up possibly leading to fatalities if restrictions on access are not maintained. Several residential properties are blighted by this site.	<p>Full fencing of the site completed November 2019. Warning signs erected around the perimeter. Regular inspections are undertaken, with fencing repaired when the Council is notified of breaches. The Council documents its repair regime.</p> <p>Digitised record inspection records are retained and regularly updated.</p> <p>No mitigation factors are presently in place for an internal structural collapse other than protection of the public through restricted access.</p>	2	4	8	Remediation of the affected land is the only measure which will completely remove this risk. Achieving this however would be a multi-million pound exercise and would require significant collaboration with land remediation specialists.	Long Term Project	2	2	4	Director of Environment
C (10/02/2023)	3.7	Impact of severe weather (caused by climate change) disrupting the functioning of the Council and its ability to deliver services.	<p>Business Impact Assessments and Business Continuity Plans consider implications of sudden and severe weather events.</p> <p>The Council participates in Climate Ready Clyde (CRC) project to evidence the impacts of climate change on the area and its assets and develop a climate change risk and opportunity assessment, adaptation strategy and action plan.</p> <p>Continue to construct and maintain all buildings and infrastructure to the best possible standard to reduce likelihood of structural failure.</p> <p>Participate in Clyde And Loch Lomond Flood Risk Management Group (CALL)</p>	2	4	8	<p>Develop and implement the Get to Zero Action Plan</p> <p>The Get to Zero Action Plan includes an action to complete a Climate Adaptation Risk Assessment, which should be noted. This will help identify areas or assets that are at most risk, and make recommendations for further action.</p> <p>Work with Climate Ready Clyde and regional partners to implement the Regional Adaptation Strategy and Action Plan.</p>	30/09/2023 Long Term Project	2	3	6	Director of Environment
C (03/03/2023)	3.8	Lack of Government funding to address climate change leads to East Renfrewshire Council being unable to achieve targets at the same time as maintaining core services with resulting public criticism/reputational damage.	<p>Regular petitioning of Scottish Government via COSLA takes place for adequate funding.</p> <p>The Council works closely with regional partners to ensure sharing of best practice.</p>	2	4	8	<p>Complete the Get to Zero Action Plan to assess the potential costs and timeline for action.</p> <p>Consider how climate change is being assessed in corporate decision making processes, such as Capital and Revenue investment strategies.</p>	30/09/2023 Long Term Project	2	4	8	Director of Environment
N (12/10/2022)	3.9	Lack of affordable temporary and permanent accommodation to meet the statutory homeless duties and wider housing need.	<p>Review of housing need and demand information used to inform housing supply targets.</p> <p>Affordable housing policy embedded in planning process.</p> <p>Allocation quotas for homeless households.</p> <p>Section 5 agreements with local housing associations.</p> <p>Increased supply of temporary accommodation across council, housing association and private sector properties.</p>	3	4	12	<p>Internal review of internal housing policies and procedures to move towards a greater prevention.</p> <p>A review with all partners to ensure a corporate review of homelessness.</p> <p>A review of homeless pathways from presentation, to temporary to permanent accommodation to ensure they are fit for purpose.</p> <p>An ongoing review of the HRA business plan to maximise new supply if possible.</p>	30/06/2023 30/06/2023 30/06/2023	2	4	8	Director of Environment

Outcome 4: East Renfrewshire residents are safe and live in supportive communities												
Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current in place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for Completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
C (21/03/2023)	4.1	Inconsistent assessment and application of the public protection agenda (Child Protection, Adult protection and Multi-Agency Public Protection Arrangements- MAPPA) may result in risk of children or vulnerable adults being harmed and lead to non-compliance with legislative standards.	The operation of Child Protection Committee (CPC), Adult Protection Committee (APC) and MAPPA meetings deal with strategic and practice issues. *Safe Together* model implemented in HSCP and rolled out across Council. Regular reporting to COPP in place for adult, children and high risk offenders.	2	4	8	Strengthen reporting arrangements around SSSC registrations. (Recommendations from the short-life working group established Mar-22 to be implemented)	30/06/2023	1	4	4	Chief Officer HSCP
S (20/12/2021)	4.2	Acts of harassment, violence or intimidation, directed at particular religious or minority groups, impact on individuals and communities, resulting in harm and reduced confidence in being able to live safely and without fear within East Renfrewshire.	Local authorities have a duty under the Counter Terrorism and Security Act (2015) to have "due regard to the need to prevent people from being drawn into terrorism". The Council participates in multi-agency 'Prevent' and 'CONTEST' working groups, alongside other local authorities, Police Scotland and the Scottish Government, and has designated the Head of Digital and Community Safety as the Single Point of Contact (SPOC) for Prevent. The Council CRMT and the Civil Contingencies Service (CCS) ensure that appropriate business continuity and civil contingencies procedures are developed and maintained, to co-ordinate an effective response in the event of an incident impacting people, infrastructure or services. Where an individual has been identified as being at risk of being drawn into terrorism, there are well-established procedures for multi-agency case conferences (chaired by the Head of Adult Support and Protection) using the Prevent Multi Agency Panel (PMAP) referral process, with appropriate information sharing between the Council and Police to deliver targeted intervention activities. The establishment of a cross-departmental working group to develop actions to raise awareness amongst Council and Trust staff of the Prevent duty and identifying signs and risk factors of potential radicalisation.	2	4	8	Deliver work plan agreed by Prevent operational group to ensure education and awareness is received by the relevant staff groups. Target changed to reflect recent addition of Prevent Assurance Self-Assessment from Scottish Government Safeguarding & Vulnerability Team which will allow finalisation of work plan.	30/09/2023	1	4	4	Director of Business Operations & Partnerships
S (28/03/2022)	4.4	Scottish Child Abuse Inquiry - Children accommodated by East Renfrewshire Council and legacy areas from 1930 may have been the victims of historical abuse whilst in foster care. Capacity to meet potential increase in demand in relation to access to records and potential claims against the Council as Inquiry work progresses	Adult Protection Committee and Child Protection Committee have been sighted on these issues. Final s21 submission made to the Inquiry in July 2020 in relation to the foster care case study. The Inquiry requested further information which was submitted in Jan-22. The Inquiry will begin to take evidence from Jun-22 onwards – it is unclear at this point whether ER will be cited to court Key learning from S21 work shared with managers Identified leads in HSCP working alongside legal services to manage the progress of any allegations/claims made.	3	3	9			3	3	9	Chief Officer HSCP

Outcome 5: Older people and people with long term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives												
Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current in place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
C (15/03/2023)	5.1	Increase in older people, particularly very old, due to demographic changes leads to an over demand on certain services and failure to meet legislation, overspend and negative publicity.	<p>Scottish Government providing additional resources (winter planning) for Health and Social Care with emphasis on managing demographic pressures.</p> <p>Outcome Delivery Plan (ODP) and HSCP strategic plans build on foundation of wider council prevention and early intervention strategy for older people.</p> <p>UCC Delivery Plan approved by IJB in March-22.</p> <p>Concluded redesign work focusing on rehabilitation</p> <p>Annual budget setting takes account of demographic projections.</p> <p>Reviewed front door arrangements to ensure fit for purpose in terms of recovery – new model launched Summer and making significant positive impact on waiting list for assessment</p> <p>Re-started Talking Points as part of Community Led Support programme, diverting people to community resources and building own assets.</p> <p>Monthly reporting to Scottish Government on winter planning funding.</p>	3	3	9	Develop and implement a prioritisation framework to ensure we continue to meet our statutory duties	30/04/2023	3	2	6	Chief Officer HSCP
S (15/03/2023)	5.2	<p>Risk of failure of a key care provider, including care home, care at home and other care providers due to financial instability, staff recruitment and selection difficulties or significant care concerns.</p> <p>Consequences could include:</p> <ul style="list-style-type: none"> - disruption to service delivery - requirement to implement contingency plans - impact on individuals and families with potential disruption to care arrangements 	<p>We work with the Care Inspectorate to ensure robust action plans for improvement are in place.</p> <p>We work with providers at risk to agree phased and managed approach to closure if required. Escalation process in place.</p> <p>Work with Scottish Government, Scotland Excel and CoSLA on care home market.</p> <p>Scotland Excel framework provides larger provider base to mitigate risk.</p> <p>Care Home assurance group established May 2020 (meets twice weekly).</p> <p>Care homes reporting key information which is reviewed by the care home assurance group to allow management of risk and support.</p> <p>Two community hubs established to provide range of support to care homes within Greater Glasgow and Clyde e.g. nursing, infection control support.</p>	4	3	12	<p>Reshape strategic commissioning plan based on outcome of the work exploring models of service delivery. Annual progress will inform our longer term approach.</p> <p>Increased monitoring by Commissioning and Contracts service (reviewed March 2023)</p>	30/06/2023 30/06/2023	3	3	9	Chief Officer HSCP
C (15/03/2022)	5.3	Significant pressures and lack of service capacity impacts on service delivery and quality standards. Impact on service users and carers.	<p>Increased resource to support robust absence management due to significant absence.</p> <p>Single base operating for Care at Home</p> <p>Embedded full time Pharmacy resource within the service (Jul-20).</p> <p>Ongoing quality assurance and monitoring activity in place.</p> <p>Frontline recruitment progressing</p> <p>Increased OT resource to maximise outcomes and reduce supports required</p> <p>Project to support Care at Home redesign went live in December 2022</p> <p>New scheduling system, - Total Mobile now in place</p>	3	4	12	<p>Proposed service model to be presented to DMT for approval</p> <p>Conclude work to realign staff work patterns in order to maximise resource</p> <p>Full implementation of Total Mobile (with progress report to DMT)</p>	30/04/2023 31/06/2023 31/05/2023	2	3	6	Chief Officer HSCP

Our Strategic Outcomes: Customer, Efficiency and People												
Risk Status S/C/N (Same, Changed, New)	Risk Number	Risk (Threat / Opportunity to achievement of business objectives)	Risk Control Measures (Mitigations) current in place	Likelihood (Probability)	Impact (Severity)	Risk Score	Proposed Risk Control Measures (Mitigations)	Date for completion	Re-scored Likelihood (Probability)	Re-scored Impact (Severity)	Re-scored Risk Score	Risk Owner
C (21/03/2023)	6.1	Reduced central government funding and new grant conditions leading to failure to support the current level of service provision leading to public discontent and negative effect on the Council's reputation and increased pressure to draw down council reserves on future years' budgets.	<p>Budget Strategy Group</p> <p>Corporate Ownership</p> <p>Treasury Management Strategy</p> <p>Ongoing monitoring of Council reserves</p> <p>3 Year budget arrangements</p> <p>Change to financial planning timetable to allow earlier budget deliberations and a realignment of budget with council outcomes.</p> <p>Close monitoring of expenditure/income against budget throughout the year.</p> <p>Prioritisation of Digital Transformation Programme and continual review of projects to ensure effective progress and business cases.</p> <p>Budget aligns with conditions set out in Scottish Government settlement letter.</p> <p>Updated settlement figures received from Scottish Government.</p> <p>Long term budget and scenario planning. Outline Financial Plan, reserves and Council Tax level reviewed annually by Council.</p> <p>Education resources reviewed in context of school empowerment and carry forward limit agreed.</p>	3	4	12	<p>Review reserves and consider options for future years' utilisation/reclassification to assist with meeting budget pressures if required.</p> <p>Reintroduction of 3 year national settlements from 2024/25.</p> <p>Avoid all non-essential spend if required.</p> <p>Continue to utilise new Service Concession flexibility.</p> <p>Consider any additional fiscal flexibilities offered by Scottish Government.</p>	<p>31/10/2023</p> <p>31/12/2023</p> <p>31/03/2024</p> <p>31/12/2023</p> <p>31/12/2023</p>	3	3	9	Head of Accountancy
C (21/03/2023)	6.3	Lack of appropriately skilled workforce due to the combination of loss of experience from redundancy / retirement, difficulties recruiting due to temporary contracts and shortage of skills in market place leads to a reduction in service levels damaging council reputation.	<p>Leadership Competencies (which are linked to Quality Conversation) and the Leaders of the Future Development Programme.</p> <p>Review of organisational and financial business case when considering redundancies/ early retrials.</p> <p>Succession planning toolkit available for managers.</p> <p>Actively support CoSLA working groups to benchmark best practices in workforce planning.</p> <p>Digital Transformation Programme launched with key programmes on Customer Experience; Business Systems & Processes and Workforce Productivity, supported by Organisational Development (OD) and a shared resourcing model including updated staffing structures.</p> <p>Strategic programme reporting for transformation programmes and investment reporting in place.</p> <p>Digital champions in place to support O365 training.</p> <p>CMT considered a review of the workforce plan in June 2022.</p> <p>Workforce planning strategy in place with active working group with senior management representation and departmental action plans which demonstrate alignment with the financial plan.</p>	2	3	6	<p>Implement the actions from the Workforce Action Plan.</p>	30/06/2024	2	2	4	Director of Business Operations & Partnerships

<p>C (22/03/2023)</p>	<p>6.4</p>	<p>Our ambitious change programme may be affected by prioritisation of resource due to budgets and service reductions. This may have an adverse impact on the pace and scale of change and our ability to deliver change, digital transformation and enable future efficiencies. This may lead to slower delivery of benefits and affect the development of our core ICT systems</p>	<p>Modern Ambitious Programme in place since 2015. New Digital Transformation programme approved as part of Digital Strategy in June 2021, with launch 1 April 2022. Key programmes on Customer Experience; Business Systems & Processes; and Workforce Productivity. New governance in place to oversee progress, capacity, performance and delivery of benefits.</p> <p>Shared resources for digital transformation in plan via mix of revenue and Capital funding and use of Modernisation Fund to ensure projects are adequately resourced, including use of additional employees on temporary contracts where required.</p> <p>Skills development in support of change includes accredited Project Management Courses, agile courses, management training, training to assist with service redesign and new courses on user research, Service Design, following the Scottish Approach to Service Design</p> <p>Capital Bids required to demonstrate alignment to 5 capabilities and key outcomes.</p> <p>Consideration of flexible external assistance and skills when change projects require.</p> <p>Greater use of "agile" project methodology to chunk projects into smaller, more manageable iterations, with lower risk. Agile training delivered to Leadership cohort in March 2022.</p> <p>Review of Council's Values with Organisational Development (OD) Board to support delivery of change.</p> <p>Work built on digital transformation project prioritisation, working and revised programme governance to ensure a joint strategic approach to decisions on projects that focuses on securing savings and delivering efficiency benefits, based on organisational skills and capacity.</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Programme Boards to review projects and relative project prioritisation with a focus on delivery and benefits realisation</p>	<p>31/03/2024</p>	<p>2</p>	<p>3</p>	<p>6</p> <p>Director of Business Operations & Partnerships</p>
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<p>C (20/03/2023)</p>	<p>6.6</p>	<p>Failure to effectively manage the Council's information assets may lead to a risk of inadequate data handling, not adequately preventing loss of data and unlawful sharing of data may result in non-compliance with legislation, in particular Data Protection Act 2018 (including GDPR) , Freedom of Information Scotland Act (2002) and Records Management Public Services Act 2011</p> <p>Failure to incorporate information governance elements through a privacy by design approach into procurement, project management, process and technologies</p> <p>Inability to recognise the value of our information assets may result in lost opportunities to use data to inform decision making, transform services, support increased performance, enhance customer service and promote transparency and information quality assurance</p>	<p>Review of processes and procedures to ensure compliance with the General Data Protection Regulations and the Data Protection Act 2018 completed.</p> <p>Records Management Plan updated in line with Audit review and through ongoing revision.</p> <p>Retention schedule under ongoing review and revision.</p> <p>Review of policies and procedures is now complete and work is ongoing to ensure that policy and guidance is update to date and reflective of good practice.</p> <p>Guidance has been created and published in respect of Redaction to reduce the risk that personal data is inadvertently published.</p> <p>Data Protection Policy has been has been revised to reflect the role of a dedicated Data Protection Officer (DPO).</p> <p>Service Privacy Notice Template updated and exercise in place to ensure that these are regularly reviewed.</p> <p>Annual Data Protection reporting mechanism to CMT established alongside engagement with Departmental Management/Leadership Teams.</p> <p>DPIA training course has been developed and delivered to nominated employee across the Council and are scheduled on the corporate training calendar on an annual basis.</p> <p>Breach reporting procedures have been created, published and are kept under review.</p> <p>Revised guidance for Subject Access Requests (SAR) and a new process are in place and meet all Code of Practice requirements.</p> <p>Self-assessment update on the Council's Records Management Plan was submitted to The Keeper of the Records of Scotland and was fully approved.</p> <p>Document sharing defaults have been set to named people to help ensure that only appropriate individuals have access to sensitive information.</p> <p>A cross departmental group responsible for coordinating implementing information governance duties and policies has been established to embed a positive information governance culture through targeted activities, technical controls, training and communications that supports a pragmatic and risk based approach to ensuring the confidentiality, integrity and availability of information assets whilst focusing on citizen and employee safety, business transparency, and legislative compliance.</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>Roll out additional technical controls, as appropriate, to enhance the security and management of sensitive data, including: sensitivity classification/encryption, sharing and data access controls, linking data access to Active Directory.</p> <p>Assessment of requirements for storage of hard-copy records to be considered.</p>	<p>30/09/2023</p> <p>31/12/2023</p>	<p>1</p>	<p>3</p>	<p>3</p> <p>Director of Business Operations & Partnerships</p> <p>Chief Executive</p>
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<p>C (12/10/2022)</p>	<p>6.7</p>	<p>Interruption to service or total inability to provide ICT services, resulting in impact to Council business, due to the loss of the Barrhead Data Centre and/or other critical infrastructure components due to fire, vandalism, equipment malfunction (including environmental controls).</p>	<p>Ensure that a robust data back-up and protection schedule for data is in place. Perform complete review of all current back-up arrangements to optimise resilience.</p> <p>Ensure that the Council reviews Business Continuity Plans at least annually.</p> <p>Ensure that equipment is regularly maintained and replaced as required.</p> <p>Ensure supplier(s) contracts support recovery activities.</p> <p>Undertake independent review of core infrastructure design and architecture to gain validation and assurance of both security and operational capability</p> <p>Improve monitoring and alerting of hardware and environmental systems to provide a proactive response.</p> <p>Secure a co-located Data Centre or equivalent geographically different Disaster Recovery capability at a commercial or partner location to increase resilience and provide necessary service continuity.</p> <p>The CMT agreed that Information Security training should be mandatory to raise employee awareness of cyber threats and handling information securely. Policy and communications now in place.</p> <p>Critical Impact Assessments across all ICT delivered services to define priority for availability/recovery completed.</p>	<p>4</p>	<p>3</p>	<p>12</p>	<p>Plan and perform regular audited disaster recovery tests and rehearsals. Target updated from 31/03/23 to 31/05/23 to enable final documentation update and tests to be completed following follow on testing from initial desktop exercise.</p> <p>Develop an approach to adding out-of-hours monitoring and response for critical infrastructure to the ICT Service.</p>	<p>31/05/2023 01/06/2023</p>	<p>2</p>	<p>2</p>	<p>4</p>	<p>Director of Business Operations & Partnerships</p>
<p>C (21/03/2023)</p>	<p>6.8</p>	<p>Failure to pay invoices, Covid-19 related payments and specific Educational Benefits Payments, within a specified timeframe (Local Government Benchmarking Framework indicator/Government requirements) or failure to pay said types of payments correctly (either through fraud or error), which could lead to cessation of supplies; risks to delivery of critical services; inappropriate payments; loss of funds to the Council; reputational damage to Council; issues with insurers; detrimental business/personal financial impact and possibly, legal action.</p>	<p>Range of controls in place which must be completed prior to and as part of the Payment Run. These include over/under £50,000 checks based on both value and sampling commensurate with risk.</p> <p>Integra Financial system has a number of inherent controls relative to functionality, authorisation and checks and duplicate payments.</p> <p>Monitoring and controls have been reviewed and enhanced across general invoice, Covid-19 and Educational Benefit payment processing. Risk of overreliance on key managerial resource has been mitigated with the recruitment of the Hardship Payment Team Leader from April 2022 (Temporary appointment for 15 months). Given ongoing changing environment, the risk is subject to ongoing review with formal assessment to be undertaken during 2023.</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>New real-time invoice dashboard in final stages of preparation and will be rolled out to managers to improve invoice performance.</p>	<p>31/08/2023</p>	<p>1</p>	<p>3</p>	<p>3</p>	<p>Director of Business Operations and Partnerships</p>

<p>C (13/10/2022)</p>	<p>6.12</p>	<p>Loss of data or interruption to service due to cyber attack from internal or external malicious actors, or indiscriminate malicious programmes, deriving from both Council operations and those of its supply chain.</p>	<p>ISO27001 range of technology, policy, procedures, standards and training exists across the council which is reviewed regularly to ensure it remains consistent with changes in technology, working practices and emerging threats.</p> <p>The CMT agreed that Information Security training should be mandatory and undertaken annually to raise employee awareness of cyber threats and handling information securely. Policy and communications now in place.</p> <p>Security standards are reviewed and revised using a risk management approach.</p> <p>The Council is a member of several Information / Cyber Security groups to monitor emerging threats and risk and share security alerts.</p> <p>Ensure the security architecture follows layered approach as defined by best practice.</p> <p>Adopt and implement Scottish Government Cyber Resilience Action Plan which will result in Cyber Essentials Accreditation.</p> <p>Information Security Schedule included within all procurement exercises establishing minimum security requirements supported by operational Data Sharing and Processing Agreements.</p> <p>Programme of Phishing tests in place for all staff. Results reported to CMT and additional refresher training for those that click on the test phishing email.</p>	<p>3</p>	<p>4</p>		<p>Due to heightened tensions as a result of the conflict in Ukraine, the Information Security Officer will liaise with Scottish Local Authority Information Security Group, CISP and other national bodies to ensure the Council defences are updated timeously on receipt of specific threat intelligence. Target date extended further from 31/03/23 to 31/12/23 due continuing conflict.</p>	<p>31/12/2023</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Director of Business Operations & Partnerships</p>
<p>C (21/03/2022)</p>	<p>6.14</p>	<p>Failure to achieve anticipated benefits and savings from the Finance/HR/Payroll System would leave services short of capacity and risk service delivery.</p>	<p>Strong and robust Business Systems & Processes (formerly Core Systems) Programme and associated Project governance and risk and issues registers backed by appropriate level of resources.</p> <p>At least quarterly meetings of the Business Systems & Processes Board where Programme level risks and issues are discussed.</p> <p>Programme Team using lessons learned from other public sector organisations who have implemented an integrated core corporate system.</p> <p>Regular engagement with a wide range of stakeholders across the Programme and Projects.</p> <p>Working closely with ICT, the Programme Team use enterprise architecture to ensure that the potential impact of each Project release is co-ordinated and accounted for.</p> <p>Identification and recruitment of employees with key skills and expertise to form the appropriate Programme Team and associated Project Teams in place.</p> <p>Business readiness reviews in place prior to "go live" for all workstreams and Departments.</p> <p>Phase 1 Finance system successfully implemented August 2019</p> <p>Phase 1 HR/Payroll system implemented December 2020</p> <p>Identify set-up improvements to increase robustness of system.</p> <p>Staffing reviewed for transition from Core Systems Programme to new Business Systems & Processes programme for implementation from 1 April 2022.</p> <p>New governance for Business Systems & Processes Programme in place from 1 April 2022, with transitional handover meeting from Core Systems Board on 30/3/22.</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Regular review of ongoing releases and project prioritisation with Business Systems & Processes Board & Corporate Management Team throughout 2022/23.</p>	<p>31/03/2024</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>Chief Executive</p>

<p>C (26/01/2023)</p>	<p>6.18</p>	<p>The re-emergence, escalation or waves of any emerging human health disease (including the Covid-19 pandemic) result in increased controls and restrictions being implemented within East Renfrewshire.</p> <p>This may impact on provision of services through: staff availability, supply chain issues, increased service demand, financial and service planning upheaval.</p>	<p>The Council Resilience Management Team has oversight of business continuity & contingency planning and would lead the Council's tactical response to any significant human health incident. This will include monitoring Government & Health Guidance, ensuring up to date and consistent staff & public messaging - which will include Managers Guidance.</p> <p>Bespoke Council Resilience Management Team Sub Groups were established during the response for Covid-19 and can be utilised for further waves / pandemics. The need for dedicated Sub Groups will be continually monitored, to reflect the situation.</p> <p>Up to date Contingency Planning arrangements: including Pandemic Guidelines for the Council and HSCP; Business Continuity and Incident Response Procedures.</p> <p>Established links to NHS Public Health and appropriate Multi Agency partners (included through Local and Regional Resilience Partnerships).</p> <p>Lobbying Scottish & UK Government for funding / flexibilities to address the additional financial pressures relating to Covid-19.</p> <p>CRMT meeting schedules have been proven to be flexible and adaptable, particularly through Covid-19 - allowing appropriate responses to developing pictures.</p>	<p>2</p>	<p>3</p>	<p>6</p>		<p>2</p>	<p>3</p>	<p>6</p>	<p>Chief Executive</p>
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<p>C (13/03/2023)</p>	<p>6.22</p>	<p>Our major works capital programmes face unanticipated challenges as a result of external factors, during the lifespan of projects. These challenges have a detrimental impact on the costs and / or timescales relating to their delivery. Examples of the factors that could lead to pressures include Covid-19, EU Exit, the Ukrainian War and cost and technical solutions associated with achieving "Get to Zero" specifications.</p>	<p>The Capital Asset Management Group (CAMG) performs robust appraisal of all new capital bids.</p> <p>The CAMG regularly meets, allowing projects to be tracked - with concerns reported and appropriate interventions considered.</p> <p>Members approval would be sought through the budget monitoring reports of any minor changes to the approved plan and that a separate report would be submitted to Cabinet for approval should there be any substantial changes.</p> <p>Economic situation monitored via Directors of Finance network/ Liaison with Scottish Government via COSLA to keep up to date with likely developments on UK/Scottish settlements.</p> <p>The price of goods / services is reviewed by appropriate officers within Departments, with concerns raised at an early stage against significant increases. Business Continuity planning considers alternative suppliers to ensure key service continuity.</p> <p>Roads keep an adequate stock of cold lay material for urgent/emergency repairs & are placing bitumen orders at as early a juncture as possible.</p> <p>Re-profiling of 10 Year Capital Plan has taken place for 2023/24 with a view to identifying significant variations that should significant variations occur or are likely to occur in a single financial year.</p> <p>Review/reprioritisation of 10 year Capital Plan has taken place for the 2023/24 financial year.</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Value engineering of current and future projects to remain within budget.</p> <p>Virement from other projects.</p> <p>Rescheduling of projects into future financial years.</p> <p>Re-profiling of 10 Year Capital Plan to take place for the 2024/25 financial year, with a view to identifying any significant variations that have or may well occur.</p> <p>Review/reprioritisation of 10 year Capital Plan to reflect the above for the 2024 / 25 financial year.</p> <p>Complete the Get to Zero Action Plan to assess the potential costs and timeline for climate action.</p> <p>Pursue 3rd party funding (including Scottish Government) for climate change action to supplement investment via Council's own capital/revenue budgets.</p>	<p>Ongoing Considerations</p> <p>31/03/2024</p> <p>31/03/2024</p> <p>30/09/2023</p> <p>Ongoing Consideration</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>Director of Environment & Head of Accountancy</p>
<p>S (14/9/2021)</p>	<p>6.24</p>	<p>The Covid-19 Pandemic reduced community activity and staff capacity over a prolonged period which constrains the Council's ability to identify, plan and deliver Participatory Budgeting (PB) opportunities resulting in the Council failing to meet its goal of 1% of spend being via Participatory Budgeting.</p>	<p>Participatory Budgeting training and briefings being delivered refresh staff awareness and understanding as required.</p> <p>Regular updates to Corporate Management Team on progress.</p> <p>Support being given to Departments to develop PB proposals.</p> <p>Examples of good practice from other authorities being identified and shared with services.</p>	<p>4</p>	<p>3</p>	<p>12</p>	<p>Develop multi-year Participatory Budgeting project pipeline beyond 23/24 to build on current activity, provide sufficient advanced planning time to services and reduce the risk of not meeting the 1% goal in future years.</p>	<p>31/03/2024</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>Director of Business Operations and Partnerships</p>
<p>C (25/08/2022)</p>	<p>6.26</p>	<p>Resettlement of displaced persons from Ukraine and Afghanistan (or any other area) and unaccompanied asylum seeking children overwhelm the availability of resources in East Renfrewshire, impacting upon already stretched availability for housing, facilities (eg school provision, GP access, etc.), Young Persons Services, Council Services and the Third Sector.</p>	<p>Regular engagement on Resettlement with COSLA, the UK and Scottish Governments - this will include highlighting the issues and challenges faced.</p> <p>An East Renfrewshire Resettlement group has been established and can be escalated where there is urgent support or information sharing needs.</p> <p>Available Scottish Government funding has been utilised to enhance available resources - including the recruitment of a further Client Advisor, recruitment of an ESOL tutor.</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Exploration of proposals to buy back Council housing and increase Private Sector Leasing to enhance available housing options.</p> <p>As UK & Scottish Government funding models and opportunities are available, explore further ways to improve and enhance on services. Target extended to April 2024, to reflect ongoing resettlement work and funding available from UK & Scottish Government for Ukrainian resettlement.</p>	<p>31/08/2023</p> <p>30/04/2024</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Chief Executive, Director of Environment, Director of Environment & Chief Officer HSCP</p>

<p>N (13/03/2023)</p>	<p>6.27</p>	<p>Significant and prolonged disruption to the Electricity Network impacts on normal service delivery and heightens vulnerabilities within our communities. Prominent risks include National Electricity Transmission System (NETS) Failure or planned Rota Load Disconnection.</p>	<p>The Council Resilience Management Team regularly considers Power Resilience as one of its areas of focus.</p> <p>The Electricity Supply Emergency Code (ESEC) have been identified for Council buildings - enabling a scoping of impacts of any Rota Load Disconnection, should this be announced by the UK Government.</p> <p>Regular engagement takes place with Scottish Power Energy Networks takes place through the appropriate Resilience Partnership channels.</p> <p>Council representatives have attended 3 exercises in 2022 that focus on Power Resilience challenges (one Regional Resilience Partnership, one Local Resilience Partnership and one Council Resilience Management Team exercise).</p> <p>Each Department has Business Continuity Planning in place, which will consider Power / Utility outages and service delivery, which would initially be followed.</p> <p>The Council has a Power Resilience Plan, which considers the roles and responsibilities of key officers in a NETS Failure - as well as linking to appropriate multi-agency arrangements. This was approved at the CRMT meeting in March 2023.</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Ahead of winter 2023/24, consideration of updating messaging on Council channels to emphasise general resilience good practice (e.g. Grab Bags), as well as flagging key power channels (e.g. Scottish Power Energy Networks Priority Register, Power 105 website & phone number).</p> <p>Utilise gathered information on ESEC for Council buildings to provide a mapping / GIS solution for key Council Officers, to understand impacts of any Rota Load Disconnect.</p> <p>Consider the ESEC information gathered from a public facing point of view.</p> <p>Look to carry out Business Continuity Exercising at a Departmental level, with inclusion of a power loss scenario to assist in verifying planning arrangements and to create awareness of the response to challenges faced.</p>	<p>31/10/2023 31/10/2023 31/10/2023 31/12/2023</p>	<p>3</p>	<p>2</p>	<p>6</p>	<p>All Departments</p>
<p>N (16/02/2023)</p>	<p>6.28</p>	<p>Unplanned disconnection of analogue telephone lines as part of Ofcom retirement of analogue telephone networks such as the Public Switched Telephone Network (PSTN) by the end of 2025 could disrupt Council services including communications, asset management and technology operations.</p>	<p>Project Team assembled, with Project Manager assigned to manage information gathering, communications and service actions.</p> <p>Focused dialogue in place with Virgin Media Business on the lines in use at Sheltered Housing complexes, now confirmed as 2025 shutdown.</p>	<p>3</p>	<p>4</p>	<p>12</p>	<p>Gather information from all Telco providers on expected switch off dates of their exchanges.</p> <p>Action plan for 2023 developed for all lines identified, including Procurement support for affected supplier engagement.</p> <p>Action plan for 2024 to 2025 developed for all lines identified, including Procurement support for affected supplier engagement.</p>	<p>31/03/2023 31/03/2023 01/10/2023</p>	<p>2</p>	<p>3</p>	<p>6</p>	<p>All Departments</p>

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

30 March 2023

Report by Clerk

NATIONAL EXTERNAL AUDIT - TACKLING CHILD POVERTY

PURPOSE OF REPORT

1. To provide information on the Audit Scotland briefing report on *Tackling Child Poverty*.

RECOMMENDATION

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

BACKGROUND

3. A copy of the Audit Scotland briefing report on [Tackling Child Poverty](#), published in September 2022, has already been circulated to all Audit and Scrutiny Committee Members. Under the committee's specialisation arrangements, the Member leading the review of this particular report is Councillor Buchanan.

4. The Director of Business Operations and Partnerships has provided comments on the report. A copy of that feedback is attached (see Appendix A).

RECOMMENDATION

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

Local Government Access to Information Act 1985

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Background Papers:-

1. Audit Scotland briefing report on [Tackling Child Poverty](#)

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Audit Scotland Briefing Report: Tackling Child Poverty

Comments for Audit & Scrutiny Committee on 30 March 2023

Prepared by Director of Business Operations & Partnerships

March 2023

INTRODUCTION

1. This paper provides high level comments on the Council's position regarding the Accounts Commission's briefing on Tackling Child Poverty, including comments on each of the report's recommendations. A fuller update on child poverty is being prepared for Council in June 2023 as part of reporting on our Local Child Poverty Action Plan.

REPORT

Overview

2. The Accounts Commission published its Tackling Child Poverty briefing in September 2022. In its 'Key Messages', the report highlights the challenges in demonstrating a clear shift in preventing child poverty and reporting on success in delivering action against child poverty targets. The report acknowledges that responsibilities for tackling child poverty sit at all levels of government, with the Scottish Government's second child poverty delivery plan, 'Best Start, Bright Futures' published in March 2022 setting out a more joined-up approach. There are calls in the paper for more detailed joint planning between the Scottish Government and local government to deliver key actions and evaluate impact, with the lived experience of children and families living in poverty put firmly at the heart of any emerging plans. Gaps in data are also highlighted as a key challenge as is the impact of the current cost of living crisis on progress towards targets.

Our Strategic Aims

3. In East Renfrewshire, we continue to be committed to addressing the issue of child poverty. It is seen as integral to achieving the vision set out in our Community Plan to create an "attractive thriving place to grow up, work, visit, raise a family and enjoy later life". The Community Plan contains our Local Outcome Improvement Plan priorities which are focused on reducing inequality across groups and communities in East Renfrewshire. Our locality planning approach also seeks to reduce the inequalities in outcomes between deprived communities and the rest of East Renfrewshire; this is more relevant now than ever given our renewed focus on recovery of our services and building back better and fairer.

4. Our Local Outcome Improvement Plan, the FAIRER East Ren plan, has a key strategic outcome aimed at ensuring that 'child poverty is reduced'. There are 3 main aspects to this:

- Improved income from employment for parents
- Enhanced gains for families from income maximisation and social security
- Reduced costs of living

5. Annex 1 shows the detailed driver diagram including critical activities currently being undertaken. Revised editions of the plan will be brought to Council in June 2023, alongside a progress update for 2022/23.

Information Sharing, Partnership & Networks

6. The Accounts Commission report (pg24) recommends that “*Councils and national groups they participate in should consider how best to share information about what councils are doing to tackle child poverty and its impact. This would support learning and improvement. They should also ensure this is supported by robust data and evaluation*”.

7. The Child Poverty (Scotland) Act 2017 places a duty on local authorities and regional health boards in Scotland to produce annual, joint Local Child Poverty Action Reports (LCPARs) describing ongoing and planned action to tackle child poverty at local level. East Renfrewshire’s most recent report, our fourth annual report, was considered by Council in [June 2023](#). In its role as the national co-ordinator for LCPARs, the Improvement Service also publishes each council’s LCPAR for benchmarking and information sharing purposes – details can be found [here](#), including historical reports.

8. There is a national Local Child Poverty Peer Support Network and a national LCP Co-ordination Group. The purpose of these networks is to co-ordinate efforts and resources to tackle child poverty at a local level. East Renfrewshire Council is an active participant in these national groupings.

9. Locally in East Renfrewshire, we have a Child Poverty Oversight Group which meets quarterly and is co-chaired by the Chief Officer of the HSCP and the Director of Business Operations & Partnerships. This group has senior membership from Council (including the Money Advice & Rights Team, Housing, Economic Development, Revenues & Benefits), HSCP and ERCLT services as well as public sector partners including the Citizens Advice Bureau, Voluntary Action East Renfrewshire, Barrhead Housing Association and Police.

10. There are also supporting, officer groups such as the Cost of Living Working group; the Local Employability Partnership and an implementation group on incorporation of United National Convention on the Rights of the Child (UNCRC).

Data, Evidence & Context

11. Data from last year’s LCPAR report showed that East Renfrewshire had:

- the highest proportion of children in any Scottish local authority, with almost 20,000 children aged 0-15 years
- the (joint) lowest proportion of children living in relative poverty in Scotland (low incomes compared to average UK household); around 3,000 children or 16%
- almost one in five households (18%) which were ‘workless’, meaning there is no individual in the household employed
- the highest average weekly pay in Scotland for those *living* in the area, but the lowest average weekly pay for those *working* in East Renfrewshire
- a lower proportion of residents (below Scottish average) receiving income from social security and benefits. However, since the beginning of Covid-19, there has been a significant increase for financial support.

12. Despite having one of the lowest rates of child poverty in Scotland, there is a significant gap in standards of living amongst our poorest and wealthiest families, children who could be sitting next to one another in school, making the contrast all the more apparent. The Resolution

Foundation has estimated that levels of Absolute Child Poverty (the proportion of children living in households with incomes that would have been below the relative poverty line in 2010/11) could rise by 5% points in 2022/23. Glasgow City Region (GCR) applied this projection to the latest estimates of Child Poverty (after housing costs) from 2020/21 showing that the number of children in poverty in East Renfrewshire could increase by 950 – no updates on this position area available at this time.

13. The Accounts Commission report (pg16) recommends that *“the Scottish Government and councils should consistently use [a] suite of child poverty indicators to reflect the impact of cost of living increases on low income families”*. This data is not readily available at a local authority level, therefore we would need to allocate resources to respond to this recommendation and are currently looking at potential for this via Child Poverty Oversight Group.

14. The Accounts Commission report expresses concern about the deliverability of the national targets and recommends (pg 33) that *“the Scottish Government should set out options and progress actions to meet the final targets well in advance of the next delivery plan in 2026”*.

15. National delivery plans identify a number of priority groups where there is strong evidence that the risk of poverty is higher, specifically:

- Lone parents
- Families where a member of the household is disabled
- Families with 3 or more children
- Minority ethnic families
- Families where the youngest child is under 1
- Mothers aged under 25

16. We commissioned our own Humanitarian research into the local impact of COVID-19. This research sits strongly against the Accounts Commissions comments (paragraph 54) about the *“lack of data and evidence that would allow councils to fully understand the adverse impacts of the pandemic on different groups in their area and inform local plans”*. Highlights were reported to [Cabinet in October 2023](#) and detailed analysis can be found [here](#). The study included ‘lived experience’ research, in line with the Accounts Commission recommendation (pg 29) that *“the Scottish Government should work with local government, the third sector and other partners, and children and families with lived experience of poverty to quickly set out how the actions in the second delivery plan will be delivered, monitored and their impact evaluated”*. The research also showed that the societal and economic harms caused by the pandemic continue to be felt by residents across East Renfrewshire and many will be exacerbated by the cost-of-living crisis. The research noted key priority groups who should be prioritised for recovery support including children and young people; older people; those with disabilities and long-term conditions; carers; single households; young families; those with language barriers and those experiencing domestic violence.

17. In addition to the impact of the pandemic, other global factors are influencing an ongoing cost-of-living crisis. Weak earnings and income growth; in-work poverty and fragile work, combined with the increasing cost of fuel and goods, particularly food, have seen household finances squeezed. There are several contributing factors including post-lockdown surge in demand for fuel; a lack of supply of fuel due to lack of renewable generation; poor crop yields; a reduction in food production; Brexit; and the war in Ukraine.

18. CPAG estimates that by January 2023 over half of households in the UK (15 million) will be in fuel poverty which means spending over 10 per cent of net income on fuel. Again,

GCR analysis indicated that for East Renfrewshire there could have been 19,000 additional households in fuel poverty by January 2023.

19. The Accounts Commission report (page 27) recommends that *“the Scottish Government and councils should consider how to improve national and local data to ensure that it fully captures and measures the characteristics and complexity of children living in poverty and the impact of actions on outcomes for children across different demographic groups”*. This is a key priority for us locally in our work both as part of the Child Poverty Oversight Group and in our Digital Transformation Programme as we seek to join up data and build insight that can inform decision-making and planning.

20. We are currently working with Smart Data Foundry (linked to Edinburgh University) and the Royal Bank of Scotland on an innovative data project to better understand the cost of living and poverty landscape in East Renfrewshire. With appropriate data protection controls in place, the project looks at people with: use of overdrafts; living beyond their means; high benefits income; high essential expenditure and low disposable income. Among other factors, we can match this against service users from MART; those with disabilities or long term health conditions; young mothers; families with 3+ children and the population aged 16 and under. This is looking at financial vulnerability in the current post-pandemic context, giving us an interactive map that allows us to explore trends since 2020 over 122 small area zones. We have not had access to data like this before and, whilst it is too early to draw conclusions in a formal report, it is an exciting development and will help us plan strategically for the future. It also fits the direction of travel outlined in the Accounts Commission’s report (paragraph 53) where they note *“particular gaps in the data for families who fall into more than one of the groups more at risk of experiencing child poverty and who therefore experience several potential disadvantages at the same time”*.

Actions to Reduce Child Poverty

21. Annex 1 shows our key planned activities in East Renfrewshire as part of our FAIRER and Local Child Poverty Action Plan. An update on progress is currently being prepared with Council services and partner organisations, including ‘lived experience’ examples, and will be brought to Council in June 2023.

22. In October 2022, Cabinet approved a series of proposals for use of COVID reserves, including several linked to cost of living response. These included winter direct support to vulnerable families and children; assistance for advice and support services; support for communities; targeted support to mitigate fuel poverty and mental health and wellbeing support. Many of these initiatives have a direct link to child poverty, including:

- Augmenting the national family bridging payments (targeted at children on Free School Meals and which ended in Dec 2022) to give 632 additional children in receipt of only Clothing Grants a payment of £260 in December 2022;
- Running an additional payment of £130 in March 2023 that will benefit the 2048 children in receipt of FSMs for low income purposes and/or Clothing Grants.
- Christmas meal vouchers for 86 families (157 children), with a further 91 vouchers processed by Youth Intensive Services (HSCP).
- Support for Back to School Bank charity – 130 school uniforms provided between October & December 2022, mainly for working families which do not meet CG thresholds but who were struggling with uniform costs. (There is a related project as part of our child poverty work, led by Education, to look in-depth at the Cost of the School Day).
- Support to community food organisations with 10 organisations receiving a grant and helping 500 people.

23. An interim update on progress with this funding was given to elected members at a briefing on 20 February 2023 and a more detailed update will be given to Cabinet in May, alongside new proposals for use of the remaining COVID reserve. While proposals must have a clear and direct link to COVID impact, there are ongoing potential links which can be made to poverty and the '4 harms' of COVID i.e. direct health impacts; indirect health and social care impacts; societal, wellbeing and quality of life impacts and economic impacts (see Humanitarian research above for further details).

24. The Accounts Commission report makes note of an insufficient "*shift to prevention to reduce the disadvantage caused by child poverty*" and recommends (pg22) that "*the Scottish Government should increase the focus on policies aimed at preventing children from experiencing poverty*". In 2016, East Renfrewshire Council agreed 5 capabilities which were fundamental to delivery of our outcomes. These capabilities were prevention, empowering communities, digital technology, modernisation and data. These are still as relevant as they ever were. Investment in preventing poor outcomes in the future and the empowerment of communities was at the heart of the Christie review. Despite our ongoing strategic commitment to prevention, the reality of recent years across the public sector has been a focus on pandemic response and tackling rising demand for services.

25. In East Renfrewshire we have made the most of the opportunities of COVID funding and partnership working to support the most vulnerable, build back communities and enhance wellbeing, but this funding has a 'cliff edge' by March 2024, coupled with the hugely challenging budget situation for the Council, HSCP and our partners will have a severe impact on our ability to engage in preventative activities. We are now seeing services to help the most vulnerable being reduced and this does not sit well with our values. We are also seeing (and often administering) a range of tactical initiatives from national governments aimed at mitigating the worst impacts of the cost of living crisis and the pandemic – this is echoed in the 'Spending' section of the Accounts Commission report (pg 29). In many cases these initiatives are not joined-up, have a short-term focus and it is an increasingly complex landscape of entitlement for people to navigate without the support of services and agencies such as MART and CAB. The Council has produced a Cost of Living Support leaflet to help publicise the support available locally and this has been distributed widely in recent months. The Accounts Commission recommendation is that "*the Scottish Government should consider how to develop its understanding of the reach of universal spending and the extent to which low-income households are benefitting. This would help better understand the impact of this spending on reducing child poverty, and any changes needed*".

CONCLUSION

26. This report gives a high level overview of our position against the recommendations from the Accounts Commission's Tackling Child Poverty briefing. A fuller update will be presented to Council in June 2023.

27. Through the Child Poverty Oversight Group and Local Child Poverty Action Plan, East Renfrewshire Council, HSCP and partners are committed to tackling the increasing challenge of child poverty in our local communities. While East Renfrewshire has the lowest rate of child poverty in Scotland, we are not complacent and are keenly aware of the gap that exists between our most affluent families and our most vulnerable. We also recognise the potential for our poverty profile to change over time as we witness the impacts on the financially vulnerable, or families who are 'just about managing'. We remain concerned at the impact of the cost of living on local people and the outlook for future public sector finances will make it increasingly hard to fulfil our commitments to prevention and early intervention. In the meantime, it is clear that the Council and its partners are working closely together, making

best use of the resources available and doing some innovative work on data which will inform and drive future strategic planning.

BACKGROUND PAPERS

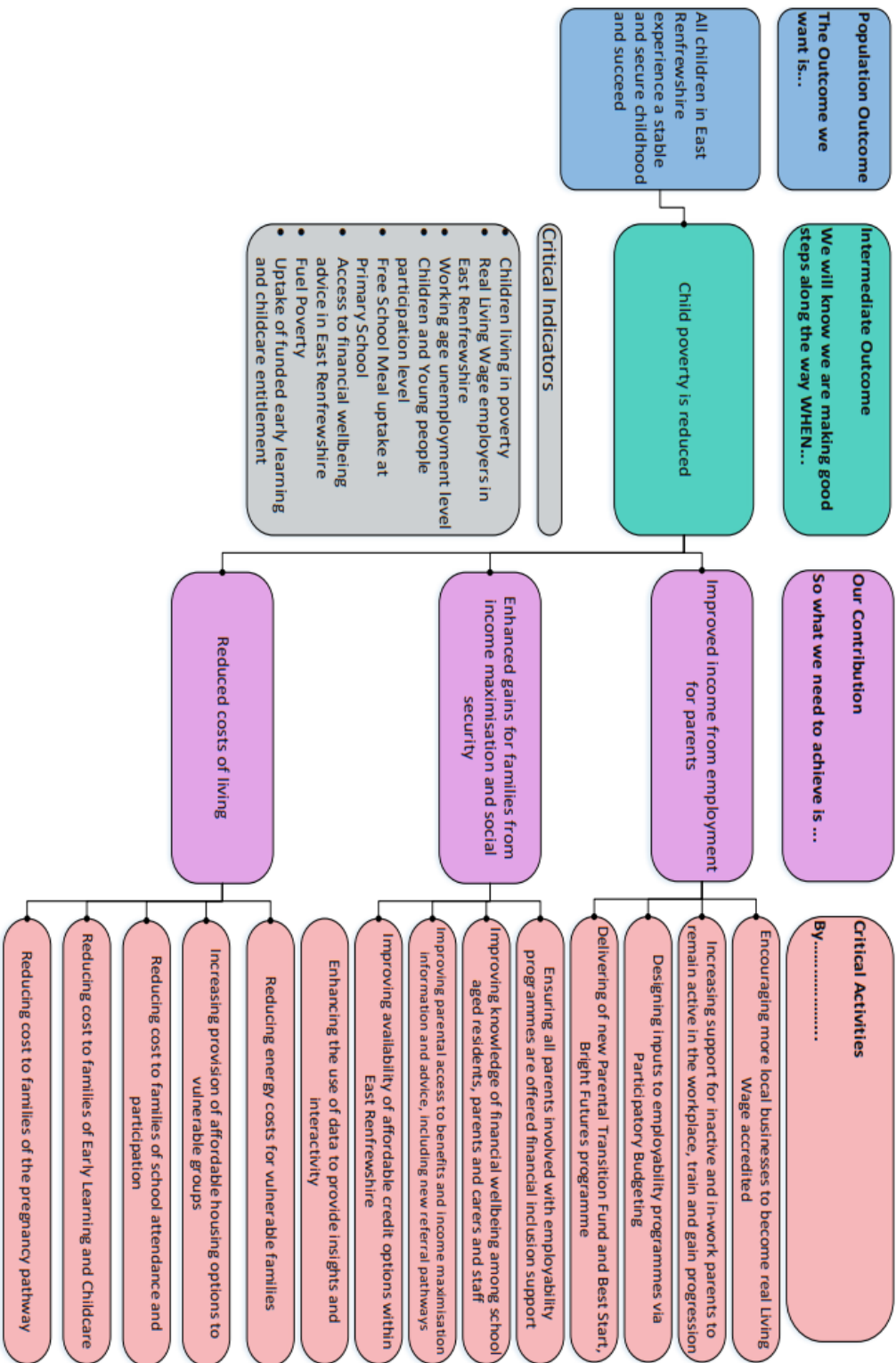
- Covid Reserve – Proposals, Cabinet 13 October 2022
- Incorporation of United Nations Convention on the Rights of the Child (UNCRC), Corporate Management Team, 23 August 2022
- Community Plan: Annual Performance Report 2021/22; Fairer East Ren: Transition Plans 2022/23; Local Child Poverty Action Report: Year 4, Council 29 June 2022
- Briefing: Child Poverty & the Cost of Living, Improvement Service & Child Poverty Action Group in Scotland, [here](#)

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Annex 1

Excerpt from FAIRER East Ren: Transitional Delivery Plans 2022/23

1.1 Child Poverty in East Renfrewshire is reduced



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East Renfrewshire Council

**Annual Audit Plan
Year ended 31 March 2023**

Provisional audit plan

This report

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

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

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

Accessibility

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

Contents

Section	Auditor Responsibility	Page
1. Executive Summary	Summarise the key risks and audit approach for the 2022/23 audit	04
2. Sector developments	Provide a summary of recent accounting and audit developments that are relevant to local government sector	09
3. Financial Statements: Our Approach	A summary of our audit approach, materiality and the key risks that we have identified in relation to the financial statements audit	12
4. Best Value and Wider Scope	<p>Our risk assessment and audit approach for reviewing the Council's compliance with the wider public audit scope areas:</p> <ul style="list-style-type: none"> ▶ arrangements to secure sound financial management; ▶ the regard shown to financial sustainability; ▶ clarity of plans to implement the vision, strategy and priorities of the Council, and the effectiveness of governance arrangements for delivery; and ▶ the use of resources to improve outcomes. <p>Annual Best Value audit work is integrated with wider scope annual audit work.</p>	25
Appendices	<p>Undertake statutory duties, and comply with professional engagement and ethical standards:</p> <p>Appendix A: Code of Audit Practice: responsibilities</p> <p>Appendix B: Auditor Independence</p> <p>Appendix C: Required communications with the Audit and Scrutiny Committee</p> <p>Appendix D: Timing of communications and deliverables</p> <p>Appendix E: Audit fees</p> <p>Appendix F: Additional audit information</p>	31

1. Executive summary

Purpose of our plan

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

This Annual Audit Plan, prepared for the benefit of management and the Audit and Scrutiny Committee, sets out our proposed audit approach for the audit of the financial statements for the year ending 31 March 2023. In preparing this plan, we have developed our understanding of the organisation through:

- ▶ introductory planning discussions with management, and the Chair of the Audit and Scrutiny Committee;
- ▶ handover discussions and review of key documentation from your predecessor auditor, Audit Scotland;
- ▶ review of key documentation and committee reports; and
- ▶ our understanding of the environment in which the Council is currently operating.

Our audit quality ambition is to consistently deliver high-quality audits that serve the public interest. A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, including observations around where the Council employs best practice and where processes can be improved. We use data insights to form our audit recommendations to support the Council in improving its practices around financial management and control, and in

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

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

Scope and Responsibilities

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

Independence

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

Our key contacts:

Rob Jones, Engagement Partner
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Grace Scanlin, Senior Manager
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Melanie McAdams, Manager
mmcadam1@uk.ey.com

Financial Statements audit

We are responsible for conducting an audit of the Council and group financial statements. We provide an opinion as to whether they:

- ▶ give a true and fair view in accordance with applicable law and the 2022/23 Code of the state of affairs of the Council and its group as at 31 March 2023;
- ▶ have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2022/23 Code; and
- ▶ have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

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

We are required to plan our audit to determine with reasonable confidence whether the financial statements are free

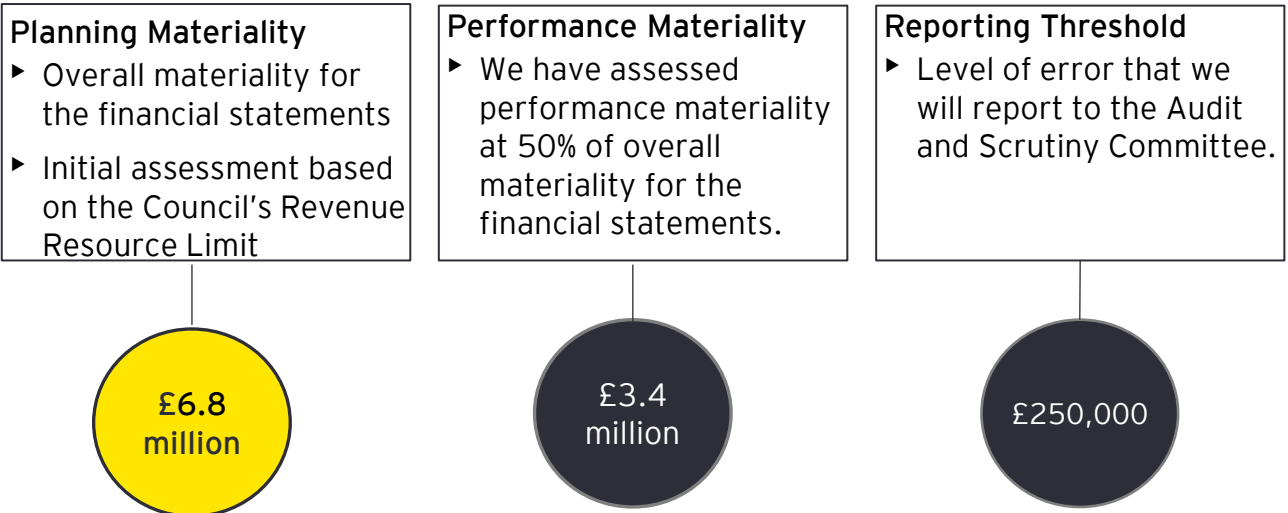
from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement. Our key considerations and materiality values are set out in Exhibit 1, below.

Wider Scope Dimensions

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

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

Exhibit 1: Materiality Assessment in 2022/23



Based on our understanding of the expectations of financial statement users, we apply a lower materiality level to the audited section of the Remuneration Report. We also apply professional judgement to consider the materiality of Related Party Transactions to both parties.

Exhibit 2: Summary of financial statement risks identified for the audit in 2022/23

Four significant risks, impacting the audit of the financial statements, in Section 3:

1. Risk of fraud in revenue and expenditure (fraud risk)	<p>Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>
2. Misstatement due to fraud or error (fraud risk)	<p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.</p>
3. Valuation of property, plant and equipment	<p>The fair value of property, plant and equipment (PPE) represent significant balances in the Council's financial statements. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>
4. Valuation of PPP/PFI liabilities	<p>The value of PFI/PPP liabilities represent significant balances in the Council's financial statements with the Council holding 5 contracts, with a value of £79 million in 2021/22. Accounting for these contracts includes a number of complexities, including ensuring the financial models reflect any contract amendments and inflationary uplifts.</p>

Exhibit 3: Summary of inherent risks identified for the audit in 2022/23

Two inherent risks impacting the audit of the financial statements are identified in Section 3:

<p>1. Opening balances</p>	<p>As 2022/23 is the first year of our audit appointment, we are required to complete additional procedures in line with Auditing standard ISA (UK) 510.</p> <p>There is a possibility that we identify balances that we consider to be inappropriately recognised or valued incorrectly, in particular where we disagree with the basis for estimates and judgements made historically or the underlying accounting principles applied by management.</p>
<p>2. Valuation of Pension Assets and Liabilities</p>	<p>The Council's net pension liability, measured as the sum of the long term payments due to members as they retire against the Council's share of the Strathclyde Pension Fund investments, is a material balance in the Council financial statements.</p> <p>Accounting for this scheme involves significant estimation and judgement, including financial and demographic assumptions. The Council engages an actuary to undertake the calculations on their behalf.</p> <p>ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>

Exhibit 4: Summary of areas of audit focus in relation to the wider scope dimensions

Under the Code of Audit Practice, in addition to financial statement significant risks, auditors are required to identify significant risks within the wider scope dimensions as part of our planning risk assessment. We consider significant risks in this context to be areas where we expect to direct most of our audit effort, based on:

- ▶ our risk assessment at the planning stage; and
- ▶ the identification of any national areas of risk within Audit Scotland’s annual planning guidance.

Any changes in this assessment will be communicated to the Audit and Scrutiny Committee. We refer to these areas within Section 4 as “areas of audit focus”:

<p>1. Financial sustainability: Development of sustainable and achievable medium term financial plans</p>	<p>The Council’s medium term financial planning highlights a significant financial challenge over the next 5 years. The outlook notes a range of demand pressures and uncertainties, including the timing of the creation of a National Care Service, and difficulties caused by a time lag in the distribution of funding for councils with rising populations, particularly of children and young people. The gross budget shortfall in 2023/24 is £18.1 million, and estimated to be £16.2 million in 2024/25.</p>
<p>2. Vision, Leadership and Governance: Cybersecurity</p>	<p>There continues to be a significant risk of cyber attacks to public bodies. A number of recent incidents have demonstrated the significant impact that a cyber-attack can have on both the finances and operation of an organisation. In 2022/23 Audit Scotland has asked us to consider risks related to cyber security at audited bodies.</p>
<p>3. Use of resources: Climate change reporting</p>	<p>Scotland has set a legally binding target of becoming net zero by 2045, and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The Council should therefore have a plan to reduce their direct and indirect emissions. Audit Scotland has asked for specific audit work to be conducted in 2022/23 on the arrangements to respond to climate change, as part of a developing programme of work.</p>

In addition, we will consider the following thematic review, as part of our Best Value considerations:

<p>Best Value: Thematic review of leadership and strategic priorities</p>	<p>As part of the revised arrangements to Best Value arrangements, the Accounts Commission has asked us to consider:</p> <ul style="list-style-type: none"> ▶ The clarity of the council’s vision and priorities; ▶ How effectively community views have been reflected; ▶ The alignment of financial, workforce, asset and digital plans; and ▶ How the priorities reflect the need to reduce inequalities and climate change.
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| 2. Sector developments

Introduction

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

| Local Government Finances 2021/22

In January 2023, the Accounts Commission published its annual report on Local Government finances in Scotland. The report notes that even with additional Covid-19 funding during 2021-22, councils had to make significant savings last year to balance their budgets.

An increasing amount of council funding is either formally ringfenced or provided on the expectation it will be spent on specific services and national policy objectives.

Audit Scotland calculated ringfenced money to represent 23% of total revenue funding in 2021/22. A large amount of this was to support elements of education and social care service provision. While this supports the delivery of key Scottish Government policies, it removes local discretion and flexibility over how these funds can be used by councils.

Looking ahead, the Accounts Commission notes that Councils face the most difficult budget-setting context seen for many years with the ongoing impacts of Covid-19, inflation and the cost of living crisis. They

will need to continue to make recurring savings and also make increasingly difficult choices with their spending priorities, including, in some cases, potential service reductions.

| National Care Service Bill

In June 2022, the Scottish Government published the National Care Service Bill (the Bill). Proposals within the Bill would make the Scottish Ministers accountable for adult social care in Scotland. The National Care Service will define the strategic direction and quality standards for community health and social care across Scotland.

Decisions on delivery models have yet to be taken but current Integration Joint Board arrangements are expected to be replaced by local delivery boards, "Care Boards" which will work with the NHS, local authorities, and the third and independent sectors to plan, commission and deliver support and services for communities. Social care services currently provided in-house by local authorities, may continue under a commissioning arrangement.

The Bill explains that the detail of how the new service will work will be co-designed with people who have direct experience of social care services.

Initially, the timeline for the creation of a National Care Service is by the end of the current Parliament but In March 2023, the Scottish Government signalled that the work on the National Care Service will be paused.

Audit Scotland published a briefing paper on Social Care on 27 January 2022 which noted that:

- ▶ there are huge challenges facing the sustainability of social care, with the pressures of increasing demand and demographic change growing.
- ▶ the workforce is under immense pressure.
- ▶ there are around 700,000 unpaid carers who provide most of the social care support in Scotland, with most not knowing their rights under the Carers (Scotland) Act 2016.
- ▶ commissioning tends to focus on cost rather than quality or outcomes.
- ▶ capacity and cultural differences are impacting leadership.

Scottish Government Budget

In December 2022, the Scottish Government published the 2023/24 Scottish Budget. The budget included announcements that the Scottish government will:

- ▶ provide over £570 million in additional revenue and capital funding available to councils for 2023/24;
- ▶ allocate £2 billion to establish and improve primary health care services in the community;
- ▶ provide £1.7 billion for social care and integration to improve services and

introduce the National Care Service; and

- ▶ an additional £100 million will be made available for health and social care, including support for the delivery of the £10.90 real living wage for adult social care, building on the increase provided in 2022/23.

COSLA's response to the budget notes the pressures associated with inflation, rising energy costs, pay and increased demands. They estimate that the funding gap facing Scottish councils in 2023/24 is around £1 billion.

In this context, the Council approved its 2023/24 revenue budget on 1st March 2023. The budget notes that the 2023/24 settlement equates to a net cash increase of 0.7% against the updated 2022/23 budget, creating an annual pressure of £13.9 million as a result of increase demand and inflationary pressure. As a result, the budget notes:

- ▶ A 6% increase in Council Tax levels;
- ▶ the utilisation of £10.2 million of reserves (made possible under the financial flexibilities we describe on the following page; and
- ▶ savings proposals of £4.2 million.

Financial Flexibilities

In October 2020 the Cabinet Secretary wrote to COSLA to confirm three financial flexibilities for local government with further details to be brought forward in statutory guidance:

- ▶ Use of capital receipts to fund revenue Covid-19 expenditure in 2020/21 and 2021/22.
- ▶ Loans fund repayment holiday in either 2020/21 or 2021/22.
- ▶ Extension of PPP and other similar contract debt repayment periods to reflect asset lives.

While the capital receipts and loans repayment holiday were only to be used for the purposes of addressing Covid-19 related costs, the change to PPP accounting was expected to provide a wider flexibility.

In September 2022, statutory guidance was published to allow the service concession flexibility to be used. We understand that the Council intends to make use of the flexibility in the year to 31 March 2022. The Council estimates that the cumulative adjustment that would result following a change to repayment calculations is £12.3 million, resulting in an increase to the General Fund unallocated reserve. We have had initial discussions with management

around its planned approach and will review all detailed calculations as part of our annual audit work.

Temporary Statutory Accounting Flexibility and Additional Capital Grant

As part of the Local Government pay deal, the Scottish Ministers agreed to permit a temporary flexibility to the current statutory accounting requirements for capital grants.

This flexibility is only applicable to the additional capital grant of £120.60 million which was confirmed as part of the Local Government pay deal in a letter to Directors of Finance in October 2022.

The flexibility allows councils to replace revenue resources held for capital investment purposes with capital grant. This allows revenue resources to be released to meet the pay increase to the local government workforce that was agreed in September 2022.

We understand that the Council has satisfied itself that sufficient revenue resources were set aside to repay Loans Fund principal in 2022/23. As a result, subject to our normal audit procedures, the Council anticipated that its share of the funding (£2.3 million) will be released to meet the costs of the pay award.

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

Introduction

The publication of the annual financial statements allow the Council to demonstrate accountability for, and its performance in the use of its resources.

Our responsibilities

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

- ▶ give a true and fair view in accordance with applicable law and the 2022/23 Code of the state of affairs of the Council and its group as at 31 March 2023;
- ▶ have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2022/23 Code; and
- ▶ have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

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

ISA (UK) 315: Identifying and Assessing the Risks of Material Misstatement

Our objective is to form an opinion on the financial statements under International Standards on Auditing (ISA) (UK). There have been significant changes to ISA (UK) 315 (ISA 315) that will impact our 2022/23 audit approach and the procedures we need to perform.

ISA 315 is effective from 2022/23 onwards and will drive our approach to:

- ▶ risk assessment;
- ▶ understanding the Council's internal control arrangements;
- ▶ the identification of significant risks; and
- ▶ how we address significant risks.

Key changes as a result of the implementation of ISA 315

The required audit approach signifies a material change in the approach that management has been used to over the last appointment. Key changes will include:

- ▶ a significant increase in audit work on the Council's use of IT in the system of internal control;
- ▶ increased importance of our understanding of the entity and environment and system of internal control;
- ▶ a greater focus on professional scepticism including that audit approaches do not show bias to corroborative evidence or excluding contradictory evidence.
- ▶ we will make enhanced inquiries of management, or others within the Council who deal with fraud allegations, to determine whether they have knowledge of any actual, suspected or alleged fraud, including cases of fraud raised by employees or other parties.
- ▶ We will also hold a discussion with those charged with governance regarding the risks of fraud in the Council and to consider the implications for the audit.

| Audit Approach

For 2022/23 we plan to adopt a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

We adopt a “data first” approach across all stages of the audit. We integrate technology into our audits to improve the way we are able to analyse and interact with your data, driving both audit quality and the insight that we can offer your Finance Team and Audit and Scrutiny Committee.

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

Our audit involves:

- ▶ identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, error or design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control.
- ▶ evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ▶ concluding on the appropriateness of management’s use of the going concern basis of accounting.
- ▶ evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the Group and Council financial statements.
- ▶ reading other information contained in the financial statements to form assessment, including that the annual report is fair, balanced and understandable.
- ▶ ensuring that reporting to the Audit and Scrutiny Committee appropriately addresses matters communicated by us and whether it is materially inconsistent with our understanding and the financial statements.

| Confirmation of independence

Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We rigorously maintain auditor independence. Further information is available in Appendix B, where we confirm that our procedures are complete and that we are not aware of any such relationships relating to the audit of East Renfrewshire Council.

Materiality

For planning purposes, Group and Council materiality for 2022/23 has been set at £6.8 million. This represents 2% of the Council's the Council's prior year gross expenditure on provision of services, excluding IJB grant income and expenditure.

Materiality will be reassessed throughout the audit process and will be communicated to the Audit and Scrutiny Committee within our Annual Audit Report.

We consider misstatements greater than 2% of the gross expenditure to be material. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations. We have provided supplemental information about audit materiality in Appendix F.

| Specific Materiality

We consider all accounts and disclosures within the financial statements individually to ensure an appropriate materiality is used. In determining their materiality, we consider

both the quantitative and qualitative factors that could drive materiality for the users of the financial statements. Accordingly we determine it is appropriate to use lower levels of materiality for some areas of the financial statements, including:

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

Exhibit 5: Materiality		
Element	Explanation	Value
Planning materiality	The amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. This represents 2% of the Council's gross revenue expenditure (excluding IJB).	Group and Council: £6.8 million
Performance materiality	Materiality at an individual account balance, which is set to reduce the risk that the aggregate of uncorrected and undetected misstatements exceeds planning materiality to an acceptably low level. We have set it at 50% of planning materiality.	Group and Council: £3.4 million
Reporting Level	The amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements.	£250,000

| Group audit

The Council prepares its annual report and financial statements on a group basis. The Group consists of the following organisations:

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

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

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

The only significant component by size is the Council, which accounts for 99% of consolidated gross expenditure. There have been no specific risks identified that may indicate a component is significant by risk, as the IJB does not affect the transactions as such, only the nominal funding agreement in and out of the IJB.

Our response to significant risks

Introduction

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

Key audit matters

ISA (UK) 701 is effective for periods commencing on or after 17 June 2016. Under appointment by the Auditor General we are required to communicate key audit matters in our Annual Audit Report. Key audit matters are selected from the matters we communicate to you that in our opinion are of most significance to the current period audit and required significant attention in performing the audit.

When determining key audit matters we consider:

- ▶ areas of higher or significant risk;
- ▶ areas involving significant judgment, including accounting estimates with high estimation uncertainty; and
- ▶ significant events or transactions that occurred during the period.

At this stage of the audit we do not know what key audit matters we will include in our Annual Audit Report. However, we have included within this section the most significant assessed risks of material misstatement (whether or not due to fraud), including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. We will confirm the key audit matters to you in our Annual Audit Report.

We set out in the following sections the significant risks (including fraud risks denoted by *) that we have identified for the audit, along with the rationale and expected audit approach. The risks identified may change to reflect any significant findings or subsequent issues we identify during the audit. We will provide an update to the Audit and Scrutiny Committee if our assessment changes significantly during the audit process.

1. Risk of fraud in revenue and expenditure recognition*

Financial Statement Impact

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

These accounts had the following balances in the 2021/22 audited financial statements:

- ▶ Net cost of services - Other grant income: £216 million
- ▶ Fees and charges: £47 million
- ▶ Other expenditure: £140 million
- ▶ Related Debtor balances: £30 million
- ▶ Related Creditor balances: £61 million

What is the risk?

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

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

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

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

Our response: Key areas of challenge and professional judgement

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

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

2. Misstatement due to fraud or error*

| What is the risk?

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

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

| Our response: Key areas of challenge and professional judgement

We will:

- ▶ inquire of management about risks of fraud and the controls put in place to address those risks;
- ▶ understand the oversight given by those charged with governance of management's processes over fraud;
- ▶ consider the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Review the accounting treatment associated with the use of financial flexibilities and accounting for the pay award; and
- ▶ perform mandatory procedures regardless of specifically identified fraud risks, including:
 - ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
 - ▶ assessing accounting estimates for evidence of management bias; and
 - ▶ evaluating the business rationale for significant unusual transactions.

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

3. Valuation of Property, Plant and Equipment

Financial Statement Impact

Within the 2021/22 financial statements, the Council held £767 million of property, plant and equipment with £563 million relating to land and buildings, including council dwellings. Additions totalled £36 million.

What is the risk?

The fair value of property, plant and equipment (PPE) represent significant balances in the Council's financial statements. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. We understand that in 2022/23, the Council's internal valuers have undertaken a significant programme to revalue each class of asset.

The Council additionally has a significant capital programme with judgement being applied to the valuation of additions and split between revenue and capital expenditure.

In 2021/22, local government auditors raised concerns that Code requirements were not being adhered to in respect of subsequent expenditure on infrastructure assets. Further concerns were raised in respect of the ability to evidence the existence of infrastructure assets at the balance sheet date.

The Scottish Government agreed to provide a temporary statutory override whilst a permanent solution is developed within the Code. This temporary solution has been issued with the expectation that local authorities will begin to address information deficits to ensure adequate accounting records for the measurement of infrastructure assets and timely adoption of the Code requirements once a permanent solution is agreed.

Our response: Key areas of challenge and professional judgement

We will:

- ▶ review and appraise the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ involve EY internal specialists to challenge the work performed by the Council's valuers, where appropriate;
- ▶ assess any changes to useful economic lives;
- ▶ test accounting entries have been correctly processed in the financial statements;
- ▶ sample test transfers from assets under construction and confirm for a sample that remain within assets under construction that development is still in progress;
- ▶ gain an understanding of the level and nature of capital spend in year and perform testing on fixed asset additions ensuring an appropriate split between revenue and capital expenditure; and
- ▶ review operating expenditure for evidence of capital additions omissions.

Infrastructure assets: our response

The CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom (the Code) requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost. Due to these assets being difficult to componentise and there often not being a clear linkage between spend and an identifiable asset, councils often capitalise schemes of expenditure and depreciate over an estimated economic life. Assets are removed from the financial statements (“derecognised”) when depreciated to nil, with there rarely being an exercise performed to derecognise the actual asset being replaced. It is possible that asset lives can therefore significantly vary from their estimated life.

The Code requires that where a component of an asset is replaced, the carrying amount (i.e. net book value) of the old component shall be derecognised to avoid double counting and the new component shall be reflected in the carrying amount of the infrastructure asset. However, largely due to data limitations, it is believed that most local authorities have been unable to comply with the requirement. Due to the information deficits in respect of infrastructure assets, further concerns were raised in respect of the ability to evidence the existence of infrastructure assets at the balance sheet date.

To date, CIPFA/LASAAC has been unable to find a solution that will both satisfy audit concerns and the requirement for high quality financial reporting. The Scottish

Government however agreed to provide a temporary statutory override whilst a permanent solution is developed within the Code. This temporary solution has been issued with the expectation that local authorities will begin to address information deficits to ensure adequate accounting records for the measurement of infrastructure assets and timely adoption of the Code requirements once a permanent solution is agreed.

The override was issued on 29 August 2022 and has two areas:

- ▶ Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.
- ▶ Statutory Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024, the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be and accounted for as a nil amount. No subsequent amendment shall be made to the carrying amount with respect to that part.

Local authorities can choose to adopt either or both of the statutory overrides. The Council adopted both overrides in 2021/22, and intends to do so again in 2022/23. The exemption does not remove the requirement for the Council to consider the underlying existence and useful lives of assets and we will therefore consider the Council’s approach as part of our audit work.

4. Valuation of PFI/PPP Liabilities

Financial Statement Impact

The value of PFI/PPP liabilities represent significant balances in the Council's financial statements with the Council holding 5 different contracts. Accounting for these contracts includes a number of complexities ensuring the financial models reflect any contract amendments and inflationary uplifts.

Within the 2021/22 financial statements, the Council held £79 million in respect of PFI/PPP contract liabilities.

| What is the risk?

Due to the complexity of accounting for PFI/PPP contracts and the high value of the transactions, there is a risk that the Council's financial statements do not show the correct accounting entries, reflect the correct accounting model and that related commitments are not correctly disclosed.

| Our response: Key areas of challenge and professional judgement

We will:

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

Inherent risks

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

Opening balances

As 2022/23 is the first year of our audit appointment, we are required to complete additional procedures in line with Auditing standard ISA (UK) 510.

There is a possibility that we identify balances that we consider to be inappropriately recognised or valued incorrectly, in particular where we disagree with the basis for estimates and judgements made historically or the underlying accounting principles applied by management.

We will undertake the following procedures:

- ▶ Agree the opening balance sheet position to the underlying financial records.
- ▶ Review the prior year working papers by the departing auditors to understand the procedures completed and if they need to be supplemented or followed up in any way.
- ▶ Consider unusual material transactions posted by management in the first accounting periods of 2022/23, which may indicate correction of previous errors, and understand the basis for these transactions.
- ▶ Review actual transaction data for estimates made at the previous balance sheet date to assess their reasonableness.

Valuation of Pension Assets and Liabilities

The Council's net pension liability, measured as the sum of the long term payments due to members as they retire against the Council's share of the Strathclyde Pension Fund investments, is a material balance in the Council financial statements. At 31 March 2022 the net liability totalled £50 million (2021: £119 million).

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

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

Work we will perform:

- ▶ Liaise with the auditor of Strathclyde Pension Fund to obtain assurances over the information supplied to the actuary and confirm joint assurances in respect of employer and employee contributions.
- ▶ Engage our actuarial specialists to assess the work of the actuary (Hyman Robertson).
- ▶ Assessing the work of PWC, appointed to consider actuarial assumptions used at the year end for all local government sector bodies.
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- ▶ Require an updated IAS19 report in July to ensure that there have been no material movement in the value of pension fund assets between the initial IAS19 report, and the signing of the financial statements.

| Implementation of IFRS 16

The implementation of IFRS 16 has been delayed on a number of occasions in local government financial statements for various reasons. Most recently, CIPFA/LASAAC conducted an emergency consultation on the Code in March 2022. This resulted in a further deferral to the implementation of IFRS 16 until 1 April 2024. Early adoption will be permitted from either 1 April 2022 or 1 April 2023.

IFRS 16 eliminates the operating / finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short term leases. These will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments.

The Council will also need to have developed systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g. RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

There are no significant changes to the accounting requirements where the entity is acting as a lessor but disclosure requirements around risk exposure are required.

The Council intends to adopt IFRS 16 from 1

April 2024, and have engaged with specialists to support the recognition. We have discussed audit requirements with management.

| Use of specialists

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

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

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

Going concern

Audit requirements

International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. In accordance with the CIPFA Code of Practice on Local Government Accounting, the Council prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity.

However, under ISA (UK) 570, we are required to undertake challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. In light of the unprecedented nature of Covid-19, the ongoing cost of living crisis and inflationary pressures, we place increased focus on management's assertion regarding the going concern basis of preparation in the financial statements, and particularly the need to report on the impact of financial pressures on the Council and its financial sustainability.

Our work on going concern requires us to:

- ▶ challenge management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtain and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Council obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- ▶ conduct a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

Due to the anticipated continuation of service provision, the going concern basis of accounting is expected to continue to be appropriate for the Council. We will, however, discuss audit expectations in relation to management's going concern assessment and cash flow requirements with management.

4. Best Value and Wider Scope

Introduction

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

Risk assessment and approach

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

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

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

- ▶ our risk assessment at the planning stage; and
- ▶ the identification of any national areas of

risk within Audit Scotland's annual planning guidance.

Any changes in this assessment will be communicated to the Audit and Scrutiny Committee.

Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to the overall assessment of and assurance over the achievement of Best Value.

Best Value

The Code explains the revised arrangements for the audit of Best Value. The Accounts Commission require auditors to assess and report on the Council's performance in meeting its Best Value and community planning duties.

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

Best Value

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

A programme of Controller of Audit reports will be in place to cover all 32 councils, starting in October 2023 and concluding by August 2027.

Under the revised Code of Audit Practice, there will be no Best Value Assurance Reports for individual councils. Instead, the Annual Audit Report for each council will be reviewed by the Accounts Commission at least once over the five year audit appointment, together with a summary of information and judgements on the pace and depth of continuous improvement.

Over the course of our five year appointment, we will consider each of the Best Value themes (including leadership, partnerships, working with communities, sustainability and fairness and equality) as part of our annual work. In addition, on an annual basis, the Accounts Commission will identify areas of risk where it requires thematic audit work to be carried out in councils. As we outline in Exhibit 6, below, in 2022/23, the thematic work will consider leadership and strategic priorities.

Our response

As part of our work on Best Value in 2022/23, we will consider the Council's arrangements to monitor the effectiveness of its own arrangements since the publication of the last Best Value Assurance Report in November 2017. In addition, we will:

- ▶ Use our wider scope audit findings to continue to inform our Best Value risk assessment; and
- ▶ Report our findings against the Accounts Commission's thematic audit requirements by June 2023.

Exhibit 6: Best Value Area of Audit Focus

Leadership of the development of new local strategic priorities by councils following the local government elections in May 2022

The Accounts Commission has asked us to consider:

- ▶ The clarity of the council's vision and priorities;
- ▶ How effectively community views have been reflected;
- ▶ The alignment of financial, workforce, asset and digital plans; and
- ▶ How the priorities reflect the need to reduce inequalities and climate change.

Financial Management

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

Audit Scotland's 2021/22 Annual Audit Report did not identify any significant internal control weaknesses which could affect the Council's ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements.

When the Council approved its 2022/23 budget in March 2022, the budget shortfall was calculated at £9.5 million. The council planned to meet part of this challenge via savings and a 3.5% increase in council tax. The remaining balance was expected to be bridged using reserves. The Council's most recent financial monitoring report outlines a projected surplus of £1.4 million, representing an improving trend throughout the financial year.

The Council usually plans its detailed revenue budgets over a 3 year time horizon but due to the recent production of single year budgets by the Scottish Government and uncertainty in the overall budget allocated to local government, the Council has been unable to prepare and publish detailed 3 year budget, but hope to resume the multi-year detailed budget setting approach from 2024/25. Work is underway to develop saving proposals for future financial years, following early consultation on savings options.

Our response

As part of our year one assessment of the Council's financial management arrangements, we will consider:

- ▶ financial monitoring arrangements, including clarity about any changes to budgets and projections during the year;
- ▶ the achievement of savings against plans;
- ▶ whether there are sufficient financial skills and capacity within the finance function;
- ▶ the Council's participation and progress in the National Fraud Initiative and other counter fraud arrangements; and
- ▶ arrangements to ensure systems of internal control are operating effectively, drawing upon our ISA (UK) 315 procedures.

Financial Sustainability

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

We recognise that the pandemic, along with other economic and political uncertainties, continues to have a significant impact on the Council's financial planning. In March 2023, the Council considered an updated Financial Planning document to update the previous medium term financial plan, alongside the 2023/24 annual budget.

The updated financial outlook considers the period to 2028/29 and notes a range of demand pressures and uncertainties, including the timing of the creation of a National Care Service, and difficulties caused by a time lag in the distribution of funding for councils with rising populations, particularly of children and young people.

The Council forecasts holding unallocated General Reserves of £7.96 million (2.76%) as at 31 March 2023, against the minimum level set within the Reserves Policy to hold around 2% of the revenue budget as a general reserve. The service concession fiscal flexibility will provide a one-off contribution to reserves of £14.8 million. This is expected to be transferred to an earmarked reserve to manage future savings requirements.

Our response

We have identified a wider scope significant risk in Exhibit 7 in respect of financial sustainability. Our assessment of the Council's financial sustainability arrangements, will focus on:

- ▶ the Council's updated medium term financial plans, including the risk assessment and delivery of longer term savings options, along with the impact on the general reserves position;
- ▶ consideration of the fiscal flexibilities to ensure the Council's plans are in accordance with Scottish Government guidance; and
- ▶ assessing the link between the financial and other strategic and operational plans including the workforce strategy.

Exhibit 7: Financial Sustainability Area of Audit Focus

Development of sustainable and achievable medium term financial plans

The Council's medium term financial planning highlights a significant financial challenge over the next 5 years. The gross budget shortfall in 2023/24 is £18.1 million, and estimated to be £16.2 million in 2024/25. As a result, the financial plan outlines an expectation that service reductions will be required.

Vision, leadership and governance

Vision, leadership and governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

The Council has a long-standing *Vision for the Future*, its strategic planning document. Plans are in place to update the strategic planning arrangements in June 2023. In March 2023, the Council considered a paper on the strategic impact of the local government financial settlement, which outlined the impact of very challenging financial circumstances in the short term.

As a result, the Council expects to narrow and prioritise the ambitions with within the updated Strategic Plan.

The Council used the Corporate Governance Statement in 2021/22 to report on progress against improvement activities, along with planned actions for 2022/23. This includes review and update of key documents, including the Financial Regulations, the Risk Management Strategy and medium term financial planning documents.

The Council's Audit and Scrutiny Committee meet regularly and have oversight of the risk register and risk management strategy, along with the resourcing and findings of internal audit.

Our response

As we outline in Exhibit 8, we will review the Council's arrangements for cybersecurity in response to a national risk highlighted by Audit Scotland. This will draw upon our work in response to ISA (UK) 315.

Other work in 2022/23 will consider:

- ▶ consideration of the disclosures within the Governance Statement;
- ▶ review of the coverage of internal audit arrangements during 2022/23, including any significant findings identified and the work done to address issues identified; and
- ▶ consideration of the quality of reporting and information provided to key decision makers, and evidence of effective challenge and scrutiny.

Exhibit 8: Vision, Leadership and Governance Areas of Audit Focus

Cybersecurity

There continues to be a significant risk of cyber attacks to public bodies. A number of recent incidents have demonstrated the significant impact that a cyber attack can have on both the finances and operation of an organisation. In 2022/23 Audit Scotland has asked us to consider risks related to cyber security at audited bodies.

Use of resources

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.

The Council has a performance management framework in place to support the delivery of *Vision for the Future*. The Council's Outcome Delivery Plan is updated annually and is used to report on progress against a range of indicators to the Council.

The Accounts Commission issue a Statutory Direction to local government bodies which sets out performance information that they are required to publish, including participation in the Local Government Benchmarking Framework.

Audit Scotland has also identified a national risk in relation to tackling climate change. There are specific legal responsibilities placed on public bodies to contribute to reducing greenhouse gas emissions, to adapt to climate change, to act sustainably and to report on progress. As a result, we will consider the Council's strategy for climate change, alongside any narrative reporting in the financial statements.

Our response

We have identified an area of audit focus in relation to climate change in Exhibit 9 below. Our work in this area will include consideration of:

- ▶ the Council's climate change strategy and progress reporting arrangements; and
- ▶ any narrative reporting in the financial statements.

Other work in 2022/23 will consider the Council's arrangements to report performance, including conclusions on the Council's arrangements for preparing and publishing statutory performance information.

Exhibit 9: Use of Resources Area of Audit Focus

Climate change reporting

Scotland has set a legally binding target of becoming net zero by 2045, and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The Council should therefore have a plan to reduce their direct and indirect emissions. Audit Scotland has asked for specific audit work to be conducted in 2022/23 on the arrangements in place to respond to climate change, as part of a developing programme of work.

| Appendices

A - Code of Audit Practice Responsibilities

B - Independence report

C - Required communications with the Audit and Scrutiny Committee

D - Timing of communications and deliverables of the audit

E - Audit fees

F - Additional audit information

Audited Body Responsibilities

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

Corporate governance

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

Financial statements and related reports

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

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

accordance with the appropriate authority

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

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

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

Standards of conduct for prevention and detection of fraud and error

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

▮ Maintaining a sound financial position

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

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

▮ Best Value, community planning and performance

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

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

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

- ▶ efficiency
- ▶ effectiveness

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

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

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

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

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

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

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

Internal audit

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

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

Appointed Auditors' Responsibilities

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

These are to:

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

Appointed auditors should also comply with the statutory reporting responsibilities in section 102 of the Local Government (Scotland) Act 1973.

Introduction

The FRC Ethical Standard and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

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

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

Required Communications

Planning Stage

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

and independence.

Final Stage

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

We confirm that we have undertaken client and engagement continuance procedures, including our assessment of our independence to act as your external auditor. We have identified no relationships that impact the audit of East Renfrewshire Council.

Appendix C: Required Communications

We have detailed below the communications that we must provide to the Council.

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	Audit Scotland Terms of Appointment letter - audit to be undertaken in accordance with the Code of Audit Practice
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	This Annual Audit Plan
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	This Annual Audit Plan
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits 	Annual Audit Report - September 2023

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty; ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and, ▶ The adequacy of related disclosures in the financial statements. 	Annual Audit Report - September 2023
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation; ▶ The effect of uncorrected misstatements related to prior periods; ▶ A request that any uncorrected misstatement be corrected; ▶ Corrected misstatements that are significant; and, ▶ Material misstatements corrected by management. 	Annual Audit Report - September 2023
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity; ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist; and, ▶ A discussion of any other matters related to fraud. 	Annual Audit Report - September 2023
Internal controls	Significant deficiencies in internal controls identified during the audit.	Annual Audit Report - September 2023
Material inconsistencies/ misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.	Annual Audit Report - September 2023

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management; ▶ Inappropriate authorisation and approval of transactions; ▶ Disagreement over disclosures; ▶ Non-compliance with laws and regulations; and, ▶ Difficulty in identifying the party that ultimately controls the entity. 	Annual Audit Report - September 2023
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards; and, ▶ Information about the general policies and process within the firm to maintain objectivity and independence. 	This Annual Audit Plan and Annual Audit Report (September 2023)
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations. ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Annual Audit Report - September 2023
Representations	Written representations we are requesting from management and/or those charged with governance.	Annual Audit Report - September 2023
Auditors report	Any circumstances identified that affect the form and content of our auditor's report.	Annual Audit Report - September 2023

		Our Reporting to you
Required communications	What is reported?	When and where
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off. ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of. 	Annual Audit Report - September 2023
Best Value and Wider Scope judgements and conclusions	Our reporting will include a clear narrative that explains what we found and the auditor's judgement in respect of the effectiveness and appropriateness of the arrangements that audited bodies have in place regarding the wider scope audit.	Annual Audit Report - September 2023
Key audit matters	The requirement for auditors to communicate key audit matters, which apply to listed companies and entities which have adopted the UK Corporate Governance Code in the private sector, applies to annual audit reports prepared under the Code.	Annual Audit Report - September 2023
Group matters	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components. ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components. ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work. ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted. 	Annual Audit Report - September 2023

Appendix D: Timeline of communication and deliverables

	Audit Activity	Deliverable	Timing
January	Risk assessment for Financial Statements and wider scope audit dimensions		
February		Submission of quarterly fraud return	
March	Walkthrough of key systems and processes.	Annual Audit Plan	29 March 2023
April			
May		Submission of quarterly fraud return	
June	Update meeting with Finance Team	Best Value Thematic Report: Leadership and Strategic Priorities	30 June 2023
July	Year end audit fieldwork		
August			
September	Audit completion procedures	Annual Audit Report	30 September 2023



2022/23 Fees

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

	2022/23	2021/22
Component of fee:		
Auditor remuneration - expected fee	£218,830	
Additional audit procedures (note 1)	TBC	
Audit of Section 106 Trusts	TBC	
Audit Scotland fixed charges:		
Pooled costs	£55,800	
Audit support costs	£8,300	
Sectoral cap adjustment	(£11,230)	
Total fee	£271,700	£241,420

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

Note 1

Throughout the course of their work, auditors may identify new, developing or otherwise enhanced areas of risk that are required to be addressed to deliver an audit to the quality standards expected, and in line the requirements of the Audit Scotland Code of Practice. In these cases where subsequent additional work is required because of local risks and circumstances in a body, auditor remuneration may be increased by up to 10% of auditor remuneration in agreement with the Council, or above 10% in agreement with Audit Scotland. In particular, at this stage we would raise the possibility around potential additional financial statement audit work being required following our work related to ISA 315, and any unknown or additional risks identified through the course of our initial audit procedures.

Should additional audit requirements arise we will raise these with management as early as practically possible through the course of the audit, and discuss variations to the expected fee as appropriate, based on the rates provided by Audit Scotland in its supplementary audit planning guidance, and report the final position to the Audit and Scrutiny Committee within our Annual Audit Report.

Introduction

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

Our responsibilities under auditing standards

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

communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and

- ▶ Maintaining auditor independence.

Purpose and evaluation of materiality

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

Audit Quality Framework / Annual Audit Quality Report

- ▶ Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.
- ▶ We support reporting on audit quality by providing additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: <https://www.audit-scotland.gov.uk/publications/quality-of-public-audit-in-scotland-annual-report-202122>
- ▶ EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: https://www.ey.com/en_uk/about-us/transparency-report

Complaints

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

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

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EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE30 March 2023Report by Chief AuditorINTERNAL AUDIT STRATEGIC PLAN 2023/24 TO 2027/28**PURPOSE OF REPORT**

1 To submit Internal Audit's 5 year strategic plan for 2023/24 to 2027/28 to members for approval. The strategic plan includes the detailed annual plan for 2023/24 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 2023/24 TO 2027/28

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. It should be noted that the risk ratings noted on the audit universe are supported by a more detailed assessment of risk in supporting working papers used to prepare the plan and this considers control risk, materiality risk and sensitivity risk for each area.

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

11. The consultation process and risk assessment used to prepare the plan sometimes results in new audits being added to the audit universe or being rescheduled for review in a different year. (for example payroll application audit).

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 Pupil Equity Fund, Clyde Valley Contract Group, Schools VAT free purchase scheme).

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 are currently two vacant posts but an assumption has been made that these will be filled by the second quarter of 2023/24 when calculating the number of audit days available.

16. The number of days available in 2023/24 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 3,680 days are required to complete all planned audits at the required frequency within the 5 year period. An estimated 3,640 staff days are available for direct audit work over this same period, leaving an estimated shortfall of 40 days over the 5 year period (or an average of 8 days per annum). It is important to note that the expected number of days is dependent on the assumption that the two vacant posts are able to be filled by the end of the first quarter in 2023/24. The current shortfall in audit days over the 5 year period is viewed as manageable but will be kept under review. Audits have been rescheduled to ensure that planned audits for 2023/24 can mostly be met within the estimated days available. Estimated number of days needed for planned audits in 2023/24 is 594 compared to an estimated 582 days available, it is hoped that the shortfall of 12 days can potentially be met (for example if all contingency time is not needed or some audits are completed in fewer than budgeted days). The staffing levels of the Internal Audit section if the two vacant posts are filled are considered to be adequate.

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 2023/24 to 2027/28.

Further information is available from Michelle Blair, Chief Auditor, telephone 0141 577 3067.
Chief Auditor
15 March 2023

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EAST RENFREWSHIRE COUNCIL

STRATEGIC AUDIT PLAN

2023/24 to 2027/28

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Chief Auditor
15 March 2023

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EAST RENFREWSHIRE COUNCIL 2023/24
Internal Audit Section
ANNUAL AUDIT PLAN

Department	Title	Audit Number	No. of days
Chief Executives Office			
Business Operations and Partnerships	Payroll	1	28
	Payroll - application audit	2	18
	Creditors	3	10
	Debtors control	4	10
	Housing Benefits/ Universal Credit - overpayments and	5	20
	Council Tax application audit	6	18
	IT asset management	7	20
	Council Tax -billing and collection	8	24
Education	Early Learning and Childcare Payments	9	15
	Schools cluster	10	38
Environment	Commercial rents	11	20
	Grant Certification	12	15
	City Deal	13	15
	Climate Change Report	14	5
	Energy and Fuel	15	20
Housing	Housing Rent Accounting	16	20
HSCP	Payments to Care Providers	17	25
	HSCP Emergency Payments (S22 ad 12)	18	8
	Thornliebank Resource Centre	19	10
	IJB	20	15
Trust	Trust	21	20
Various	Contract 1 - TBA	22	20
	Fraud Contingency	23	70
	General Contingency	24	30
	LG Benchmarking Framework	25	10
	Follow Up	26	50
	Previous year audits	27	40
			594

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EAST RENFREWSHIRE COUNCIL 2023/24

Internal Audit Section
SUMMARY OF STRATEGIC PLAN

<u>Type of Audit</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>Total</u>
Systems/Regularity Audit	328	668	490	245	458	2,189
Contract Audit	20	65	40	40	65	230
Computer Audit	36	54	77	22	22	211
Performance Indicators	10	10	10	10	10	50
Fraud Contingency	70	70	70	70	70	350
General Contingency	30	30	30	30	30	150
Previous Year Follow Up	50	50	50	50	50	250
Grant Certification	15	15	15	15	15	75
IJB	15	15	15	15	15	75
ERCLT	20	20	20	20	20	100
Total	594	997	817	517	755	3,680

**Internal Audit Section
AUDIT DAYS AVAILABLE**

ESTIMATED ANNUAL DAYS AVAILABLE		2023	2024	2025	2026	2027	TOTAL
		Days					
Number of days in full year	Note 1	1,093	1,226	1,226	1,226	1,231	6,002
Less: Public Holidays		41	47	47	47	47	229
Annual Leave	Note 2	122	132	134	136	138	662
Purchase of Annual Leave		6	6	6	6	6	30
Sickness Absence		14	14	14	14	14	70
							-
induction training		50					50
Authorised Absence		8	10	5	10	10	43
Working days available		852	1,017	1,020	1,013	1,016	4,918
Indirect Audit Work : -							
Administration		50	50	50	50	50	250.0
Planning and Reporting		15	15	15	15	15	75.0
Courses/training		25	25	25	25	25	125.0
Seminars & Audit Meetings		36	36	36	36	36	180.0
Audit Committee/team meets		40	40	40	40	40	200.0
PSIAS	Note 3	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	207	207	207	207	1053
Estimated annual time available for Direct Audit Work		627	810	813	806	809	3,865
Direct audit work:							
Reporting		45	45	45	45	45	225
Audit work		582	765	768	761	764	3,640
		627	810	813	806	809	3,865
Total direct as % of available days		74%	80%	80%	80%	80%	79%

Note 1 Internal audit has 4.7 FTE established posts including Chief Auditor. Assumption that 1 vacant post will be filled for 8 months of year and other for 10 months.

Note 2 Additional AL entitlement each year which will reduce future number of days available until maximum holiday entitlement is reached by all employees. Additional annual leave can also be 'purchased'.

Note 3 Additional days for PSIAS in years where external assessments are involved

AUDIT UNIVERSE
EAST RENFREWSHIRE COUNCIL 2023/24

Title	Dept	Type	2023	2024	2025	2026	2027	Total	Est days	Freq (yrs) 1=annual	Gen Risk
Accounts Payable (creditor)	BOP	Reg	10	10		10	10	40	10	1	X
Accounts Payable (Creditors) (to include e	BOP	Sys			24			24	24	1	X
Accounts Receivable (debtors)	BOP	Reg	10		10	10		30	10	1	X
Accounts Receivable (Debtors)	BOP	Sys		24			24	48	24	1	X
Asset Management	Env	Sys		20				20	20	5	L
Barhead Payment Centre	BOP	Reg					11	11	11	5	L
Barhead Resource Centre	HSCP	Reg			10			10	10	3	M
Bonnyton House	HSCP	Reg		10				10	10	5	L
Building Cleaning	Educ	Reg		15				15	15	5	L
Burial Income	Env	Reg			8			8	8	5	L
Care First Finance System application audit	HSCP	Sys			20			20	20	3	M
Carers Legislation	HSCP	Reg		15				15	15	5	L
Cash Income and Banking	BOP	Sys		22			22	44	22	3	M
Cashless catering and Parentpay	Educ	Reg			30			30	30	5	L
City Deal	Env	Reg	15	15	15	15	15	75	15	1	X
Client Monies	HSCP	Reg		22			22	44	22	3	M
Climate Change Report	Env	Reg	5	5	5	5	5	25	5	1	X
Clothing Grants / Free Meals	BOP	Reg					12	12	12	5	L
Clyde Valley Contract Group	Env	Reg						0	0	5	L
Commercial rents (ind units/shops)	Env	Sys	20					20	20	5	L
Community Safety Unit	BOP	Reg			20			20	20	5	L
Complaints Monitoring	BOP	Sys		15				15	15	5	L
Computer	Various	Comp	36	54	77	22	22	211	40	1	X
Contract	Various	Cont	20	40	40	40	40	180	40	1	X
Corporate Procurement Cards	Ch Exec Office	Sys				15		15	15	5	L
Council Tax - Reductions/liability	BOP	Sys		24			24	48	24	3	M
Council Tax - Billing & Coll.	BOP	Sys	24			24		48	24	3	M
Council Tax - Recovery and Enforcement	BOP	Sys			18			18	18	3	M
DSM guidelines	Educ	sys						0	0	3	M
Early Learning and Childcare payments	Educ	sys	15	5	5	5	5	35	15	1	X
Education Support (SEN, Bi-Lingual Supp, taxis etc.)	Educ	Sys		20				20	20	5	L
ELC Add On (previously wraparound)	Educ	Sys		20				20	20	5	L
Energy and Fuel (incl utility payments)	Env	Reg	20					20	20	5	L
ERCLT	Trust	trust	20	20	20	20	20	100	20	1	X
Financial Ledger and budgetary control	Ch Exec Office	Sys		20			20	40	20	3	M
Follow up	Various	FU	50	50	50	50	50	250	50	1	X
Fraud Contingency	Various	Fraud	70	70	70	70	70	350	70	1	X
Gas Servicing	Housing	Reg				15		15	15	5	L
GDPR	BOP	Reg		15				15	15	5	L
General Contingency	Various	Gen Cont	30	30	30	30	30	150	30	1	X
Grant Certification	Env	Grant	15	15	15	15	15	75	15	1	X
Grounds Maintenance	Env	Reg		15				15	15	5	L
Health & Safety	Env	Reg		15				15	15	5	L
Highways Maintenance	Env	Reg		20			20	40	20	3	M
Home Care Services	HSCP	Sys		22			22	44	22	3	M
Housing - Rent Accounting	Housing	Sys	20			20		40	20	3	M
Housing - voids, garage allocations etc.	Housing	Sys			20			20	20	5	L
Housing Allocations and homeless person acc	Housing	sys		27			27	54	27	3	M
Housing Benefits/UC - admin post opening	BOP	Sys			20			20	20	2	H
Housing Benefits/UC - assessment	BOP	Sys		30			30	60	30	2	H
Housing Benefits/UC - overpayments and f	BOP	Sys	20			20		40	20	2	H
Housing Repairs	Housing	Sys		20			20	40	20	3	M
HSCP Direct Payments	HSCP	Reg			15			15	15	3	M
HSCP emergency payments (Sect 22 & 12)	HSCP	Reg	8					8	8	5	L
HSCP Health Care Centres and area offices (HSCP	Reg		8				8	8	5	L
IJB	HSCP	IJB	15	15	15	15	15	75	15	1	X
Income Maximisation, money advice, welfare	BOP	sys		30				30	30	5	L
Insurance Arrangements	BOP	Sys			8			8	8	5	L
IT asset management	BOP	Reg	20			20		40	20	3	M
Kinship, Fostering and Adoption	HSCP	Sys				16		16	16	5	L
LG Benchmarking Framework	Various	Pls	10	10	10	10	10	50	10	1	X
Licensing Income	Ch Exec Office	Reg		15				15	15	5	L
Maximising Attendance	BOP	Reg		20			20	40	20	3	M
Members' Expenses	BOP	Sys		12				12	12	5	L
NDR	BOP	Reg		9				9	9	5	L
New Council Houses	Housing	sys			24			24	24	3	M
Ordering & Certification	Ch Exec Office	Sys			20			20	20	3	M
Overtime	BOP	Reg			22			22	22	5	L
Parks & other outdoor income	Env	Reg		8				8	8	5	L
Payments to Care providers	HSCP	Reg	25		25		25	75	25	2	H
Payroll - All payruns	BOP	Sys	28		28		28	84	28	2	H
Petty Cash	Various	Reg		15				15	15	5	L
PPP projects	Env	Reg			15			15	15	1	X
Previous year audits	Various	reg	40	20	20	20	20	120	20	1	X
Project management of capital projects	Env	cont		25			25	50	25	5	L
Pupil Equity fund	Educ	Sys						0	0	5	L
Record Management Plan	Ch Exec Office	Reg		10				10	10	5	L
Risk Management & Corporate Governance	Various	Reg			15			15	15	5	L
Schools - Educational Payments	Educ	Sys			10			10	10	5	L
Schools - Transport	Educ	Sys		15				15	15	5	L
schools cluster 1 St Lukes	Educ	Reg					38	38	38	1	X
schools cluster 2 Mearns Castle	Educ	Reg				38		38	38	1	X
schools cluster 3 Eastwood	Educ	Reg					0	0	38	1	X
schools cluster 4 Woodfarm	Educ	Reg					0	0	38	1	X
schools cluster 5 Williamwood	Educ	Reg	38					38	38	1	X
schools cluster 6 St Ninians	Educ	Reg		38				38	38	1	X
schools cluster 7 Barrhead High	Educ	Reg			38			38	38	1	X

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AUDIT UNIVERSE EAST RENFREWSHIRE COUNCIL 2023/24

Title	Dept	Type	2023	2024	2025	2026	2027	Total	Est days	Freq (yrs) 1=annual	Gen Risk
Schools Vat Free Purchase Scheme	Educ	Sys						0	0	5	L
Scottish Welfare Fund	BOP	Reg			15			15	15	5	L
Stores	Env	Sys					20	20	20	5	L
Subsidy Control (previously State Aid)	Env	Reg			10			10	10	5	L
Sustainability (incl procurement)	Env	Reg			20			20	20	5	L
Thornliebank Resource Centre	HSCP	Reg	10					10	10	5	L
Trade Refuse Income and special uplifts, Gard	Env	Sys		18				18	18	5	L
Travelling & Subsistence	BOP	Reg		12				12	12	5	L
Treasury Management	Ch Exec Office	Sys					18	18	18	5	L
VAT	Ch Exec Office	Reg					12	12	12	5	L
Vehicle Services	Env	Reg		12				12	12	5	L
Total days needed per universe			594	997	817	517	755	3680			
Available days (automated from audit needs)			582	765	768	761	764	3640			
Audit Needs Assessment	Shortfall/ (over)		12	232	49	-244	-9	40			
Average shortfall/(Over) per year								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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