

MINUTE
of
EAST RENFREWSHIRE COUNCIL

Minute of Meeting held at 4.00pm in the Council Chamber, Council Headquarters, Giffnock, on 27 September 2018.

Present:

Provost Jim Fletcher	Councillor Annette Ireland
Depute Provost Betty Cunningham	Councillor Alan Lafferty
Councillor Paul Aitken	Councillor Colm Merrick
Councillor Caroline Bamforth	Councillor Stewart Miller
Councillor Tony Buchanan (Leader)	Councillor Paul O’Kane
Councillor Angela Convery	Councillor Jim Swift
Councillor Danny Devlin	Councillor Gordon Wallace
Councillor Charlie Gilbert	

Provost Fletcher in the Chair

Attending:

Lorraine McMillan, Chief Executive; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Louise Pringle, Head of Business Change and Revenues; Barbara Clark, Chief Accountant; Eamonn Daly, Democratic Services Manager; and Liona Allison, Assistant Committee Services Officer.

Apologies:

Councillors Barbara Grant, David Macdonald and Jim McLean.

DECLARATIONS OF INTEREST

619. There were no declarations of interest intimated.

ANNUAL ACCOUNTS FOR THE COUNCIL’S CHARITABLE TRUSTS AND EXTERNAL AUDIT REPORT FOR 2017/18

620. Under reference to the Minute of the meeting of the Audit and Scrutiny Committee held earlier that day (Page 550, Item 612 refers), the Council considered a report by the Head of Accountancy (Chief Financial Officer) explaining that the audit of the 2017/18 Annual Accounts for the seven charitable trusts for which the Council acted as trustee had been completed, that the Accounts had been amalgamated into one document, and that a copy was now submitted for consideration. In addition, the External Auditor’s report in respect of the Trusts, in compliance with the International Standard on Auditing (ISA) 260, was also submitted for consideration.

Councillor Miller commented that there had been a good discussion on the report at the Audit and Scrutiny Committee meeting which had agreed to remit it to the Council for consideration, highlighting that the accounts had been awarded a clean audit certificate.

The Council noted the 2017/18 Annual Accounts for each of the Trusts and the associated External Auditor's report.

EAST RENFREWSHIRE COUNCIL ANNUAL ACCOUNTS AND DRAFT ANNUAL AUDIT REPORT FOR 2017/18

621. Under reference to the Minute of the meeting of the Audit and Scrutiny Committee held earlier that day (Page 550, Item 613 refers), the Council considered a report by the Head of Accountancy (Chief Financial Officer) regarding the Annual Accounts for 2017/18, the associated draft Annual Audit Report prepared by the External Auditor, and a further report by the External Auditor on matters arising from the audit of the Council's financial statements for 2017/18 reported under ISA 260 requirements. The draft Audit report provided an overview of the main issues arising from the 2017/18 audit.

The Council had received an audit certificate which was unqualified. An overall surplus for the financial year of £5,072k had been recorded in the Accounts. After transfers to earmarked reserves, a sum of £379k had been added to the Council's non-earmarked General Fund reserve resulting in a balance of £10,133k as at 31 March 2018. This represented 4.3% of the annual budgeted net revenue expenditure which was in line with Council policy and which included £681k in respect of Scottish Government grant received at the end of the financial year for use in 2018/19.

Transfers totalling £4,600k had been made from the General Fund balance to specific reserves and capital expenditure of £53,207k had been invested. An operating surplus of £385k had been made on the Housing Revenue Account, this increasing the accumulated surpluses brought forward to that Account to £1,629k.

Having heard Councillor Miller comment that there had been a good discussion on the report at the Audit and Scrutiny Committee meeting which had agreed to remit it to the Council for consideration discussion then took place.

Councillor Wallace referred to comments in the Audit Scotland report regarding the negative net worth of the Culture and Leisure Trust, the additional funding provided by the Council, any effects this had on the Council's accounts and sought assurances that moving forward there was confidence that the Trust's affairs were being properly managed.

In reply, the Head of Accountancy explained that the accounts before the Council reflected the closing position at the end of the financial year. She highlighted that, as stated in the Audit Scotland report, the Council had contributed an additional £225k to the Trust to assist it to break even. This sum was a reduction from the original forecast sum of £277k. She explained that an independent report on the future finances of the Trust had been prepared and the Council was working with the Trust in factoring in the report's recommendations to future budget plans.

In response to further comments from Councillor Wallace on the increase in the level of remuneration to the Trust's Chief Executive at a time when it had required additional financial support from the Council, it was clarified that the remuneration of the Trust's Chief Executive was a matter for the Trust Board.

Responding to questions from Councillor Aitken on the annual interest charges associated with the Council's gross external debt of £176.5 million, the Head of Accountancy explained that whilst loan charge figures could be seen in the accounts, these figures included principal, interest and expenses on borrowing repayments. She also clarified that the gross external debt figure also included repayments made on PFI, PPP, NPD and hub schemes, and these included services charges, repayments of principal, and an interest element. As a consequence she would need to undertake an exercise to calculate solely the amount of interest paid but would be happy to do so and discuss this further with Councillor Aitken.

Councillor Swift was then heard on the significant increase in the Council's capital borrowing levels since 2016/17 referring in particular to potential further building proposals for schools and leisure facilities in Neilston. In reply Councillor O'Kane reminded Members that were any decision taken to build new educational facilities in Neilston these would be part funded by the Scottish Government through its *Building Schools for the Future* programme. He also suggested that the Conservative concerns around capital borrowing appeared to be at odds with their proposals presented to the budget meeting in March where he recalled that they had advocated increased borrowing to pay for roads repairs.

Councillor Ireland having highlighted that the Audit Scotland report acknowledged that the Council continued to have one of the lowest levels of debt across other local authorities, Councillor Buchanan was heard on the positive nature of both the accounts and the report by Audit Scotland. Thanking the Audit and Scrutiny Committee for its work in reviewing the accounts and Audit Scotland report, and officers from both Audit Scotland and the Council's own finance team for their work, he emphasised how the Audit Scotland report acknowledged some of the work carried out to address the issues raised in the Council's Best Value Report and also recognised the strong financial planning arrangements in place in the Council.

Councillor Miller having also offered thanks to both the Council's Finance Staff and the officers from Audit Scotland, the Council agreed to:-

- (a) approve the Council's Annual Accounts for 2017/18; and
- (b) note the draft Annual Audit Report to the Council and Controller of Audit 2017/18 and the External Auditor's report on matters arising from the audit of the Council's 2017/18 Financial Statements prepared under requirements of ISA 260.

PROVOST

