

**Business Operations and Partnerships Department**

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Date: 16 June 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, 22 June 2023 at 2.00pm.**

The agenda of business is as listed below.

Yours faithfully

**Louise Pringle**

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DIRECTOR OF BUSINESS OPERATIONS & PARTNERSHIPS

**AGENDA**

1. **Report apologies for absence.**
2. **Declarations of interest.**
3. **Chair's Report.**
4. **Clarification Received on Queries Raised at Previous Meetings – Report by Clerk (copy attached, pages 3 - 6).**
5. **Unaudited Annual Accounts 2022/23 – Report by Head of Accountancy (Chief Financial Officer)(copy attached, pages 7 - 140).**
6. **Code of Corporate Governance - Report by Director of Business Operations and Partnerships (copy attached, pages 141 - 170).**

7. **Council Tax Collection - Report by Director of Business Operations and Partnerships (copy attached, pages 171 - 176).**
8. **National External Audit Report - Local Government in Scotland - Financial Bulletin 2021-22 - Report by Clerk (copy attached, pages 177 - 182).**
9. **Change of Date of Meeting in September - Report by Clerk (copy attached, pages 183 - 184).**

**For information on how to access the virtual meeting please email:-**  
**[linda.hutchison@eastrenfrewshire.gov.uk](mailto: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****22 June 2023****Report by Clerk****CLARIFICATION RECEIVED ON QUERIES RAISED AT PREVIOUS MEETING****PURPOSE OF REPORT**

1. To summarise the clarification received and circulated on queries raised at the meeting of the Committee held on 11 May.

**RECOMMENDATION**

2. It is recommended that the Committee notes the position.

**REPORT**

3. In June, the Committee endorsed the final observations and recommendations made by the Committee in April 2022 arising from its self-evaluation, agreeing to implement recommendations made as appropriate.

4. One of the self-evaluation observations made was that when queries on reports are raised at meetings, it is not always possible for answers to be provided at the meeting itself. Although the provision of clarification or assurances subsequently was considered acceptable, it was agreed, in the interests of transparency, that the Clerk should submit a summary of clarification received and circulated to the next meeting.

5. A related observation endorsed by the Committee in June and highlighted subsequently, was that it is useful, where possible, for Members to alert the Clerk or Chair in advance to issues they wish to raise at meetings. This is with a view to helping to ensure that answers can be requested, prepared and made available to the Committee where possible at its meetings, also in the interests of transparency. Members of the Committee are therefore encouraged to alert the Clerk or Chair to issues in advance to the extent possible.

6. The clarification provided on queries raised at the meeting on 11 May, which has already been circulated through correspondence, is itemised in Appendix 1 to this report.

**RECOMMENDATION**

7. It is recommended that the Committee notes the position.

Local Government Access to Information Act 1985

Report Author: Linda Hutchison, Clerk to the Committee (Tel.No.0141 577 8388)  
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Background Papers:-

1. Audit and Scrutiny Committee Agenda – 11 May 2023 (Item 4)

## CLARIFICATION SOUGHT AND CIRCULATED FOLLOWING MEETING ON 11 MAY 2023

DATE OF MEETING AND ITEM	ITEM AND ISSUE(S) RAISED	CLARIFICATION
11 May 2023 (Item 4)	<p data-bbox="445 515 1106 579"><b><u>CONSULTANCY EXPENDITURE AND RELATED LOG</u></b></p> <p data-bbox="445 616 1106 815">(a) In liaison with Property and Technical Services, it was agreed to seek and provide further clarification on whether or not any consultancy related costs listed in the log for Eastwood Leisure Centre might need to be repeated arising from the delay to the project.</p> <p data-bbox="445 852 1106 1018">(b) It was agreed to seek confirmation of the timeframe for submitting the next report to the Cabinet on the retention of the Council HQ building or the Office at Speirsbridge for office accommodation in future.</p> <p data-bbox="445 1054 1106 1254">(c) It was also agreed to seek clarification from departments if there were any instances in 2022/23 of consultancy costs for the same work being broken down, resulting in the costs of each element being under the £10,000 threshold for approval by directors.</p>	<p data-bbox="1144 616 2096 743">(a) The Head of Environment (Strategic Services) has confirmed that the same team is being used, so it is hoped to minimise this risk. Repeating some work cannot be ruled out, but it will be minimised.</p> <p data-bbox="1144 852 2096 979">(b) The Head of Environment (Strategic Services) has confirmed that it is intended to submit a report on this issue to the forthcoming meeting of the Cabinet, which is now scheduled to take place on Monday, 19 June.</p> <p data-bbox="1144 1054 2096 1118">(c) Feedback on this issue has been requested from the Corporate Management Team and will be collated and circulated on receipt.</p>

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EAST RENFREWSHIRE COUNCIL**AGENDA ITEM No.5**AUDIT AND SCRUTINY COMMITTEE22 June 2023Report by Head of Accountancy (Chief Financial Officer)UNAUDITED ANNUAL ACCOUNTS FOR 2022/23**PURPOSE OF REPORT**

1. The Annual Accounts for 2022/23 have been submitted for audit to Ernst & Young and a copy is now attached for consideration by the Audit and Scrutiny Committee.

**RECOMMENDATION**

2. The Committee is invited to: -

- Note and scrutinise the content of the Annual Accounts for 2022/23.

**BACKGROUND**

3. The Annual Accounts for 2022/23 have been submitted for audit to Ernst & Young and in line with the Local Authority Accounts (Scotland) Regulations 2014 they are attached as Appendix 1 for consideration by the Audit and Scrutiny Committee. The audited accounts will be submitted to the Audit and Scrutiny Committee later in the year, prior to final Council approval.

**REPORT**

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

- The Council's affairs have again been managed within its operational budget, returning departmental budget surpluses totalling £5,622k, much of which were of a one-off nature. This was mainly due to increased income, including interest earned on temporary investment balances and higher Council Tax collection arising from new building completions, as well as savings relating to the teachers' industrial action, managed underspends on staff vacancies and contract savings as a result of tight financial controls over service spending.
- The surplus was arrived at after taking account of the budgeted drawdown of £5,253k from the non-earmarked general reserve.
- From the surplus achieved, a total of £5,600k has been allocated to various earmarked reserves to address current pressures faced by the Council. The balance of £22k has been allocated to the non-earmarked reserve resulting in a net decrease in this reserve of £5,231k.

- The balance in the Council's non-earmarked reserve as at 31 March 2023 is £6,541k which equates to 2.3% of the annual budgeted net revenue expenditure and is within the Council's Reserves policy to hold a minimum level of around 2%.
- Significant Covid-19 spend of £8,631k has been incurred during the year of which £5,523k was funded from the reserve set up at the end of the 2020/21. Further funding was also received during the year totalling £3,108k. The year-end Covid-19 reserve balance was £8,562k which will be allocated fully in 2023/24 to support residents and the local economy.
- Capital Expenditure of £46,189k was invested.
- There has been an operating deficit of £69k on the Housing Revenue Account, this decreasing the accumulated surplus balance to carry forward as at 31 March 2023 to £1,798k.

## RECOMMENDATION

5. The Committee is invited to: -

- Note and scrutinise the content of the Annual Accounts for 2022/23

## REPORT AUTHOR

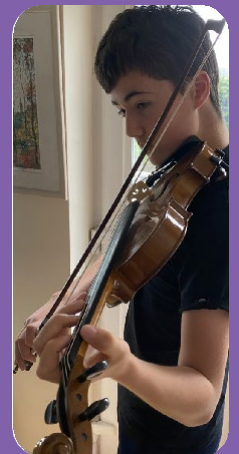
Head of Accountancy - Margaret McCrossan  
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## BACKGROUND PAPERS

This report refers to the Council's Annual Accounts for 2022/23.



# EAST RENFREWSHIRE COUNCIL UNAUDITED ANNUAL ACCOUNTS 2022/23



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# Management Commentary

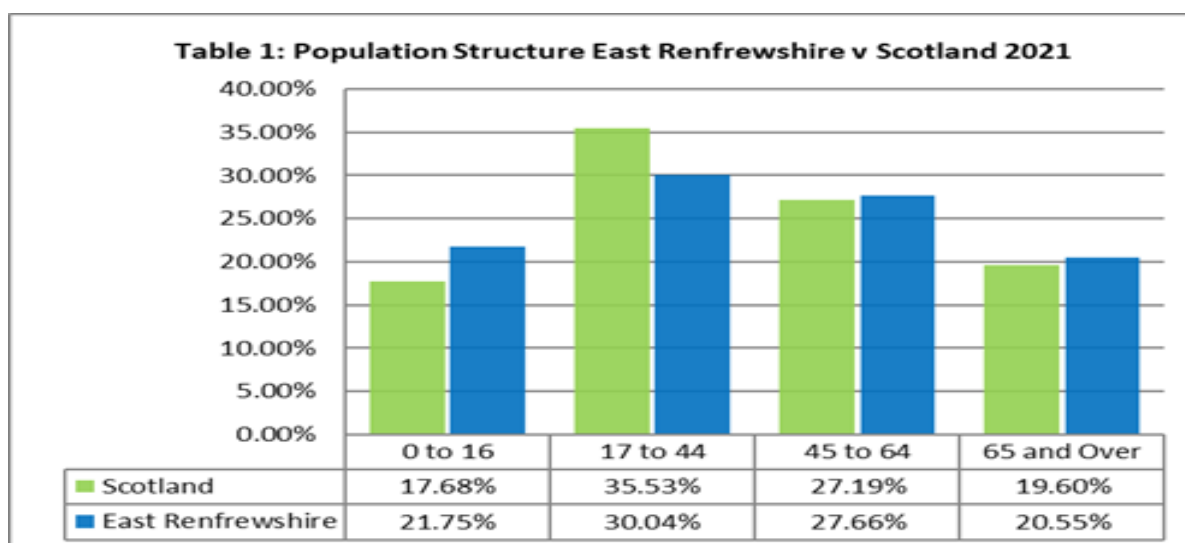
## 1. Introduction

This statement outlines key messages on the objectives and strategy of the Council and its financial performance during 2022/23 and also indicates issues and risks which may impact upon the finances of the Council in the future.

### East Renfrewshire and the local authority

East Renfrewshire is situated to the south of Glasgow. It covers an area of 67 sq miles (174 sq km). The north of the area comprises the urban areas of Giffnock, Newton Mearns, Clarkston, Thornliebank and Barrhead. Each of these settlements has a distinctive character. In the extensive hinterland to the south, lie the villages of Uplawmoor, Neilston, Waterfoot and Eaglesham. Approximately 16% of the area is urban and 84% is rural.

The population of East Renfrewshire at 30th June 2021 was 96,580\*. This is our highest ever population, with an increase from 2020 of 0.54%. The 2018-2028\*\* Population Projections show that East Renfrewshire’s population will steadily increase by 6.4%. The table below compares the current population of Scotland and East Renfrewshire, and shows that East Renfrewshire has a higher proportion of the population under the age of 16, compared to that of Scotland, as well as a higher proportion of those aged 45 to 64, and 65 and over.



\*Source 2021 Mid-Year Population Estimates, National Records of Scotland published 3<sup>rd</sup> August 2022.

\*\* The publication 2020 Based Population has been delayed

The council provides a wide range of vital services to the public such as schools, social care, highways and footpaths, parks, refuse collection and housing. There are eighteen councillors, across five multi-member wards, representing the interests of the community. The administration during 2021/22 was made up of a coalition comprising of 5 SNP, 4 Labour and 1 Independent. Following the Local Government elections in May 2022 the composition of both the council and administration changed to 6 SNP, 5 Labour, 5 Conservative and 2 independent, with a minority administration comprising 5 labour and 1 independent. The management of East Renfrewshire is led by the Chief Executive, Lorraine McMillan who retires in the summer of 2023 and will be followed by Steven Quinn on 14 August 2023, who will become the fourth Chief Executive of East Renfrewshire Council.

### Annual Accounts

The Accounts for East Renfrewshire Council are set out on the following pages in the form of statements which, as certified by the Chief Financial Officer in the Statement of Responsibilities,



## Management Commentary (cont'd)

present a true and fair view of the financial transactions of the Council operating as a going concern during the year to 31st March 2023. The Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

The financial statements show the Council's main sources of funding and provide an account of expenditure on service activities. A summary of the Council's Financial Performance is provided later in this Commentary.

The accounts identify two major categories of expenditure, Revenue and Capital. Revenue spending covers the day to day operational expenditure for each service while capital spending covers expenditure on the acquisition, construction and improvement of assets needed to provide services where the benefits will be derived over a number of years.

### 1. Objectives and Strategy of the Council

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

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



## Management Commentary (cont'd)

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

### FIVE CAPABILITIES

#### PREVENTION



**We will ...**

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

**We will ...**

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

---

#### EMPOWERING COMMUNITIES



**We will ...**

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

**We will ...**

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

---

#### DATA



**We will ...**

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

**We will ...**

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

---

#### MODERNISATION



**We will ...**

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

**We will ...**

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

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#### DIGITAL



**We will ...**

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

**We will ...**

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

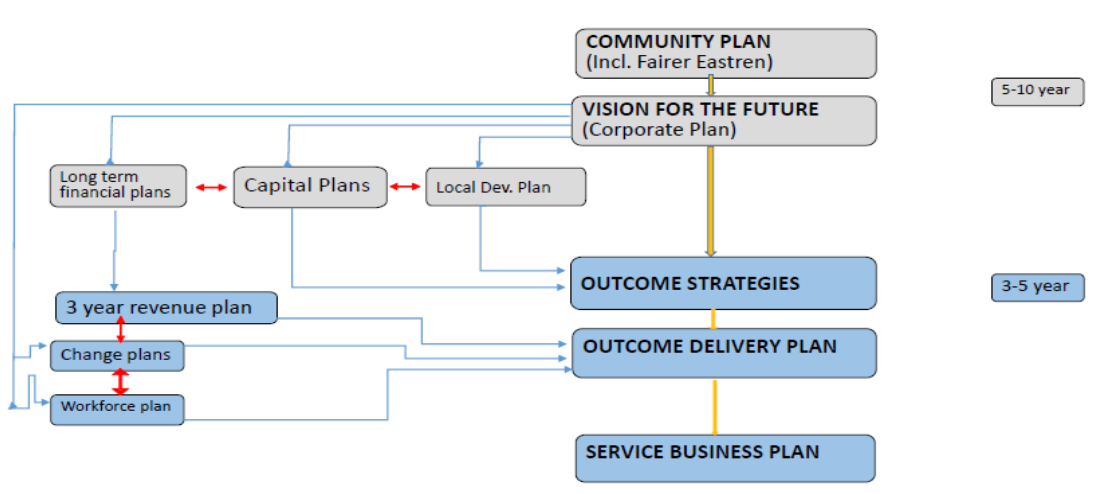


# Management Commentary (cont'd)

## Strategic Planning and Performance Outcomes

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

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



Our **Vision for the Future** sets out a forward direction and ambition for the Council over a 10 year time period. The Council approved an updated Vision for the Future in February 2020. In March 2022 Vision for the Future was considered again in light of research examining the impact of the pandemic, recovery and renewal in key policy areas (economy, poverty, education, health) and progress on aspects of community cohesion and sustainability. The new administration elected in 2022 provided an opportunity for reviewing Vision for the Future in 2022/23. A Vision for the Future workshop was held with senior stakeholders in March 2023 to explore the ambitions and vision for East Renfrewshire Council for the next 10-15 years. Further details on this work will be considered at the Council meeting in June. The vision will be further shaped by engagement taking place with community planning partners, networks and groups throughout 2023.

Our **Community Plan** (incorporating Fairer East Ren, East Renfrewshire's Local Outcome Improvement Plan) sets out the strategic outcomes and priorities for the Community Planning Partnership. For the Partnership and the Council there are joint strategic outcomes spanning individuals' life stages highlighted above. Link to plan click [here](https://www.eastrenfrewshire.gov.uk/media/8378/Community-plan-2018-to-2028/pdf/Community_Plan_2018_V4_FINAL_26_June_1.pdf?m=638029010808800000). [https://www.eastrenfrewshire.gov.uk/media/8378/Community-plan-2018-to-2028/pdf/Community\\_Plan\\_2018\\_V4\\_FINAL\\_26\\_June\\_1.pdf?m=638029010808800000](https://www.eastrenfrewshire.gov.uk/media/8378/Community-plan-2018-to-2028/pdf/Community_Plan_2018_V4_FINAL_26_June_1.pdf?m=638029010808800000)

**Fairer East Ren** is the part of the Community Plan focusing on tackling inequalities and closing the gap between communities. In 2020-21 a set of themed transitional plans for Fairer East Ren was approved covering child poverty, inclusive economic recovery, community well-being and connectivity and safe and connected communities. A one year update of the plan was agreed at Council in April 2023. Link to plan click [here](https://www.eastrenfrewshire.gov.uk/media/8297/Fairer-East-Ren-transition-plan-202220223/pdf/Fairer_East_Ren_transition_plan_202220223.pdf?m=638011746726930000). [https://www.eastrenfrewshire.gov.uk/media/8297/Fairer-East-Ren-transition-plan-202220223/pdf/Fairer\\_East\\_Ren\\_transition\\_plan\\_202220223.pdf?m=638011746726930000](https://www.eastrenfrewshire.gov.uk/media/8297/Fairer-East-Ren-transition-plan-202220223/pdf/Fairer_East_Ren_transition_plan_202220223.pdf?m=638011746726930000)

Our **Outcome Delivery Plan (ODP) 2022/23** builds on Vision for the Future and conveys what the Council is doing to contribute to the delivery of the agreed Community Planning local outcomes as well as a set of organisational outcomes focusing on our customers, employees and our levels of





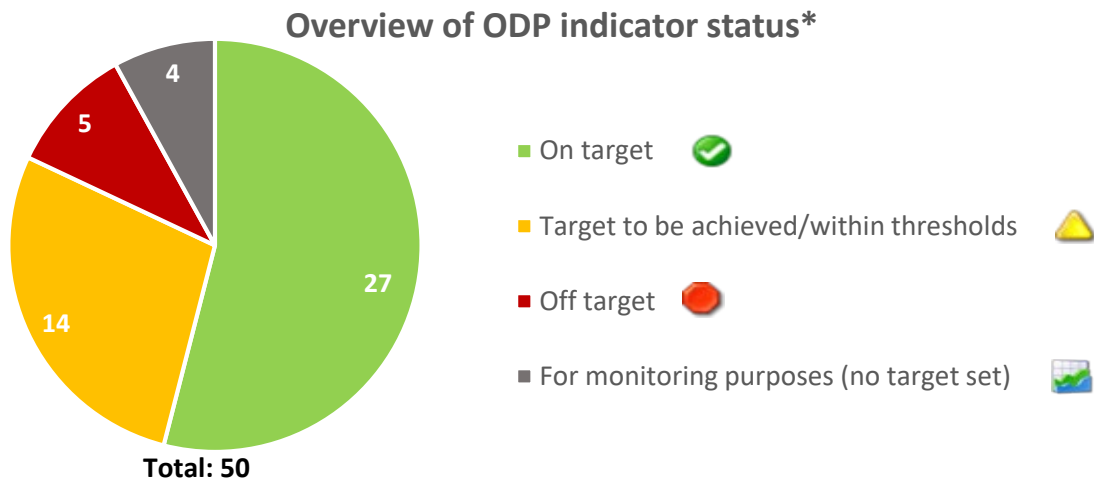
# Management Commentary (cont'd)

efficiency. A one year update of the plan was agreed at Council in April 2023. Link to plan click [here](https://www.eastrenfrewshire.gov.uk/media/7939/Outcome-Delivery-Plan-2022-2023/pdf/Read%20the%20Outcome%20Delivery%20Plan%202022%20to%202023.pdf?m=637926985033670000). <https://www.eastrenfrewshire.gov.uk/media/7939/Outcome-Delivery-Plan-2022-2023/pdf/Read the Outcome Delivery Plan 2022 to 2023.pdf?m=637926985033670000>

## Our performance

The Council's strategic performance management arrangements include a six monthly cycle of performance review meetings involving the Chief Executive, each Director and service managers, as well as elected members' scrutiny of performance at Council. The annual strategic end year performance report 2022/23 will be considered at Council on 28 June 2023. The report to Council includes a detailed update on all measures in the ODP.

Figure 1: Performance overview Outcome Delivery Plan (2022-23)\*



\*This is provisional data. Data will be approved and finalised following the Council meeting in June 2023.

A high level provisional analysis of the strategic indicators in the Council's Outcome Delivery Plan (2022/23), shows the majority of targets (27) were met, fourteen indicators had an amber rating (where although target had not been met at end year this was within thresholds set). Targets were not set for four indicators with data included for monitoring purposes. Five indicators were off target and these are discussed by strategic outcome in the sections below, as well as examples of the work being undertaken to achieve these outcomes for our residents, businesses and communities.

Despite the challenging circumstances and the additional demands still being placed on services overall we performed extremely well across our strategic outcomes including educational attainment, supporting local businesses, providing new affordable housing, improving the energy efficiency of our street lighting, reducing carbon emissions, recycling and improving street cleanliness. Further information on progressing our strategic outcomes is listed below.

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

#### Outcome 1 - Indicator status summary

Status	Definition	Number
	On target	1
	Target to be achieved/within thresholds	1
	Off target	2
	For monitoring purposes (no target set)	1



## Management Commentary (cont'd)

East Renfrewshire continues to be the sector leading in Children’s Services, supporting parents to provide a safe, healthy and nurturing environment for their families. The ODP measures shows that 100% of children with multi-agency child protection plans have seen an increase in their level of safety at three monthly review periods. However, provision of advocacy services to children indicator is off target (red) at 61% and work is being undertaken to ensure a more consistent offer. There has been a significant increase in breastfeeding in our most deprived (SIMD 1) areas from 7.5% to 17.9% (red), however there is still work required to meet our target of 25%. The gap between breastfeeding rates in the most affluent (SIMD 5) and the most deprived (SIMD 1) areas, has decreased for the second year in a row, which is a positive change of direction from the increasing gap seen between 2017 and 2020.





Supporting children and families to recover from the global pandemic continues to be a priority. In East Renfrewshire the Family First team work with parents across the authority to help develop confidence and increase their skills by building on their strengths and supporting them to make links within their local community. A total of 340 families were supported by Family First service with 80% reporting an increase in confidence in various aspects of their life impacted by the pandemic. In addition, those participating reported an increase in communication between family members, providing an opportunity for a more sustainable and independent approach to recovery. Bespoke and targeted support to 24 families, focusing on increasing confidence and reducing concerns about leaving their children when entering employment has taken place, funded by Economic Recovery Funding. Reports indicate an improvement in wellbeing and employability skills.

All eligible children, including those choosing to defer entry to primary 1, are able to access their statutory entitlement of 1140 hours of funded early learning and childcare in a flexible way to suit their circumstances. Responding to feedback from families through the biennial consultation, increased flexibility has been made available, with families able to supplement their child’s entitlement by purchasing additional hours to meet different commitments, such as employment, training or caring commitments.

The Healthier Minds Service, established with support of a range of stakeholders during the pandemic, has also continued to support the mental health and wellbeing of children and young people, with 416 individual children and young people supported during the year. It continues to have a significant impact, with 93% of children & young people supported reporting improved mental health and wellbeing.

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

#### **Outcome 2 - Indicator status summary**

Status	Definition	Number
	On target	6
	Target to be achieved/within thresholds	8
	Off target	1
	For monitoring purposes (no target set)	2

East Renfrewshire Council continues to perform at the highest level across all attainment measures, meeting our ambition to be one of Scotland’s top performing education authorities. In addition, the department continues to perform strongly across all other achievement measures. This performance is achieved very efficiently, ranking average in terms of cost per pupil place. It is recognised that performance in tackling the attainment gap has been impacted by the Covid-19 pandemic, which continues to offer challenges across our education establishments. This has particularly impacted on pupils from more deprived backgrounds, resulting in the widening of the gap in primary attainment.



## Management Commentary (cont'd)





Through planned interventions, including the refresh of Pupil Equity Fund guidance and the launch of the Strategic Equity Fund, the department will continue to focus on efforts to tackle the attainment gap.

The participation rates amongst young people remains the highest level nationally, with 97% of 16-19 year olds participating. The proportion of school leavers (latest data) entering positive destinations was 98.5% the highest to date and well above the national average of 95.7%. The number of school learners undertaking and successfully completing a wide range of vocational qualifications with our further and higher education partners continued to grow in 2021/22 with 462 young people enrolled in a broad range of courses, a welcome increase following the reduction during the pandemic.

Attendances at sports/leisure centres and library visits have met target and positively we are continuing to see growing numbers of residents participating in leisure activities and people returning to use the libraries. Citizens' Panel respondents' on perceptions of their own levels of participation in fitness activities have dropped, however, East Renfrewshire Culture and Leisure Trust are working hard with customers to understand customers' needs and are regaining pre-pandemic levels of attendance and usage.

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

#### **Outcome 3 - Indicator status summary**

Status	Definition	Number
	On target	7
	Target to be achieved/within thresholds	1
	Off target	1
	For monitoring purposes (no target set)	0

East Renfrewshire Council continues to work with partners to help implement post Covid recovery measures. A particular focus has been to assist those furthest from the labour market into sustainable employment as well as helping increase footfall in our town centres by encouraging people to shop local via the Scotland Loves Local initiative and our Shop Local campaigns. We continue to provide a wide range of support and advice services in relation to town centre resilience, business survivability and growth and support to those looking for work or better paid work. Although there has been some underspend in the City Deal budget (off target) due to delays in two projects involving third parties, there has been progress in other regeneration projects. The Placed Based Investment Programme in 2022/23 funded over £553,000 in local regeneration projects which included the refurbishment of the Cowan Park Bandstand, new Town Centre digital signs and the development of green space at the Barrhead Waterworks for the local community food growing initiatives. Recycling rates increased in 2021/22 (56.6% to 58.1%) placing East Renfrewshire back as top recycling council in Scotland. This figure is well above the national average of 42.7% and is showing a significant bounce back as Covid-19 restrictions are lifted.

Despite a slight decrease in satisfaction, the majority of respondents to our Citizens' panel (86%) continued to rate our parks and open spaces positively. We completed a range of projects in 2022/23 to improve the quality and ensure variety in the type of open space, play and sports facilities available to residents.

Our Council target of building 270 new affordable homes (cumulative Local Housing Strategy target 2017-2023) has been exceeded with 344 being completed in partnership. 64 new build Council homes were delivered in 2022/23, 63% of a total of 102 new homes, in-year as part of this programme. There remain challenges with the delivery of homes due to market conditions and the availability of labour



## **Management Commentary (cont'd)**





and materials, however, there are a further 60 or so new affordable homes expected in 2023/24. £5m has been invested in capital programme improvements for our tenants during 2022/23, covering a range of works including new kitchen installations and heating system upgrades.

Our Capital Improvement Programme continues with the additional investment of £3m per year up to and including 2023/24 in our road network. This aspect of the Capital Plan has now been extended to 2028/29 as part of the 2023/24 approved budget and the annual investment has increased to £3.5m per annum. 51 carriageway and 13 footway resurfacing schemes were completed in 2022/23, with assessment and prioritisation of schemes being based on agreed criteria. Our programme of replacing our street lighting lanterns with LEDs continues with 86% now LED helping to reduce our energy consumption by almost 16% compared with last year.

We continue to expand the Active Travel infrastructure across the authority with recent completion of two new shared use facilities on Stewarton Road and A77 Ayr Rd, introduced permanent segregation along Netherlee Road and construction has commenced on a new £1.2m active travel corridor on the A77 Ayr Road. We have played a supporting role to the Climate Clyde Forest (the regional initiative to increase tree canopy cover) and the £2.6m Levern Restoration project has restored a large area of derelict land in Barrhead town centre by relocating the river to create waterfront openspace, safe routes to school and increased flood capacity to mitigate climate change.

### **Strategic Outcome 4 - East Renfrewshire residents are safe and live in supportive communities**

#### **Outcome 4 - Indicator status summary**

Status	Definition	Number
	On target	5
	Target to be achieved/within thresholds	1
	Off target	1
	For monitoring purposes (no target set)	0

East Renfrewshire remains one of the safest places to live in mainland Scotland and we work with our partners to maintain communities' safety. We continue to see a reduction in the number of reported crimes in the area with a low of 227 per 10,000 population in 2022/2023 from 265. Interim data (April 2022-Dec 2023) on noise complaints show 280 were made with 140 of these classified as anti-social behaviour. 13 of these calls (9.28%) were from customers who had previously reported issues with their neighbours. This is a downwards trend on repeat calls from last year which was 10.4% and above the 8% (aim to minimise) target. We are awaiting full year data.

During 2022/2023 there was a significant focus on building strong, resilient communities to support recovery from the pandemic and respond to the cost-of-living challenge. In the reporting period, 125 projects received funding to deliver activities in local communities as a result of Participatory Budgeting (PB) events delivered by Linking Communities and Voluntary Action East Renfrewshire.

Despite the ongoing challenges post-pandemic a detached youth work programme has continued in East Renfrewshire. From April 2022 the ongoing programme of street work in 5 areas spent over 390 hours in local communities, making 1578 contacts with young people. This also includes weekend detached youth work provision.

Alcohol and drug treatment support is often responding to very complex issues, and recovery journeys are very person-centred. In terms of those in our community who are experiencing harm from alcohol and drug use, 5% (14 individuals) moved from treatment to recovery. This is off target and has reduced by 4% from the previous year. Positive performance on the measures in outcome 4 show that residents continue to be protected from harm and abuse. Women's' Aid East Renfrewshire







## Management Commentary (cont'd)

reported that of 98 reviews carried out, 90% of women reported improvements. This has been an overall positive improving over the past few years. The Community Payback Order has successfully helped 100% (6) of respondents surveyed at end of programme avoid reoffending. For the past five years, 100% of individuals identified as being at risk of harm have had a protection plan put in place.

### **Strategic Outcome 5 - Older people and people with long term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives**

#### **Outcome 5 - Indicator status summary**





Status	Definition	Number
	On target	5
	Target to be achieved/within thresholds	1
	Off target	0
	For monitoring purposes (no target set)	1

Despite continuing demand pressures on HSCP services we remain committed to supporting older people and people with long-term conditions to live independently. There has been a fall of 12% in the number of individuals whose care needs have reduced following a period of reablement. This was at 48% last year and indicates a growing demand on care packages in the community. Performance for supporting older people and those with long-term conditions to live safely and independently in communities is overall more positive. Nearly 97% of individuals aged 65+ live in housing rather than a care home or hospital. There is however some disparity in these figures across HSCP partnerships and further work is being undertaken by Scottish Government to refine. We also see a high percentage of individuals reporting their 'living where you/as you want to live' needs met at 89%. There has been a slight increase in % of people aged 65 or over with long term care needs receiving personal care at home.

We aim to ensure carers are valued and their wellbeing is met however there has been a decrease in those reporting that the quality of life for carers needs are being fully met to 89%, though still above target. HSCP colleagues are working closely with East Renfrewshire Carers Centre to identify and support all unpaid carers including those who are part of the local workforce. There was an increased burden on carers during the pandemic and there was a focus on providing remote support during the period. There is a short-term working group working to renew the Short Breaks opportunities for carers in response to requests for a more flexible approach from carers. The Carers Strategy is currently being revised and updated to reflect the introduction of the HSCP's new Supporting People Framework with a programme of engagement with carers, young carers, stakeholders and community groups. The Carers Centre was provided with £25,000 from Covid reserves funding in 2022/2023 to provide discretionary payments to carers to alleviate cost-of-living pressures.

### **Organisation Outcomes – Customer, Efficiency, People**

#### **Organisation Outcome - Indicator status summary**

Status	Definition	Number
	On target	3
	Target to be achieved/within thresholds	2
	Off target	0
	For monitoring purposes (no target set)	0



## **Management Commentary (cont'd)**

We have three organisational outcomes under the topics of Customer, Efficiency and People in the ODP. These focus on how we are delivering for our customers, supporting our staff and ensuring all our resources are managed efficiently.

Findings from our latest Citizens' Panel survey show most respondents (63%) are satisfied with Council services. Although this is a small reduction compared to last year and our target is still to be achieved, this reflects the national picture across Scotland. The most recent comparable results from the Scottish Household Survey, show a downward trend in levels of satisfaction with local services. The Council at 63% compares favourably with the national figure of 53%. Other key findings from Citizens' Panel; showed that residents thought the Council and its staff were professional (69%), reputable (63%), works in partnership (63%) and helpful (61%). Full results from the Citizens' Panel report can be accessed [here. www.eastrenfrewshire.gov.uk/media/8914/2022-Citizens-Panel-Report/pdf/ERCP\\_2022\\_Survey\\_report.pdf?m=638145631684030000](http://www.eastrenfrewshire.gov.uk/media/8914/2022-Citizens-Panel-Report/pdf/ERCP_2022_Survey_report.pdf?m=638145631684030000)

In 2022/23 there were several changes to the methods used to record staff absence and this has impacted on the overall levels of absence. Overall, 2022/23 absence levels were 11.1 days lost per employees. 9.3 % of absence during the reporting period is attributed to Covid related absence. In addition to continued manager absence monitoring and support, initiatives have been implemented focusing on staff health and well-being. Using Covid funds a temporary health and well-being officer has recently been appointed to provide proactive support to staff over the next year. Use of our online employee benefit portal has increased with 1,536 employees now signed up with a wide range of new benefits being added over the course of the year. A staff wellbeing survey was carried out in the spring of 2023 and results will inform a staff wellbeing action plan later in 2023.

In these challenging times when budgets are strained it is essential that all our assets are managed efficiently. We maintain our robust approach to financial planning and have effective monitoring in place. This has ensured in 2022/23 we are on track to meet the target on the actual Council revenue outturn against the revised revenue budget with details available in the Key Financial Ratios below. In year improvements to the Finance system including better budgetary control and financial transaction reporting is providing a more efficient service for managers checking the status of budgets throughout the year.

### **Public Performance Reporting**

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

### **Workforce Planning**

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

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

The Council's Workforce Plan is aligned with our budget planning. A single year budget has been set for 2023/24 and it is hoped to return to a multi-year process in future years. Planning over a longer period allows for better prediction of potential changes to workforce shape and size and allows time to plan appropriately for these changes to the workforce.

The last year has continued to be challenging with the workforce supporting recovery and renewal after the Covid-19 pandemic. The Scottish Government have made additional funding available to support delivery and recovery services. It has been challenging getting the appropriate resource in place at times and services have been supported with higher than normal levels of recruitment activity.



## **Management Commentary (cont'd)**

It is an employee's market at present so increased turnover rates are being experienced making it difficult to recruit and retain candidates in certain areas.

Over the last year absence levels have increased in the Local Government workforce, teachers have improved. From 8 July 2022 Covid-19 absence is now recorded within the absence figures. There is an increased focus on health and wellbeing to support our employees during these difficult times and promotion and signposting to assist with a number of areas including mental health and financial assistance.

The Council continues to support hybrid working with The Way We Work initiative set-up to review our approach to work styles and looking at the property and technology supports we need to put in place to support our workforce.

The financial plan now set out for 2023/24 indicates a Council budget shortfall of £18.1m. After applying £10.2m of reserves and a 6% increase in Council Tax generating £3.8m, savings of £4.1m are needed across Council services and it is estimated that there will be a reduction of up to 50 full time equivalent from the current Council structure. There are further savings to be taken by the IJB (Integrated Joint Board) and Leisure Trust and decisions will be agreed through their governance routes if there is any impact on workforce. We have continued to manage reductions through natural turnover and voluntary early retirement and redundancies and a commitment has been made that this approach will continue for 2023/24.

We continue to ensure that we will have the appropriate number of Local Government Employees and Teachers with the correct qualifications, registration and skills in the correct roles. During these challenging financial times we continue to review our structures and operating models to introduce and establish more cross-functional and collaborative working to improve resilience. The Council is currently offering Voluntary Redundancy to employees in specified service areas to support the required budget reductions.

The council's Digital Transformation Strategy has 3 strands: Business Systems & Processes, Customer Experience and Workforce Productivity. The resource supporting this work has transitioned into permanent contracts which brings permanency to the organisational structure. It is recognised that investment in development of our processes will ensure the council can continue to deliver services that meet customers' expectations.

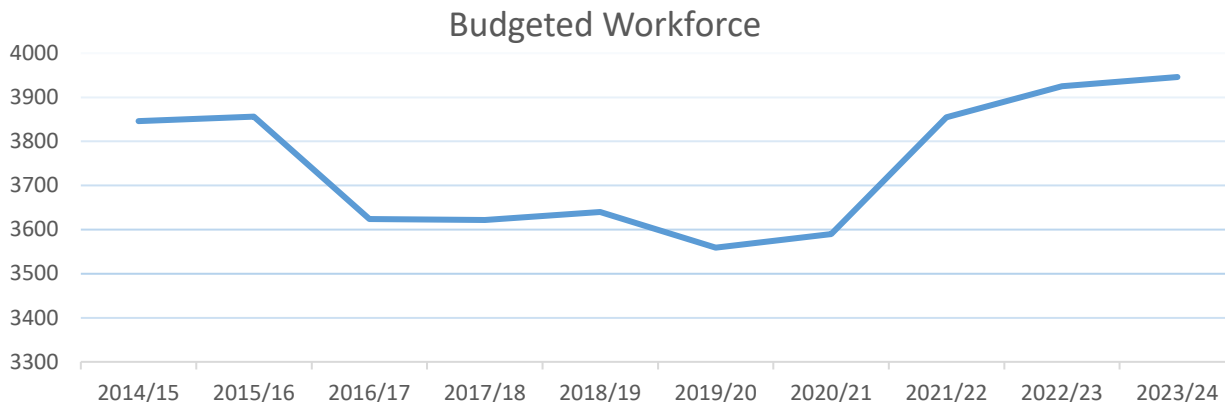
The council has a workforce plan in place and the 2021-24 Workforce Plan is currently undergoing its annual review to reflect the current position, the workforce requirements to support recovery and renewal, development and retraining required and resources required to support service delivery during this difficult time.

Due to the Council's programme of efficiency reviews 12 employees took the option of voluntary redundancy or other packages in 2022/23. This resulted in an in year cost of £0.458m.

The chart below shows how the Council's budgeted workforce has changed in recent years\*:-



## **Management Commentary (cont'd)**



\*The decrease in staff between 2015/16 and 2016/17 is due to the transfer of staff to East Renfrewshire Culture & Leisure Trust which commenced on 2 July 2015 and the increase over the last two years reflects the rolling out of the Early Learning and Childcare 1140 hours initiative.

### **Consultation and Communication with Workforce**

East Renfrewshire Council has in place employee governance arrangements to ensure its employees are well informed, involved in decisions, appropriately trained, treated fairly and consistently and provided with a safe environment. The Council engages with employees via surveys and focus groups to seek views in addition to regular consultations with staff and trade unions.

Regular meetings are held with the Trade Unions and the Communications team posts updates on the Council’s internal website along with the Chief Executive’s staff bulletins emailed to staff on a regular basis.

## **2. Financial Planning, Monitoring and Performance in 2022/23**

### **Budget Process**

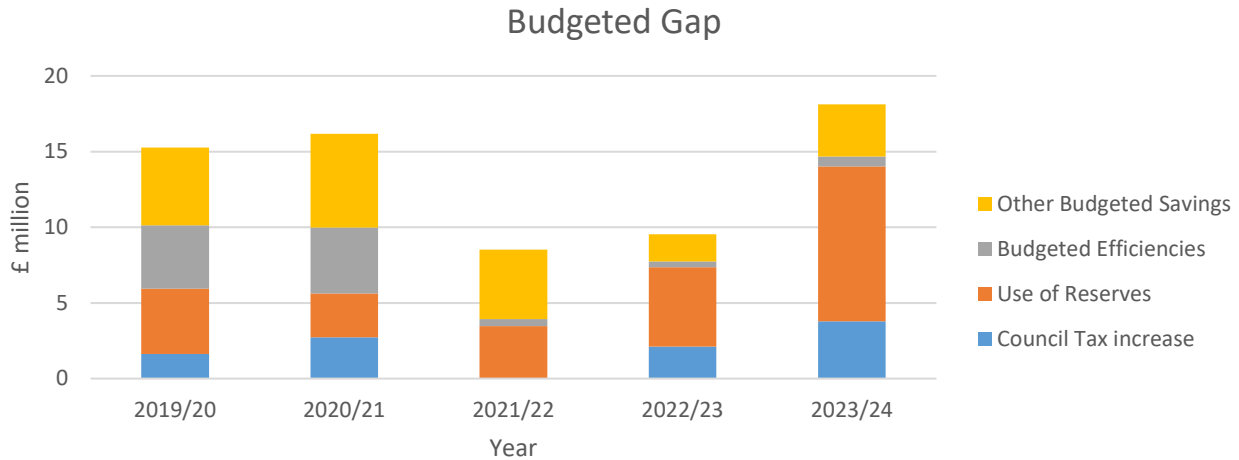
Following our successful previous multi-year budget approach, the Council undertook extensive community engagement, during autumn 2022, on setting its budget for future financial years. Reflecting on that engagement, together with the responses from our annual Citizens’ Panel and the 2022 survey on the humanitarian impact of COVID, the budget for 2023/24 was set on 1 March 2023. It was decided not to agree indicative budgets for 2024/25 and 2025/26, however, due to the lack of detailed information from the UK and Scottish governments in relation to these years. We hope that government budget information released later in 2023 will permit us to resume multi-year budget setting from 2024/25.

The Council has had to make significant budget savings for a number of years in order to ensure that it complies with its statutory requirement to set a balanced budget whilst meeting the needs of residents. A total of £31.23m budget savings has been approved for the most recent 5 year period. In addition, both Council Tax increases and the use of reserves have been used to balance the budget gap over this period. For 2022/23 the approved savings totalled £2.18m and these savings were all achieved.





## Management Commentary (cont'd)



Capital plans have also been agreed for the General Fund and Housing, covering the period 2023/24 to 2032/33.

### Budget Monitoring

The Council closely monitors expenditure and income against revenue and capital budget plans throughout the year. Standard reports showing revenue expenditure and income to date against budgets are provided to managers every four weeks with individually tailored reports and online information also available as required. Elected members consider revenue monitoring reports and detailed variance information at Cabinet five times per year with all reports providing year-end forecasts. Financial and physical progress on each capital project is also reported to Cabinet four times per year. Copies of these reports are available on the Council's website: [www.eastrenfrewshire.gov.uk](http://www.eastrenfrewshire.gov.uk)

### Revenue Budget Performance

#### General Fund Revenue Balance

The Council's financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be found on page 49 and has been prepared using International Financial Reporting Standards. To show the net position of the Council, it is necessary to adjust the Comprehensive Income and Expenditure Statement for statutory items that require to be taken into account in determining the position on the General Fund and Housing Revenue Account for the year. These are summarised in the Movement in Reserves Statement on page 50.

An Expenditure and Funding Analysis reconciles adjustments between the Council's financial performance under the funding position and the deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis can be found in Note 2 and the Expenditure and Income Analysed by Service in Note 5.

The General Fund Balance at the end of the year is £51.997m. The opening balance of £46.189m has been increased by an overall surplus of £5.808m. The General Fund is split over a number of earmarked funds which are adjusted annually to take account of the following factors:-

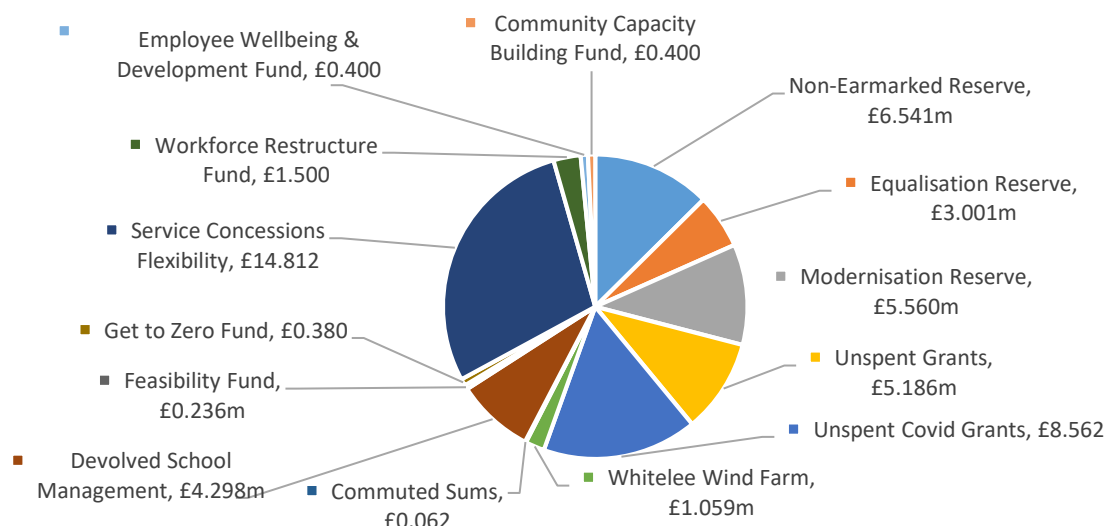
- (i) To ensure that the General Reserve is adequate to provide against unforeseen expenditure, which may arise. The Council's aim where possible is for the **unallocated general fund** balance to be equivalent to 4% of annual budgeted net revenue expenditure. The actual balance for 2022/23 was 2.3% (2021/22 4.4%)
- (ii) To earmark funding to **equalise** future PFI/PPP payments.



## Management Commentary (cont'd)

- (iii) To earmark funding to enable the upfront investment required to drive forward the Council’s **Digital Transformation Programme**.
- (iv) To earmark funding from **unspent grants** (including those unspent grants received to cover Covid-19 pressures in 2023/24), **Whitelee Windfarm**, **Commuted Sums** and **Devolved School Management**,
- (v) To earmark funds for **feasibility studies** to be carried out on potential capital projects.
- (vi) **NEW:** To enable transformation work to commence on the Council’s **Get to Zero** programme towards its carbon reduction targets
- (vii) **NEW:** To earmark funds from writing off the debt in **service concession** projects over the life of the asset instead of the life of the contract
- (viii) **NEW:** To ensure that the Council can adjust its **staffing structures** to enable future budgets to balance.
- (ix) **NEW:** To invest in **employee wellbeing and development**, to help address issues arising from staff wellbeing surveys; to develop skills and learning opportunities for existing staff.
- (x) **NEW :** To ensure long term investment in our **local communities, to build capacity**; skills; support place-making and build on the positive assets of our local people.

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



## Budget Performance

The overall surplus of £5.808m can be analysed as follows:

	Actual £'000	Approved Budget £'000	Over/(Under) Spend £'000
Net Cost of Services	268,764	268,208	556
Contribution (to) /from Earmarked Reserves	(11,039)	-	(11,039)
Capital Financing Costs	6,728	6,728	-
To be met by Govt. grants and local taxation	264,453	274,936	(10,483)
Aggregate External Finance	(211,650)	(211,650)	-
Council Tax	(58,611)	(58,033)	(578)
Total Funding	(270,261)	(269,683)	(578)
<b>(SURPLUS)/ DEFICIT FOR THE YEAR</b>	<b>(5,808)</b>	<b>5,253</b>	<b>(11,061)</b>

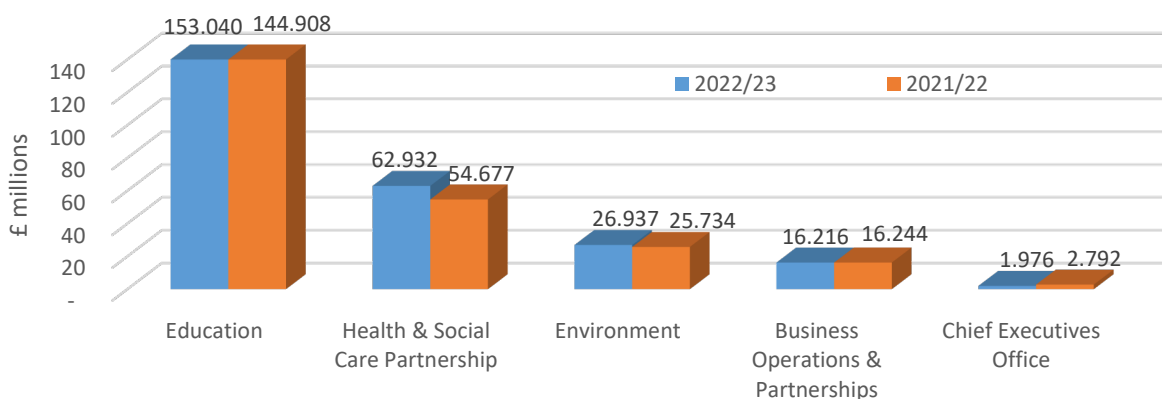


## Management Commentary (cont'd)

The Council was able to return a budget surplus of £11,061m (2021/22 £2,675m surplus), after transferring £1.0m to the Repairs & Renewal Fund to enable a continuing programme of maintenance on roads, properties and other infrastructure. £5.6m of the above surplus, much of which was of a one-off nature, was due to increased income, including interest earned on temporary investment balances, as well as savings relating to the teachers' industrial action, managed underspends on staff vacancies and contract savings as a result of tight financial controls over service spending. A further £6.4m was due to movement in earmarked reserves, including the continued utilisation of the Covid-19 reserve and the establishment of the new service concession reserve after seeking approval to revise the PFI debt arrangements. [https://www.eastrenfrewshire.gov.uk/media/8799/Council-Item-11-1-March-2023/pdf/Council Item 11 - 1 March 2023.pdf?m=638127716586300000](https://www.eastrenfrewshire.gov.uk/media/8799/Council-Item-11-1-March-2023/pdf/Council%20Item%2011%20-%201%20March%202023.pdf?m=638127716586300000)

When the surplus of £5,808k, shown above, before the budgeted application of reserves, is considered with the Housing Revenue Account deficit of £69k (see Movement in Reserves Statement), it equates to the total surplus of £5,739, as stated in the Expenditure and Funding Analysis (Note 2). The graph below shows the net expenditure across Directorates, also as shown in Note 2.

Net Expenditure across Directorates



## Housing Revenue

The Housing Revenue Account Comprehensive Income and Expenditure Statement and the Statement of the Movement on the Housing Revenue Account balances are shown on page 111. These accounts deal with transactions in respect of managing the Council's housing stock, which cannot be subsidised by the Council. The opening balance of £1,867k has been decreased by an operational deficit of £69k to give a year-end balance of £1,798k.

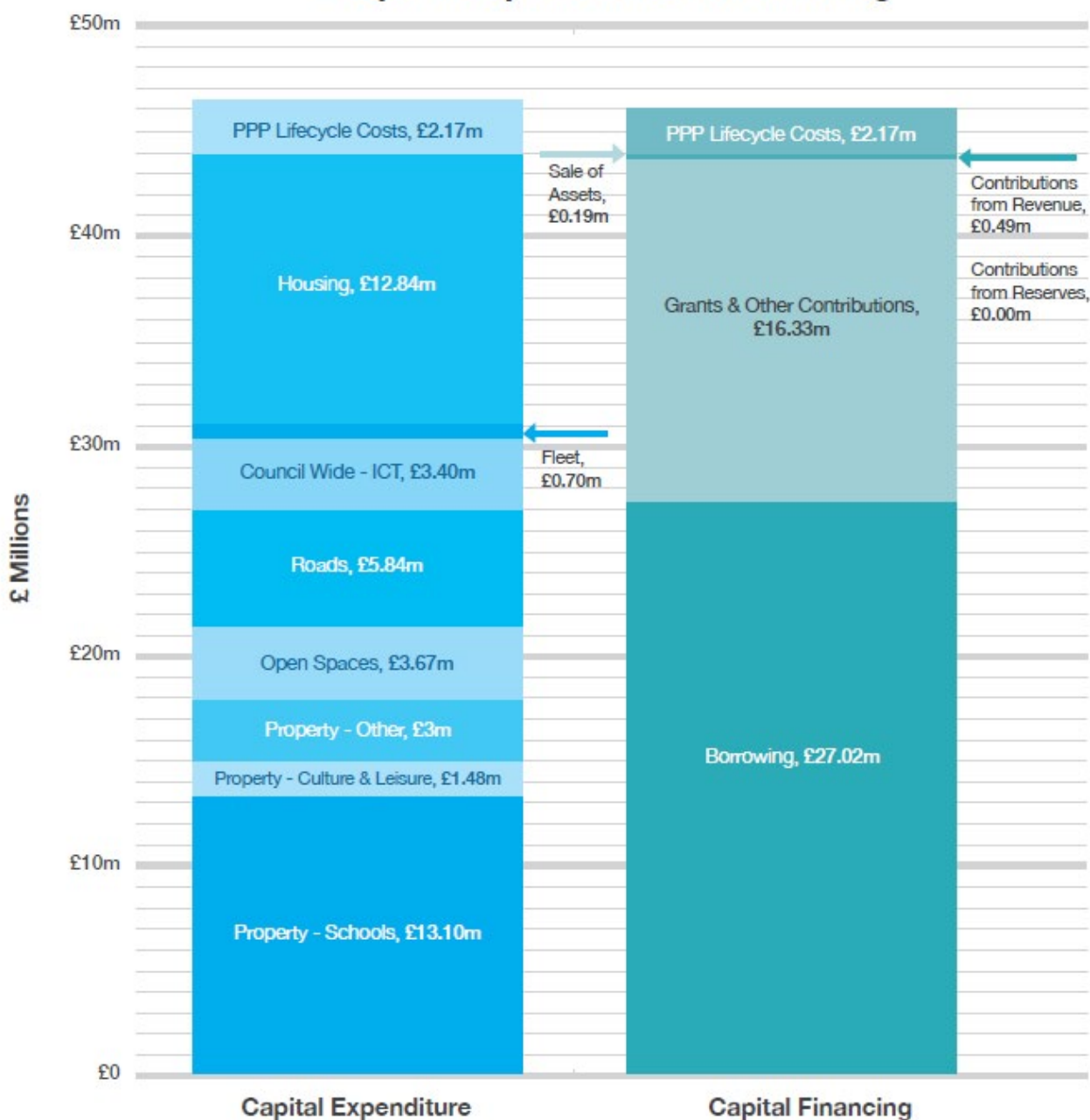
## Capital Budget Performance

The Covid-19 lockdown and war in Ukraine interrupted progress on the Council's capital schemes in 2022/23, however the final Council budgets (as approved on 2 March 2023) for capital investment in both the General Fund and the Housing Revenue Account totalled £46.513m, with 99.3% of this being delivered. It should be noted that as these capital programmes are part of a longer term plan, it is expected that there will be movement in spend across the years and that projects not delivered in year will be completed in forthcoming financial years. The diagram below identifies the key areas of spend in 2022/23 and how these were funded. Further details are provided in Notes 15 to 18.



## Management Commentary (cont'd)

### Capital Expenditure and Funding



### Balance Sheet

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2023 and explanatory notes are provided. The net worth of the Council has increased by £358,104k from £559,492k as at 31 March 2022 to £917,596k as at 31 March 2023. The major movements are set out below:

	31 March 2023 £000	31 March 2022 £000	Movement £000	Main Reason
<b>Long Term Assets</b>	1,099,051	717,630	381,421	The increase is mainly due to major capital investment and asset revaluations (see notes 15 to 18). Also, last year's pension liability decreased following an assumption update on the Corporate Bond yield offset by a reduction in investment return and a higher Pension Increase order than anticipated (see note 39)



## Management Commentary (cont'd)

<b>Current Assets</b>	92,900	108,251	(15,351)	The total of cash equivalents and short term investments have decreased due to both capital & revenue cash flows.
<b>Current Liabilities</b>	(70,239)	(67,337)	(2,902)	Due mainly to the movement in short term creditors ( see note 23)
<b>Long Term liabilities</b>	(204,116)	(199,052)	(5,064)	Due mainly to an increase in overall Long Term Borrowing.
<b>Usable Reserves (excluding those related to Covid-19 )</b>	(55,792)	(44,820)	(10,972)	This reflects an increase in unspent grants during the year (see note 11 for details) as well as several new earmarked reserves as stated above relating to the service concession flexibility, workforce restructure fund, Get to Zero, Employee Wellbeing & Development Fund along with a Community Capacity Building Fund and excludes covid-19 related reserves.
<b>Usable Reserves – Covid-19 only</b>	(8,562)	(14,085)	5,523	This reflects the unspent covid-19 grants which forms part of the General Fund Reserve, which can be used to cover any unfunded covid-19 pressures in 2023/24
<b>Unusable Reserves</b>	(853,242)	(500,587)	(352,655)	Reflecting the decrease in the Pension Reserve liability (See Note 25)

## Pension Liability

The common position for employers participating in the Strathclyde Pension Fund is that the IAS19 calculation, based on a snapshot valuation as at 31 March 2023, discloses an asset, as a result of prevailing investment market conditions at that date. The asset relates to benefits earned by existing or previous employees up to 31 March 2023. These benefits are expressed in current value terms rather than the cash amount that will actually be paid out. This is to allow for the 'time value of money', whereby the value of cash received now is regarded as higher than cash received in, for example, ten years' time, since the money received now could be invested and would earn interest or returns during the ten years. The pension asset represents the best estimate of the current value of pension benefits that will have to be funded by East Renfrewshire Council. The pension asset can fluctuate significantly year on year and the table below shows the Council's pension asset/ (liability) over the last three years:-

	2022/23 £000	2021/22 £000	2020/21 £000
<b>Pension Asset / (Liability)</b>	160,463	(50,357)	(119,443)

The main movement this year can be attributed to the changes in the financial assumptions adopted when preparing the latest disclosure. In particular the corporate bond yield (upon which the discount rate is derived) has risen over the period, leading to a 2.05% increase in this assumption and a gain on the Balance Sheet of £255,070k. In addition, further changes in the Pension and Salary Increase rates, compared to those assumed, has led to gains of £36,670k. These increases have been offset by a significantly higher Pension Increase Order of 10.1% (compared with the pension increase assumption of 3.2%) and a reduction in return on assets together totalling £65,639k.

The appointed actuaries, who provide the above analysis, remain of the view that the asset holdings of Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and future income to meet future pension liabilities.

Further detail on pension estimates is included in Note 39.



## Management Commentary (cont'd)

### Treasury Management

The Council's net borrowing decreased by £13.497m during the year. This reflects the funding of the capital programme and the repayment of borrowing and lease finance as shown in the Balance Sheet as follows:-

	31 March 2023 £000	31 March 2022 £000	Movement £000
Long Term Investments	247	250	(3)
Short term Investments	4,999	13,998	(8,999)
Cash & Cash Equivalents & Bank Overdraft	62,281	62,814	(533)
Short Term Borrowing	(377)	(828)	451
Short Term Finance Lease	(5,368)	(5,211)	(157)
Long Term Borrowing	(127,639)	(118,015)	(9,624)
Long term Finance Lease	(68,132)	(73,500)	5,368

The Council's borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. Further details are provided at Note 42. The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council approves its capital financing requirement (CFR) for the forthcoming year, as part of the Treasury Management Strategy. The CFR is a prudent assessment of the external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The Council's external debt (including Finance leases) at the year-end was £200.754 million (excluding effective interest), made available to the Council from various sources, the most significant of which was from the Public Works Loans Board. This compares with the CFR of £220.874 million (see Note 33) and demonstrates that external borrowing has only been undertaken for capital investment purposes which is reflective of the Council's Treasury Management Strategy to make use of internal funds and to minimise the exposure to investment risk. The Council's Treasury Management Strategy Report for 2022/23 can be found:

[Treasury Management Strategy Report 2022/23](#)

[www.eastrenfrewshire.gov.uk/media/7401/Council-Item-05-ii-03-March-2022/pdf/Council\\_Item\\_05ii\\_-\\_03\\_March\\_2022.pdf?m=637813801413000000](http://www.eastrenfrewshire.gov.uk/media/7401/Council-Item-05-ii-03-March-2022/pdf/Council_Item_05ii_-_03_March_2022.pdf?m=637813801413000000)

### Provision and Write-offs

The Council has provided £0.806 million in the Balance Sheet for eventualities which may have an impact on the financial position of the Council and the reasons for the provisions made are outlined in Note 24.

There was a write-off against bad debt provision during the year of irrecoverable debt due to the Council of £346.88k for Council Tax, £221.33k for Non-Domestic Rates and £204.46k of other debts which were approved by Cabinet.



## Management Commentary (cont'd)

### Key Financial Ratios

The following table provides information regarding the financial performance of the Council in 2022/23 and the affordability of its ongoing commitments:-

Financial Indicator	Commentary	2022/23 Actual	2021/22 Actual
<b>Reserves</b>			
Uncommitted General Fund Reserve as a proportion of Annual budgeted Net Expenditure	Reflects the level of funding available to manage financial risk/unplanned expenditure. The Council's Reserves Policy is to aim where possible for 4% of the current year's budgeted net expenditure. More information is provided in the <i>General Fund Revenue Balances</i> section above.	2.3%	4.4%
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is using its Uncommitted General Fund Reserve.	(44.8%)	0.9%
Total useable Reserves as a percentage of Council Annual Budgeted Net Expenditure	This indicator reflects all useable reserves including those earmarked (e.g. Unspent covid-19 grants to cover unfunded covid-19 pressures in 2023/24), as a percentage of the Council's net budgeted expenditure. Details of the useable reserves can be found in note 11	22.3%	21.8%
<b>Council Tax</b>			
In-Year collection rate	Reflects the Council's effectiveness in collecting Council Tax debt and financial management. The Council continues to achieve high collection levels despite the current economic climate and its effect on the local economy.	97.55%	96.76%
Ratio of Council Tax income to Overall Level of Funding	Reflects the Council's capacity to vary expenditure by raising Council Tax income, the only principal source of finance within Local Authority control.	21.7%	20.8%
<b>Financial Management</b>			
Actual Outturn as a percentage of Budgeted Expenditure (net of the Covid-19 reserve)	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. This indicator is based on the format of the budget monitoring as reported throughout the year. More details are provided in the <i>Revenue Budget Performance</i> section above.	93.7%	99.46%
Actual contribution (to)/from Unallocated General Fund Balance as a percentage of Budget.		1.87%	(0.04%)
<b>Treasury Management</b>			
Financing Charges on the Council Tax	The amount the Council has paid, including principal, interest and expenses to meet the cost of capital investment and the interest rate applied.	£6.728m	£8.153m
Financing Charges on the Housing Rents		£4.414m	£4.198m
Average Loans Fund Interest Rate	In 2022/23 the Scottish Government gave the Council £2.238m to help fund the employee pay award. This was provided as a capital grant and was used, in line with the Code of Practice, to reduce the Financing Charges on the Council Tax which in turn released budget to fund the pay award. This explains the year-on-year reduction in Financing Charges.	3.24%	3.52%



## Management Commentary (cont'd)

Ratio of Financing Costs to Net Revenue Stream – General Fund	Demonstrates how much of the General Fund Revenue budget is committed to support borrowing. The Council's cost of borrowing is affordable and fits with the Council's medium to long term financial strategy. For ease of comparison this excludes the Scottish Government grant of £2.238m capital grant above.	7.2%	7.2%	
Ratio of Financing Costs to Net Revenue Stream – Housing Revenue Account	Demonstrates how much of the Housing Revenue budget is committed to support borrowing	31.5%	31.3%	
<b>Debt/Long-term Borrowing</b>		<b>2022/32 Estimate</b>	<b>2022/23 Actual</b>	<b>2021/22 Actual</b>
Capital Financing Requirement (CFR) for the current year	External debt levels are less than the CFR. This demonstrates that borrowing is for capital investment purposes only.	£281.723m	£220.874m	£207.856m
External Debt Levels for the current year		£256.515m	£200.754m	£196.780m

## Review

The Council's affairs have again been managed within its operational budget (see budget performance table above) with increased returns on investments and Directors again taking action to avoid non-essential spend during 2022/23, particularly on staff vacancies and supplies. These give the Council more flexibility to address the significant financial difficulties and uncertainties in coming years

Additional Covid-19 cost pressures of £8.63m encountered during the year were covered by the use of the Unspent Covid-19 Grants Reserve carried forward from 2020/21 and Government Covid-19 grant in-year funding. These pressures impacted directly on Council funded services in terms of additional costs including staff costs and other measures to address the pandemic. A total of £8.562m remains in the Council's Covid-19 reserve at 31 March 2023 and is available to address potential pandemic pressures in 2023/24.

In addition to the Covid-19 grant funding for additional pressures faced by the Council during the year, the Council also administered the distribution of £0.94m of Covid-19 support to local residents.

During the year major investment in Education continued with the opening of Cross Arthurile Primary's Nursery Class. This was the last of six new nurseries to have opened across East Renfrewshire in recent years as part of a commitment to expand early learning and childcare provision. In addition work has progressed with the Neilston Learning Campus which will provide a new location for pupils from Neilston Primary, St Thomas's Primary and the Madras Family Centre. Furthermore a new synthetic pitch and running track at Mearns Castle High School is soon to be completed.

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

In July, the Council house development on Balgraystone Road, Barrhead, creating high quality and energy efficient homes for more than 200 tenants opened.

Improvement has also continued with the neighbourhoods across East Renfrewshire continuing to benefit from the £15m extra capital investment first announced in 2019 to fund a five-year programme of road resurfacing. This has now been extended by £17.5m to continue with roads improvements until 2028/29.





## Management Commentary (cont'd)

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

### 3. Key Risks and Financial Outcomes

The Council maintains a Strategic Risk Register, reviewed weekly by the Corporate Management Team (CMT) and reported twice yearly to the Audit and Scrutiny Committee. The report presented on 30 March 2023 can be found here: [Review of the Strategic Risk Register and Risk Management Process www.eastrenfrewshire.gov.uk/media/8957/Audit-Scrutiny-Committee-Item-04-30-March-2023/pdf/Audit\\_Scrutiny\\_Committee\\_Item\\_04\\_-\\_30\\_March\\_2023.pdf?m=638151809788530000](http://www.eastrenfrewshire.gov.uk/media/8957/Audit-Scrutiny-Committee-Item-04-30-March-2023/pdf/Audit_Scrutiny_Committee_Item_04_-_30_March_2023.pdf?m=638151809788530000)

The Council monitors risks closely using a RAG approach, seeking to mitigate them so as to deliver its strategic aims. Risks are given a score from 1 to 4 for both likelihood and impact, with the product for each risk therefore ranging from 1 to 16. Risks scored below 6 are regarded as green, those between 6 and 9 as amber and those scoring higher as red. Risk registers are also maintained at departmental level and for major projects.

In common with all other organisations, we are affected by the current challenging conditions. Key risks for the Council are listed in the table below, all of these representing risks originally categorised as red, but which have been reduced to amber by our mitigating actions. Demographic pressures, financial constraints, interruptions to services, and the impact of the Covid-19 pandemic continue to present risks to the Council’s operations, whilst the risk of cyber-attack has been raised from “medium” to “high”. New risks in relation to the sufficiency of local housing supply and the potential disruption to electricity and telephone networks have also been added to the register.

KEY RISKS AND UNCERTAINTIES	
Risk	Mitigating Actions
<b>Demographic pressures</b> , particularly in relation to school pupils, people with Additional Support Needs and the elderly, cannot be accommodated within the Council’s available financial and property resources.	The Council updates its demographic forecasts annually and these are used to inform both revenue and capital plans. Services are reviewed and redesigned with a view to increasing efficiency, and joint working across departments (e.g. Education, HSCP, Housing, Property and Planning) ensures focus on the most strategic issues.
<b>Financial constraints</b> restrict the Council’s ability to provide the required range and quality of services, due to settlements not providing full funding for inflation and new burdens while increasing ring-fencing of grants and limiting local flexibility. Forecasts of grant for the coming years indicate continuing reductions. Pressures relating to Covid-19, climate change/Get to Zero and the war in Ukraine may exacerbate financial pressures.	Medium to long term financial plans, a multi-year budget approach, utilisation of fiscal flexibilities and close revenue and capital budget monitoring all assist in mitigating this risk. <a href="https://www.eastrenfrewshire.gov.uk/media/8800/Council-Item-12-1-March-2023/pdf/Council_Item_12_-_1_March_2023.pdf?m=638127716589770000">Financial Planning 2023-2029 https://www.eastrenfrewshire.gov.uk/media/8800/Council-Item-12-1-March-2023/pdf/Council_Item_12_-_1_March_2023.pdf?m=638127716589770000</a>  A focus on efficiencies, service reviews, the Council’s ambitious transformation programme and lobbying of Government are also used to reduce the threat.
<b>Interruptions to Services</b> arising from building closures or systems/equipment/supplier failures may result in loss of services, income and reputation.	Long term capital planning is in place and the Capital Investment Strategy and Capital Plan reviewed annually. IJB review of commissioning and service planning. Business continuity plans are also maintained.



## Management Commentary (cont'd)

<b>Lack of affordable housing</b> may prevent the Council from meeting its statutory homelessness duties and providing sufficient units for wider local housing needs	Housing plans and homelessness policies reviewed. Partnership working to assist in addressing homelessness. Ongoing investment in both new build and purchased housing units.
<b>Cyber Attacks</b> are an increasing threat to both the private and public sectors and could disrupt Council services and cause loss of data, money and reputation.	Council Information Security Officer ensures defences are up to date through liaison with national bodies and the annual provision of mandatory staff training, test and campaigns.
<b>COVID-19</b> remains a major risk in terms of the ongoing impact on community activities and Council engagement with stakeholders. This may limit our harm prevention and participatory budgeting activities and restrict community capacity to be involved in service design.	The Community Learning & Development team are working to restore local community involvement, restart and expand preventative interventions and resume and widen participatory budgeting. COVID grant funding has been directed to support the most vulnerable members of our communities during 2022/23 and 2023/24.
<b>Disruption to electricity/telephone networks</b> presents a higher risk due to the impact of the Ukraine war on power supplies and to the planned phasing out of analogue telephone lines.	Close market liaison is maintained. Business continuity and disaster recovery plans are in place across the Council.

The Council's financial and outcome delivery plans are being updated to take account of the above risks and revised budgets, savings proposals and service plans will be agreed as the Council is approaching these difficulties as a part of a longer term financial strategy. This is set out in the Financial Planning paper approved by the Council on 1 March 2023 as part of the annual budget: [Financial Planning 2023-2029 \[https://www.eastrenfrewshire.gov.uk/media/8800/Council-Item-12-1-March-2023/pdf/Council\\\_Item\\\_12\\\_-\\\_1\\\_March\\\_2023.pdf?m=638127716589770000\]\(https://www.eastrenfrewshire.gov.uk/media/8800/Council-Item-12-1-March-2023/pdf/Council\_Item\_12\_-\_1\_March\_2023.pdf?m=638127716589770000\)](https://www.eastrenfrewshire.gov.uk/media/8800/Council-Item-12-1-March-2023/pdf/Council_Item_12_-_1_March_2023.pdf?m=638127716589770000)

This strategy is characterised through factors including making spending decisions based on an assessment of medium to long-term needs and consequences and seeking to avoid taking a short-term outlook in its policy making, service planning and budget setting decisions; the agreement of multi-year budgets wherever possible; applying savings early and as soon as measures are identified; and ensuring that the Council priorities and the budget process remain aligned. The Council has also actively reviewed its reserves and considered some utilisation of these into its plans to address future financial difficulties in addition to considering the use of available fiscal flexibilities.

In completing the Annual Accounts the Council has made certain judgements about complex transactions and those involving uncertainty about future events. The Balance Sheet also contains estimates that are based on assumptions made about the Council regarding the future or that are otherwise uncertain. Where these judgements or estimates could potentially impact materially on the Annual Accounts they are listed in notes 6 and 7, however professional findings have been taken into account in order to maximise the accuracy of these estimates.

### Risk Appetite

The term risk appetite describes our attitude towards the amount of risk that the Council is prepared to accept in trying to achieve our outcomes. The attitude towards risk can differ across our services, from risk averse to risk taking. Risk appetite is about taking well thought through risks where the long-term rewards are expected to be greater than any short-term losses.

Our approach is to minimise exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of innovation and improved outcomes. It recognises that appetite for risk varies according to the activity undertaken, that acceptance of risk is



## Management Commentary (cont'd)

subject always to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

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

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

The key risks set out in the previous section fall within the operational services area of the above table, i.e. the Council has a low to medium appetite for such risks and has identified appropriate mitigations to reduce the risk to a tolerable level. For areas with the very lowest appetite for risk, such as compliance with legal or financial requirements (e.g. setting a balanced budget), the Council’s structures, policies and processes have generally already been designed so that the risk is minimal and therefore it will not appear on the Strategic Risk Register.

The Annual Governance Statement, included in this Annual Report document, details the arrangements the Council has put in place for the proper governance of the Council’s affairs and for the management of risk. This Statement explains the system of internal control in place and sets out improvement actions to the governance framework identified from the Council’s ongoing review of these arrangements.

### 4. Supplementary Information

#### Private Finance Initiative/Public Private Partnership & Similar Contracts

The Council has two Private Finance Initiative contracts. The first, signed on 20 April 2000, is for the provision of school facilities for 25 years ending July 2026 and the second, signed on 30 April 2003, is for the construction and maintenance of the Glasgow Southern Orbital Road and the M77 extension for the 30 years ending April 2035. On 10 December 2004 the Council also signed a Public Private Partnership contract for the provision of further new and extended school facilities for the 25 years ending July 2031. On 21 March 2016 the Council signed a 25 year contract, ending August 2042, for the construction and maintenance of a replacement Barrhead High School delivered under the Scotland’s Schools for the Future programme non-profit distributing (NPD) model. More recently, in January 2020 the Council entered into a 25 year contract for waste recycling which utilises residual waste to obtain thermal gain. Details of all 5 projects are provided in Note 35 to the core financial statements. As we approach the end of the first PFI schools contract period we are making preparations for the transition of these services back to Council operations.



## **Management Commentary (cont'd)**

### **Group Accounts**

The Council is represented on the Boards of the following companies that are limited by guarantee, have no share capital and have prepared their accounts on a going concern basis. It participates in these companies by means of Board membership and the provision of funding. The Council has not paid any consideration for its interests and thus there is no goodwill involved.

The inclusion of these entities in the Council's Group Accounts is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. Due to the inclusion of the Common Good, trust fund balances and the liabilities and assets carried by the entities, listed below, the Group Balance Sheet increases the Council's net worth by £28.402m. Details of these interests are listed within the notes to the Group Accounts.

Strathclyde Partnership for Transport  
Strathclyde Concessionary Travel Scheme  
Renfrewshire Valuation Joint Board  
East Renfrewshire Culture & Leisure Trust  
East Renfrewshire Integration Joint Board

### **Greenhouse Gas Emissions**

In November 2022, the Council set a target to achieve net zero carbon emissions by 2045. This target applies to the Council's own operational emissions, excluding emissions from supply-chain (e.g. the goods and services the Council buys). There is no target set for area-wide emissions (i.e. those from homes and businesses). The Council reports its emissions to Sustainable Scotland Network each year and a report on the latest trends and future forecast is made to Cabinet, typically in January each year. The latest report is available [here https://eastrenfrewshire.gov.uk/media/8730/ERC-2021-22-Carbon-emissions-report/pdf/Cabinet\\_item\\_13\\_-\\_26\\_January\\_2023.pdf?m=638119017962500000](https://eastrenfrewshire.gov.uk/media/8730/ERC-2021-22-Carbon-emissions-report/pdf/Cabinet_item_13_-_26_January_2023.pdf?m=638119017962500000). The Cabinet reports are published for the wider community to see progress.

The Council is preparing a Get to Zero Action Plan (GTZAP), which will set out the proposed actions the Council will take. The actions will address both operational emissions and area-wide emissions. The Get to Zero Action Plan, expected to be published later in 2023, has made some high-level assessment of the financial impact of taking climate action. This will be considered in future revenue and capital budget setting processes. In support of the publication of the Get to Zero Action Plan a Strategic Environmental Assessment has been carried out.

The Council introduced a new methodology for carbon reporting in 2019/20, which has been set as the baseline year against which progress will be tracked. The table below shows progress in each year since establishing the baseline



# Management Commentary (cont'd)

Table 1: East Renfrewshire Council emissions (tCO2e)

Scope	Sub-category	Source	Baseline (2019/20) consumption	Previous year (2020/21) consumption	Current year (2021/22) consumption	% change in consumption baseline to current year	% change in consumption previous year to current year	Baseline (2019/20) emissions (tCO2e)	Previous year (2020/21) emissions (tCO2e)	Current year (2021/22) emissions (tCO2e)	% change in emissions baseline to current year	% change in emissions previous year to current year
Scope 1	Natural gas	Council buildings	33,231,696 kWh	35,568,167 kWh	32,548,425.23 kWh	▼ -2.1%	▼ -8.5%	6,110.3	6,539.9	5,961.6	▼ -2.4%	▼ -8.8%
		ERCLT buildings	8,612,105 kWh	7,929,771 kWh	10,584,898.85 kWh	▲ 22.9%	▲ 33.5%	1,583.5	1,458.0	1,938.7	▲ 22.4%	▲ 33.0%
		Sheltered housing	2,750,692 kWh	2,740,696 kWh	2,662,554.83 kWh	▼ -3.2%	▼ -2.9%	505.8	503.9	487.7	▼ -3.6%	▼ -3.2%
		Domestic properties (offices)	22,252 kWh	30,932 kWh	29,525.60 kWh	▲ 32.7%	▼ -4.5%	4.1	5.7	5.4	▲ 32.2%	▼ -4.9%
	Sub-total		44,616,745 kWh	46,269,566 kWh	45,825,405 kWh	▲ 2.7%	▼ -1.0%	8,203.7	8,507.6	8,393.4	▲ 2.3%	▼ -1.3%
	Water	Council buildings	120,707 m3	89,590 m3	125,945 m3	▲ 4.3%	▲ 40.6%	122.7	29.4	41.4	▼ -66.3%	▲ 40.6%
		ERCLT buildings	28,426 m3	16,109 m3	22,450 m3	▼ -21.0%	▲ 39.4%	28.9	5.3	7.4	▼ -74.5%	▲ 39.4%
		Domestic properties (offices)	78 m3	121 m3	80 m3	▲ 2.4%	▼ -34.0%	0.1	0.0	0.0	▼ -66.9%	▼ -34.0%
		Sub-total		149,211 m3	105,820 m3	148,475 m3	▼ -0.5%	▲ 40.3%	151.7	34.8	48.8	▼ -67.8%
	Other	Fleet Vehicles - Diesel	438,236 litres	466,800 litres	524,740 litres	▲ 19.7%	▲ 12.4%	1,115.8	1,188.5	1,318.3	▲ 18.2%	▲ 10.9%
		Fleet Vehicles - Petrol	69,183 litres	63,204 litres	64,749 litres	▼ -6.4%	▲ 2.4%	150.0	137.0	142.0	▼ -5.3%	▲ 3.6%
Sub-total		507,419 litres	530,004 litres	589,489 litres	▲ 16.2%	▲ 11.2%	1,265.8	1,325.5	1,460.3	▲ 15.4%	▲ 10.2%	
Scope 2	Electricity	Council buildings	11,705,886 kWh	10,194,950 kWh	11,793,265 kWh	▲ 0.7%	▲ 15.7%	2,963.8	2,581.3	2,725.7	▼ -8.0%	▲ 5.6%
		Un-metered supplies	4,907,756 kWh	4,690,952 kWh	4,537,574 kWh	▼ -7.5%	▼ -3.3%	1,242.6	1,187.7	1,048.7	▼ -15.6%	▼ -11.7%
		ERCLT buildings	2,264,046 kWh	1,542,960 kWh	2,035,356 kWh	▼ -10.1%	▲ 31.9%	573.2	390.7	470.4	▼ -17.9%	▲ 20.4%
		Sheltered housing	416,613 kWh	344,122 kWh	264,417 kWh	▼ -36.5%	▼ -23.2%	105.5	87.1	61.1	▼ -42.1%	▼ -29.9%
		EV/CPs	142,405 kWh	221,916 kWh	334,148 kWh	▲ 134.6%	▲ 50.6%	36.1	56.2	77.2	▲ 114.2%	▲ 37.4%
		Domestic properties (close lighting & offices)	110,054 kWh	113,838 kWh	116,878 kWh	▲ 6.2%	▲ 2.7%	27.9	28.8	27.0	▼ -3.1%	▼ -6.3%
		Sub-total		19,546,760 kWh	17,108,738 kWh	19,081,639 kWh	▼ -2.4%	▲ 11.5%	4,949.0	4,331.8	4,410.1	▼ -10.9%
Scope 3	Waste	Landfill	14,561 tonnes	4,878 tonnes	985 tonnes	▼ -93.2%	▼ -79.8%	6,368.6	2,133.5	460.0	▼ -92.8%	▼ -78.4%
		Recycling	20,343 tonnes	15,515 tonnes	12,328 tonnes	▼ -39.4%	▼ -20.5%	353.1	277.5	236.6	▼ -33.0%	▼ -14.7%
		Composting	12,606 tonnes	9,583 tonnes	11,245 tonnes	▼ -10.8%	▲ 17.3%	128.6	97.8	100.7	▼ -21.8%	▲ 2.9%
		Incineration/combustion	748 tonnes	14,046 tonnes	16,015 tonnes	▲ 2041.0%	▲ 14.0%	15.9	299.4	341.0	▲ 2038.7%	▲ 13.9%
		Other	355 tonnes	338 tonnes	0 tonnes	▼ -100.0%	▼ -100.0%	155.3	147.8	0.0	▼ -100.0%	▼ -100.0%
	Sub-total		48,613 tonnes	44,360 tonnes	40,573 tonnes	▼ -16.5%	▼ -8.5%	7,021.5	2,956.1	1,138.3	▼ -83.8%	▼ -61.5%
	Other	Business travel (car)	899,772 km	527,295 km	742,712 km	▼ -17.5%	▲ 40.9%	154.2	90.4	127.4	▼ -17.4%	▲ 40.9%
		Sub-total		899,772 km	527,295 km	742,712 km	▼ -17.5%	▲ 40.9%	154.2	90.4	127.4	▼ -17.4%
Procurement	Supply chain emissions	n/a	n/a	n/a	n/a	n/a	40,278	40,278	40,278	n/a	n/a	
	Sub-total		n/a	n/a	n/a	n/a	n/a	40,278.0	40,278.0	40,278.0	n/a	n/a
<b>Total (tCO2e)</b>								<b>62,023.9</b>	<b>57,524.1</b>	<b>55,856.4</b>	<b>▼ -9.9%</b>	<b>▼ -2.9%</b>
<b>Total w/o supply chain emissions (tCO2e)</b>								<b>21,745.9</b>	<b>17,246.1</b>	<b>15,578.4</b>	<b>▼ -28.4%</b>	<b>▼ -9.7%</b>

This shows that total estimated emissions, excluding supply-chain emissions for 2021/22 was 15,578 tCO2e. This is a 10% reduction from last year (2020/21), and a 28% reduction from the baseline (2019/20). This is almost entirely a direct result of the Clyde Valley Waste Partnership contract, which sends waste for energy recovery instead of landfill.

In order to meet the 2045 target, the Council needs to reduce its operational emissions to zero. This suggests a reduction of 870 tCO2e is needed in each of the 25 years until the target. Excluding waste management emissions, which are likely to remain quite stable as a result of the long-term contract, emissions have only reduced by c. 150 tCO2e since 2019/20. This suggests the Council will miss its targets without taking additional action. These additional actions will be proposed in the forthcoming GTZAP.

In June 2022, the Council introduced a climate change impact assessment (CCIA) process. This requires all Council/Cabinet reports where a decision is required to complete an assessment of any positive or negative impact on emissions or nature. This process has been adapted for consideration in Procurement Strategies, Capital Project Applications and grant-funding project appraisal.



## **Management Commentary (cont'd)**

### **Events During 2022/23**

#### **Digital Transformation**

Savings plans for future years are developed by the Corporate Management Team on the basis of the Scottish and UK budgets and are reviewed to take account of any multi-year settlement information subsequently published. Whilst it is recognised that it will become progressively more difficult to identify efficiencies in future, the Council continues to seek efficiencies through reviews and transformation initiatives wherever possible.

In June 2022, Cabinet considered an update on our Digital Transformation Programme. It was noted that the key aspects of the programme that would lead to budget savings are:

- Continuing to implement our Digital Transformation Strategy, with a focus on customer experience, streamlined end to end systems and processes and greater use of Office365 capabilities for productivity
- An increased focus on user engagement in service design and more community empowerment to provide services which put customers at the heart of provision, improving services and potentially lowering costs
- Improving the sharing and management of data across the organisation

It has continued to be necessary for us to regularly prioritise this work throughout the year to ensure a focus on benefit realisation and to rigorously manage the limited resources available to support projects. Boards are in place for each of the 3 programmes of digital transformation, with a quarterly review by the Corporate Management Team and an annual update report to Cabinet.

Projects are funded through a Digital transformation budget, which will need reviewed year on year as part of the budget process. A modernisation reserve was created in 2014 to fund change projects across the Council. In the early days the fund was topped up annually from underspend at year end. However in recent years, there has been little opportunity to top up so the fund has been declining in value. Given the 2022/23 year end surplus, £2m has been transferred to this fund to enable projects to be funded in future years.

#### **Significant Trading Operations**

The Local Government Scotland Act 2003 sets out the requirements for statutory trading accounts to be maintained for “significant” trading operations only. The Council after adopting the CIPFA/LASAAC criteria concluded that there are no services that can be classified as a significant trading operation.

#### **COVID 19**

The Council continues to support the recovery of the local community from the Covid-19 pandemic by providing a strategic recovery & renewal plan under the following key areas:

- Covid -19 contingency for response
- Organisational recovery (Council & HSCP)
- Wellbeing support for vulnerable individuals
- Community recovery and capacity building



## **Management Commentary (cont'd)**

- Financial advice and support to individuals
- Direct Financial and winter support to residents

In response to Covid-19, the Scottish Government released various streams of temporary funding to local authorities to react to the emerging needs and challenges faced by residents, business and service provision. The long term impact of the pandemic means that our residents and communities still require ongoing, targeted support to recover and rebuild lives.

The funding provided consisted of numerous funds each with varying criteria and central reporting requirements. The Scottish Government also provided councils with a general Covid-19 grant to deal with the impact of Covid and Covid recovery. All unused funds at 31 March 2022 totalling £14.085m were carried forward into 2022/23 with intent to use them before 31 March 2024, as no further funding is anticipated.

During 2022/23 £5.523m of the carried forward reserve along with £3.1m additional funding was used for internal pressures arising from loss of income and additional staffing costs as well as for interventions to support residents and the local economy, leaving a balance in the reserve of £8.562m and plans to allocate these funds fully in 2023/24.

The support to residents spend in 2022/23 was targeted through several categories including: Winter Direct Support, providing direct payments to families and carers most in need; Financial advice & Support Services including assistance for fuel poverty; Support for Communities to build capacity and Mental Health & Wellbeing Support for the most vulnerable. Progress on delivery was monitored via a monthly multi agency working group on the Cost-of-living and member officer briefing sessions were also held.

Provision has also been made to support businesses that have been most adversely affected by the pandemic or are linked to low-income households by utilising evidence gathered through consultation and community research findings around the impact of the pandemic in East Renfrewshire.

The Council also acted as agent for the Scottish Government in making support payments to low income families. These costs along with the funding received are not reflected in the Consolidated Income & Expenditure Statement. In this respect the Council provided contributions totalling £0.939m which were fully covered by Government funding.

There are a range of pressures on local people and communities, driven by the pandemic. These are complex multi-faceted issues, which will require a co-ordinated, long-term partnership approach, work will continue to support them through what will be challenging times ahead.

### **Events after the Balance Sheet Date**

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

## **5. Where to Find More information**

**In this Document** - Requirements governing the format and content of Local Authorities' annual accounts are contained in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). An explanation of the financial statements which follow and their purpose is shown at



## **Management Commentary (cont'd)**

the top of each relevant page. A glossary of terms at the end of this document provides an explanation of the main terms used.

**On Our Website** - Further information on the Accounts can be obtained on the Council's website <https://www.eastrenfrewshire.gov.uk/how-we-spend-money> or from Accountancy Services, Council HQ, Eastwood Park, Rouken Glen Rd, Giffnock G46 6UG. All links referred to in the accounts are not subject to External Audit Scrutiny.

A handwritten signature in blue ink, appearing to read 'M. McCrossan'.

Margaret McCrossan CPFA  
Head of Accountancy  
(Chief Financial Officer)

Councillor Owen O'Donnell  
Leader of the Council

Lorraine McMillan  
Chief Executive





## **Statement of Responsibilities**

**PURPOSE:** This statement sets out the Council's responsibilities and those of the Chief Financial Officer

### **The Council's Responsibilities:**

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council has responsibility for the administration of those affairs (Section 95 of the Local Government (Scotland) Act 1973). In this Council, that officer is the Head of Accountancy (Chief Financial Officer)
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (Section 12 of the Local Government in Scotland Act 2003)
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts will be approved for signature by the Council on 28 September 2023

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

### **The Head of Accountancy (Chief Financial Officer) Responsibilities**

The Head of Accountancy (Chief Financial Officer) is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

#### **In preparing Annual Accounts, the Head of Accountancy (Chief Financial Officer) has:**

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates on a reasonable basis;
- complied with legislation;
- complied with the Accounting Code (in so far as it is compatible with legislation)

#### **The Head of Accountancy (Chief Financial Officer) has also:**

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;

I certify that the financial statements give a true and fair view of the financial position of East Renfrewshire Council and its group at the reporting date and the transactions of the Council and its group for the year ended 31 March 2023.

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



## **Annual Governance Statement**

East Renfrewshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. We ensure that public money is safeguarded and properly accounted for and that our resources are used economically, efficiently and effectively.

In discharging this accountability, our elected members and senior officers are responsible for putting in place proper arrangements for the governance of our business and the stewardship of our resources and assets. As part of this responsibility we review and adopt a Code of Corporate Governance annually.

The Code is built around these seven principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

An update on progressing the actions from the previous version of the Code of Corporate Governance has been undertaken. An update on this is available on the Council website or via this link (<https://www.eastrenfrewshire.gov.uk/code-of-corporate-governance> ). For further information, contact the Strategic Services Team, Eastwood Headquarters, Rouken Glen Road, Giffnock, Glasgow G46 6UG (Telephone 0141 577 3162/3075).

The Council has also established various subsidiaries and associates to deliver services more effectively. While these organisations are required to implement their own organisational governance and management arrangements and structures, they also form part of the overall governance environment of the Council group.

### **Compliance**

This statement outlines East Renfrewshire Council's level of compliance with the Code of Practice on Local Authority Accounting in the UK based on International Financial Reporting Standards which detail the requirements for an Annual Governance Statement.

2021/22 was the first year that Councils were asked to show full compliance with CIPFA's Financial Management Code to assist them in validating their financial sustainability. An assessment was completed and submitted to Cabinet on 10 March 2022 ([https://www.eastrenfrewshire.gov.uk/media/7393/Cabinet-item-05-10-March-2022/pdf/Cabinet\\_item\\_05\\_-\\_10\\_March\\_2022.pdf?m=637813803155200000](https://www.eastrenfrewshire.gov.uk/media/7393/Cabinet-item-05-10-March-2022/pdf/Cabinet_item_05_-_10_March_2022.pdf?m=637813803155200000) )

The assessment followed the series of principles and supporting specific standards within the code, demonstrating that the Council has strong foundations to:-

- Financially manage the short, medium and long-term finances of the Council
- Manage financial resilience to meet unforeseen demands on services



## **Annual Governance Statement (cont'd)**

- Manage unexpected shocks in their financial circumstances

This has been reviewed by the Head of Accountancy during 2022/23. The position as stated previously is unchanged except the Modern Ambitious Programme has now been replaced by the Digital Transformation Programme.

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

The Council's committee structure in terms of the number of committees, their composition and their terms of reference is set out in the Scheme of Administration. The Council made full use of remote meetings technology during the year and all committees met in accordance with the meetings calendar.

### **The purpose of the governance framework**

The governance framework comprises the systems, processes, culture and values by which we control our processes and engage with our residents and communities. It enables us to monitor the progress we have made towards achieving our strategic outcomes and to consider whether those outcomes have led to the delivery of appropriate, cost-effective services.

Our system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness. Our system of internal control is based on an ongoing process designed to identify and prioritise the risks to achieving our outcomes, policies, aims and objectives; to evaluating the likelihood of those risks being realised and the impact should they be realised; and to managing them efficiently, effectively and economically.

Our system of internal financial control is based on a well-established framework of regular management and performance information, financial regulations, administrative procedures, management supervision, and a system of delegation and accountability. Regular reviews of information and systems within this framework are undertaken by our managers.

The system includes –

- A clear strategic direction set out in our Vision for the Future, supported by a set of values and five organisational capabilities.
- Sound financial management arrangements which comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- Clear roles and responsibilities for the Corporate Management Team (CMT) and elected members with well-defined delegation arrangements.
- A statutory section 95 officer and a Chief Financial Officer for East Renfrewshire Health and Social Care Partnership (HSCP) Integration Joint Board.
- An Audit and Scrutiny Committee which provides a robust and effective level of scrutiny and challenge.
- High standards of budgeting, monitoring and reporting.
- Regular reviews of periodic and annual financial reports which indicate both financial performance and actual expenditure against forecasts
- Clearly defined capital expenditure guidelines.



## **Annual Governance Statement (cont'd)**

- Matching of asset base to Council objectives in terms of suitability and sustainability and supported by appropriate asset management plans overseen by the Corporate Asset Management Group.
- Well embedded and systematic approach to risk management.
- Well-developed corporate performance management arrangements with regular reports to the Corporate Management Team and Council. Performance management reports are also published on the Council's website.
- Procedures in place to help members and employees comply with relevant codes of conduct and policies.
- The provision of extensive training and development opportunities for all elected members and employees.

A governance framework has been in place at East Renfrewshire Council for the year ended 31 March 2023 and up to the date of approval of the Statement of Accounts.

### **Impact of Covid-19**

While the majority of Covid-19 restrictions and response mechanisms came to an end during 2022-23, the impact of the pandemic remained a pressure on service delivery. Many Services face backlogs, which were built across the 2020 to 2022 period of varying restrictions. This includes the Health & Social Care Partnership, where services faced pressures including delayed discharges, increased demand and care home engagement.

There was, and remains, continued support to the NHS Vaccination programme. There are also areas of continued increase in service demand related to Covid-19, mental health and the cost of living crisis.

### **Review of effectiveness**

We have responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Corporate Management Team who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by external auditors and other scrutiny agencies, regulators and inspectorates.

Internal Audit is our independent appraisal function established for the review of the internal control system as a service to the organisation. The service objectively examines, evaluates and reports on the adequacy of our internal control as a contribution to the proper, economic, efficient and effective use of the Council's resources.

The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS). The service undertakes an annual programme of work approved by the Audit and Scrutiny Committee based on a five year strategic plan. The strategic plan is based on a formal risk based audit needs assessment which is revised on an ongoing basis to reflect evolving risks and changes within the Council. The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

All our elected members and officers are committed to the concept of sound governance and the effective delivery of services. The Audit and Scrutiny Committee perform an effective scrutiny and



## **Annual Governance Statement (cont'd)**

challenge role in relation to the application of the Code of Corporate Governance and regularly monitor the performance of the Council's Internal Audit service and strategic risk management arrangements.

Using tools made available by the Chartered Institute of Public Finance and Accountancy (CIPFA) for a review on what is accepted as best practice for local authority audit committees, the Committee progressed its most recent self-assessment of its effectiveness at the end of 2021 and start of 2022. Arising from that review, a list of recommendations and observations were approved by the Committee in April 2022, then subsequently endorsed by the new Committee following the local government Elections in May. Recommendations made are in the process of being considered and implemented as appropriate.

The results of Internal Audit's progress against the annual plan for 2022/23 have been reported quarterly to the Audit and Scrutiny Committee throughout the year. The annual report which will contain the assurance statement will be submitted to the Audit and Scrutiny Committee by September 2023.

The report will again acknowledge that completing audits from the 2022/23 audit plan was particularly challenging for the audit team. This was due to severely reduced staff resources and the continuing challenges of completing audits remotely and obtaining information from departments. Six audits were deleted from the plan.

One area of concern was noted in the Internal Auditor's annual report for 2021/22 relating to an investigation where the matter was brought to a conclusion and recommendations were made to the relevant Director on how to improve controls. The case involved significant potential cost or loss to the Council and is still currently under investigation by Police Scotland and will again be mentioned in the annual report. On conclusion of the investigation any outstanding actions will be reported to the Audit Scrutiny Committee.

During 2022/23 the internal audit service operated in accordance with relevant professional audit standards and the Public Sector Internal Audit Standards. The internal audit arrangements comply with the governance requirements of the CIPFA statement: 'The Role of the Head of Internal Audit in Public Organisations (2019)' <https://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-head-of-internal-audit>

### **Progress against actions from last year's plan**

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

- The Risk Management Strategy 2023 - 2025 and associated Risk Management Framework 2023 - 2025 were approved by Cabinet on 23rd February 2023. A risk management update is considered annually by the Cabinet and biannually by the Audit and Scrutiny Committee.
- The Get to Zero Action Plan was delayed to allow for the Budget Strategy consultation to take place over the winter. We are now expecting to publish the plan in September or October 2023, following public consultation on the Strategic Environmental Assessment.
- The Council voted to declare a Climate Emergency in October 2021. A required outcome is that the council establish a Climate Community Partnership as a forum for engaging local communities and businesses on climate change plans and action. A meeting was convened for the Climate Partnership in September 2022. This was poorly attended with only 3/11



## **Annual Governance Statement (cont'd)**

Community Councils being represented. The meeting was useful in terms of the feedback received and an alternative approach to community engagement on climate change is being proposed. It is anticipated this will be reported to Cabinet in June 2023.

- Review and update Financial Regulations. The revised Financial Regulations will be presented to Council for approval on 28 June 2023.
- A review of our Code of Corporate Governance approach was carried out through analysing governance documents of our LGBF comparator family group for corporate services. This enabled a valid comparison by focusing on authorities with a similar governance makeup. A shorter format was identified whereby improvement actions will be removed from the Code document and only listed in the covering report submitted to the Audit and Scrutiny Committee. Within the Code document itself high-level evidence will be listed to each requirement and will remain static, with an updated evidence matrix listed at the bottom of Annex 1
- Multi-year budgeting plans following the May/June 2022 Scottish Spending Review were not progressed. The May 2022 Scottish Spending Review did not provide individual Council figures and in December 2022 the Council received only a one year settlement from the Scottish Government for 2023/24. Nevertheless, we modelled a high level budget for the years 2024/25 and 2025/26 and a public consultation on the forecast savings gap over the period 2023-2026 was undertaken. In March 2023 the Council set a detailed budget for 2023/24 only and await Scottish and UK budget information later this year before determining whether it is possible to agree multi-year budget plans.
- Following the May elections the new administration was established and initial induction training completed. There will continue to be a focus on ensuring elected members complete all ongoing training requirements.
- Implementation of new governance for digital transformation has been completed, with new Boards for Business Systems & Processes, Customer Experience, and Workforce Productivity. The Boards have been successfully running since April 2022.
- The use of research on the impact of Covid-19 in East Renfrewshire to influence the Council's strategic planning, including further development of Vision for the Future is ongoing. An update on Vision for the Future will be considered at Council in June 2023.

### **Other key achievements during 2022/23**

- A multifaceted approach to budget engagement was completed, with the largest response to date.
- East Renfrewshire became the first Council in Scotland to successfully deliver an Analogue to Digital Telecare programme without interruption to 24/7 life and limb service.
- Council Tax collections are back to pre-pandemic levels.
- The Council successfully replaced the Pentana performance management system with a new, modern, in-house system with like-for-like reporting.
- The Council successfully completed our Freedom of Information Improvement Plan, following on from the intervention of the Scottish Information Commissioner in November 2021.

### **Key actions planned relating to governance for 2023/24**

- Publish the Climate Change Action Plan (known as Get to Zero Action Plan) by the end of 2023. (Director of Environment, December 2023).
- Publish a Local Heat and Energy Efficiency Strategy (LHEES) by the end of 2023. This will be a key strategy to support the reduction in community climate emissions. (Director of Environment, December 2023).
- Following a Vision for the Future update to Council in June 2023, engage in further scoping and development with community partners and local residents, with a view to a broader review



## **Annual Governance Statement (cont'd)**

of outcomes and the 'golden thread' of strategic planning for 2024/25. (Head of Communities and Transformation, June 2024)

- Enhance the role of Equality and Fairness Risk Assessments in the budget process. (Director of Business Operations and Partnerships, March 2024)
- Re-establish leadership and manager networks to promote corporate working, develop leadership skills and assist with succession planning and health and wellbeing, (Head of HR, April 2024)
- Review elected member training and development, including provision of Equality and Fairness Risk assessment training and ensuring coverage of mandatory cyber essentials training (Head of HR/Director of Business Operations and Partnerships/Louise Pringle, December 2023)
- Complete review of Community Council scheme (Head of HR, December 2023)
- Complete Phase 1 management insight dashboards (Head of Communities and Transformation, April 2024).
- Complete the review of the Council's Standing orders (Democratic Services Manager, December 2023).
- Conduct a review of the Council's Schemes of Administration and Delegated Functions (Democratic Services Manager, December 2023).
- Accelerate development of an interface between Housing's Servitor system and the Council's Integra financial system (Director of Environment, March 2024)
- Implement manual checks by Procurement of all Housing invoices or certificated payments over £50k until the new Servitor/Integra interface is in place (Chief Procurement Officer, March 2024)

### **Certificates of Assurance for Internal Financial Control**

The Chief Executive, Directors of each Department and the Chief Executive of the Culture and Leisure Trust have all signed Certificates of Assurance for Internal Control and have confirmed that:

- to the best of their knowledge, corporate governance arrangements and financial controls in their Department have been, and are, working well and there are no new significant matters arising which would require to be raised specifically.

The only exception was from the Certificate of Assurance from the Director of Environment which stated that:

- A breach in Contract Standing Orders was identified in relation to External Wall Insulation & Roof Insulation. The contract was awarded in December 2021, but the PAS 2035 Standards published by Scottish Government included additional requirements. Consequently the certified total cost for works exceeds the tender; requiring a variance of contract. All appropriate reporting channels are being followed in relation to the variance.
- An internal audit on contract awarding for building of social housing is underway, the Department is compliant with this and providing the relevant information and will take cognisance of any findings / recommendations.

### **Statement on the role of the Chief Financial Officer in Local Government**

Under the Code we are required to state whether we comply with the CIPFA statement on the role of the Chief Financial Officer in Local Government and, if not, to explain how our governance arrangements deliver the same impact. The full statement is:-

The Chief Financial Officer in a public service organisation:



## **Annual Governance Statement (cont'd)**

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Council's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Council's financial strategy; and
- Must lead the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- Must lead and direct a finance function that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.

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

### **Assurance**

We consider that the governance and internal control environment operating during 2022/23 provided reasonable and objective assurance that any risks impacting on the achievement of our strategic outcomes were identified, and appropriate actions were taken.

Looking ahead well-established systems remain in place to review our governance and internal control environment. We will continue to review our corporate governance arrangements and closely monitor progress on the key improvement actions to support our ultimate aim: making people's lives better in East Renfrewshire.

Cllr Owen O'Donnell  
Leader of the Council

L. McMillan  
Chief Executive  
On behalf of East Renfrewshire Council





# **Remuneration Report**

## **Remuneration Report**

This statement provides information on the remuneration and pension benefits for the senior officers and members of East Renfrewshire Council.

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No. 1985/267) and require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

All information disclosed in sections 3 to 7 in this Remuneration Report have been audited by the Council's appointed auditor, Ernst and Young. The other sections of the Remuneration Report will be reviewed by Ernst and Young to ensure that they are consistent with the financial statements.

### **1. Remuneration Policy for the Leader of the Council, Provost and Senior Councillors.**

The remuneration of councillors is regulated by the Local Governance (Scotland) 2004 (Remuneration) Regulations 2007 (SSI No 2007/183). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A Senior Councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by the Council's councillors.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. From 1 April 2022 the maximum annual salary for the Leader of East Renfrewshire Council was £32,622. The Regulations permit the council to remunerate one Provost and set out the salary that should be paid.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its Senior Councillors shall not exceed £195,736. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits.

In 2022/23 East Renfrewshire Council had 8 Senior Councillors, which is one less than the maximum number permitted within the regulations, and the annual remuneration paid to these councillors totalled £175,262. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

The scheme which encompasses the salaries of all elected members including the Leader, Provost and Senior Councillors was approved by the Scottish Government on 24 January 2022.



# **Remuneration Report (cont'd)**

## **2. Remuneration Policy for Senior Employees**

The annual pay awards are determined at a national level within the framework of the Scottish Joint Council (SJC) for Local Government Employees and within the framework of the Scottish Negotiating Committee for Teachers (SNCT) for teachers and associated professionals. The SJC has representatives from Local Authorities (COSLA representing Employers side) and Trade Unions (Employee side represented by GMB, Unison and Unite). The SNCT is a tripartite body comprising members from Local Authorities (COSLA representing Employers side), Trade Unions (Employee side represented by EIS, NASUWT, SSTA and VOICE) and Scottish Government.

Any changes proposed to local terms and conditions that would affect remuneration require to be taken to East Renfrewshire Cabinet for approval. The Cabinet membership comprises only of Elected Members on the administration.

## **3. Remuneration of Senior Employees**

The Local Authority Accounts (Scotland) Regulations 2014 provides definitions of a “senior employee” as those who have responsibility for management of the local authority, the Council has interpreted this guidance to include the Chief Executive and those staff reporting directly to the Chief Executive. In addition, the guidance states that the Chief Executive of any subsidiary body should also be included, and in this regard the Chief Executive of East Renfrewshire Culture & Leisure Trust, whose salary is set by the Trust’s Board, has been included. The regulations also state that those who hold posts that are politically restricted should be included and to this effect the Council’s Chief Social Work officer has been included. The remuneration paid to senior employees, including additional payments for election work, is set out in the following table. Generally senior employees are reimbursed for election work within the relevant financial year, however, payments made to the Chief Executive are phased as indicated below:-

2021/22	Scottish Parliamentary Election, 6 May 2021 (75%)
2022/23	Scottish Parliamentary Election, 6 May 2021 (25%)
	Scottish Local Government Elections, 5 May 2022 (100%)

**Remuneration Report (cont'd)****East Renfrewshire Council**

		Salary, Fees and Allowances	Election work	Compensation for loss of office	Taxable Expenses and Allowance s	Tot al
		£	£	£	£	£
Lorraine McMillan (Chief Executive)	2022/23 2021/22	130,231 124,250	2,085 3,197	-	-	132,316 127,447
Mark Ratter (Director of Education)	2022/23 2021/22	119,025 113,575	-	-	-	119,025 113,575
Julie Murray * (Chief Officer of East Renfrewshire Integration Joint Board)	2022/23 2021/22	120,811 115,279	-	-	-	120,811 115,279
Kate Rocks * (Chief Social Work Officer resigned 15/08/22. Full Year equivalent salary for 2022/23 was £97,338)	2022/23 2021/22	34,831 92,650	-	-	-	34,831 92,650
Raymond Prior* (Chief Social Worker commenced on 01/08/22. Full year equivalent salary for 2022/23 was £97,338)	2022/23 2021/22	64,620 -	- -	- -	- -	64,620 -
Andrew Cahill (Director of Environment, retired 01/11/22. Full year equivalent salary for 2022/23 was £119,368)	2022/23 2021/22	67,145 113,575	-	-	-	67,145 113,575
Margaret McCrossan (Head of Accountancy/ Chief Financial Officer)	2022/23 2021/22	106,348 101,528	150 550	-	-	106,498 102,078
Louise Pringle (Director of Business Operations & Partnerships. Commenced on 31.01.22, Full Year Equivalent salary for 2021/22 was £113,575)	2022/23 2021/22	119,024 18,782	150 450	-	-	119,174 19,232
Caitriona McAuley (Director of Environment. Commenced on 01/01/23. Full Year Equivalent salary for 2022/23 was £119,368)	2022/23 2021/22	28,879 -	- -	- -	- -	28,879 -
Gerry Mahon (Chief Officer – Legal and Procurement)	2022/23 2021/22	84,871 80,477	150 450	-	-	85,021 80,927
Michelle Blair (Chief Auditor)	2022/23 2021/22	60,303 57,578	150 -	-	-	60,453 57,578

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

**East Renfrewshire Culture & Leisure Trust**

Anthony McReavy (Chief Executive Culture & Leisure Trust)	2022/23 2021/22	92,476 88,285	-	-	-	92,476 88,285
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# Remuneration Report (cont'd)

## 4. Remuneration of Senior Councillors

Name	Position Held	Salary - Payments made by Council			Re-imbursement of Members Expenses								Total Salary Expenses 2022/23 (E + M)	Total Salary Expenses 2021/22
		Gross Allowance	Less Recharge to External Bodies	Net Allowances Paid	Car & Van Expenses - Reimbursed	Other Travel Expenses - Reimbursed	Other Travel Expenses Paid Directly	Subsistence & Meals Expenses Reimbursed	Training & Conference Expenses Reimbursed	Training & Conference Expenses Paid Directly	Telephone & ICT Expenses Paid Directly	Total Expenses (F to L)		
		(C) £	(D) £	(E) £	(F) £	(G) £	(H) £	(I) £	(J) £	(K) £	(L) £	(M) £		
O'Donnell	Leader of the Council from 25 May 2022. Convener for Environment from 25 May 2022 until 7 September 2022	28,763	-	28,763	-	60	96	-	-	-	207	363	29,126	-
Montague (note2)	Provost from 25 May 2022	21,836	-	21,836	-	-	4,714	-	-	-	130	4,844	26,680	-
		50,599	-	50,599	-	60	4,810	-	-	-	337	5,207	55,806	-
Anderson	Convener for Education and Equalities from 25 May 2022 until 7 September 2022. Convener of Education, Culture and Leisure from 7 September 2022.	21,836	-	21,836	-	-	-	-	-	-	124	124	21,960	-
Buchanan	Leader of the Council until 5 May 2022	20,746	-	20,746	246	403	-	-	-	-	152	801	21,547	31,241
Campbell	Depute Provost from 25 May 2022	21,836	-	21,836	-	-	-	-	-	-	134	134	21,970	-
Convery	Chair of Licensing Committee until 5 May 2022	19,979	-	19,979	-	-	-	-	-	-	65	65	20,044	23,317
Cunningham	Deputy Provost and Convener for Environment until 5 May 2022. Chair of Planning Applications Committee/Local Review Body from 25 May 2022.	24,138	-	24,138	-	-	-	-	-	-	172	172	24,310	23,482
Devlin	Convener for Housing & Maintenance Services until 7 September 2022. Convener for Environment and Housing from 7 September 2022.	24,138	-	24,138	-	-	-	-	-	-	477	477	24,615	23,865
Edlin	Chair of Licensing Committee from 25 May 2022	21,836	-	21,836	-	-	-	-	-	-	163	163	21,999	-
Fletcher	Provost until 5 May 2022	2,302	-	2,302	-	-	135	-	-	-	45	180	2,482	26,537
Ireland	Chair of Planning Applications Committee/Local Review Body until 5 May 2022.	19,979	-	19,979	-	-	-	-	-	-	60	60	20,039	23,317
Lafferty	Convener for Education and Equalities until 5 May 2022	2,302	-	2,302	-	-	-	-	-	-	90	90	2,392	23,766
McLean	Vice Chair of Planning Applications Committee/Local Review Body from 7 September 2022.	23,204	-	23,204	-	-	-	-	-	-	42	42	23,246	18,646
Merrick	Convener for Community Services and Community Safety until 5 May 2022	19,979	-	19,979	-	-	-	-	-	-	84	84	20,063	23,333
Miller	Chair of Audit & Scrutiny Committee until 5 May 2022	2,302	-	2,302	-	-	-	-	-	-	8	8	2,310	23,413
Morrison	Chair of Audit & Scrutiny Committee from 25 May 2022	21,836	-	21,836	-	-	-	-	-	-	123	123	21,959	-
Pragnell (note 1)	Convener for Community Services and Community Safety from 25 May 2022 until 7 September 2022	19,075	-	19,075	-	-	-	-	-	-	113	113	19,188	-
	Senior Councillors	<b>265,488</b>	-	<b>265,488</b>	<b>246</b>	<b>403</b>	<b>135</b>	-	-	-	<b>1,852</b>	<b>2,636</b>	<b>268,124</b>	<b>240,917</b>
	All Other Councillors	<b>85,436</b>	-	<b>85,436</b>	-	-	-	-	-	-	<b>991</b>	<b>991</b>	<b>86,427</b>	<b>151,175</b>
	<b>Total</b>	<b>401,523</b>	-	<b>401,523</b>	<b>246</b>	<b>463</b>	<b>4,945</b>	-	-	-	<b>3,180</b>	<b>8,834</b>	<b>410,357</b>	<b>392,092</b>

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

- Councillor Pragnell receives payment directly from the NHS Greater Glasgow and Clyde as a member of the Board
- East Renfrewshire Council leases a car for civic duties. The total cost of the car is £4,984.



# Remuneration Report (cont'd)

## 5. Pension Entitlement

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

For local government employees a final salary pension scheme operated until 31 March 2015. This means that pension benefits were based on the final year's pay and the number of years that person has been a member of the scheme. However, from April 2015 the pension salary will be calculated on a career average salary and the accrued rate will be based on 1/49th of this calculation and years of pensionable service.

There is no automatic entitlement to a lump sum. Scheme members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. Prior to 1 April 2015, the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The scheme's normal retirement age for both councillors and employees is their state retirement age.

From 1 April 2009 a six tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and scheme members' contribution rates for 2022/23 and 2021/22 are as follows:-

Actual Pensionable pay	Contribution rate 2022/23	Actual Pensionable pay	Contribution rate 2021/22
On pensionable pay up to and including £29,186	7.2%	On pensionable pay up to and including £28,309	7.2%
On pensionable pay £29,187 to £39,289	8.7%	On pensionable pay £28,310 to £38,108	8.7%
On pensionable pay £39,290 to £46,586	9.7%	On pensionable pay £38,109 to £45,186	9.7%
On pensionable pay £46,587 to £61,740	10.4%	On pensionable pay £45,187 to £59,884	10.4%
On pensionable pay £61,741 to £84,190	11.5%	On pensionable pay £59,885 to £81,659	11.5%
On pensionable pay above £84,191	11.9%	On pensionable pay above £81,660	11.9%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

The pension entitlements of Senior Employees for the year to 31 March 2023 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

**Remuneration Report (cont'd)**

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment, including any service with a Council subsidiary body.

**East Renfrewshire Council**

Name and Post Title	In Year Pension contribution		2022/23 Accrued Pension Benefits		Change in Accrued Pension Benefits since 31 March 2022	
	2022/23 £	2021/22 £	Pension £	Lump Sum £	Pension £	Lump Sum £
Lorraine McMillan (Chief Executive)	25,135	23,980	37,503	5,099	5,189	243
Mark Ratter (Director of Education)	22,972	21,920	44,923	-	2,889	-
Julie Murray (Chief Officer of East Renfrewshire Integration Joint Board)	23,316	22,249	54,433	63,720	6,219	3,034
Kate Rocks (Chief Social Work Officer resigned 15/08/22)	6,722	17,881	36,835	40,049	762	-
Raymond Prior (Chief Social Worker Commenced 01/08/22)	16,603	-	29,997	35,430	29,997	35,430
Andrew Cahill (Director of Environment. Retired 01/11/22)	12,959	21,920	65,869	109,218	1,870	-
Margaret McCrossan (Head of Accountancy / Chief Financial Officer)	20,525	19,595	62,283	105,761	2,191	124
Louise Pringle (Director of Business Operations and partnerships: Commenced 31.01.22)	22,972	3,625	39,481	39,151	39,094	39,151
Caitriona McAuley (Director of Environment. Commenced 01/01/23)	5,574	-	205	-	205	-
Gerry Mahon (Chief Officer – Legal and Procurement)	16,380	15,532	40,576	53,343	5,556	7,438
Michelle Blair (Chief Auditor)	11,639	11,113	27,251	34,755	2,102	1,637

**East Renfrewshire Culture and Leisure Trust**

Anthony McReavy (Chief Executive of East Renfrewshire Culture & Leisure Trust)	17,848	17,039	13,627	-	2,152	-
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## Remuneration Report (cont'd)

### Senior Councillors

The pension entitlements for Senior Councillors for the year to 31 March 2023 are shown in the table below, together with the contributions made by the Council to each Senior Councillor's pension during the year.

Name and Post Title	In Year Pension contribution		2022/23 Accrued Pension Benefits		Change in Accrued Pension Benefits since 31 March 2022	
	2022/23 £	2021/22 £	Pension £	Lump Sum £	Pension £	Lump Sum £
Cllr Anderson - Convener for Education and Equalities from 25 May 2022 until 7 September 2022. Convener of Education, Culture and Leisure from 7 September 2022.	4,214	-	446	-	446	-
Cllr Buchanan – Leader of the Council until 5 May 2022	4,004	5,985	8,041	1,955	904	204
Cllr Campbell - Depute Provost from 25 May 2022	4,214	-	446	-	446	-
Cllr Convery – Chair of Licensing Committee until 5 May 2022	3,856	4,489	2,735	-	478	-
Cllr Cunningham – Deputy Provost and Convener for Environment until 5 May 2022. Chair of Planning Applications Committee/Local Review Body from 25 May 2022.	-	-	-	-	-	-
Cllr Devlin – Convener for Housing & Maintenance Services until 7 September 2022. Convener for Environment and Housing from 7 September 2022.	4,659	4,489	2,762	-	561	-
Cllr Edlin - Chair of Licensing Committee from 25 May 2022	-	-	-	-	-	-
Cllr Fletcher – Provost until 5 May 2022	444	4,701	8,776	2,442	715	(148)
Cllr Ireland – Chair of Planning Applications Committee/Local Review Body until 5 May 2022.	3,856	4,489	2,735	-	478	-
Cllr Lafferty – Convener for Education and Equalities until 5 May 2022	444	4,489	8,132	1,886	1,666	(12)
Cllr Merrick – Convener for Community Services and Community Safety until 5 May 2022	3,856	4,489	2,735	-	478	-
Cllr McLean - Vice Chair of Planning Applications Committee/Local Review Body from 7 September 2022.	4,478	3,591	2,339	-	530	-
Cllr Miller – Chair of Audit & Scrutiny Committee until 5 May 2022	444	4,489	6,519	1,694	324	(132)
Cllr Montague – Provost from 25 May 2022	-	-	-	-	-	-
Cllr Morrison – Chair of Audit & Scrutiny Committee from 25 May 2022	4,214	-	446	-	446	-
Cllr O'Donnell - Leader of the Council from 25 May 2022. Convener for Environment from 25 May 2022 until 7 September 2022	5,511	-	583	-	583	-
Cllr Pragnell - Convener for Community Services and Community Safety from 25 May 2022 until 7 September 2022	3,682	-	389	-	389	-

All senior members shown in the above table, with the exception of Cllr Cunningham, Cllr Edlin and Cllr Montague, are members of the Local Government Pension Scheme.



## Remuneration Report (cont'd)

### 6. Remuneration of Employees

The Council's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions and including redundancy payments) were paid the following amounts:

Remuneration band	2022/23			2021/22		
	Teachers	Employees	Total	Teachers	Employees	Total
£50,000 - £54,999	103	58	161	97	45	142
£55,000 - £59,999	82	25	107	73	22	95
£60,000 - £64,999	28	18	46	22	6	28
£65,000 - £69,999	26	3	29	22	8	30
£70,000 - £74,999	6	8	14	3	2	5
£75,000 - £79,999	4	1	5	6	1	7
£80,000 - £84,999	3	3	6	2	1	3
£85,000 - £89,999	1	2	3	-	9	9
£90,000 - £94,999	-	10	10	1	3	4
£95,000 - £99,999	2	-	2	1	-	1
£100,000 - £104,999	1	-	1	-	1	1
£105,000 - £109,999	-	1	1	-	-	-
£110,000 - £114,999	-	-	-	-	2	2
£115,000 - £119,999	-	2	2	-	1	1
£120,000 - £124,999	-	1	1	-	1	1
£125,000 - £129,999	-	-	-	-	-	-
£130,000 - £134,999	-	1	1	-	-	-
£135,000 - £139,999	-	1	1	-	-	-

### 7. Exit Packages

The Code requires disclosure of all exit packages agreed, in rising bands. The table below shows all exit packages that were accrued in the year, of which all were voluntary. Exit package values include redundancy, compensatory lump sum, pension strain and notional capitalised compensatory added years costs (CAY). The notional capitalised compensatory added years costs are based on an assessment of the present value of all future payments to the retiree until death. Notional capitalised compensatory added years and pension strain costs relating to teachers are based on Scottish Public Pensions Agency calculations.

(a) Exit packages Bands	(b) Number of Leavers		(c) Cash Value		(d) Notional CAY Value		(e) Total cost of exit packages in each band	
	2022/23	2021/22	£	£	£	£	2022/23	2021/22
£0-£20,000	6	1	52,985	4,758	12,757	-	65,742	4,758
£20,001-£40,000	2	1	59,880	25,695	-	-	59,880	25,695
£40,001-£60,000	1	1	18,741	44,347	39,104	-	57,845	44,347
£60,001-£80,000	1	-	73,616	-	-	-	73,616	-
£80,001-£100,000	1	-	98,779	-	-	-	98,779	-
£100,001-£150,000	1	-	102,316	-	-	-	102,316	-
>£150,001	-	-	-	-	-	-	-	-
<b>Total Cost included in CIES</b>	<b>12</b>	<b>3</b>	<b>406,317</b>	<b>74,800</b>	<b>51,861</b>	<b>-</b>	<b>458,178</b>	<b>74,800</b>



**Remuneration Report (cont'd)****8. Trade Union**

Below is a list of the information that local councils are required to publish on facility time usage and spend by trade union representatives.

<b>Relevant Union Officials – Non Teaching</b>	
Number of employees who were relevant union officials from 1 April 2022 to 31 March 2023	Full-time equivalent employee number
	1
<b>Percentage of time spent on facility time</b>	
Percentage of time	Number of Employees
0%	
1-50%	
51%-99%	
100%	1
<b>Percentage of pay-bill spent on facility time</b>	
Total Cost of Facility Time	£52,418
Total Wage Bill	£102,932,338
Percentage of Wage Bill spent on facility time	0.05 %
Time spent on paid trade union activities as a percentage of total paid facility time hours	100%

<b>Relevant Union Officials - Teaching</b>	
Number of employees who were relevant union officials from 1 April 2022 to 31 March 2023	Full-time equivalent employee number
	1.4
<b>Percentage of time spent on facility time</b>	
Percentage of time	Number of Employees
0%	
1-50%	1
51%-99%	
100%	1
<b>Percentage of pay-bill spent on facility time</b>	
Total Cost of Facility Time	£90,353
Total Wage Bill	£83,218,087
Percentage of Wage Bill spent on facility time	0.109 %
Time spent on paid trade union activities as a percentage of total paid facility time hours	100%

Councillor Owen O'Donnell  
Leader of the Council

Lorraine McMillan  
Chief Executive



# Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation (or rents). The individual segments reflect the reporting structure of the Council. Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Year Ended 31 March 2022			Year Ended 31 March 2023			
Gross Expenditure Restated £000	Gross Income Restated £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
172,704	(16,732)	155,972	Education	175,657	(19,083)	156,574
151,663	(92,587)	59,076	HSCP – Provision of Services	149,970	(82,011)	67,959
41,501	(11,794)	29,707	Environment	44,337	(11,356)	32,981
21,673	(14,329)	7,344	Business Operations & Partnerships	23,168	(14,370)	8,798
430	(250)	180	Chief Executive's Office	552	(273)	279
5,111	(31)	5,080	Other Expenditure & Income	6,434	(109)	6,325
3,624	(285)	3,339	Support Services – Chief Executive's Office	3,661	(254)	3,407
15,425	(810)	14,615	Support Services – Business Operations & P'ships.	13,433	(283)	13,150
2,821	(278)	2,543	Support Services – Environment	2,027	(566)	1,461
<b>414,952</b>	<b>(137,096)</b>	<b>277,856</b>	<b>Cost of general fund services</b>	<b>419,239</b>	<b>(128,305)</b>	<b>290,934</b>
20,351	(13,415)	6,936	HRA	19,261	(14,024)	5,237
<b>435,303</b>	<b>(150,511)</b>	<b>284,792</b>	<b>Cost of Services</b>	<b>438,500</b>	<b>(142,329)</b>	<b>296,171</b>
		229	Other operating expenditure/ (income) (Note 12)			(490)
		12,471	Financing and investment income and expenditure (Note 13)			9,569
		<u>(277,410)</u>	Taxation and non-specific grant income (Note 14)			<u>(288,825)</u>
		<b>20,082</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>16,425</b>
		(29,121)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 25)			(147,246)
		1,513	Impairment losses on non-current assets charged to the Revaluation Reserve (Note 25)			4,229
		-	Surplus or deficit on revaluation of available for sale financial assets			
		(92,177)	Actuarial (gains)/losses on pension assets/liabilities (Note 25)			(231,512)
		<u>(119,785)</u>	<b>Other Comprehensive (Income) and Expenditure</b>			<u>(374,529)</u>
		<b>(99,703)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(358,104)</b>



# Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'.

The statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

The Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	Unallocated General Fund Balance £000	Earmarked General Fund Balance £000	Housing Revenue Account £000	Capital Grants & Receipts Unapplied £000	Repairs & Renewals Fund £000	Insurance Fund £000	Capital Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2022 carried forward</b>	(11,772)	(34,417)	(1,867)	(2,628)	(3,647)	(1,903)	(2,671)	(58,905)	(500,587)	(559,492)
<b>Movement in reserves during 2022/23</b>										
Total Comprehensive (Income) and Expenditure	13,138	-	3,287	-	-	-	-	16,425	(374,529)	(358,104)
Adjustments between accounting basis & funding basis under regulations (Note 10)	(18,841)	-	(3,218)	2,628	-	-	(2,443)	(21,874)	21,874	-
<b>(Increase)/Decrease in 2022/23</b>	<b>(5,703)</b>	<b>-</b>	<b>69</b>	<b>2,628</b>	<b>-</b>	<b>-</b>	<b>(2,443)</b>	<b>(5,449)</b>	<b>(352,655)</b>	<b>(358,104)</b>
<b>Net transfer (to) or from reserves</b>	<b>10,934</b>	<b>(11,039)</b>	<b>-</b>	<b>-</b>	<b>436</b>	<b>(43)</b>	<b>(288)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(6,541)</b>	<b>(45,456)</b>	<b>(1,798)</b>	<b>-</b>	<b>(3,211)</b>	<b>(1,946)</b>	<b>(5,402)</b>	<b>(64,354)</b>	<b>(853,242)</b>	<b>(917,596)</b>

	Unallocated General Fund Balance £000	Earmarked General Fund Balance £000	Housing Revenue Account £000	Capital Grants & Receipts Unapplied £000	Repairs & Renewals Fund £000	Insurance Fund £000	Capital Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2021 carried forward</b>	(11,670)	(35,594)	(2,221)	(1,920)	(4,236)	(1,969)	(2,668)	(60,278)	(399,511)	(459,789)
<b>Movement in reserves during 2021/22</b>										
Total Comprehensive (Income) and Expenditure	17,601	-	2,481	-	-	-	-	20,082	(119,785)	(99,703)
Adjustments between accounting basis & funding basis under regulations (Note 10)	(16,813)	-	(2,127)	-	-	-	231	(18,709)	18,709	-
<b>(Increase)/Decrease in 2021/22</b>	<b>788</b>	<b>-</b>	<b>354</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>1,373</b>	<b>(101,076)</b>	<b>(99,703)</b>
<b>Net transfer (to) or from reserves</b>	<b>(890)</b>	<b>1,177</b>	<b>-</b>	<b>(708)</b>	<b>589</b>	<b>66</b>	<b>(234)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(11,772)</b>	<b>(34,417)</b>	<b>(1,867)</b>	<b>(2,628)</b>	<b>(3,647)</b>	<b>(1,903)</b>	<b>(2,671)</b>	<b>(58,905)</b>	<b>(500,587)</b>	<b>(559,492)</b>



## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022 £000		Notes	31 March 2023 £000
767,359	Property, Plant & Equipment	15	937,916
260	Heritage Assets	16	285
118	Intangible Assets	18	140
250	Investments	19	247
(50,357)	Defined Benefit Liability	39	160,463
<b>717,630</b>	<b>Long Term Assets</b>		<b>1,099,051</b>
-	Assets Held for Sale		-
481	Short Term Intangible Assets		481
599	Inventories		588
30,359	Short Term Debtors	20	24,551
13,998	Short Term Investments	19	4,999
62,814	Cash and Cash Equivalents	22	62,281
<b>108,251</b>	<b>Current Assets</b>		<b>92,900</b>
(828)	Short Term Borrowing	19	(377)
(5,211)	Finance Leases including PFI/PPP	19	(5,368)
(60,681)	Short Term Creditors	23	(63,854)
(617)	Provisions – short term	24	(640)
<b>(67,337)</b>	<b>Current Liabilities</b>		<b>(70,239)</b>
(167)	Provisions – long term	24	(166)
(118,015)	Long Term Borrowing	19	(127,639)
(43)	Long Term Creditors	23	(5)
(73,500)	PFI/PPP Finance Lease	19	(68,132)
(7,327)	Capital Grant Receipts in Advance	31	(8,174)
<b>(199,052)</b>	<b>Long Term Liabilities</b>		<b>(204,116)</b>
<b>559,492</b>	<b>Net Assets</b>		<b>917,596</b>
(58,905)	Usable Reserves	11	(64,354)
(500,587)	Unusable Reserves	25	(853,242)
<b>(559,492)</b>	<b>Total Reserves</b>		<b>(917,596)</b>

Margaret McCrossan CPFA  
Head of Accountancy (Chief Financial Officer)

The unaudited financial statements were issued by the Head of Accountancy on 13 June 2023



## **Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

<b>2021/22</b>		<b>2022/23</b>
<b>£000</b>		<b>£000</b>
20,082	Net (surplus) or deficit on the provision of services	16,425
(44,568)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26)	(28,354)
-	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-
(24,486)	Net cash flows from Operating Activities	(11,929)
16,330	Investing Activities (Note 27)	25,426
6,461	Financing Activities (Note 28)	(12,964)
(1,695)	Net (increase) or decrease in cash and cash equivalents	533
(61,119)	Cash and cash equivalents at the beginning of the reporting period	(62,814)
<b>(62,814)</b>	<b>Cash and cash equivalents at the end of the reporting period (Including Bank Overdraft) - (Note 22)</b>	<b>(62,281)</b>



# **Notes to the Accounts**

## **1. ACCOUNTING POLICIES**

### **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985 and the Local Government in Scotland Act 2003, section 12 of which requires the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **Going Concern**

The accounts have been prepared on the basis that the Council is a going concern. The concept of a going concern assumes that the Council's functions and services will continue to operate for the foreseeable future. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate and confirm that, as local authorities cannot be created or dissolved without statutory prescription, they must prepare their accounts on a going concern basis of accounting. In accordance with the CIPFA Code of Practice on Local Authority Accounting (2022/23), the Council is required to prepare its annual accounts on a going concern basis unless informed by the relevant national body of an intention of dissolution without transfer of services or function to another entity. There has been no such notification.

On 1 March 2023 East Renfrewshire Council approved an updated Financial Planning report covering the period 2023 to 2029. At the same meeting a balanced budget was agreed for 2023/24. In addition to the adoption of savings measures and an increase in Council Tax, this included the utilisation of fiscal flexibilities to assist in managing the Council's budget pressures over the next three years.

The Council's uncommitted general fund balance at 31 March 2023 is £6.541m (2.3% of annual revenue budget). Our policy is to hold a minimum of around 2% with an aim of 4%. Should additional cost pressures in 2023/24 exceed the remaining uncommitted general fund balance, the Council would consider a range of options as set out below.

The Council continues to regularly monitor its financial position, providing regular updates to elected members through Cabinet reports. Any new spending pressures that cannot be accommodated within the agreed budget would be referred to full Council. Options for addressing any such budget gap would include consideration of restrictions on expenditure, revisions to service delivery or service standards, additional savings measures or reprioritisation of earmarked reserves and balances. Officers and members continue to liaise with COSLA and the Scottish Government, particularly in respect of the developing fiscal framework, in order to secure sustainable funding for local government in future.



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

### **Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- When revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts.

### **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to loans fund principal charges. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (loans fund principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.



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

### **Employee Benefits**

#### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries and paid annual leave, and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. In this respect East Renfrewshire have treated Strain on the Pension Fund payments as termination benefits.

#### **Post-Employment Benefits**

Employees of the Council are members of two separate pension schemes:

- The Scottish Teachers' Superannuation Scheme, administered by the Scottish Government.
- The Local Government Pension Scheme, administered by Glasgow City Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

#### **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (based on the indicative rate of return on high quality corporate bonds).
- The assets of Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities - current bid price
  - unquoted securities - professional estimate
  - unitised securities - current bid price
  - property - market value





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

The change in the net pension liability is analysed into the following components:

- Service cost comprising:

**Current service cost** - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

**Past service cost** - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributable Costs

**Gains/losses on settlements** - the decrease in liabilities as a result of the Council entering into a transaction that eliminates all further legal or constructive obligation relating to the event, notwithstanding the financial guarantee (see Note 39) - credited to the Surplus on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributable Costs.

**Net interest on the net defined benefit liability**, i.e. net interest expenses for the council. The change during the period is the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:

**The return on plan assets** - excluding amounts included in net interest on the net defined benefit liability – charged to the Pension Reserve as Other Comprehensive Income and Expenditure

**Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- Contributions paid to the Strathclyde Pension Fund – cash paid as employer's contributions to the pension fund settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. A negative balance that may arise on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.



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

### **Common Good & Trusts**

The Council administers a Common Good Fund. As part of the management agreements where land and buildings are confirmed as belonging to the Common Good, and where the Council is incurring costs or receiving income relating to those assets as the managing agent, then the Common Good pays a nominal annual £1 fee to the Council (if asked) in return for the management of the assets. The Council remains responsible for all costs and any income relating to the assets and is entitled to the use of the assets. The fund's assets do not represent assets available to the Council and as such are not included on the Council's balance sheet and the associated capital accounting entries are reflected in the Common Good Fund. The Common Good Fund shares the same accounting policies for valuation and depreciation with the Council. For assets held within the council's balance sheet that are subsequently identified as common good, the following principles will be followed :

1. With respect to properties determined to be wholly common good (both land and buildings thereon) then these will be transferred to the common good fund.
2. For assets where common good land only forms part of the site, i.e. where the common good land is effectively inseparable from the larger council subjects, then the common good land element will be shown at nil value.
3. For those council buildings occupying wholly common good land that is included within the common good fund. The building element, unless itself common good, will be retained as part of the council's assets

In addition, the Council also administers a number of trusts which it is the sole trustee for.

### **Events after the Balance Sheet date**

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:-

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted

Events taking place after the date of authorisation for issue are not reflected in the Statements.

### **Financial Instruments**

#### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.



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

### **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are all therefore classified as amortised cost. In previous years these assets, although still recorded as amortised costs, were classed as loans and receivables.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investing Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the financial assets held by the council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on its financial assets held at amortised cost with the exception of deposits with Central Government and other Local Authorities. Only lifetime losses are recognised for trade receivables (debtors) held by the council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Fair Value Measurement**

Where the Council values its financial assets or liabilities at fair value it uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured are categorised within the fair value hierarchy, as follows:-

**Level 1** - quoted prices (unadjusted) in active markets for identified assets or liabilities that the Council can access at the measurement date.

**Level 2** - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. For example, PWLB loans, fixed or variable rate deposits (less than one year).

**Level 3** - unobservable inputs for the asset or liability, e.g. PFI leases.

### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:



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

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants which fund capital expenditure of the Council) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants & Receipts Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants & Receipts Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure or the General Fund, where the grant or contribution funds third party capital projects.

### **Business Improvement Districts**

The Council is the billing authority for the Clarkston Business Improvement District, Giffnock Business Improvement District and Barrhead Business Improvement District. These are managed by an umbrella group led by the East Renfrewshire Chamber of Commerce and local businesses, who aim to promote and improve the respective areas for businesses and residents alike through publicised projects and events.

### **Heritage Assets**

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

### **Statues**

Six statues created by 19th century Eaglesham sculptor William Gemmel are housed in the former weaver's workshop. The workshop and contents were bequeathed to the Council and are reported in the Balance Sheet at insurance valuation which is based on market value, as at April 2023.

### **Civic Regalia**

The chains of office used by the Provost and his partner are collectively known as Civic Regalia and are symbols of the Council of the Civic Office which the Provost holds.

There are 5 chains held in total at the Council's Headquarters. They are reported in the Balance Sheet at insurance valuation which is based on market value as at April 2023.



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

### **Number Plate**

The Council owns a private registration plate (HS 0) which is on the car which the Council uses for civic duties. The number plate is reported on the Balance Sheet at market value, as at April 2023, provided by Registration Transfers, the largest dealer in number plates in Britain.

There are no depreciation charges on the heritage assets as it is considered that they will have indeterminate lives and high residual value.

### **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of any intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

### **Interests in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures requiring it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

### **Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned under either the First in First out (FIFO) or weighted average costing formulas.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.



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

### **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

### **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to the asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Land & Building and Plant & Equipment costing less than £10k are not treated as fixed assets. These de-minimis levels do not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

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

- Infrastructure, community assets and assets under construction - depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).



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

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Assets included in the Balance Sheet at current value are revalued annually.

### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is charged on a straight-line basis over the useful life of the assets (as advised by a suitably qualified officer). No depreciation is charged in the year of acquisition but a full year's depreciation is charged in the year of disposal.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

### **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Private Finance Initiative (PFI) and Similar Contracts**

East Renfrewshire Council operates 5 PFI/PPP and similar projects. Please see Note 35 for details.

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to these contractors. As the Council is deemed to control the services that are provided under these schemes,



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

and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of the Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost - an average interest charge of 7.18% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs - proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

### **Change to Accounting Policy**

The Local Government finance circular 10/2022 permits the option for Scottish Council's to apply additional flexibility to the accounting treatment for Private Finance Initiative and similar contracts that are in place before 1 April 2022. In line with the permission the Council have approved this flexibility to be applied to the five arrangements in 2022/23, including the option to apply this approach retrospectively.

The circular allows Councils to write off the liability held in the balance sheet for each project over the life of the asset instead of the life of the contract and results in an increase in the Capital Financing Requirement of £14,812k in 2022/23 which will be written off over the remaining useful life of the assets. The useful lives are based on similar projects that the Council writes off within its loans fund.

The Chief Financial Officer has included the financial implications of this flexibility within the context of the financial forecast of the Council's Medium / Long Financial plan and considered its application to be affordable, prudent and sustainable when finalising the 2023/24 revenue budget of the Council. The savings that have been generated have been balanced against the deferring costs to future Council Taxpayers which on a yearly basis, equate to less than half of the planning materiality level set by the Council's External Auditors.

### **Provisions, Contingent Liabilities and Contingent Assets Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance,





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

the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured as the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Reserves**

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

### **VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.



## Notes to the Accounts (cont'd)

### 2. EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax (and Rent) payers how the funding available to the Council (i.e. Government Grants, Rents, Council Tax and Business Rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net Expenditure Chargeable to the General Fund and HRA Balances	2021/22 Adjustments Between Funding & Accounting Basis (See Note 3)	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	2022/23 Adjustments Between Funding & Accounting Basis (See Note 3)	Net Expenditure in the Comprehensive Income & Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
144,908	11,064	155,972	Education	153,040	3,534	156,574
54,677	4,399	59,076	HSCP - Provision of Services	62,932	5,027	67,959
23,780	5,927	29,707	Environment	25,810	7,171	32,981
6,206	1,138	7,344	Business Operations & Partnerships	7,484	1,314	8,798
147	33	180	Chief Executive's Office	(843)	1,122	279
10,153	(5,073)	5,080	Other Expenditure & Income	(4,365)	10,690	6,325
2,645	694	3,339	Support Services – Chief Executive's Office	2,819	588	3,407
10,038	4,577	14,615	Support Services – Business Ops & P'ships	8,732	4,418	13,150
1,954	589	2,543	Support Services – Environment	1,127	334	1,461
<b>254,508</b>	<b>23,348</b>	<b>277,856</b>	<b>Net Cost of General Fund Services</b>	<b>256,736</b>	<b>34,198</b>	<b>290,934</b>
510	6,426	6,936	HRA	232	5,005	5,237
<b>255,018</b>	<b>29,774</b>	<b>284,792</b>	<b>Cost of Services</b>	<b>256,968</b>	<b>39,203</b>	<b>296,171</b>
(751)	980	229	Other operating expenditure	(868)	378	(490)
8,697	3,774	12,471	Financing and investment income and expenditure	8,422	1,147	9,569
(261,535)	(15,875)	(277,410)	Taxation and non-specific grant income	(270,261)	(18,564)	(288,825)
<b>1,429</b>	<b>18,653</b>	<b>20,082</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(5,739)</b>	<b>22,164</b>	<b>16,425</b>
(49,485)			Opening General Fund and HRA Balance	(48,056)		
1,429			(Surplus) / Deficit on General Fund and HRA Balance in Year	(5,739)		
<b>(48,056)</b>			<b>Closing General Fund and HRA Balance*</b>	<b>(53,795)</b>		

\*For a split of this balance between the General Fund and the HRA please see the Movement in Reserves Statement

**Notes to the Accounts (cont'd)****3. NOTE TO THE EXPENDITURE & FUNDING ANALYSIS**

This note provides an analysis between the General Fund (surplus)/deficit and the Comprehensive Income and Expenditure Statement (surplus)/deficit on the Provision of Services. Explanations of the adjustments shown are provided after the table below.

2022/23	Adjustments for Capital Purposes	Net Charges for Pension Adjustments	Other Differences	Total
	£'000	£'000	£'000	£'000
Education	1,314	6,578	(4,358)	3,534
HSCP – Provision of Services	100	4,875	52	5,027
Environment	4,950	3,174	(953)	7,171
Business Operations & Partnerships	80	1,201	33	1,314
Chief Executive's Office	1	-	1,121	1,122
Other Expenditure & Income	-	73	10,617	10,690
Support Services – Chief Executive's Office	-	585	3	588
Support Services – Business Ops & P'ships	3,117	1,330	(29)	4,418
Support Services – Environment	-	335	(1)	334
<b>Net Cost of General Fund Services</b>	<b>9,562</b>	<b>18,151</b>	<b>6,485</b>	<b>34,198</b>
HRA	8,477	926	(4,398)	5,005
<b>Cost of Services</b>	<b>18,039</b>	<b>19,077</b>	<b>2,087</b>	<b>39,203</b>
Other Operating Expenditure	378	-	-	378
Financing & Investment Income & Expenditure	-	1,615	(468)	1,147
Taxation & Non-Specific Grant Income	(18,564)	-	-	(18,564)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>(147)</b>	<b>20,692</b>	<b>1,619</b>	<b>22,164</b>

2021/22	Adjustments for Capital Purposes	Net Charges for Pension Adjustments	Other Differences	Total
	£'000	£'000	£'000	£'000
Education	9,489	7,113	(5,538)	11,064
HSCP – Provision of Services	(466)	4,941	(76)	4,399
Environment	4,045	3,448	(1,566)	5,927
Business Operations & Partnerships	11	1,101	26	1,138
Chief Executive's Office	-	-	33	33
Other Expenditure & Income	-	6	(5,079)	(5,073)
Support Services – Chief Executive's Office	-	708	(14)	694
Support Services – Business Ops & P'ships	2,845	1,841	(109)	4,577
Support Services – Environment	194	402	(7)	589
<b>Net Cost of General Fund Services</b>	<b>16,118</b>	<b>19,560</b>	<b>(12,330)</b>	<b>23,348</b>
HRA	9,707	938	(4,219)	6,426
<b>Cost of Services</b>	<b>25,825</b>	<b>20,498</b>	<b>(16,549)</b>	<b>29,774</b>
Other Operating Expenditure	980	-	-	980
Financing & Investment Income & Expenditure	-	2,593	1,181	3,774
Taxation & Non-Specific Grant Income	(15,875)	-	-	(15,875)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>10,930</b>	<b>23,091</b>	<b>(15,368)</b>	<b>18,653</b>



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

### **Adjustments for Capital Purposes**

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### **Net charge for the Pensions Adjustments**

Net charge for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the Consolidated Income and Expenditure Statement.

### **Other Differences**

This column records other adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute in the service lines, and for:-

- **Financing and investment income and expenditure** - the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts along with other loans fund adjustments.

### **4. ACCOUNTANCY STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The code requires the disclosure of information relating to the impact of an accounting change that is required by a new standard that has been issued but not yet adopted. This applies to the following new or amended standards within the 2023/24 code:-

- IAS 8 – Definition of Accounting Estimates, issued in February 2021
- IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* – Disclosure of Accounting Policies, issued in February 2021
- IAS 12 *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, issued in May 2021
- IFRS 3 *Business Combinations* – Updating a Reference to the Conceptual Framework, issued in May 2020,

Overall, these amended standards are not expected to materially impact the Council's Annual Accounts.

**Notes to the Accounts (cont'd)****5. EXPENDITURE AND INCOME ANALYSED BY SERVICE**

The Council's expenditure and income, segmented in line with the Council's Directorate and reporting structure, is analysed as follows:

**2022/23**

Expenditure/Income	Education	HSCP	Environment	Business Operations & P'ships	Chief Executive's Office	Other Expenditure & Income	Support Services	Housing Revenue Account	Costs not included in a service	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>										
Employee expenses	132,182	35,536	20,670	8,249	26	73	13,657	5,118	1,615	<b>217,126</b>
Other services expenses	42,161	63,742	18,717	14,839	525	6,361	2,347	5,666	-	<b>154,358</b>
Depreciation, amortisation, impairment	1,314	100	4,950	80	1	-	3,117	8,477	-	<b>18,039</b>
Interest payments	-	-	-	-	-	-	-	-	9,861	<b>9,861</b>
Gain on the disposal of assets	-	-	-	-	-	-	-	-	378	<b>378</b>
<b>Total expenditure</b>	<b>175,657</b>	<b>99,378</b>	<b>44,337</b>	<b>23,168</b>	<b>552</b>	<b>6,434</b>	<b>19,121</b>	<b>19,261</b>	<b>11,854</b>	<b>399,762</b>
<b>Income</b>										
Fees, charges and other service income	(3,118)	(27,068)	(7,522)	(2,280)	(273)	(109)	(1,103)	(13,897)	(868)	<b>(56,238)</b>
Interest and investment income	-	-	-	-	-	-	-	-	(1,907)	<b>(1,907)</b>
Income from council tax	-	-	-	-	-	-	-	-	(58,611)	<b>(58,611)</b>
Government grants and contributions (Note 31)	(15,965)	(4,351)	(3,834)	(12,090)	-	-	-	(127)	(230,214)	<b>(266,581)</b>
<b>Total income</b>	<b>(19,083)</b>	<b>(31,419)</b>	<b>(11,356)</b>	<b>(14,370)</b>	<b>(273)</b>	<b>(109)</b>	<b>(1,103)</b>	<b>(14,024)</b>	<b>(291,600)</b>	<b>(383,337)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>156,574</b>	<b>67,959</b>	<b>32,981</b>	<b>8,798</b>	<b>279</b>	<b>6,325</b>	<b>18,018</b>	<b>5,237</b>	<b>(279,746)</b>	<b>16,425</b>

**2021/22**

Expenditure/Income	Education	HSCP	Environment	Business Operations & P'ships	Chief Executive's Office	Other Expenditure & Income	Support Services	Housing Revenue Account	Costs not included in a service	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>										
Employee expenses	123,770	32,253	19,647	6,479	24	6	15,785	4,662	2,593	<b>205,219</b>
Other services expenses	39,445	52,648	17,809	15,183	406	5,105	3,046	5,982	-	<b>139,624</b>
Depreciation, amortisation, impairment	9,489	(466)	4,045	11	-	-	3,039	9,707	-	<b>25,825</b>
Interest payments	-	-	-	-	-	-	-	-	10,054	<b>10,054</b>
Gain on the disposal of assets	-	-	-	-	-	-	-	-	980	<b>980</b>
<b>Total expenditure</b>	<b>172,704</b>	<b>84,435</b>	<b>41,501</b>	<b>21,673</b>	<b>430</b>	<b>5,111</b>	<b>21,870</b>	<b>20,351</b>	<b>13,627</b>	<b>381,702</b>
<b>Income</b>										
Fees, charges and other service income	(4,144)	(16,889)	(9,264)	(1,341)	(250)	(31)	(1,369)	(13,415)	(751)	<b>(47,454)</b>
Interest and investment income	-	-	-	-	-	-	-	-	(176)	<b>(176)</b>
Income from council tax	-	-	-	-	-	-	-	-	(54,366)	<b>(54,366)</b>
Government grants and contributions (Note 31)	(12,588)	(8,470)	(2,530)	(12,988)	-	-	(4)	-	(223,044)	<b>(259,624)</b>
<b>Total income</b>	<b>(16,732)</b>	<b>(25,359)</b>	<b>(11,794)</b>	<b>(14,329)</b>	<b>(250)</b>	<b>(31)</b>	<b>(1,373)</b>	<b>(13,415)</b>	<b>(278,337)</b>	<b>(361,620)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>155,972</b>	<b>59,076</b>	<b>29,707</b>	<b>7,344</b>	<b>180</b>	<b>5,080</b>	<b>20,497</b>	<b>6,936</b>	<b>(264,710)</b>	<b>20,082</b>



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

### **6. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has entered into 5 Private Financial Initiatives/Public Private Partnership and similar contracts for the provision of educational buildings, the construction of a new road and waste recycling plant. The Council has considered the tests under IFRIC 12 and concluded that these are service concession arrangements. With the exception of the waste recycling plant, where the Council has an 11% share of the contract, the Council is deemed to control the services provided under these contracts, applies the accounting policies as stated in note 1 and recognises their net book value in note 15. This arrangement includes the Roads PFI contract where East Renfrewshire Council acts as a lead authority despite only recognising 26.67% of the contract value in the accounts. Further information, including a breakdown of the individual contracts, can be obtained from note 35.

### **7. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results differ Assumptions</b>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A table setting out the potential sensitivity of change in assumptions on the pension liability is detailed in note 39. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £9.626m, a 0.1% increase in the salary increase rate will result in an increase in liabilities of £1.153m and a 0.1% increase in the pension increase rate will result in an increase in liabilities of £8.610m. During 2022/23, the Council actuaries advised that the net pension liability had decreased by £211m to reflect a net asset of £160.463m, in the main due to an assumptions update on the Corporate Bond yield which resulted in a gain of £255.1m, offset by a reduction in investment return of £29.4m (-2.3% actual : 2.70% assumption) and a higher Pension Increase Order than anticipated of £36.24m (10.1%actual: 3.2% assumption)
Arrears	At 31 March 2023, the Council had a sundry debtor balance of £3.06m, Council Tax Debtors of £15.03m and Non Domestic Rate Debtors of £3.43m. A review of significant balances suggested	If collection rates were to deteriorate, an increase in bad debt of 10% would require an additional £0.14m to be set aside for sundry debt as an allowance and £1.37m and



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

	that an impairment of doubtful debts of 46.9% / £1.4m was appropriate for sundry debtors and provisions of 91.3% / £13.73m and 89.06% / £3.05m were made for Council Tax and Non Domestic Rates respectively. However, in the current economic climate it is not certain that such an allowance would be sufficient.	£0.31m for Council Tax and Non Domestic Rate debtors respectively
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This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

### **8. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – ITEMS OF INCOME AND EXPENSE**

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

<b>Disposal of property, plant and equipment</b>	<b>£000</b>
Net Book Value of Assets	563
Sale Proceeds	<u>(185)</u>
(Profit)/loss on disposal	378

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

The Statement of Accounts was authorised for audit by the Head of Accountancy (Chief Financial Officer) on 13 June 2023. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**Notes to the Accounts (cont'd)****10. MOVEMENT IN RESERVES STATEMENT – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council, in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. Movements can be traced through Note 25.

2022/23	General Fund Balance £000	Housing Revenue Account £000	Capital Reserve £000	Capital Grants & Receipts & Unapplied £000	Repairs and Renewals Fund £000	Insurance Fund £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account</b>							
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>							
Charges for depreciation and impairment of non-current assets	(6,874)	(5,258)					12,132
Amortisation of intangible assets (Note 18)	(100)						100
Difference between fair value and historic cost depreciation	(2,588)	(3,219)					5,807
Capital grants and contributions applied (Note 33)	12,973	3,353	2,238				(18,564)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (Note 8)	(497)	(66)	185				378
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>							
Statutory provision for the financing of capital investment	11,032	2,967	(2,238)				(11,761)
Restructuring of Debt in Service Concession projects	(14,812)						14,812
Capital expenditure charged against the General Fund and HRA balances	2,658	3					(2,661)
Voluntary provision for repayment of debt (Note 25)	108						(108)
<b>Adjustments primarily involving the Capital Reserve:</b>							
Use of the Capital Reserve to finance new capital expenditure							
<b>Adjustments primarily involving the Capital Grants &amp; Receipts Unapplied Account:</b>							
Use of Capital receipts initially transferred to grants & receipts unapplied to fund Covid-19 pressures			(2,628)	2,628			-
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements (Note 25)	11						(11)
<b>Adjustments primarily involving the Pensions Reserve:</b>							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 25)	(19,687)	(1,005)					20,692
<b>Adjustment primarily involving the Statutory Accumulating Compensated Absences Account:</b>							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (Note 25)	(1,065)	7					1,058
<b>Total Adjustments (see MIRS)</b>	<b>(18,841)</b>	<b>(3,218)</b>	<b>(2,443)</b>	<b>2,628</b>	<b>-</b>	<b>-</b>	<b>21,874</b>



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

2021/22	General Fund Balance £000	Housing Revenue Account £000	Capital Reserve £000	Capital Grants & Receipts & Unapplied £000	Repairs and Renewals Fund £000	Insurance Fund £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account</b>							
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>							
Charges for depreciation and impairment of non-current assets	(13,882)	(7,001)					20,883
Amortisation of intangible assets (Note 18)	(110)						110
Difference between fair value and historic cost depreciation	(2,126)	(2,706)					4,832
Capital grants and contributions applied (Note 33)	10,096	5,779					(15,875)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (Note 8)	(1,919)		231				1,688
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>							
Statutory provision for the financing of capital investment	10,183	2,834					(13,017)
Capital expenditure charged against the General Fund and HRA balances	2,362						(2,362)
Voluntary provision for repayment of debt (Note 25)	108						(108)
<b>Adjustments primarily involving the Capital Reserve:</b>							
Use of the Capital Reserve to finance new capital expenditure							
<b>Adjustments primarily involving the Capital Grants &amp; Receipts Unapplied Account:</b>							
Use of Capital receipts initially transferred to grants & receipts unapplied to fund Covid-19 pressures							
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements (Note 25)	10						(10)
<b>Adjustments primarily involving the Pensions Reserve:</b>							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 25)	(22,035)	(1,056)					23,091
<b>Adjustment primarily involving the Statutory Accumulating Compensated Absences Account:</b>							
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements (Note 25)	500	23					(523)
<b>Total Adjustments (see MIRS)</b>	<b>(16,813)</b>	<b>(2,127)</b>	<b>231</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,709</b>

**Notes to the Accounts (cont'd)****11. MOVEMENT IN RESERVES STATEMENT – TRANSFER TO/FROM EARMARKED RESERVES**

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

	Balance at 31 March 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31 March 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance at 31 March 2023 £000
<b>Non-earmarked Reserve</b>	<b>(11,670)</b>	<b>788</b>	<b>(890)</b>	<b>(11,772)</b>	<b>10,934</b>	<b>(5,703)</b>	<b>(6,541)</b>
Equalisation Reserve	(2,874)	-	(32)	(2,906)	-	(95)	(3,001)
Modernisation Fund	(5,771)	1,162	(7)	(4,616)	1,159	(2,103)	(5,560)
Unspent Grants	(6,696)	6,696	(4,852)	(4,852)	4,852	(5,186)	(5,186)
Unspent Covid-19 Grants	(12,815)	6,604	(7,874)	(14,085)	5,523	-	(8,562)
Whitelee Wind Farm	(828)	218	(302)	(912)	-	(147)	(1,059)
Commuted Sums	(2,371)	2,371	(2,457)	(2,457)	2,457	(62)	(62)
Devolved School Management	(4,039)	1,422	(1,818)	(4,435)	1,466	(1,329)	(4,298)
Feasibility Fund	(200)	46	-	(154)	21	(103)	(236)
Get to Zero Fund	-	-	-	-	20	(400)	(380)
Service Concessions Flexibility	-	-	-	-	-	(14,812)	(14,812)
Workforce Restructuring Fund	-	-	-	-	-	(1,500)	(1,500)
Employee Wellbeing & Development Fund	-	-	-	-	-	(400)	(400)
Community Capacity Building Fund	-	-	-	-	-	(400)	(400)
<b>General Fund Total</b>	<b>(47,264)</b>	<b>19,307</b>	<b>(18,232)</b>	<b>(46,189)</b>	<b>26,432</b>	<b>(32,240)</b>	<b>(51,997)</b>
HRA	(2,221)	354	-	(1,867)	69	-	(1,798)
Capital Reserve	(2,668)	-	(3)	(2,671)	2,238	(4,969)	(5,402)
Capital Grants & Receipts unapplied account	(1,920)	-	(708)	(2,628)	2,628	-	-
Repairs and Renewal Fund	(4,236)	1,371	(782)	(3,647)	1,936	(1,500)	(3,211)
Insurance Fund	(1,969)	68	(2)	(1,903)	-	(43)	(1,946)
<b>Total</b>	<b>(60,278)</b>	<b>21,100</b>	<b>(19,727)</b>	<b>(58,905)</b>	<b>33,303</b>	<b>(38,752)</b>	<b>(64,354)</b>

**Notes to the Accounts (cont'd)****12. COMPREHENSIVE INCOME & EXPENDITURE STATEMENT – OTHER OPERATING EXPENDITURE**

	2022/23 £000	2021/22 £000
(Gain)/Loss on disposal of Fixed Asset (See Note 8)	378	980
Rental Income – operating lease over property, plant and equipment	(868)	(751)
	<u>(490)</u>	<u>229</u>

**13. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT – FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

	2022/23 £000	2021/22 £000
Interest payable and similar charges	9,860	10,051
Pension interest costs and expected return on pension assets	1,615	2,593
Interest receivable and similar income	(1,907)	(176)
Expected credit loss	1	3
	<u>9,569</u>	<u>12,471</u>
<b>Total</b>	<b>9,569</b>	<b>12,471</b>

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

	2022/23 £000	2021/22 £000
Council Tax income	(58,611)	(54,366)
Non domestic rates *	(9,574)	(7,234)
Non ring-fenced government grants *	(202,076)	(199,935)
Capital grants and contributions	(18,564)	(15,875)
	<u>(288,825)</u>	<u>(277,410)</u>
<b>Total</b>	<b>(288,825)</b>	<b>(277,410)</b>

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

**Notes to the Accounts (cont'd)****15. PROPERTY, PLANT AND EQUIPMENT****Movements on Balances****Movements in 2022/23**

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	PFI Assets Included in Property, Plant and Equipment £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation At 1 April 2022</b>	<b>213,878</b>	<b>375,222</b>	<b>55,529</b>	*	<b>3,585</b>	<b>2,788</b>	<b>9,414</b>	<b>154,471</b>	*
Additions	11,538	8,436	4,346	8,107	157	-	11,303	2,180	46,067
Donations	-	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	11,087	42,163	-	-	-	(71)	-	50,326	103,505
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,168)	3,350	-	-	-	(246)	-	3,320	5,256
Derecognition – disposals	(66)	(229)	(17,883)	-	-	(38)	-	-	(18,216)
Derecognition – other	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Assets transferred to/from assets under construction	3,230	-	-	-	-	-	(3,230)	-	-
Assets transferred to/from Surplus Assets	-	-	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>238,499</b>	<b>428,942</b>	<b>41,992</b>	*	<b>3,742</b>	<b>2,433</b>	<b>17,487</b>	<b>210,297</b>	*
<b>Accumulated Depreciation and Impairment At 1 April 2022</b>	<b>(12,331)</b>	<b>(13,903)</b>	<b>(43,980)</b>	*	-	<b>(4)</b>	-	<b>(22,820)</b>	*
Depreciation charge	(7,554)	(7,467)	(5,496)	(1,654)	-	(2)	-	(3,910)	(26,083)
Depreciation written out on disposal	-	(186)	17,839	-	-	-	-	-	17,653
Depreciation written out on revaluation reserve	6,484	18,618	-	-	-	-	-	14,385	39,487
Depreciation written out on surplus or deficit on the provision of service	426	2,455	-	-	-	7	-	-	2,888
<b>At 31 March 2023</b>	<b>(12,975)</b>	<b>(483)</b>	<b>(31,637)</b>	*	-	<b>1</b>	-	<b>(12,345)</b>	*
<b>Net Book Value At 31 March 2023</b>	<b>225,524</b>	<b>428,459</b>	<b>10,355</b>	<b>51,963</b>	<b>3,742</b>	<b>2,434</b>	<b>17,487</b>	<b>197,952</b>	<b>937,916</b>
<b>At 31 March 2022</b>	<b>201,547</b>	<b>361,319</b>	<b>11,549</b>	<b>45,510</b>	<b>3,585</b>	<b>2,784</b>	<b>9,414</b>	<b>131,651</b>	<b>767,359</b>

**Notes to the Accounts (cont'd)****Movements in 2021/22**

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	PFI Assets Included in Property, Plant and Equipment £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation At 1 April 2021</b>	<b>191,020</b>	<b>372,187</b>	<b>51,043</b>	<b>*</b>	<b>3,585</b>	<b>2,772</b>	<b>6,659</b>	<b>152,831</b>	<b>*</b>
Additions	8,855	5,305	5,728	6,837	-	-	7,480	1,640	35,845
Donations	-	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,332	1,357	-	-	-	16	-	-	13,705
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(3,054)	(1,557)	-	-	-	-	-	-	(4,611)
Derecognition – disposals	-	(2,070)	(1,242)	-	-	-	-	-	(3,312)
Derecognition – other	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Assets transferred to/from assets under construction	4,725	-	-	-	-	-	(4,725)	-	-
Assets transferred to/from Surplus Assets	-	-	-	-	-	-	-	-	-
<b>At 31 March 2022</b>	<b>213,878</b>	<b>375,222</b>	<b>55,529</b>	<b>*</b>	<b>3,585</b>	<b>2,788</b>	<b>9,414</b>	<b>154,471</b>	<b>*</b>
<b>Accumulated Depreciation and Impairment At 1 April 2021</b>	<b>(11,710)</b>	<b>(17,894)</b>	<b>(40,012)</b>	<b>*</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>(18,992)</b>	<b>*</b>
Depreciation charge	(6,846)	(7,384)	(5,207)	(1,406)	-	(2)	-	(3,828)	(24,673)
Depreciation written out on disposal	-	154	1,239	-	-	-	-	-	1,393
Depreciation written out on revaluation reserve	5,888	7,989	-	-	-	-	-	-	13,877
Depreciation written out on surplus or deficit on the provision of service	337	3,232	-	-	-	-	-	-	3,569
<b>At 31 March 2022</b>	<b>(12,331)</b>	<b>(13,903)</b>	<b>(43,980)</b>	<b>*</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(22,820)</b>	<b>*</b>
<b>Net Book Value At 31 March 2022</b>	<b>201,547</b>	<b>361,319</b>	<b>11,549</b>	<b>45,510</b>	<b>3,585</b>	<b>2,784</b>	<b>9,414</b>	<b>131,651</b>	<b>767,359</b>
<b>At 31 March 2021</b>	<b>179,310</b>	<b>354,293</b>	<b>11,031</b>	<b>40,079</b>	<b>3,585</b>	<b>2,770</b>	<b>6,659</b>	<b>133,839</b>	<b>731,566</b>



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

### **Depreciation**

Depreciation is provided for on all Property, Plant & Equipment assets by the allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life e.g. land and assets that are not yet available for use (i.e. assets under construction).

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings – 30-40 years
- Other Land and Buildings - 10-50 years
- Vehicles, Plant, Furniture & Equipment - 4-20 years.
- Infrastructure - 40 years
- Community Assets – 1-20 years

### **Capital Commitments**

At 31 March 2023, the Council was progressing a number of projects for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years. The major commitments include the following projects which have been stated at full project cost:-

	<b>£000</b>
Neilston Learning Campus	30,000
Eastwood Park Leisure – Refurbishment	55,000
Roads Capital Works (Carriageways and Other Infrastructure Assets)	32,500
House Building Programme (Phase 2)	32,010

### **Revaluations**

The Council carries out an annual revaluation programme ensuring that all Property, Plant and Equipment required to be measured at fair value is revalued on an annual basis. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values are:-

- the amount which an asset could be exchanged for, between knowledgeable, willing parties, in an arm's length transaction
- the amount that would be paid for the asset in its existing use.
- the amount as determined at an assumed valuation date.

### **\*Infrastructure Assets**

The CIPFA/LASAAC Code of Practice for Local Authority Accounting in the United Kingdom requires infrastructure assets to be measured using the historical cost measurement basis and carried at depreciated historical cost. Due to information deficits it is unclear as to whether when an assets component is replaced that the old component has been derecognised to avoid double counting. However, as parts of these assets are rarely replaced before the part has been fully consumed and should therefore be fully depreciated at the date of replacement, the carrying amount to be derecognised in respect of a replaced part of an infrastructure assets is a nil amount.



## Notes to the Accounts (cont'd)

The Scottish Government in recognising the challenge facing Council's has agreed to permit temporary statutory overrides whilst a permanent solution is developed within the Code. The Council has adopted statutory overrides for the period 1 April 2021 to 31 March 2024 which permits the council not to report gross cost and accumulated depreciation for Infrastructure assets.

### 16. HERITAGE ASSETS

#### Reconciliation of the carrying value of Heritage Assets held by the Council

	Statues £000	Civic Regalia £000	Total Tangible Assets £000	Number Plates £000	Total Intangible Assets £000	Total Heritage Assets £000
<b>Cost or valuation At 1 April 2022</b>	94	65	159	101	101	260
<b>Revaluations</b>	-	-	-	25	25	25
<b>At 31 March 2023</b>	94	65	159	126	126	285

	Statues £000	Civic Regalia £000	Total Tangible Assets £000	Number Plates £000	Total Intangible Assets £000	Total Heritage Assets £000
<b>Cost or valuation At 1 April 2021</b>	94	65	159	75	75	234
<b>Revaluations</b>	-	-	-	26	26	26
<b>At 31 March 2022</b>	94	65	159	101	101	260

### 17. HERITAGE ASSETS: FIVE YEAR SUMMARY OF TRANSACTIONS

There has been no acquisition, donation, disposal or impairment of Heritage Assets in the five year period covering the financial years 2018/19 to 2022/23.

**Notes to the Accounts (cont'd)****18. INTANGIBLE ASSETS**

The Council accounts for its software licences as intangible assets, to the extent that they are not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All licences are given a finite useful life of less than 5 years, based on assessments of the period that they are expected to be of use to the Council.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £100k charged to revenue in 2022/23 was charged to the IT Administration cost centre.

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

	2022/23 Software Licences £000	2021/22 Software Licences £000
<b>Balance at start of year:</b>		
• Gross carrying amounts	1,702	1,646
• Accumulated amortisation	(1,584)	(1,474)
<b>Net carrying amount at start of year</b>	<b>118</b>	<b>172</b>
Additions:		
• Internal development	-	-
• Purchases	122	56
• Acquired through business combinations	-	-
Amortisation for the period	(100)	(110)
Other changes	-	-
Derecognition		
• Gross Book Value	-	-
• Accumulated amortisation	-	-
<b>Net carrying amount at end of year</b>	<b>140</b>	<b>118</b>
Comprising:		
• Gross carrying amounts	1,824	1,702
• Accumulated amortisation	(1,684)	(1,584)
<b>Balance at end of year:</b>	<b>140</b>	<b>118</b>



**Notes to the Accounts (cont'd)****19. FINANCIAL INSTRUMENTS**

## Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet and reflect the impact of IFRS 9.

	Long-term		Current	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
<b>Investments</b>				
Loans and receivables	247	250	68,289	78,177
<b>Total investments</b>	<b>247</b>	<b>250</b>	<b>68,289</b>	<b>78,177</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost (including Bank overdraft and long term creditors)	(127,644)	(118,058)	(1,404)	(2,211)
<b>Total Borrowings</b>	<b>(127,644)</b>	<b>(118,058)</b>	<b>(1,404)</b>	<b>(2,211)</b>
<b>Other Long Term Liabilities</b>				
PFI and finance lease liabilities	(68,132)	(73,500)	(5,368)	(5,211)
<b>Total other long term liabilities</b>	<b>(68,132)</b>	<b>(73,500)</b>	<b>(5,368)</b>	<b>(5,211)</b>

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

	2022/23 Surplus or Deficit on the Provision of Services £000	2021/22 Surplus or Deficit on the Provision of Services £000
Net gains/losses on:		
• Financial assets or financial liabilities measured at amortised cost	-	-
Interest revenue:		
• Financial assets or financial liabilities measured at amortised cost	4,199	4,059
Fee income:		
• Financial assets or financial liabilities that are not at fair value through profit or loss	-	-
Fee expense:		
• Financial assets or financial liabilities that are not at fair value through profit or loss	274	238
<b>Total net(gain) / losses</b>	<b>4,473</b>	<b>4,297</b>



## Notes to the Accounts (cont'd)

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets including long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2\*), using the following assumptions:

- For loans from the PWLB payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value) has been assessed;
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount

**Market to Model Valuation for Financial Instruments** – As at 31 March the Council held £68,536k financial assets and £129,047k financial liabilities for which Level 2 valuations will apply. All the financial assets are held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1\* valuation is not available. To provide a fair value which provides a comparison to the carrying amount, a financial model valuation provided by Link Asset Services has been used. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses New Borrowing Rates to discount the future cash flows.

The fair values calculated are as follows:

	31 March 2023		31 March 2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial liabilities	129,047	103,242	120,269	143,008

The fair value of the liabilities can sometimes be greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates. However at 31 March 2023 they are lower due to the higher interest rate environment this year which impacts the prevailing market rates in calculating fair value.

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

	31 March 2023		31 March 2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial liabilities	129,047	121,656	120,269	174,788



## Notes to the Accounts (cont'd)

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. As a result of its PWLB commitments for fixed rate loans a comparison of the terms of these loans with the new borrowing rates available from the PWLB has been used to calculate the fair value. As part of the Financial Liabilities shown in the two tables above is a PWLB carrying amount of £112.85m, the fair value using New Borrowing Rates would be £88.02m. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge. The exit price for the PWLB loans including the additional charges would be £103.83m.

The redemption charge is a supplementary measure of the fair value of the Public Works Loan Board (PWLB) loans of £112.85m. It measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

	31 March 2023		31 March 2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Deposits: short-term	63,290	63,290	64,179	64,189
Investments: short-term	4,999	4,999	13,998	13,989
Investments: long-term	247	247	250	250
	<b>68,536</b>	<b>68,536</b>	<b>78,427</b>	<b>78,428</b>

The fair value of the assets is similar to the carrying amount because the Council's portfolio of loans includes all variable rate loans where the interest rates receivable are similar to the rates available for similar loans at the Balance Sheet date.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

\* Definitions of Levels 1 - 3 can be found within the Accountancy Policies - Note 1.

### 20. DEBTORS

	31 March 2023	31 March 2022
	£000	£000
Trade receivables	3,063	3,646
Receivables from other Public sector bodies	12,292	3,088
Prepayments	3,943	2,957
Other accounts	5,253	20,668
<b>Total</b>	<b>24,551</b>	<b>30,359</b>

**Notes to the Accounts (cont'd)****21. DEBTORS FOR LOCAL TAXATION**

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Less than one year	3,416	3,790
Between one to two years	2,676	2,729
Between two and five years	4,713	4,026
More than five years	7,655	6,998
<b>Total</b>	<b>18,460</b>	<b>17,543</b>

The Impairment of receivables for amounts levied in year is 2% and 100% for prior year debt.

**22. CASH FLOW STATEMENT – CASH AND CASH EQUIVALENTS**

The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Cash held by the Council	18	18
Bank current accounts	(1,027)	(1,383)
Short-term deposits	63,290	64,179
<b>Total</b>	<b>62,281</b>	<b>62,814</b>

**23. CREDITORS**

	<b>31 March 2023</b>		<b>31 March 2022</b>	
	<b>£000</b>		<b>£000</b>	
	<b>Short-term</b>	<b>Long-term</b>	<b>Short-term</b>	<b>Long-term</b>
Trade payables	(4,207)	-	(3,419)	-
Payables to other public sector bodies	(18,617)	-	(28,079)	-
Other accounts	(41,030)	(5)	(29,183)	(43)
<b>TOTAL</b>	<b>(63,854)</b>	<b>(5)</b>	<b>(60,681)</b>	<b>(43)</b>

**Notes to the Accounts (cont'd)****24. PROVISIONS**

	Teachers Maternity Pay £000	Housing Rent £000	Short- term provisions £000	SRC Operations £000	Insurance Excess £000	Long-term provisions £000
<b>Balance at 31 March 2022</b>	(209)	(408)	<b>(617)</b>	(6)	(161)	<b>(167)</b>
Additional provisions made in 2022/23	(232)	-	<b>(232)</b>	(23)	(33)	<b>(56)</b>
Amounts used in 2022/23	223	-	<b>223</b>	3	54	<b>57</b>
Unused amounts reversed in 2022/23	(14)	-	<b>(14)</b>	-	-	-
<b>Balance at 31 March 2023</b>	(232)	(408)	<b>(640)</b>	(26)	(140)	<b>(166)</b>

The Council has two short term provisions totalling £640k to cover holidays accrued whilst teachers are on maternity (£232k) and reflecting an overpayment of Universal Credit benefits made by the Department of Works & Pensions to the Housing Revenue Account (£408k).

Two long term provisions have been made in the accounts totalling £166k. These are made up firstly of £26k, a provision in respect of the former Strathclyde Regional Council's operations. Cost sharing arrangements are in place with the other eleven authorities which made up the former Strathclyde Region. East Renfrewshire Council's share of liabilities which will materialise in the future is 4.83%. Secondly, there is a provision of £140k to cover insurance excess for outstanding claims made against the Council.

**25. BALANCE SHEET – UNUSABLE RESERVES**

	31 March 2023	31 March 2022
	£000	£000
Revaluation Reserve	(329,639)	(192,429)
Capital Adjustment Account	(373,015)	(367,451)
Financial Instruments Adjustment Account	871	990
Pensions Reserve	(160,463)	50,357
Statutory Accumulating Compensated Absences Account	9,004	7,946
<b>Total Unusable Reserves</b>	<b>(853,242)</b>	<b>(500,587)</b>

**Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost

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

- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	31 March 2023 £000	31 March 2022 £000
<b>Balance at 1 April</b>	<b>(192,429)</b>	<b>(169,653)</b>
<b>Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services:</b>		
Upward revaluation of assets	(147,246)	(29,121)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	4,229	1,513
Difference between fair value depreciation and historical cost depreciation	5,807	4,832
Accumulated gains on assets sold or scrapped	-	-
<b>Balance at 31 March</b>	<b>(329,639)</b>	<b>(192,429)</b>

**Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2022/23 £000	2021/22 £000
<b>Balance at 1 April</b>	<b>(367,451)</b>	<b>(358,878)</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account		
• Charges for depreciation and impairment of non-current assets	12,132	20,883
• Revaluation losses on Property, Plant and Equipment	-	-
• PPP/PFI lifecycle costs	(2,167)	(1,640)
• Amortisation of intangible assets	100	110
• Revenue expenditure funded from capital under statute	-	-
• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	563	1,919
	<b>(356,823)</b>	<b>(337,606)</b>

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

Capital financing applied in the year:

• Use of the Capital Receipts to finance new capital expenditure	(185)	(231)
• Grants applied to Capital Investment	(16,326)	(15,875)
• PPP/PFI Finance lease repayments	(5,211)	(5,084)
• Loan repayments for the financing of capital investment charged against the General Fund and HRA balances	(8,788)	(7,933)
• Capital Funded from Current Revenue/capital reserve	(494)	(722)
• Restructuring of debt in Service Concession projects	14,812	-

**Balance at 31 March****(373,015) (367,451)****Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. East Renfrewshire Council uses the Account in the main, to manage premiums paid on the early redemption of loans. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period was restricted originally to 20 years. As a result, the balance on the Account at 31 March 2023 will be charged to the General Fund over the next year. It is also a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments.

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>990</b>	<b>1,108</b>
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with Statutory requirements	(108)	(108)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(11)	(10)
<b>Balance at 31 March</b>	<b>871</b>	<b>990</b>

**Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The current credit balance on the Pensions Reserve shows a substantial increase in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that sufficient funding will have been set aside by the time the benefits come to be paid.

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

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
<b>Balance at 1 April</b>	<b>50,357</b>	<b>119,443</b>
Actuarial (gains) or losses on pension assets and liabilities	(231,512)	(92,177)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	35,423	36,180
Employer's pension contributions and direct payments to pensioners payable in the year	(14,731)	(13,089)
<b>Balance at 31 March</b>	<b>(160,463)</b>	<b>50,357</b>

**Short term Accumulating Compensated Absences Adjustment Account**

The Accumulating Compensated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
<b>Balance at 1 April</b>	<b>7,946</b>	<b>8,469</b>
Settlement or cancellation of accrual made at the end of the preceding year	(7,946)	(8,469)
Amounts accrued at the end of the current year	9,004	7,946
<b>Balance at 31 March</b>	<b>9,004</b>	<b>7,946</b>

**26. CASH FLOW STATEMENT – OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
Interest received	(1,211)	(98)
Interest paid	4,683	4,532
Interest element of finance lease rental and PPP/PFI payment	5,277	5,643

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

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
Depreciation and impairment	(12,132)	(20,883)



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

Difference between Fair Value and Historical Cost Depreciation	(5,807)	(4,832)
Amortisation of intangible assets	(100)	(110)
(Increase)/decrease in creditors	(1,519)	(9,549)
Increase/(decrease) in debtors	(4,160)	42
Increase/(decrease) in inventories	(11)	(450)
Movement in pension liability	(20,692)	(23,091)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(378)	(1,688)
Other non-cash items charged to the net surplus or deficit on the provision of services	16,445	15,993
	<b>(28,354)</b>	<b>(44,568)</b>

**27. CASH FLOW STATEMENT – INVESTING ACTIVITIES**

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
Purchase of property, plant and equipment and intangible assets	42,072	35,621
Purchase of short-term and long-term investments	709,846	274,555
Proceeds from the sale of property, plant and equipment and intangible assets	(185)	(294)
Proceeds from short-term and long-term investments	(709,846)	(274,555)
Other receipts from investing activities	(16,461)	(18,997)
<b>Net cash flows from investing activities</b>	<b>25,426</b>	<b>16,330</b>

**28. CASH FLOW STATEMENT – FINANCING ACTIVITIES**

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
<b>Financing activities as at 1 April</b>	<b>(183,306)</b>	<b>(189,767)</b>
Cash payments for the reduction of the outstanding Liability relative to a finance lease and on Balance Sheet PFI Contract	5,211	5,084
Repayments of short and long-term borrowing	(18,175)	1,377
Other payments for financing activities		-
<b>Financing activities as at 31 March</b>	<b>(196,270)</b>	<b>(183,306)</b>

**Notes to the Accounts (cont'd)****29. AGENCY SERVICES**

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

During 2022/23 the Council collected and paid over £19.7m (2021/22 £18.5m) and received £0.259m (2021/22 £0.259m) for providing the service.

In addition, the Council received a number of funding streams from the Scottish Government in 2022/23 to support financial hardship experienced by third parties (individuals and businesses) related to the Covid-19 pandemic. The Council had no discretion over the terms of the funding and could not use it for service delivery. This means that the Council acted as agent only and the grant funding received and paid out are not included in the Council's reserves, Comprehensive Income and Expenditure Statement or Balance Sheet. In some cases, an administration grant was awarded to the Council to facilitate these payments. This is accounted for as operational income and expenditure and not disclosed here.

	2022/23	2021/22
	£000	£000
<b>Covid-19 Grants: where the Council acted as Agent</b>		
Business Support Grants	-	6,124
£500 Bonus payments	-	2,040
Self-Isolation	153	850
Family Pandemic	-	944
Alternative Certification Method	-	305
Omicron Support Payments	-	130
Low Income Pandemic Payments	-	710
Child Bridging Payment	787	-

**30. EXTERNAL AUDIT COSTS**

	2022/23	2021/22
	£000	£000
Agreed Audit Scotland audit fee for the year	272	241
Other Audit Services provided	-	-

**31. GRANT INCOME**

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

	2022/23	2021/22
	£000	£000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant (incl. Covid-19 Funding of £13k in 2022/23: £8,339k in 2021/22)	202,076	199,935
Non Domestic Rates	9,574	7,234
Capital Grants and Contributions	18,564	15,875
<b>Total</b>	<b>230,214</b>	<b>223,044</b>
<b>Credited to Services</b>		
Housing Benefit Subsidy	11,800	12,483
Housing Benefit Administration Grant	156	153
Pupil Equity Fund	1,865	1,468
Unitary Charge – Barrhead High School	1,832	1,832
Education 1140 expansion	9,835	7,849

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

Funding Teachers Pay	850	-
Education Maintenance Allowance	312	357
Ukraine Education tariff	128	-
Young Persons Guarantee	103	216
Developing the Young Workforce	162	161
Active Schools	239	273
Milk & Healthy snack scheme	186	5
Criminal Justice Grant	808	703
Private Sector Housing Grant	526	489
Strathclyde Passenger Transport	154	300
Refugee Funding	884	-
Miscellaneous Revenue Grants	3,431	2,891

**Covid-19 Grants: where the Council acted as Principal**

Self-Isolation	13	50
Criminal Justice Recovery	-	108
£500 Bonus Payments – Admin grant	-	3
Mobilisation Fund	3,083	7,239

**Total**

<b>266,581</b>	<b>259,624</b>
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The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if they are not used as specified. The balances at the year-end are as follows:

**Capital Grants Receipts in Advance**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Developer's Contributions/ Commuted Sums	7,138	4,584
Environmental Improvement Grant	589	1,674
Town Centre Grant	21	480
Energy Grant	338	312
Bridge Fund	-	89
Levelling Up Grant	-	125
Education Grant	18	-
Miscellaneous	70	63
	<b>8,174</b>	<b>7,327</b>

**32. RELATED PARTIES**

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

**Scottish Government**

The Scottish Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax payers). Grants received from government departments are set out in note 31.



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

### **Members**

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown on page 43. The Councillors' code of conduct requires Members to complete a Register of Interest. While the Code requires Elected Members to update their register within 1 month of a change taking place, officers issue members with a reminder twice a year. Member's Registers of Interests are published on the Council website and also held in a central register retained by the Department of Business Operations & Partnerships at Council Headquarters. A Member is required to declare an interest where the objective test is met – that is where a member of the public with knowledge of the relevant facts would reasonably regard the Members' connection to a particular matter as being so significant that it would be considered as being likely to influence the discussion or decision. When this situation arises, and where appropriate, the relevant Members leave the meeting and do not take part in any discussion or decision in relation to that interest.

### **Officers**

Senior Officers influence the Council's financial and operating policies. The Council's interpretation of the definition of Senior Officers along with the total remuneration paid to them is shown in the Remuneration report (on pages 41 & 42). All officers adhere to the Council's code of conduct which requires them to declare an interest in matters that directly or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. Again a register is held by the Department of Business Operations and Partnerships which records all notified declarations of interest, preventing the relevant officer, when appropriate, from taking part in any discussion or decision relating to that interest.

### **Entities controlled by the Council, Entities that have Joint Ventures with the Council and those entities that are Significantly Influenced by the Council**

The Council has an interest in a number of entities. Where this interest is considered to be, at least, significant and material then they are consolidated with the accounts of the Council to form the Group Financial Statements and more information on these entities can be found within the notes to the Group Accounts. The following bodies have been included:

### **Subsidiaries – entities where the Council have more than a 50% influence over**

East Renfrewshire Culture & Leisure Trust was incorporated into on 2 July 2015 as a company limited by guarantee to enhance and contribute to the health, fitness, personal development and wellbeing of the residents of East Renfrewshire (and beyond) including, but not limited to, educational, sporting, culture and heritage based and community activities. The Council's contribution to the Trust is mainly made up of a management fee, however it also pays charges for additional services provided to the Council. It is represented on the Board of Directors by 4 (plus 1 union representative) board members. In the current year the following East Renfrewshire Council transactions were made with East Renfrewshire Culture & Leisure Trust:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>
<b>Contributions made to East Renfrewshire CLT</b>	6.568	5.196
<b>Service Income received from East Renfrewshire CLT</b>	(0.464)	(0.343)
<b>East Renfrewshire CLT balance due (to)/from the Council</b>	0.092	0.157



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

### **Joint Ventures – where the Council has a joint arrangement whereby the parties have joint control**

The East Renfrewshire Integration Joint Board was formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Joint Venture between East Renfrewshire Council and the Greater Glasgow & Clyde Health Board.

The Integration Joint Board receives contributions from its funding partners namely East Renfrewshire Council and Greater Glasgow & Clyde Health Board to fund its services. Expenditure is incurred in the form of charges for services provided to the Joint Board by its partners. They are responsible for planning, commissioning and delivery of services for children, adults and older people, including homelessness and criminal justice services from both partners and also have the planning responsibility for our population's use of large hospital based services along with housing aids & adaptations.

In the current year the following East Renfrewshire Council financial transactions were made with the Integration Joint Board:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>
<b>Contributions made to East Renfrewshire IJB</b>	82,246	92.632
<b>Commissioning Income received from East Renfrewshire IJB</b>	(96.952)	(82.365)
<b>East Renfrewshire IJB balance due (to)/from the Council</b>	9.901	11.379

### **Associates – where the Council has a significant influence over the entity**

East Renfrewshire Council has significant influence over the following bodies, however they do not meet the criteria of Subsidiaries or Joint Ventures. Additional information on these entities, including contributions made to them, can be found within the notes to the Group Accounts:

- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee
- The Renfrewshire Valuation Joint Board

### **Other Organisations**

The Council has interest in the following bodies in collaboration with other Local Authorities, but are not Associates as the Council either has no significant influence in them or the transactions between them are considered to be immaterial to the understanding of the Accounts, again further information including contributions made to them, can be found in the notes to the Group Accounts:

- Scotland Excel
- Glasgow & the Clyde Valley Strategic Development Planning Authority
- Continuing Education Gateway
- West of Scotland Archaeology Service
- West of Scotland European Forum
- Glasgow City region cabinet
- The SEEMIS Group LLP

**Notes to the Accounts (cont'd)****33. CAPITAL EXPENDITURE AND CAPITAL FINANCING**

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

<b>2022/23</b>	<b>Housing £000</b>	<b>General Fund £000</b>	<b>Total £000</b>
<i>Opening Capital Financing Requirement as at 31 March 2022</i>	39,514	168,342	207,856
<i>Capital investment</i>			
Property, Plant and Equipment	12,841	33,226	46,067
Intangible Assets	-	122	122
Revenue Expenditure Funded from Capital under Statute	-	-	-
<i>Sources of finance</i>			
Capital Reserve			
Capital receipts	-	(185)	(185)
Government grants and other contributions	(3,353)	(12,973)	(16,326)
<b><i>Sums set aside from revenue</i></b>			
Direct revenue contributions	(3)	(491)	(494)
Finance lease Principal Repayments (including PFI/PPP Projects)	-	(7,378)	(7,378)
Loans Fund Principal	(2,967)	(5,821)	(8,788)
<b>Closing Capital Financing Requirement as at 31 March 2023</b>	<b>46,032</b>	<b>174,842</b>	<b>220,874</b>
<b>Explanation of Movements in Year</b>			
Increase in underlying need to borrow	6,518	6,500	13,018
Assets acquired under lease and lease type arrangements	-	-	-
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>6,518</b>	<b>6,500</b>	<b>13,018</b>
<b>2021/22</b>	<b>Housing £000</b>	<b>General Fund £000</b>	<b>Total £000</b>
<i>Opening Capital Financing Requirement as at 31 March 2021</i>	35,083	168,357	203,440
<i>Capital investment</i>			
Property, Plant and Equipment	13,050	22,795	35,845
Intangible Assets	-	56	56
Revenue Expenditure Funded from Capital under Statute	-	-	-
<i>Sources of finance</i>			
Capital Reserve	-	-	-
Capital receipts	(6)	(225)	(231)
Government grants and other contributions	(5,779)	(10,096)	(15,875)
<b><i>Sums set aside from revenue</i></b>			
Direct revenue contributions	-	(722)	(722)
Finance lease Principal Repayments (including PFI/PPP Projects)	-	(6,724)	(6,724)
Loans Fund Principal	(2,834)	(5,099)	(7,933)
<b>Closing Capital Financing Requirement as at 31 March 2022</b>	<b>39,514</b>	<b>168,342</b>	<b>207,856</b>
<b>Explanation of Movements in Year</b>			
Increase in underlying need to borrow	4,431	(15)	4,416
Assets acquired under lease and lease type arrangements	-	-	-
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>4,431</b>	<b>(15)</b>	<b>4,416</b>

**Notes to the Accounts (cont'd)****34. LEASES****COUNCIL AS A LESSEE****Operating Leases**

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

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	383	382
Later than one year and not later than five years	790	1,007
Later than five years	1,419	1,517
	<b>2,592</b>	<b>2,906</b>

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Minimum Lease payments	378	394
Contingent Rents	-	-
	<b>378</b>	<b>394</b>

**COUNCIL AS A LESSOR****Operating Leases**

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

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

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

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

	31 March 2023	31 March 2022
	£000	£000
Not later than one year	1,097	272
Later than one year and not later than five years	2,100	342
Later than five years	12,900	15,355
	<b>16,097</b>	<b>15,969</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 there were no contingent rents received by the Council (2021/22 no contingent rents were received by the Council).

**35. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS****(I) Schools PFI Contract**

The Council signed a contract on 20 April 2000 with East Ren Schools Services Ltd to procure the provision of services for the Council under the government's Private Finance Initiative.

The services are the provision of a new Mearns Primary School and an extension to St Ninian's High School. The contract is for a period of 25 years commencing August 2001 and the assets will revert to the Council at the end of the contract period. These assets are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment Balance in Note 15.

<b>Movement in Value of Assets</b>	<b>£000</b>
Valuation at 1 April 2022	21,492
Additions/Revaluations	13,614
Depreciation in Year	(624)
<b>NET BOOK VALUE AT 31 MARCH 2023</b>	<b>34,482</b>

The annual Unitary Charge is a fixed sum of £2.17m. This is offset by a Direct Support Payment from the Scottish Government of £1.25m leaving a net cost to the Council of £0.92m.

The total value of payments over the remainder of the contract before inflation will be £7.36m and the total value of income from the Scottish Government will be £4.17m resulting in a net outstanding undischarged obligation before inflation of £3.19m.

The Gross Unitary Charge is subject to inflation increases less than Retail Price Index but the gearing effect of the Scottish Government contribution carrying no increases results in the net burden increasing by more than the Retail Price Index.



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

	<b>Liability</b>	<b>Contingent Rent</b>	<b>Interest</b>	<b>Service Charges</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within 1 year	964	760	298	2,116	4,138
Within 2 to 5 years	2,499	2,478	294	4,945	10,216
Within 6 to 10 years	-	-	-	-	-
<b>ESTIMATED TOTAL</b>	<b>3,463</b>	<b>3,238</b>	<b>592</b>	<b>7,061</b>	<b>14,354</b>

**(II) Roads PFI Contract**

The Council finalised a PFI agreement in conjunction with South Lanarkshire Council and the Scottish Executive to construct the Glasgow Southern Orbital Road and the M77 extension. Some 26.67% of the asset relates to East Renfrewshire Council.

The contract was signed on 30 April 2003 with Connect to construct and thereafter maintain the new roads for a period of 30 years commencing April 2005. At the end of the contract period the roads will revert to the respective authorities. These assets are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment balance in Note 15.

<b>Movement in Value of ERC Assets</b>	<b>£000</b>
Valuation at 1 April 2022	27,264
Additions/Revaluations	585
Depreciation in Year	(842)
<b>NET BOOK VALUE AT 31 MARCH 2023</b>	<b>27,007</b>

Payment for the project is made through an Annual Unitary Charge which is made up of a Fixed Availability Element and an Expected Usage Element geared to forecast traffic flow.

Direct support payments from the Scottish Government result in an annual net cost to the Council of £100,000.

The outstanding undischarged net obligation is currently £1.21m.

**Estimated Cash Value of Payments Due to be Made**

	<b>Liability</b>	<b>Contingent Rent</b>	<b>Interest</b>	<b>Service Charges</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within 1 year	1,138	1,302	1,102	1,298	4,840
Within 2 to 5 years	4,894	6,274	3,735	6,241	21,144
Within 6 to 10 years	9,204	8,503	2,741	5,772	26,220
Within 11 to 15 years	4,277	4,179	312	3,505	12,273
<b>ESTIMATED TOTAL</b>	<b>19,513</b>	<b>20,258</b>	<b>7,890</b>	<b>16,816</b>	<b>64,477</b>

**Notes to the Accounts (cont'd)****(III) Schools PPP Project**

On 10 December 2004 the Council signed a further schools PPP contract for the provision of a new Williamwood High School, a new Primary School/Community Inclusive Education Campus for Carlibar and extensions to Mearns Castle High School and Woodfarm High School. The extensions were handed over to the Council in December 2005 and the new schools were handed over on target in July 2006.

The contract for services at the new schools is for 25 years commencing in July 2006. Services at the extensions commenced in December 2005 but will have the same end date as for the new schools. At the end of the contract period the assets will revert to the Council. These assets are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment balance in Note 15.

<b>Movement in Value of Assets</b>	<b>£000</b>
Valuation at 1 April 2022	58,268
Additions/Revaluations	37,682
Depreciation in Year	(1,697)
<b>NET BOOK VALUE AT 31 MARCH 2023</b>	<b>94,253</b>

The Annual Unitary Charge is a fixed sum of £6.86m and this is offset by a Direct Support Payment from the Scottish Government of £3.95m leaving a net cost to the Council of £2.91m.

The total value of payments over the remainder of the contract before inflation will be £56.60m and the total value of income from the Scottish Government will be £27.61m leaving a net outstanding undischarged obligation of £28.99m.

The Gross Unitary Charge is subject to inflation increases less than the Retail Price Index but the gearing effect of the Scottish Government contribution carrying no increases results in the net burden increasing by more than the Retail Price Index.

**Estimated Cash Value of Payments Due to be Made**

	<b>Liability</b>	<b>Contingent</b>	<b>Interest</b>	<b>Service</b>	<b>Total</b>
	<b>£000</b>	<b>Rent</b>	<b>£000</b>	<b>Charges</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within 1 year	2,593	2,282	2,085	3,569	10,529
Within 2 to 5 years	11,486	10,072	6,370	16,343	44,271
Within 6 to 10 years	14,777	10,266	2,257	11,466	38,766
Within 11 to 15 years	-	-	-	-	-
<b>ESTIMATED TOTAL</b>	<b>28,856</b>	<b>22,620</b>	<b>10,712</b>	<b>31,378</b>	<b>93,566</b>

**Notes to the Accounts (cont'd)****(IV) Barrhead High School - Scotland's Schools for the Future NPD Project**

On 21 March 2016 the Council signed a contract for the construction and maintenance of a replacement Barrhead High School to be delivered under the Scotland's Schools for the Future programme non-profit distributing (NPD) model. The new facility was handed over to the Council in August 2017.

The contract is for 25 years from August 2017 and the asset will revert to the Council at the end of the contract period. Movements in the value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment balance in Note 15.

<b>Movement in Value of Assets</b>	<b>£000</b>
Valuation at 1 April 2022	21,925
Additions/Revaluations	18,327
Depreciation in Year	(630)
<b>NET BOOK VALUE AT 31 MARCH 2023</b>	<b>39,622</b>

The capital element of the Annual Service Payment will be fully covered by Scottish Government Revenue Funding Support payments.

The Annual Service Payment is a fixed sum of £2.105m and this is offset by Direct Support Payment from the Scottish Government of £1.832m leaving a net cost to the Council of £0.273m.

The total value of payments over the remainder of the contract before inflation will be £40.737m and the total value of income from the Scottish Government will be £36.000m leaving a net outstanding undischarged obligation of £4.737m

The Annual Service Payment is subject to inflation increases less than the Retail Price index but the Scottish Government contribution is fixed and will not increase over the lifetime of the project. This will result in an increasing net annual burden for the Council.

**Estimated Cash Value of Payments Due to be Made**

	<b>Liability</b>	<b>Contingent</b>	<b>Interest</b>	<b>Service</b>	<b>Total</b>
	<b>£000</b>	<b>Rent</b>	<b>£000</b>	<b>Charges</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within 1 year	586	55	1,251	411	2,303
Within 2 to 5 years	2,337	98	4,628	2,310	9,373
Within 6 to 10 years	3,731	72	4,810	3,490	12,103
Within 11 to 15 years	5,478	318	3,329	3,462	12,587
Within 16 to 20 years	6,866	720	1,154	2,663	11,403
<b>ESTIMATED TOTAL</b>	<b>18,998</b>	<b>1,263</b>	<b>15,172</b>	<b>12,336</b>	<b>47,769</b>

**(V) Clyde Valley Waste Recycling Plant**

In January 2020 the Council entered into a 25 year contract for waste recycling which utilises residual waste to obtain thermal gain. North Lanarkshire is the lead authority, with an additional four councils taking part in the project through an Inter Authority Agreement.

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

Movements in the value over the year are detailed in the analysis of the movement on the Property, Plant & Equipment balance in Note 15.

<b>Movement in Value of Assets</b>	<b>£000</b>
Valuation at 1 April 2022	2,702
Additions/Revaluations	3
Depreciation in Year	(117)
<b>NET BOOK VALUE AT 31 MARCH 2023</b>	<b>2,588</b>

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the provider fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the contracts as at 31 March 2023 including an adjustment for inflation and excluding any estimation of availability and performance deductions are as follows:

**Estimated Cash Value of Payments Due to be Made**

	<b>Liability</b>	<b>Contingent</b>	<b>Interest</b>	<b>Service</b>	<b>Total</b>
	<b>£000</b>	<b>Rent</b>	<b>£000</b>	<b>Charge</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
Within 1 year	86	28	152	2,125	2,391
Within 2 to 5 years	351	137	562	9,074	10,124
Within 6 to 10 years	333	123	581	13,007	14,044
Within 11 to 15 years	643	358	479	14,347	15,827
Within 16 to 20 years	882	499	263	16,265	17,909
Within 20 to 25 years	376	228	30	5,872	6,506
<b>ESTIMATED TOTAL</b>	<b>2,671</b>	<b>1,373</b>	<b>2,067</b>	<b>60,690</b>	<b>66,801</b>

The estimated cash values of payments due to be made are based on inflation indices ranging from 2%-5%. These rates were the base rates at the beginning of the contract and are applied to the guaranteed minimum tonnage via the ongoing inflationary factor. Future payments could be impacted by actual tonnage and actual rates of inflation.

**36. IMPAIRMENT LOSSES****Impairment of Assets**

Impairment losses/(reversals) of £2.368m were charged to the Comprehensive Income and Expenditure Statement. The breakdown between class of asset is as follows:-

	<b>Losses</b>	<b>Reversal of</b>	<b>Net</b>
	<b>£000</b>	<b>Previous Losses</b>	<b>Loss/(Reversal)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Property, Plant & Equipment and Assets Held for Sale	5,256	(2,888)	2,368



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

### **37. TERMINATION BENEFITS**

The Council terminated the contracts of a number of employees in 2022/23 incurring liabilities of £0.458m (£0.075m in 2021/22). This was in respect of 12 officers (3 officers in 2021/22) from across the Council. The Remuneration Report at page 47 provides further details on exit packages.

### **38. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES**

East Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees' contributions.

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

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. However, it is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Council is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period 1 April 2022 is 23.0% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay. In addition £0.34m was paid (2021/22 £0.39m) in respect of added years.

While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/ Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms were unlawfully discriminating on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

The total contribution paid into the Teachers' Pension Scheme during the year ending 31 March 2022, by East Renfrewshire Council was £13.743m, equating to approximately 2.06% of the total contributions made to the scheme and the amount paid during the year ending 31 March 2023 was £14.118m.



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

### **39. DEFINED BENEFIT PENSION SCHEMES**

#### **Participation in Pension Schemes**

The post-employment scheme for employees other than teachers is the Local Government Pension Scheme (LGPS), and is administered in the West of Scotland by Glasgow City Council in respect of all local authorities and admitted bodies in the former Strathclyde Area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data. Individual employer assets have been apportioned to each employer since 2002. Prior to that date, each employer was considered to have the same funding as the whole Fund.

#### **Benefits**

- From 1 April 2015 the pension salary will be calculated on a career average salary and the accrued rate will be based on 1/49th of this calculation and years of pensionable service.
- For the period 1 April 2009 to 31 March 2015 the LGPS was a defined benefit final salary scheme and the pension's accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009, the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).
- There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. Pensions are increased annually in line with changes to the Pensions (Increases) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

#### **Governance**

- The Strathclyde Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Strathclyde Pension Fund Committee. This committee is comprised solely of elected members of Glasgow City Council. Employing authorities (including East Renfrewshire Council) are represented at the Strathclyde Pension Fund Representative Forum.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.
- Under the Regulations, employers fall into three categories, scheme employers (also known as schedule bodies) such as East Renfrewshire Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other party. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

#### **Discretionary Post-retirement Benefits**

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no pension plan assets built up to meet these pension liabilities.



## Notes to the Accounts (cont'd)

### Transactions Relating to Post-Employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Included in net cost of services within Comprehensive Income and Expenditure Statement	Local Government Pension Scheme	
	2022/23 £000	2021/22 £000
<ul style="list-style-type: none"> <li>Current service cost</li> <li>Past service costs (including curtailments)</li> <li>Effect of settlement</li> <li>Contributions in respect of unfunded benefits</li> </ul>	34,979	34,827
	73	6
	-	-
	(1,244)	(1,246)
<i>Included within Financing and Investment Income and Expenditure</i>		
<ul style="list-style-type: none"> <li>Net interest cost</li> </ul>	1,615	2,593
<b>Total of LGPS Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>35,423</b>	<b>36,180</b>
Included within Other Comprehensive Income and Expenditure		
<ul style="list-style-type: none"> <li>Expected return on scheme assets</li> <li>Actuarial (gains) and losses on changes in demographic assumptions</li> <li>Actuarial (gains) and losses arising on changes in financial assumptions</li> <li>Other</li> </ul>	29,399	(36,208)
	(5,419)	(4,547)
	(291,736)	(52,729)
	36,244	1,307
	<b>(196,089)</b>	<b>(55,997)</b>
<b>Movement in Reserves Statement</b>		
<ul style="list-style-type: none"> <li>Actual amount charged against the General Fund Balance for pensions in the year: employers' contributions payable to scheme</li> <li>Less: Total Post Employment Benefit charged to the Surplus or Deficit on Provision of Services</li> </ul>	14,731	13,089
	(35,423)	(36,180)
<ul style="list-style-type: none"> <li>Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code</li> </ul>	(20,692)	(23,091)

### Pensions assets and liabilities required in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme	
	2022/23 £000	2021/22 £000
Present value of the defined benefit obligation	(518,942)	(737,116)
Fair value of plan assets	679,405	686,759
<b>Net liability arising from defined benefit obligation</b>	<b>160,463</b>	<b>(50,357)</b>

**Notes to the Accounts (cont'd)****Reconciliation of the Movements in the Fair Value of Scheme Assets.**

	<b>Local Government Pension Scheme</b>	
	<b>2022/23 £000</b>	<b>2021/22 £000</b>
<b>Opening fair value of scheme assets</b>	<b>686,759</b>	<b>635,679</b>
Effect of Settlement		
Interest income	18,589	12,735
Remeasurement gain/(loss)		
• The return on plan assets, excluding the amount included in the net interest expenses	(29,399)	36,208
• Other	-	-
The effect of changes in foreign exchange rates		
Contributions from employer	14,731	13,089
Contributions from employees into the scheme	4,640	4,122
Benefits paid	(15,915)	(15,074)
<b>Closing fair value of scheme assets</b>	<b>679,405</b>	<b>686,759</b>

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

	<b>2022/23 £000</b>	<b>2021/22 £000</b>
	Opening balance at 1 April	<b>(737,116)</b>
Effect of Settlement	-	-
Current service cost	(34,979)	(34,827)
Interest cost	(20,204)	(15,328)
Contributions from scheme participants	(4,640)	(4,122)
Remeasurement gains and (losses)		
• Actuarial gains and (losses) on changes in demographic assumptions	5,419	4,547
• Actuarial gains and (losses) arising on changes in financial assumptions	291,736	52,729
• Other	(36,244)	(1,307)
Past service cost	(73)	(6)
Benefits paid	17,159	16,320
<b>Closing balance at 31 March</b>	<b>(518,942)</b>	<b>(737,116)</b>



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

Local Government Pension Scheme assets comprised:

Asset Category	31-Mar-23				31-Mar-22			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total		Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	
	£000	£000	£000	%	£000	£000	£000	%
<b>Equity Securities:</b>								
Consumer	30,395	84	30,479	4	32,142	30	32,172	5
Manufacturing	36,907	977	37,884	6	30,158	104	30,262	4
Energy and Utilities	3,401	-	3,401	1	7,093	54	7,147	1
Financial Institutions	14,413	51	14,464	2	18,847	66	18,913	3
Health and Care	24,127	40	24,167	4	22,877	72	22,949	3
Information Technology	23,429	66	23,494	3	39,878	-	39,878	6
Other	-	-	-	-	-	-	-	-
<b>Debt Securities</b>								
Corporate Bonds (investment grade)	-	-	-	-	-	-	-	-
Corporate Bonds (non-investment grade)	-	-	-	-	-	-	-	-
UK Government	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Private Equity:-</b>								
All	-	166,990	166,990	25	-	134,442	134,442	20
<b>Real Estate:442</b>								
UK Property	-	56,017	56,017	8	-	57,917	57,917	8
Overseas Property	-	-	-	-	-	-	-	-
<b>Investment funds and unit trusts:</b>								
Equities	2,927	222,223	225,150	33	3,810	250,487	254,296	37
Bonds	-	78,353	78,353	12	-	69,362	69,362	10
Hedge Funds	-	-	-	-	-	-	-	-
Commodities	-	265	265	-	-	236	236	-
Infrastructure	-	4,363	4,363	1	-	603	603	-
Other	-	1,508	1,508	-	-	1,106	1106	-
<b>Derivative:</b>								
Inflation	-	-	-	-	-	-	-	-
Interest rate	-	-	-	-	-	-	-	-
Foreign exchange	-	(1)	(1)	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Cash and cash equivalents</b>								
All	9,397	3,474	12,871	2	17,243	232	17,475	3
<b>Totals</b>	<b>144,994</b>	<b>534,411</b>	<b>679,405</b>	<b>100</b>	<b>172,048</b>	<b>514,711</b>	<b>686,759</b>	<b>100</b>

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

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson an independent firm of actuaries, estimates for the Strathclyde Pension Fund being based on the latest full valuation of the scheme as at 31 March 2020.

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

The principal assumptions used by the actuary have been:-

	<b>Local Government Pension Scheme</b>	
	<b>2022/23</b>	<b>2021/22</b>
Investment returns	(2.3%)	7.7%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	19.3 years	19.6 years
• Women	22.2 years	22.4 years
Longevity at 65 for future pensioners:		
• Men	20.5 years	21.0 years
• Women	24.2 years	24.5 years
Rate of increase in salaries	3.65%	3.90%
Rate of increase in pensions	2.95%	3.20%
Rate for discounting scheme liabilities	4.75%	2.70%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

<b>Change in assumptions at 31 March 2023:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount £000</b>
0.1% decrease in Real Discount Rate	2%	9,626
0.1% increase in the Salary Increase Rate	-	1,153
0.1% increase in the Pension Increase Rate	2%	8,610

**Asset and Liability Matching (ALM) Strategy**

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into too narrow a range. The Fund invests in equities, bonds, properties and in cash.

**Impact on the Council's Cash Flow**

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 19.3% for the next three years following completion of the triennial valuation as at 31 March 2020.



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

The Fund takes account of national changes to the Local Government Pension Scheme in Scotland such as the move from 1 April 2015 to a new career average revalued earning scheme (CARE) for future accruals.

The total contribution expected to be made by Council to Strathclyde Pension Fund in the year to 31 March 2024 is £14.708 million.

The weighted average duration of the defined benefit obligation for scheme members is 19.0 years (19.0 years 2021/22).

### **40. CONTINGENT LIABILITIES**

There are contingent liabilities arising from insurance claims and a small number of legal cases currently in dispute. Also holiday pay issues are currently subject to Employment Law litigation on a national level and will not be resolved for a number of months. No liability has currently been accepted and no liability may arise. In addition, the potential impact of the pension rights awarded in cases with same-sex married couples and civil partnerships, known as the Goodwin case, has been identified. The Pension Fund Actuary estimates the impact is between 0.1% and 0.2% of total liability for each admitted body. These potential costs have not been included in these accounts. Further contingent liabilities exist in relation to the Council's share of any potential future claims against the former Strathclyde Regional Council and any shortfall in Government Funding to cover the additional pressures faced by the Council in connection to Covid-19.

In terms of East Renfrewshire Culture and Leisure Trust's admission to the Strathclyde Pension Scheme, the Council has guaranteed to accept liability for any unfunded pension costs should they cease to exist, withdraw from the scheme or become unable to meet any unfunded liability. In addition, funding will be provided to the Trust should their trading activities need support beyond the agreed management fee. The Council has not quantified the possible liability.

### **41. CONTINGENT ASSET**

The Council in conjunction with KPMG, is seeking to recover historic Output VAT paid to HMRC for Leisure Services. Following litigation, which the Council's claims have stood behind, HMRC have updated their [guidance https://www.gov.uk/government/publications/revenue-and-customs-brief-3-2023-changes-to-vat-treatment-of-local-authority-leisure-services/changes-to-vat-treatment-of-local-authority-leisure-services](https://www.gov.uk/government/publications/revenue-and-customs-brief-3-2023-changes-to-vat-treatment-of-local-authority-leisure-services/changes-to-vat-treatment-of-local-authority-leisure-services) which now allows local authorities to treat Leisure Services as a Non-business activity. HMRC are currently assessing the Council's outstanding claims.

### **42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Council's activities expose it to a variety of financial risks:

- credit risk - the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

### **Overall Procedures for Managing Risk**

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government (Scotland) Act 2003 and



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

associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Regulations issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its Financial Regulations/Standing Orders/Scheme of Delegation;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - the Council's overall borrowing;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures to the maturity structure of its debt;
  - its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Regulations.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy for 2022/23 including the prudential indicators was approved by Council on 3 March 2022 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2022/23 was set at £318.229m This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £286.988m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 30% based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt are shown below.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices - TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed regularly.

### **Credit Risk**

Credit risk arises from the deposits with banks and financial institutions.

This risk is minimised through the annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch, Moody's and Standard and Poors Credit Ratings Services. The Annual Treasury Management Strategy also imposes a maximum sum to be invested and the time limits in respect of each financial institution.

The credit criteria in respect of financial assets held by the Council are detailed below:



## Notes to the Accounts (cont'd)

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Credit ratings, as follows:-

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

The Council's [Capital Investment Strategy for 2022/23](https://www.eastrenfrewshire.gov.uk/media/7406/Council-Item-12-03-March-2022/pdf/Council%20Item%2012%20-%2003%20March%202022.pdf?m=637813801444530000) was approved by Council on 3 March 2022 [https://www.eastrenfrewshire.gov.uk/media/7406/Council-Item-12-03-March-2022/pdf/Council Item 12 - 03 March 2022.pdf?m=637813801444530000](https://www.eastrenfrewshire.gov.uk/media/7406/Council-Item-12-03-March-2022/pdf/Council%20Item%2012%20-%2003%20March%202022.pdf?m=637813801444530000)

The Council's maximum exposure to credit risk in relation to its investments in banks, £12.5m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

### Amounts Arising from Expected Credit Losses

At the end of the financial year expected credit losses were calculated on all amortised assets, on a 12 month basis, with the exception of investments in central government and other local authorities. This amount totalled £798 (2021/22 £3,023) during the year, the Council did not write off any financial assets.

### Credit Risk Exposure

The Council has the following exposure to risk at 31 March 2023.

£000s	Credit Risk rating	Gross Carrying Amount (£)	Exposure to Credit Risk (£)
12-month expected credit losses	AAA	20,290,000	-
	AA-	28,000,000	-
	A+	10,000,000	656
	A	10,000,000	142
Simplified approach (trade receivables excluding statutory debtors - Council Tax and Non-Domestic Rates)	Less than 3 months and past due date	379,000	-
	Three to five months	244,000	-
	Six months to one year	499,000	-
	More than one year	1,290,000	-



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

The Council does not generally allow credit for customers, such that as at 31 March 2023 £2.412m of the £3.063m (£2.532m of £3.646m as at 31 March 2022) sundry income debtor balances are past their due date for payment.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

### **Liquidity Risk**

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
<b>Less than one year</b>	377	828
<b>Between one and two years</b>	16	377
<b>Between two and five years</b>	5,033	32
<b>More than five years</b>	122,590	117,606
	128,016	118,843

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

### **Market Risk**

#### **Interest Rate Risk**

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances)
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value, on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on



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

variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	<b>£000</b>
Increase in interest payable on variable rate borrowings	142
Increase in interest receivable on variable rate investments	-
Increase in government grant receivable for financing costs	(222)
Impact on Surplus or Deficit on the Provision of Services	(80)
Share of overall impact debited to the HRA	(25)
 Decrease in fair value of fixed rate investment assets	 487
 Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	 12,891

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

### **Price Risk**

The Council does not invest in equity shares and consequently is not exposed to losses arising from movement in their price.

### **Foreign Exchange Risk**

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.



## **Housing Revenue Account Income & Expenditure Statement**

The Housing Revenue Account's Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rent and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in year, on the basis on which rents are raised is shown in the movement on the Housing Revenue Account Statement.

	HRA Notes	2022/23 £000	2021/22 £000
<b>Income</b>			
Dwelling Rents		(12,790)	(12,334)
Non-dwelling Rents		(189)	(212)
Other Income		(1,045)	(869)
<b>Total Income</b>		<b>(14,024)</b>	<b>(13,415)</b>
<b>Expenditure</b>			
Repairs and Maintenance		5,898	5,776
Supervision and Management		4,778	4,589
Depreciation and Impairment on Non-Current Assets		5,258	7,001
Difference between Fair Value and Historical Cost Depreciation		3,219	2,706
Movements in the Impairment of Debtors	4	(68)	(18)
Other expenditure		176	297
<b>Total Expenditure</b>		<b>19,261</b>	<b>20,351</b>
<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>		<b>5,237</b>	<b>6,936</b>
HRA Services' Share of Corporate and Democratic Core		38	44
<b>Net Cost for HRA Services</b>		<b>5,275</b>	<b>6,980</b>
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
• (Gain) or Loss on Sale of HRA Non-Current Assets		66	-
• Interest Payable and Similar Charges		1,447	1,364
• Interest and Investment Income		(26)	(2)
• Pension Interest Cost and Expected Return on Pension Assets		79	118
• Rental Income – operating lease over Property, Plant and Equipment		(201)	(200)
• Capital Grants and Contributions Receivable		(3,353)	(5,779)
<b>(Surplus) or Deficit for the Year on HRA Services</b>		<b>3,287</b>	<b>2,481</b>

### **Movement on the Housing Revenue Account Statement**

	HRA Notes	2022/23 £000	2021/22 £000
(Surplus) or Deficit for the Year on HRA Income and Expenditure Statement		3,287	2,481
Adjustments between Accounting Basis and Funding Basis Under Statute	1	(3,218)	(2,127)
Net (Increase) or Decrease Before Transfers to or from Reserves		69	354
(Increase) or Decrease in Year on the HRA		69	354
Balance on the HRA at the end of the Previous Year		(1,867)	(2,221)
<b>Balance on the HRA at the end of the Current Year</b>		<b>(1,798)</b>	<b>(1,867)</b>





## Notes to the Housing Revenue Account

### Housing Revenue Account Disclosures

#### 1. Adjustments between Accounting Basis and Funding Basis under Statute

	2022/23 £000	2021/22 £000
Gain or loss on sale of HRA non-current assets	(66)	-
Capital expenditure funded by the HRA	3	-
Transfer (to)/from the Capital Adjustment Account:		
• Depreciation	(5,258)	(7,001)
• Difference between Fair Value and Historical cost depreciation	(3,219)	(2,706)
• Capital Grants and Contributions	3,353	5,779
• Repayment of Debt	2,967	2,834
HRA share of contributions to or from the Pensions Reserve	(1,005)	(1,056)
Transfer to/from the Statutory Compensated Absences Account	7	23
	<u>(3,218)</u>	<u>(2,127)</u>

#### 2. Housing Stock

Council's housing stock at 31 March 2023 was 3,125 (3,061 at March 2022) in the following categories:

	2022/23 Number	2021/22 Number
1 Apartment	172	172
2 Apartment	968	952
3 Apartment	1,301	1,296
4 Apartment	595	559
5 Apartment	85	78
6 Apartment	4	4
<b>Total</b>	<u><b>3,125</b></u>	<u><b>3,061</b></u>

#### 3. Rent Arrears

At the year-end rent arrears amounted to £1,485,795 (2021/22: £1,378,533) of which the current rent arrears were £850,284 (2021/22: £906,860) representing 6.0% (2021/22: 6.7%) of gross rent due and former tenant arrears amounted to £635,511 (2021/22: £471,673). In addition, the figure contains £25,085 (2021/22: £58,821) in respect of outstanding Housing Benefit Overpayments.

#### 4. Impairment of Debtors

In the financial year 2022/23, the impairment of debtors for the Housing Revenue Account was decreased by £67,952, resulting in a bad debt provision balance of £1,227,875 (2021/22: £1,295,827).

#### 5. Void Rents

The loss of rental income recoverable from houses that were not let during the year totalled £219,200 (2021/22: £262,062).



## National Non Domestic Rates Account

National Non Domestic Rates (NNDR) income is collected by Councils on behalf of the Scottish Government. The amount of NNDR income distributed to the Council by the Scottish Government is aligned to the amount collected by the Council. The table below details the actual levels of NNDR collected by East Renfrewshire Council, the agreed Provisional Contribution Amount to the national pool and the Distributable amount due to the Council from the national pool.

The Business Rates Incentivisation Scheme (BRIS) is intended to encourage all local authorities to maximise their existing business rates income and also to encourage new businesses to start up. Each local Council that exceeds its calculated local buoyancy target will be able to retain a 50% share of the additional rates income generated, where it can be demonstrated that there is a corresponding increase in rateable value. In accordance with the guidance, the table below describes this element of Non Domestic Rates increase as "income retained by the Council".

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Gross rates levied and the contributions in lieu	20,163	20,333
Less:		
• Reliefs and other deductions	(6,079)	(9,807)
• Payments of interest	-	-
• Write-offs of uncollectable debts and allowance for impairment	(328)	(21)
<b>Net Non-Domestic Rate Income collected</b>	<b>13,756</b>	<b>10,505</b>
Collection adjustment to meet Provisional Contribution Amount	655	(207)
<b>Contribution to Non Domestic Rate pool</b>	<b>14,411</b>	<b>10,298</b>
Distribution from Non Domestic Rate pool	9,574	7,234
Adjustments for years prior to the pool	-	-
Non-Domestic Rate income retained by Council (BRIS)	-	-
<b>Income credited to the Comprehensive Income and Expenditure Statement (as per Note 14)</b>	<b>9,574</b>	<b>7,234</b>

### Net Rateable Value Calculation

The amount paid for NNDR is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £, which is determined each year by the Scottish Government. The NNDR poundage rate set by the Scottish Government for 2022/23 was £0.498 (2021/22 £0.49)

	<b>Number</b>	<b>Rateable Value as at 1 April 2022 £</b>
Shops	606	15,154,850
Offices	353	3,569,160
Hotels, Boarding Houses etc.	16	585,000
Industrial and Freight Transport	156	1,428,420
Subject Miscellaneous	433	17,895,539
Subjects Other	253	2,802,220
<b>Total</b>	<b>1,817</b>	<b>41,435,189</b>



## Council Tax Income Account

Local Councils raise taxes from residents through the Council Tax - which is a property tax linked to property values. Each dwelling in a local council area is placed into one of 8 valuation bands (A to H). The local council determines the annual tax for a band D property and all other properties are charged a proportion of this, with lower valued properties (Bands A to C) paying less, and higher valued property (E to H) paying more. The Council Tax Income Account shows the gross income raised from Council Taxes levied and deductions made under statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Gross Council Tax levied and contributions in lieu	70,864	67,516
Adjustments for prior years Council Tax	(129)	(371)
Adjusted for:		
• Council Tax Reduction Scheme	(4,199)	(4,063)
• Council Tax Benefits (Net of Government Grants)	-	-
• Other discounts and reductions	(7,232)	(6,747)
• Uncollectable debt and allowance for impairment	(693)	(1,969)
<b>Net Council Tax Income included in the Comprehensive Income and Expenditure Account (as per Note 14)</b>	<b>58,611</b>	<b>54,366</b>

### Calculation of the council tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest “A” to the highest “H”. The council tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings. The band D council tax charge is calculated using the council tax base, and this in turn fixes the charge for each of the other bands that are based on pre-determined proportions relative to the band D charge. The band D charge for 2022/23 was £1,335.11 (2021/22: £1,289.96).

A discount of 25% on the council tax is made where there are fewer than two residents in a property and 50% for properties that are empty for less than 6 months. Discounts of 10% are applied to unoccupied properties. Certain persons are disregarded for Council Tax purposes, including people who are in detention, students and people who are severely mentally impaired. Reductions in council tax payable are also available for people with disabilities.

Charges for water and sewerage services are the responsibility of Scottish Water. East Renfrewshire Council collects total monies and makes a precept payment to Scottish Water on the basis of collection levels based on a pre-determined formula. The figures below exclude the water and sewerage charges.

**Council Tax Income Account (cont'd)****Calculation of the Council Tax Base 2022/23\***

	No. of Dwellings	No. of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	Total Dwellings	Ratio to Band D	Band D Equivalents
BAND A	1,335	(146)	17	(180)	(8)	1,018	240/360	679
BAND B	5,258	(268)	1	(614)	(10)	4,367	280/360	3,397
BAND C	4,109	(141)	7	(438)	(26)	3,511	320/360	3,121
BAND D	6,735	(168)	43	(640)	(21)	5,949	1	5,949
BAND E	8,378	(158)	(8)	(548)	(21)	7,643	473/360	10,042
BAND F	6,532	(65)	(11)	(330)	(13)	6,113	585/360	9,934
BAND G	6,800	(73)	(43)	(283)	(14)	6,387	705/360	12,508
BAND H	762	(2)	(6)	(18)	(3)	733	882/360	1,796
							<b>TOTAL</b>	<b>47,426</b>
							Provision for non-collection (2%)	949
							Council Tax Base	46,477

\*Source: A Questionnaire requested by the Scottish Government entitled Council Tax Base 2021  
(Please note, the sum of the individual items may not equal the totals shown due to rounding)

Dwellings fall within a valuation band between A to H which is determined by the Assessor. The Council Tax charge is calculated using the Council Tax Base i.e. Band D equivalents. This value is then increased or decreased depending on the band. Based on the Council Tax base available to East Renfrewshire Council, the band D charge for 2022/23 was £1,335.11

BAND A	£890.07	BAND E	£1,754.19
BAND B	£1,038.42	BAND F	£2,169.55
BAND C	£1,186.76	BAND G	£2,614.59
BAND D	£1,335.11	BAND H	£3,271.02



## Common Good Fund

The earliest legislation which reflects the existence of the Common Good can be traced back to the Common Good Act 1491. The term common good is used to denote all property of the former Burghs not acquired under statutory powers or held under special trusts and was reserved for purposes which promoted the general good of the inhabitants or dignity of the Burgh. The Council administers these funds but they are not council assets and have not been included in the council's balance sheet. The in-year movement relates to the capital accounting entries and is not based on costs incurred or income received.

### Movement in Reserves statement for the year ending 31 March 2023

	2022/23 Unusable Reserve £000	2021/22 Unusable Reserve £000
<b>Balance at 1 April</b>	<b>(2,449)</b>	<b>(1,713)</b>
Deficit / (surplus) on the provision of services	578	(707)
Other comprehensive income and expenditure	(212)	(29)
<b>Balance at 31 March</b>	<b>(2,083)</b>	<b>(2,449)</b>

### Comprehensive Income and Expenditure Statement for the year ending 31 March 2023

	Expenditure £000	2022/23 Income £000	Net £000	Expenditure £000	2021/22 Income £000	Net £000
Net costs of services	578	-	578	(707)	-	(707)
<b>(Surplus) or deficit</b>			<b>578</b>			<b>(707)</b>
(Surplus) / deficit on revaluation of fixed assets			(212)			(29)
<b>Total Comprehensive (Income) and Expenditure</b>			<b>366</b>			<b>(736)</b>

### Balance Sheet

	2022/23 £000	2021/22 £000
Property, Plant and Equipment	2,083	2,449
<b>Net Assets</b>	<b>2,083</b>	<b>2,449</b>
Unusable Reserve:		
Revaluation Reserve	(838)	(695)
Capital Adjustment Account	(1,245)	(1,754)
<b>Net Reserves</b>	<b>(2,083)</b>	<b>(2,449)</b>

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

	<b>Land and Buildings 2022/23 £000</b>	<b>Land and Buildings 2021/22 £000</b>
Cost or Valuation at 1 April	2,536	1,833
Additions	319	885
Donations	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14)	(50)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(758)	(132)
Derecognition – disposals	-	-
Derecognition – other	-	-
Assets reclassified (to)/from Held for Sale	-	-
Other movements in cost or valuation	-	-
<b>As at 31 March</b>	<b>2,083</b>	<b>2,536</b>
Accumulated Depreciation and Impairment at 1 April	(87)	(120)
Depreciation charge	(168)	(158)
Depreciation written out on disposal	-	-
Depreciation written out on Revaluation Reserve	226	79
Depreciation written out on Surplus/Deficit on the provision of Services	29	112
Derecognition – other (transfers)	-	-
<b>As at 31 March</b>	<b>-</b>	<b>(87)</b>
<b>Net Book Value at 31 March 2023</b>	<b>2,083</b>	
<b>Net Book Value at 31 March 2022</b>	<b>2,449</b>	<b>2,449</b>
<b>Net Book Value at 31 March 2021</b>		<b>1,713</b>



# Group Comprehensive Income & Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Year ended 31 March 2022

Year ended 31 March 2023

Gross Expenditure Restated £'000	Gross Income Restated £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
168,138	(16,501)	151,637	Education	169,469	(18,787)	150,682
151,470	(92,587)	58,883	HSCP – Provision of Services	149,877	(82,011)	67,866
41,098	(11,748)	29,350	Environment	44,104	(11,276)	32,828
21,673	(14,300)	7,373	Business Operations & Partnerships	23,117	(14,299)	8,818
430	(250)	180	Chief Executive's Office	552	(273)	279
5,111	(31)	5,080	Other Expenditure & Income	6,434	(109)	6,325
3,624	(279)	3,345	Support Services – Chief Executive's Office	3,659	(248)	3,411
15,391	(810)	14,581	Support Services – Business Operations & P'ships	13,432	(283)	13,149
2,821	(247)	2,574	Support Services – Environment	2,027	(555)	1,472
10,765	(4,872)	5,893	Share of operating results of subsidiaries:-			
(707)	-	(707)	ERC Leisure Trust	10,114	(4,140)	5,974
10	(9)	1	Common Good	578	-	578
			Trust Funds	9	-	9
<b>419,824</b>	<b>(141,634)</b>	<b>278,190</b>	<b>Net Cost of General Fund Services</b>	<b>423,372</b>	<b>(131,981)</b>	<b>291,391</b>
20,351	(13,415)	6,936	HRA	19,261	(14,024)	5,237
<b>440,175</b>	<b>(155,049)</b>	<b>285,126</b>	<b>Cost of Services</b>	<b>442,633</b>	<b>(146,005)</b>	<b>296,628</b>
		229	Other operating expenditure			(490)
		12,471	Financing and investment income and expenditure			9,561
		(277,410)	Taxation and non-specific grant income			(288,825)
		<b>20,416</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>16,874</b>
		(279)	Share of operating results of associates			(229)
		(5,134)	Share of operating results of joint venture			7,353
		<b>15,003</b>	<b>Group (Surplus) / Deficit (Note 1 Group)</b>			<b>23,998</b>
		(27,637)	(Surplus) / Deficit on revaluation of fixed assets			(143,229)
		(98,169)	Actuarial (gains)/losses on pension assets/liabilities			(231,512)
		(1,960)	Share of other comprehensive expenditure and income of associates and joint venture			(662)
		<b>(127,766)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(375,403)</b>
		<b>(112,763)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(351,405)</b>



# Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council along with the share of reserves of its subsidiary, associates and joint venture, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the movements chargeable to council tax (or rents) for the year.

The Increase/Decrease line shows the statutory Group General Fund Balance and Housing Revenue Account Balance movements in the year following these adjustments.

	Unallocated General Fund Balance £000	Earmarked General Fund Balance £000	Housing Revenue Account £000	Capital Grants & Receipts Unapplied £000	Repairs & Renewals Fund £000	Insurance Fund £000	Capital Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Share of Reserves of Subsidiary Associates and Joint Venture Usable Reserves £000	Share of Reserves of Subsidiary Associates and Joint Venture Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2022 carried forward</b>	(11,772)	(34,417)	(1,867)	(2,628)	(3,647)	(1,903)	(2,671)	(58,905)	(500,587)	(19,293)	(15,808)	(594,593)
<b>Movement in reserves during 2022/23</b>												
Total Comprehensive (Income) and Expenditure	13,138	-	3,287	-	-	-	-	16,425	(374,529)	7,573	(874)	(351,405)
Adjustments between accounting basis & funding basis under regulations	(18,841)	-	(3,218)	2,628	-	-	(2,443)	(21,874)	21,874	(27)	27	-
<b>(Increase)/Decrease in 2022/23</b>	<b>(5,703)</b>	<b>-</b>	<b>69</b>	<b>2,628</b>	<b>-</b>	<b>-</b>	<b>(2,443)</b>	<b>(5,449)</b>	<b>(352,655)</b>	<b>7,546</b>	<b>(847)</b>	<b>(351,405)</b>
<b>Net transfer to or from Reserves</b>	<b>10,934</b>	<b>(11,039)</b>	<b>-</b>	<b>-</b>	<b>436</b>	<b>(43)</b>	<b>(288)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(6,541)</b>	<b>(45,456)</b>	<b>(1,798)</b>	<b>-</b>	<b>(3,211)</b>	<b>(1,946)</b>	<b>(5,402)</b>	<b>(64,354)</b>	<b>(853,242)</b>	<b>(11,747)</b>	<b>(16,655)</b>	<b>(945,998)</b>
	Unallocated General Fund Balance £000	Earmarked General Fund Balance £000	Housing Revenue Account £000	Capital Grants & Receipts Unapplied £000	Repairs & Renewals Fund £000	Insurance Fund £000	Capital Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Share of Reserves of Subsidiary Associates and Joint Venture Usable Reserves £000	Share of Reserves of Subsidiary Associates and Joint Venture Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2021 carried forward</b>	(11,670)	(35,594)	(2,221)	(1,920)	(4,236)	(1,969)	(2,668)	(60,278)	(399,511)	(14,935)	(7,106)	(481,830)
<b>Movement in reserves during 2021/22</b>												
Total Comprehensive (Income) and Expenditure	17,601	-	2,481	-	-	-	-	20,082	(119,785)	(5,079)	(7,981)	(112,763)
Adjustments between accounting basis & funding basis under regulations	(16,813)	-	(2,127)	-	-	-	231	(18,709)	18,709	721	(721)	-
<b>(Increase)/Decrease in 2021/22</b>	<b>788</b>	<b>-</b>	<b>354</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>1,373</b>	<b>(101,076)</b>	<b>(4,358)</b>	<b>(8,702)</b>	<b>(112,763)</b>
<b>Net transfer to or from Reserves</b>	<b>(890)</b>	<b>1,177</b>	<b>-</b>	<b>(708)</b>	<b>589</b>	<b>66</b>	<b>(234)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>(11,772)</b>	<b>(34,417)</b>	<b>(1,867)</b>	<b>(2,628)</b>	<b>(3,647)</b>	<b>(1,903)</b>	<b>(2,671)</b>	<b>(58,905)</b>	<b>(500,587)</b>	<b>(19,293)</b>	<b>(15,808)</b>	<b>(594,593)</b>





## Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council and its Group entities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022 £000		31 March 2023 £000
769,911	Property, Plant & Equipment	940,084
260	Heritage Assets	285
118	Intangible Assets	140
31,193	Long-term Investments and/or Investments in Associates and Joint Venture	23,585
250	Investments	247
(52,083)	Defined Benefit Liability	158,737
<b>749,649</b>	<b>Long Term Assets</b>	<b>1,123,078</b>
-	Assets Held for Sale	-
481	Short Term Intangible Assets	481
617	Inventories	604
30,779	Short Term Debtors	26,783
13,998	Short Term Investments	4,999
66,179	Cash and Cash Equivalents	65,750
<b>112,054</b>	<b>Current Assets</b>	<b>98,617</b>
(828)	Short Term Borrowing	(377)
(5,211)	Finance Leases including PFI/PPP	(5,368)
(61,512)	Short Term Creditors	(66,452)
(617)	Provisions	(640)
<b>(68,168)</b>	<b>Current Liabilities</b>	<b>(72,837)</b>
(167)	Provisions – long term	(166)
(118,015)	Long Term Borrowing	(127,639)
(43)	Long Term Creditors	(5)
110	Liabilities in Associates and Joint Ventures	1,256
(73,500)	PFI/PPP Finance Lease	(68,132)
(7,327)	Capital Grant Receipts in Advance	(8,174)
<b>(198,942)</b>	<b>Long Term Liabilities</b>	<b>(202,860)</b>
<b>594,593</b>	<b>Net Assets</b>	<b>945,998</b>
(78,198)	Usable Reserves	(76,101)
(516,395)	Unusable Reserves	(869,897)
<b>(594,593)</b>	<b>Total Reserves</b>	<b>(945,998)</b>

Margaret McCrossan CPFA  
Head of Accountancy (Chief Financial Officer)  
The unaudited financial statements were issued on 13 June 2023

**Group Cash Flow Statement**

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Council and its Group entities during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

<b>2021/22</b>		<b>2022/23</b>
<b>£000</b>		<b>£000</b>
15,003	Net Group (surplus) or deficit on the provision of services	23,998
(41,073)	Group adjustments to net surplus or deficit on the provision of services for non-cash movements	(36,031)
-	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-
(26,070)	Net cash flows from Operating Activities	(12,033)
16,330	Investing Activities	25,426
6,461	Financing Activities	(12,964)
(3,279)	Net (increase) or decrease in cash and cash equivalents	429
(62,900)	Cash and cash equivalents at the beginning of the reporting period	(66,179)
<b>(66,179)</b>	<b>Cash and cash equivalents at the end of the reporting period (Including Bank overdraft)</b>	<b>(65,750)</b>

**Notes to the Group Accounts****1. RECONCILIATION OF EAST RENFREWSHIRE COUNCIL'S SURPLUS OR DEFICIT FOR THE YEAR TO THE GROUP SURPLUS OR DEFICIT**

**PURPOSE** This statement shows how the (surplus)/deficit on the Council's single entity Income and Expenditure Account for the year reconciles to the (surplus)/deficit for the year on the Group Accounts.

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>(Surplus)/Deficit on East Renfrewshire Council's provision of services</b>	<b>16,425</b>	<b>20,082</b>
<b>(Surplus)/Deficit in year arising from subsidiaries included in Group Accounts:</b>		
Net expenditure/(income) on Trust Funds in year	1	1
Common Good	578	(707)
East Renfrewshire Culture and Leisure Trust	(130)	1,040
<b>(Surplus)/Deficit in year arising from associates included in the Group Accounts:</b>		
• Strathclyde Partnership for Transport	(240)	(303)
• Strathclyde Concessionary Travel Scheme Joint Committee	(19)	(51)
• Renfrewshire Valuation Board	30	75
<b>(Surplus)/Deficit in year arising from a joint venture included in the Group Account:</b>		
East Renfrewshire Integration Joint Board	7,353	(5,134)
<b>GROUP ACCOUNT (SURPLUS)/DEFICIT FOR THE YEAR ON PROVISION OF SERVICES</b>	<b>23,998</b>	<b>15,003</b>



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

### **2. COMBINING ENTITIES**

The following entities have been consolidated into the Group Statements as subsidiaries of the council.

#### **Subsidiaries:-**

##### **Common Good and Charitable Trusts**

Barrhead Common Good along with the Council's Charitable Trust Funds are administered by East Renfrewshire Council (as sole trustee) and are treated as subsidiaries within Council's Group Accounts, with assets, liabilities, reserves, income and expenses being consolidated line-by-line.

##### **East Renfrewshire Culture and Leisure Trust**

East Renfrewshire Culture and Leisure Trust was incorporated on 2 July 2015 as a company limited by guarantee. The company is also a registered charity, with East Renfrewshire Council being the sole member. The Council provides funding to the Trust based on an agreed service plan; however, the limit of the council's liability if the company was wound up is £1. Under accounting standards, the council has a controlling interest in this company. It is therefore included in the Group Financial Statements as a subsidiary.

The company will promote, advance and further charitable purposes and activities through the provision of services which enhance and contribute to the health, fitness, personal development and wellbeing of the residents of East Renfrewshire (and beyond) including, but not limited to, educational, sporting, culture and heritage based and community activities.

After accounting for FRS 102 Retirement Benefits, the net assets of the company were £1.14m at 31 March 2023. The gain/ (loss) on ordinary activities before and after taxation for the year to 31 March 2023 £0.130m (2021/22 (£1.040m)).

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

The Council also exercises a significant influence over a number of entities, details of which are listed below. All of these bodies share the same financial year as the Council and have all been incorporated into the Group Accounts as either associates or joint ventures.

#### **Associates:-**

##### **Strathclyde Partnership for Transport**

Is the statutory body responsible for formulating the public transport policy for the 12 local authorities in the West of Scotland. The Council contributed £1.53m or 4.29% to the Council's running costs during 2022/23 and accounted for £20.338m (2021/22 £20.612m) of the net balance sheet assets within the Group Balance Sheet. The accounts of the Council are subject to independent audit and are available from The Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.



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

### **Strathclyde Concessionary Travel Scheme Joint Committee**

Comprises the 12 Councils within the West of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The costs of the Scheme are met by a combination of funding from the 12 constituent Councils and by direct grant funding from the Scottish Government. The Strathclyde Passenger Transport Executive administers the Scheme on behalf of the Board.

During 2022/23 the Council contributed £0.181m or 4.46% to the annual running costs and accounted for £0.224m (2021/22 £0.205m) of the net Balance Sheet assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

### **The Renfrewshire Valuation Joint Board**

Is an independent public body formed in 1996 at local government reorganisation by an Act of Parliament. The Council has no shares in, nor ownership of the Board. The Board's running costs are met by the three councils of East Renfrewshire, Inverclyde and Renfrewshire. Surpluses or deficits on the Board's operation are shared between the three member councils. The accounts of the Board are subject to audit and are available from the Treasurer of the Renfrewshire Valuation Joint Board, Renfrewshire Council, Council Headquarters, Paisley PA1 1JB.

The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of East Renfrewshire, Inverclyde and Renfrewshire. East Renfrewshire Council contributed £0.580m or 20.48% to the organisation's revenue costs and its share of the year-end net asset of £1.256m (2021/22 £0.110m net liability) is included in the Group Balance Sheet.

### **Joint Venture:-**

#### **East Renfrewshire Integration Joint Board**

The East Renfrewshire Integration Joint Board was formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Joint Venture between East Renfrewshire Council and the Greater Glasgow & Clyde Health Board.

Integration Joint Boards are specified as Section 106 bodies under the Local Government (Scotland) Act 1973 and as such are required to prepare their financial statements in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 supported by International Financial Reporting Standards (IFRS).

The East Renfrewshire Integration Joint Board receives contributions from its funding partners, namely East Renfrewshire Council and the Greater Glasgow and Clyde Health Board to fund its services. Expenditure is incurred in the form of charges for services provided to the Joint Board by its partners.

During 2022/23 the Council contributed £82.246m or 40.32% to the annual running costs and accounted for £3.023m (2021/22 £10.376m) of the net Balance Sheet assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Chief Financial Officer to the East Renfrewshire Integration Joint Board, Eastwood Health and Care Centre, Drumby Crescent, Clarkston, G76 7HN.

**Notes to the Group Accounts (cont'd)****3. FINANCIAL IMPACT OF CONSOLIDATION**

The effect of inclusion of the Common Good along with the subsidiary, associate and joint venture entities and the trust fund balances on the Group Balance Sheet is to increase both Reserves and net assets by £28.402m, representing the Council's net share of the net assets in these entities.

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
<b>Surplus/(Deficit) on East Renfrewshire Council's net assets</b>	<b>917,596</b>	<b>559,492</b>
<b>Surplus/(Deficit) in year net assets from subsidiaries included in Group Accounts:</b>		
Trust Funds in year	338	339
Common Good	2,083	2,449
East Renfrewshire Culture and Leisure Trust	1,140	1,010
<b>Surplus/(Deficit) in year net assets from associates included in the Group Accounts:</b>		
• Strathclyde Partnership for Transport	20,338	20,612
• Strathclyde Concessionary Travel Scheme Joint Committee	224	205
• Renfrewshire Valuation Board	1,256	110
<b>Surplus/(Deficit) in year net assets from a joint venture included in the Group Account:</b>		
East Renfrewshire Integration Joint Board	3,023	10,376
<b>GROUP ACCOUNT SURPLUS/(DEFICIT) FOR THE YEAR ON NET ASSETS</b>	<b>945,998</b>	<b>594,593</b>

**4. ACCOUNTING POLICIES**

The financial statements in the Group Accounts of East Renfrewshire Council are prepared in accordance with the accounting policies set out for the single entity.

**5. PENSIONS**

Disclosure of information relating to the pensions of East Renfrewshire Council and its associates follows the reporting requirements of IAS19 Employee Benefits. Information relating to the pensions of subsidiaries follows the reporting requirements of FRS102 (The financial Reporting Standard applicable in the UK and Republic of Ireland) and includes separate assumptions for their actuarial valuation.

**6. GOING CONCERN**

The Council's share of East Renfrewshire Culture & Leisure Trust's (ERCLT) net reserves is a net asset, this asset is after accounting for a pension liability. The pension liability, due in future years, will be financed by annual pension contributions and returns on pension fund investments.

ERCLT has prepared their accounts on a going concern basis, as has the Council in preparing its Group Financial Statements as it is expected that funding, aligned with robust budget processes, will continue to provide sufficient resources.

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

The Council acts as Trustees for 17 Trusts, 7 of which have charitable status. These are varied in nature and relate principally to legacies left by individual inhabitants over a period of years. The funds do not represent assets of the Council and are not included in the Council's single entity Balance Sheet.

		Balance 31.03.22 £	Expenditure £	Income £	Balance 31.03.23 £
Charity Number					
SCO05976	Duff Memorial Fund	7,530	7,530	274	274
SCO16641	Newton Mearns Benevolent Fund	2,135	95	87	2,127
SCO19475	Janet Hamilton Fund	11,502	267	1,183	12,418
SCO19474	John Pattison Memorial	53	52	219	220
SCO19473	Hugh & Janet Martin Fund	972	50	376	1,298
SCO37293	Netherlee School 1937	3,948	-	427	4,375
SCO37925	Talented Children & Young People	22	-	13	35
<b>CHARITABLE REVENUE BALANCES</b>		<b>26,162</b>	<b>7,994</b>	<b>2,579</b>	<b>20,747</b>
	Thornliebank War Memorial Fund	706	-	17	723
	Anderson Bequest	4	-	25	29
	Cathcart Cemetery Fund	6,342	-	207	6,549
	Crum Memorial	76	-	26	102
	McNiven Prize	944	-	44	988
	Rev Denis Reen	2,239	-	95	2,334
	James Cowan Bequest	403	-	19	422
	Cowan Park Cropping Fund	27	-	10	37
	Annie Tyson Trust Fund	47,759	488	4,613	51,884
	Rita Donnelly Memorial Prize	20	-	-	20
<b>OTHER TRUST FUND REVENUE BALANCES</b>		<b>58,520</b>	<b>488</b>	<b>5,056</b>	<b>63,088</b>
				<b>Capital Value of Fund</b>	
				<b>31.03.23</b>	<b>31.03.22</b>
				<b>£</b>	<b>£</b>
<b>The Principal Funds</b>	Duff Memorial Fund		For the upkeep of Duff Memorial Hall	4,646	4,646
	Janet Hamilton Fund		Assisting the sick requiring nursing or hospital treatment	40,131	40,131
	John Pattison Memorial		Assisting the deserving poor in Barrhead	9,657	9,657
	Hugh & Janet Martin Fund		For charitable and educational purposes	15,574	15,574
	Netherlee School 1937		To advance the education of the pupils of Netherlee Primary	15,000	15,000
	Talented Children & Young People		For talented children and young people in the fields of arts and crafts	555	555
	Other – Charitable			1,500	1,500
<b>CHARITABLE TOTAL RESERVES</b>				<b>87,063</b>	<b>87,063</b>
	Annie Tyson Trust Fund		Assisting with special needs training	157,306	157,306
	Other Trust Funds			10,256	10,256
<b>OTHER TRUST FUND TOTAL RESERVES</b>				<b>167,562</b>	<b>167,562</b>

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

		2022/23 £	2021/22 £
<b>Balance Sheet – Charitable</b>	Fund balances	107,810	113,225
	Creditors	-	-
	<b>TOTAL LIABILITIES</b>	<b>107,810</b>	<b>113,225</b>
	Investments	-	-
	Debtors	-	-
	Due by Loans Fund	107,810	113,225
	<b>TOTAL ASSETS</b>	<b>107,810</b>	<b>113,225</b>
		<b>2022/23 £</b>	<b>2021/22 £</b>
<b>Balance Sheet – Other Trust Funds</b>	Fund balances	230,650	226,082
	Creditors	-	-
	<b>TOTAL LIABILITIES</b>	<b>230,650</b>	<b>226,082</b>
	Investments	-	-
	Debtors	-	-
	Due by Loans Fund	230,650	226,082
	<b>TOTAL ASSETS</b>	<b>230,650</b>	<b>226,082</b>

**8. NON MATERIAL INTEREST IN JOINT COMMITTEES**

The Council has an interest in a number of Joint Committees that have not been consolidated within the group accounts. In aggregate they are considered to be immaterial to the understanding of the accounts.

- **Scotland Excel** took up the activities of the Authorities Buying Consortium and similar bodies across the Scottish local authority sector on 1 April 2008. It is a not-for-profit organisation funded mainly by the 32 participating Scottish local authorities. During the year, the Council made a contribution of £78,587 (2021/22, £76,300) representing 2% (2021/22, 2%) of the organisation's estimated running costs for the year to 31 March 2023.
- The **Glasgow and the Clyde Valley Strategic Development Planning Authority** Joint Committee covers the eight councils within its area. Under the Town and Country Planning (Scotland) Act 1997, each member Council not only has responsibilities for local planning matters in its area but also the strategic issues that cover the wider area of the Glasgow & Clyde Valley. Accordingly, the committee prepares, monitors and reviews the Strategic Development Plan on behalf of member councils and liaises with Central Government, Scottish Enterprise and other bodies. During the year, the Council contributed £68,375 (£2021/22 £52,537) representing 12.5% (2021/22, 12.5%) of the Committee's estimated running costs for the year to 31 March 2023.
- **Continuing Education Gateway** is a consortium of 11 local authorities in the West of Scotland. It was formed in April 2000 to further the provision of careers and education guidance services. During the year, the Council made a contribution of £16,400 (2021/22, £16,400) representing 4.20% (2021/22 4.20%) of the consortium's estimated running costs for the year to 31 March 2023.





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

- The **West of Scotland Archaeology Service** was set up in 1997 as a Committee of 11 authorities in the region. It is currently funded by 12 local authorities and by Historic Scotland for specific projects. Its primary purpose is to provide planning related archaeological advice to its members, permitting them to discharge their duties in respect of Scottish Government planning guidance for the treatment of archaeological remains in the planning process. During the year, the Council made a contribution of £7,619 (2021/22, £7,619) representing 4.47% (2021/22 4.78%) of the Committee's estimated running costs for the year to 31 March 2023.
- The **West of Scotland European Forum** was set up in 2007 as a Joint Committee and consists mainly of 12 local authorities. Its purpose is to develop positive links between the communities of the region and institutions of the European Union. In this task it follows on from the work previously undertaken by the West of Scotland European Consortium (WOSSEC). As this forum will no longer be in operation beyond 2022/23 there were no contributions made by any of the member authorities during the year.
- The **Glasgow City Region Cabinet** is a Joint Committee established on 20 January 2015. The purpose of the Committee is to determine the strategic Development priorities for the Clyde Valley Region and to monitor and ensure the delivery of the City Deal Programme as agreed between member authorities and the UK and Scottish Governments. The City Deal Programme aims to deliver a £1.1bn investment programme, including delivery of labour market and innovation programmes. During the year the Council made a contribution of £70,336 (2021/22, £67,044) representing 5.22% (2021/22 5.2%) of the organisation's running costs for the year to March 2023.
- The **SEEMIS Group LLP** was incorporated on 11 May 2009 and commenced trading on 1 July 2010. It is funded by the 32 authorities and the principal activity of the LLP is the provision of information technology solutions to education services. During the year, the Council made a contribution of £137,431 (2021/22, £124,473) representing 2.51% (2021/22 2.51%) of the organisation's running costs for the year to 31 March 2023.



## **Glossary of Terms**

Much of the terminology used in this Report is intended to be self-explanatory. However, the following additional definitions and interpretations of terms used may be helpful.

### **1. Gross Expenditure**

This includes all expenditure attributable to the service / activity including employee costs, expenditure relating to premises and transport, supplies & services, third party payments and capital charges.

### **2. Gross Income**

This includes the charges to individuals and organisations for the direct use of the Council's services.

### **3. Corporate and Democratic Core**

Corporate and Democratic Core costs include the costs of policy making and all other member based activities together with costs which relate to the general running of the Council. The Service Reporting Code of Practice for Local Authorities stipulates that such costs are to be excluded from the Total Cost relating to the Housing Revenue Account service activity.

### **4. Capital Charges**

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

### **5. Financing Costs**

This includes the annual costs of financing the sums borrowed by the Council covering its capital repayment of loans, interest charges and debt management expenses.

### **6. Specific Government Grant**

This includes grants received from Central Government in respect of a specific purpose or service e.g. Gaelic Grant.

### **7. Capital Expenditure**

This is expenditure incurred in creating, acquiring or improving assets where the expenditure is normally financed by borrowing with repayment over a period of years, or by utilising the income from the sale of existing assets.

### **8. Non-Current Assets**

These are created by capital expenditure incurred by the Council. This includes buildings and property, vehicles, plant and machinery, roads, computer equipment etc.

### **9. Revaluation Reserve**

The Revaluation Reserve represents the accumulated gains on the revaluation of fixed assets not yet realised through sales. This account cannot be used to support spending.

### **10. Capital Adjustment Account**

The capital adjustment account represents the accumulation of capital resources set aside to meet past expenditure. This account cannot be used to support spending.

### **11. Financial Instruments Adjustment Account**

This account is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and lending. This account cannot be used to support spending.

### **12. Capital Grant Receipts in Advance**

This contains any capital grants or contributions which have been received where the related capital expenditure has not yet been incurred and will be released to meet the costs of that capital expenditure as appropriate.



## **Glossary of Terms (cont'd)**

### **13. Pension Reserve**

The Local Government Pension Fund (Scotland) Regulations 2003 came into force on 20 December 2003 and require Local Authorities to set up a pension reserve fund for pension scheme surpluses and deficits. This fund is separate from a Council's General Fund and means that any pension scheme surplus / deficit will not impact on local taxation.

### **14. Generally Accepted Accounting Practice in the UK (UK GAAP)**

The overall body of regulation establishing how Company accounts must be prepared in the United Kingdom. The basis on which Local Authority accounts were previously prepared.

### **15. International Financial Reporting Standards (IFRS)**

The basis on which Local Authority accounts are currently prepared.

### **16. Subsidiary**

An entity over which the Council has overall control through the power to govern its financial and operating policies so as to obtain benefits from the entity's activities.

### **17. Associate**

An entity other than a subsidiary or joint venture in which the reporting Council has a participating interest and over whose operating and financial policies the reporting Council is able to exercise significant influence.

### **18. Joint Venture**

A contractual or binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

### **19. Entity**

A body corporate, partnership, trust, unincorporated association, or statutory body that is delivering a service, or carrying on a trade or business, with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single-entity accounts.

### **20. Common Good**

Denotes all assets of the former Burghs not acquired under statutory powers or held under special trusts and reserved for purposes which promoted the general good of the inhabitants or dignity of the Burgh.



EAST RENFREWSHIRE COUNCIL  
AUDIT AND SCRUTINY COMMITTEE

22 June 2023

Report by Director of Business Operations and Partnerships

CODE OF CORPORATE GOVERNANCE

**PURPOSE OF REPORT**

1. To update the Audit and Scrutiny Committee on progress against improvement actions in the 2022/23 Code of Corporate Governance and to approve a new Code for 2023/24.

**RECOMMENDATIONS**

2. The Audit and Scrutiny Committee is asked to:-
- (a) Note progress on the 2022/23 Code of Corporate Governance improvement actions, and:
  - (b) Approve the Code of Corporate Governance updates (Annex 1) and actions for 2023/24.

**BACKGROUND**

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

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

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

6. The *Delivering Good Governance in Local Government* framework was revised in 2016. The Code comprises of seven governing principles and a set of supporting principles. The full set of principles is listed in the draft code in Annex 1, alongside some examples of high-level evidence. A matrix diagram providing a list of all evidence and links to the code to demonstrate good corporate governance is included at the end of Annex 1 for ease of reference.

7. All councils must comply with the following requirements:
- Publication of an annual progress summary on the previous year's Code, including any actions taken to improve compliance.
  - Publication of an annual Code of Corporate Governance update. This must include an update on any new evidence we can present. It must also include self-assessment scoring of the evidence we have regarding: compliance with national guidance on each governance requirement; and details of any action planned to improve compliance during 2023/24.
  - Inclusion of an Annual Governance Statement in the Council's Annual Report and Accounts.

## **STREAMLINING THE REPORT**

8. Efforts to condense the volume of documents submitted to Elected Members led us to reassess the Code of Corporate Governance. An extensive review was conducted, utilising governance documents from East Renfrewshire Council's Local Government Benchmarking Framework (LGBF) comparator family group for corporate services, in conjunction with the best practice model provided by Fife Council. The focus was on authorities demonstrating similar corporate governance structures, enabling a fair and focused comparison. The outcome of this exercise is a considerably more concise and focused Code, achieved by carefully reducing the overall content.

9. This strategic shift in format removes specific actions for improvement from the Code document itself. Instead, these are comprehensively outlined in this covering report. The main body of the Code document now consists of high-level evidence associated with each requirement. For a comprehensive list of all evidence please refer to the matrix provided at the conclusion of Annex 1.

10. As part of this review, we investigated whether other Audit and Scrutiny Committees participated in the code self-assessment exercise. This research found that other Councils typically do not involve Elected Members in the operational review process. Instead, they uphold the committee's role in carrying out the scrutiny function of the code.

## **PROGRESS ON 2022/23 ACTIONS**

11. In April 2023 an update on the actions from the 2022/23 Code of Corporate Governance update was produced. [Available here.](#)

12. One improvement activity listed in the 2022/23 code was completed and two activities are scheduled for completion by June 2023:

- We have created a central repository of completed Equality, Fairness and Rights Impact Assessments (EFRIAs) which went live in December 2022.
- The use of research on the impact of Covid-19 in East Renfrewshire to influence the Council's strategic planning, including further development of Vision for the Future is ongoing. An update on Vision for the Future will be considered at Council in June 2023.
- A framework for mainstreaming Participatory Budgeting is in the final stages and will be completed by June 2023.

13. The remaining activities have been carried forward into the 2023/24 plan (activities are organised by their corresponding supporting principle within the Code):

- A1.2 – Following the consideration of Vision for the Future in June 2023, further scoping and development with community partners and local residents, with a view to a broader

review of outcomes and the 'golden thread' of strategic planning planned for 2024/25, will be completed by June 2024.

- C2.3 – The Get to Zero Action Plan was delayed to allow for the Budget Strategy consultation to take place. We are now expecting to publish the plan in September or October 2023.
- C2.3 – A meeting was convened for the Climate Partnership in September 2022. This was poorly attended with only 3/11 Community Councils being represented; an alternative approach to community engagement on climate change is being proposed. It is anticipated this will be reported to Cabinet by December 2023.
- D3.4 – The National Care Service Bill is currently at stage 1. In March Parliament agreed to defer consideration of the Bill until further notice. On receipt of this, the Council will consider the implications from the Independent Review of Adult Social Care and subsequent National Care Service proposals.
- E2.8 – The Health and Well-being annual action plan was delayed as the Wellbeing Survey planned for October 2022 was postponed until April 2023 due to budget engagement. The action plan will be developed by September 2023.
- F4.1 – Core system assets are catalogued however service level assets could not be populated on the Information Asset Register (IAR). A group was established and agreed terms of reference which includes responsibility for oversight of implementing the IAR. Pre-implementation technical work had to take place during 2022/23 but technical issues were found which have prevented progress. Currently exploring options for resolving the issues by March 2024.

#### **UPDATED CODE OF CORPORATE GOVERNANCE FOR 2023/24**

14. The updated Code of Corporate Governance for 2023/24 is included at Annex 1 and sets out arrangements which demonstrate how we fulfil the seven governance principles outlined in the national guidance.

15. The CIPFA / SOLACE framework emphasises that councils should:

- keep codes of corporate governance under review;
- carry out a process of self-evaluation scoring; and
- develop actions to address any gaps or areas for improvement in governance arrangements.

16. The review of the 2023/24 Code of Corporate Governance was an extensive process involving the evaluation of compliance levels and potential improvements across all Council services. Senior colleagues provided critical input, assessing our compliance and suggesting improvement actions and evidence. Despite scoring a high compliance rating, further enhancements were identified to raise our governance standards. This comprehensive, evidence-based review showcases our commitment to transparency, accountability, and continuous improvement in our corporate governance.

17. As well as the activities that have been carried forward from last year's plan a number of new actions have been identified to further improve compliance with the Code. Key actions for 2023/24 are:

- A1.3 – The review of the Council's Standing Orders is scheduled to be presented to Council on 28 June 2023.
- A1.3 – A review of the Council's Schemes of Administration and Delegated Functions will be presented to Council for approval in December 2023.
- A2.3 – Implement manual checks by Procurement of all Housing invoices or certificated payments over £50k until March 2024 when the new Servitor/Integra interface is in place.
- B3.1 – Complete review of Community Council scheme by December 2023.

- C2.1 – Publish a Local Heat and Energy Efficiency Strategy (LHEES) by December 2023. This will be a key strategy to support the reduction in community climate emissions.
- C2.4 – Enhance the role of Equality and Fairness Risk Assessments in the budget process by March 2024.
- D2.4 – Complete Phase 1 management insight dashboards by April 2024.
- E2.4 – Review elected member training and development, including provision of Equality and Fairness Risk assessment training and ensuring coverage of mandatory cyber essentials training by December 2023.
- E2.7 - Re-establish leadership and manager networks by April 2024 to promote corporate working, develop leadership skills and assist with succession planning and health and wellbeing.
- F5.2 – Accelerate development of an interface between Housing's Servitor system and the Council's Integra financial system by March 2024.

18. Once approved, the Code of Corporate Governance 2023/24 will be made available on the Council's website and a progress update on the actions will be made in May 2024 after the close of the 2023/24 financial year.

## **ANNUAL GOVERNANCE STATEMENT**

19. As part of the SOLACE/CIPFA corporate governance framework the Leader and the Chief Executive are responsible for ensuring the inclusion of the Annual Governance Statement in the Annual Report and Accounts. The 2023/24 Annual Report and Accounts is to be published later in the year. This Statement includes a progress summary of the 2022/23 Code of Corporate Governance actions and also references the 2023/24 Code.

## **CONCLUSION**

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

21. As part of the annual review process the Code of Corporate Governance has been updated and scored in line with evidence and in consultation with colleagues across the Council. Progress on planned actions for last year (2022/23) has been posted on the Council's website. Subject to Audit and Scrutiny Committee's approval the new revised Code for 2023/24 will also be posted on the Council's website in June 2023.

## **RECOMMENDATIONS**

22. The Audit and Scrutiny Committee is asked to:-

- (a) Note progress on the 2022/23 Code of Corporate Governance improvement actions.
- (b) Approve the Code of Corporate Governance updates (Annex 1) and actions for 2023/24.

Louise Pringle  
Director of Business Operations and Partnerships  
22 June 2023



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**BACKGROUND PAPERS**

- Code of Corporate Governance, Audit & Scrutiny Committee, June 2023.

**KEYWORDS**

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

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CORE PRINCIPLE A: BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW		
<i>Supporting Principle 1: behaving with integrity</i>		Evaluation against Code
Requirement	Examples of Supporting Evidence	
<b>A1.1</b> Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	<ul style="list-style-type: none"> <li>• Codes of Conduct for Members &amp; Employees</li> <li>• Commissioner for ethical standards in public life Scotland</li> <li>• Monitoring Officer role</li> <li>• Audit and Scrutiny Committee reporting</li> </ul>	3
<b>A1.2</b> Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles) <b>(23/24 carried forward action)</b>	<ul style="list-style-type: none"> <li>• Council Values</li> <li>• HR policies and procedures e.g. discipline and grievance</li> <li>• Codes of Conduct for Members &amp; Employees</li> </ul>	3
<b>A1.3</b> Leading by example and using these standard operating principles or values as a framework for decision making and other actions, to ensure openness and transparency in the Council's decision-making processes. <b>(23/24 new action)</b>	<ul style="list-style-type: none"> <li>• Council Standing Orders</li> <li>• Audit and Scrutiny Committee</li> <li>• Schemes of Administration and Delegated Functions</li> <li>• Council values</li> <li>• Register of interests</li> </ul>	3

<p><b>A1.4</b> Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<ul style="list-style-type: none"> <li>• HR policies and procedures e.g. discipline and grievance</li> <li>• Data Protection Policy</li> <li>• Social Media Policy &amp; Media Protocol</li> <li>• Fraud, Bribery &amp; Theft Policy (updated April 2022)</li> <li>• Registers of interests (Councillor and Employee)</li> <li>• Codes of Conduct for Members &amp; Employees</li> </ul>	3
<p><b>Supporting principle 2: demonstrating strong commitment to ethical values</b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>A2.1</b> Seeking to establish, monitor and maintain the organisation's ethical standards and performance</p>	<ul style="list-style-type: none"> <li>• Council Standing Orders</li> <li>• Audit and Scrutiny Committee chaired by non-Administration councillor</li> <li>• Scheme of Administration</li> <li>• Scheme of Delegated Functions</li> </ul>	3
<p><b>A2.2</b> Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</p>	<ul style="list-style-type: none"> <li>• Codes of Conduct for Members &amp; Employees</li> <li>• Scheme of Delegated Functions</li> <li>• Council Values</li> </ul>	3
<p><b>A2.3</b> Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values <b>(23/24 new action)</b></p>	<ul style="list-style-type: none"> <li>• HR policies and procedures e.g. discipline and grievance</li> <li>• Data Protection Policy and DPIA Framework</li> <li>• Contract Standing Orders</li> <li>• Recruitment and Selection Code of Practice</li> <li>• Audit and Scrutiny Committee</li> <li>• Corporate Procurement Strategy</li> </ul>	3

<p><b>A2.4</b> Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation</p>	<ul style="list-style-type: none"> <li>• Codes of Conduct for Members &amp; Employees</li> <li>• Contract Standing Orders</li> <li>• Corporate Procurement Strategy</li> <li>• Integration scheme for ER HSCP</li> <li>• ERCLT governance arrangements</li> </ul>	<p>3</p>
<p><b>Supporting principle 3: respecting the rule of law</b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>A3.1</b> Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</p>	<ul style="list-style-type: none"> <li>• Scheme of Administration</li> <li>• Contract Standing Orders</li> <li>• Other statutory provision (e.g. planning legislation, placing requests)</li> <li>• Financial Regulations</li> <li>• Declarations of Employee interests</li> </ul>	<p>3</p>
<p><b>A3.2</b> Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</p>	<ul style="list-style-type: none"> <li>• Codes of Conduct for Members &amp; Employees</li> <li>• Scheme of Delegated Functions</li> <li>• Financial Regulations</li> <li>• Council Standing Orders</li> </ul>	<p>3</p>
<p><b>A3.3</b> Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</p>	<ul style="list-style-type: none"> <li>• Key Council strategic plans (e.g. ODP)</li> </ul>	<p>3</p>
<p><b>A3.4</b> Dealing with breaches of legal and regulatory provisions effectively</p>	<ul style="list-style-type: none"> <li>• Role of Monitoring Officer</li> <li>• Legal files (e.g. response to Housing Regulator reports)</li> <li>• Other statutory provision (e.g. planning legislation, placing requests)</li> </ul>	<p>3</p>

<p><b>CORE PRINCIPLE B: ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT</b></p>	
<p><b>Supporting Principle 1: openness</b></p>	<p><b>Evaluation Against Code</b></p>

Requirement	Examples of Supporting Evidence	
<b>B1.1</b> Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	<ul style="list-style-type: none"> <li>• Council website</li> <li>• Council Standing Orders</li> <li>• Annual Complaints report</li> <li>• Freedom of information (Fol) annual report and requests</li> <li>• Media reporting</li> <li>• Programme reporting &amp; governance</li> </ul>	3
<b>B1.2</b> Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	<ul style="list-style-type: none"> <li>• Council meetings and webcasts</li> <li>• Council Standing Orders</li> <li>• Audit and Scrutiny Committee</li> <li>• Scheme of Administration</li> <li>• Scheme of Delegated Functions</li> </ul>	3
<b>B1.3</b> Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	<ul style="list-style-type: none"> <li>• Scheme of Administration</li> <li>• Call-in procedure</li> <li>• Scheme of Delegated Functions</li> <li>• Committee Minutes and reports</li> <li>• Reporting arrangements</li> </ul>	3
<b>B1.4</b> Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	<ul style="list-style-type: none"> <li>• Community Plan</li> <li>• Community Planning Partnership</li> <li>• Common Place online engagement tool</li> <li>• Budget Consultation</li> <li>• Community Benefits Wish List</li> </ul>	3
<b>Supporting principle 2: engaging comprehensively with institutional stakeholders</b>		<b>Evaluation Against Code</b>
Requirement	Examples of Supporting Evidence	
<b>B2.1</b> Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	<ul style="list-style-type: none"> <li>• Community Planning Partnership arrangements</li> <li>• Key Council strategies (eg. ODP)</li> <li>• Locality Planning - targeted and joint approaches to improving outcomes in specific communities</li> </ul>	3

<p><b>B2.2</b> Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p>	<ul style="list-style-type: none"> <li>• Budget Consultation research outputs</li> <li>• Community Planning Partnership</li> <li>• Voluntary organisations and Community Groups database</li> <li>• HSCP Partnership &amp; Engagement Network</li> </ul>	<p>3</p>
<p><b>B2.3</b> Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners, and that the added value of partnership working is explicit</p>	<ul style="list-style-type: none"> <li>• Community Planning Partnership</li> <li>• Integration scheme for ER HSCP</li> <li>• ERCLT – Transfer of Services Agreement/ articles of Association</li> </ul>	<p>3</p>
<p><b>Supporting principle 3: engaging stakeholders effectively, including individual citizens and service users</b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>B3.1</b> Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes <b>(23/24 new action)</b></p>	<ul style="list-style-type: none"> <li>• Community Planning Partnership arrangements</li> <li>• Participatory Budgeting</li> <li>• HSCP Partnership &amp; Engagement Network</li> </ul>	<p>3</p>
<p><b>B3.2</b> Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</p>	<ul style="list-style-type: none"> <li>• Commonplace online engagement tool</li> <li>• Citizens’ panel</li> <li>• Community engagement training</li> </ul>	<p>3</p>
<p><b>B3.3</b> Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs</p>	<ul style="list-style-type: none"> <li>• Citizens’ panel research</li> <li>• Commonplace online engagement tool</li> <li>• Budget Consultation</li> <li>• Equality and Human Rights Mainstreaming report including equality outcomes</li> </ul>	<p>3</p>
<p><b>B3.4</b> Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account</p>	<ul style="list-style-type: none"> <li>• Commonplace online engagement tool</li> <li>• Social media &amp; Council website</li> <li>• Citizens’ Panel reports and newsletters</li> </ul>	<p>3</p>

<p><b>B3.5</b> Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</p>	<ul style="list-style-type: none"> <li>• Locality Planning</li> <li>• HSCP Partnership Engagement Group</li> <li>• Equality and Human Rights Mainstreaming report including equality outcomes</li> </ul>	<p>3</p>
<p><b>B3.6</b> Taking account of the interests of future generations of tax payers and service users</p>	<ul style="list-style-type: none"> <li>• Budget consultation</li> <li>• Vision for the Future (VFTF) strategy</li> <li>• Financial Planning</li> <li>• HSCP Needs Assessment</li> </ul>	<p>3</p>

<p><b>CORE PRINCIPLE C: DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS</b></p>		
<p><i>Supporting Principle 1: defining outcomes</i></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>C1.1</b> Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions</p>	<ul style="list-style-type: none"> <li>• Community Plan / VFTF strategy</li> <li>• Key Council strategic plans (e.g. ODP; Locality plans)</li> <li>• Public Performance reporting</li> </ul>	<p>3</p>
<p><b>C1.2</b> Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p>	<ul style="list-style-type: none"> <li>• Outcome Delivery Plan</li> <li>• VFTF strategy</li> <li>• Locality Planning</li> <li>• Budget setting process (including public consultation)</li> </ul>	<p>3</p>
<p><b>C1.3</b> Delivering defined outcomes on a sustainable basis within the resources that will be available</p>	<ul style="list-style-type: none"> <li>• Annual updates on Community Plan and Outcome Delivery Plan</li> <li>• Annual report and accounts</li> <li>• Council Report – Financial Planning</li> </ul>	<p>3</p>
<p><b>C1.4</b> Identifying and managing risks to the achievement of outcomes</p>	<ul style="list-style-type: none"> <li>• Strategic and operational risk registers</li> <li>• Audit and Scrutiny Committee, Cabinet and CMT risk monitoring</li> <li>• Risk Management Strategy</li> </ul>	<p>3</p>



<b>C1.5</b> Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	<ul style="list-style-type: none"> <li>Public performance reporting</li> <li>2022 Budget consultation exercise</li> <li>Participatory budgeting (PB)</li> <li>Outcome Participation Request policy and process</li> </ul>	3
<b>Supporting principle 2: sustainable economic, social and environmental benefits</b>		<b>Evaluation Against Code</b>
<b>Requirement</b>	<b>Examples of Supporting Evidence</b>	
<b>C2.1</b> Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision <b>(23/24 new action)</b>	<ul style="list-style-type: none"> <li>Capital Investment Strategy</li> <li>City Deal</li> <li>Procurement strategies and policies (Corporate; City Deal)</li> <li>Budget Strategy Group</li> </ul>	3
<b>C2.2</b> Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	<ul style="list-style-type: none"> <li>Capital Investment Strategy</li> <li>Budget Strategy Group and annual &amp; multi-year budget process</li> <li>Strategic risk register monitoring</li> </ul>	3
<b>C2.3</b> Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs <b>(23/24 carried forward actions)</b>	<ul style="list-style-type: none"> <li>Council Standing Orders and Scheme of Administration</li> <li>Budget consultation exercise</li> <li>Main Issues Report &amp; Local Development Plan</li> </ul>	3
<b>C2.4</b> Ensuring fair access to services <b>(23/24 new action)</b>	<ul style="list-style-type: none"> <li>Integrated Impact Assessment (Equality, Fairness and Rights)</li> <li>Equality Outcomes Mainstreaming Plan and Report</li> <li>Fairer Scotland Duty</li> </ul>	3

<b>CORE PRINCIPLE D: DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES</b>		
<b>Supporting Principle 1: determining interventions</b>		<b>Evaluation Against Code</b>
<b>Requirement</b>	<b>Examples of Supporting Evidence</b>	

<p><b>D1.1</b> Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p>	<ul style="list-style-type: none"> <li>• Options appraisals process</li> <li>• Council Standing Orders</li> <li>• Agendas, reports and minutes of meetings</li> <li>• Corporate template - options</li> </ul>	3
<p><b>D1.2</b> Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resource available including people, skills, land and assets and bearing in mind future impacts</p>	<ul style="list-style-type: none"> <li>• Financial planning and financial management</li> <li>• Budget setting process (including- Strategy group and public consultation)</li> <li>• Using online community engagement tool</li> <li>• Citizens' Panel</li> </ul>	3
<p><b>Supporting principle 2: planning interventions</b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>D2.1</b> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p>	<ul style="list-style-type: none"> <li>• Annual Cabinet work plan</li> <li>• Mid and end-year performance reporting</li> </ul>	3
<p><b>D2.2</b> Considering and monitoring risks facing each partner when working collaboratively including shared risks</p>	<ul style="list-style-type: none"> <li>• Community Planning Partnership including thematic outcome delivery groups</li> <li>• Risk Management Strategy</li> <li>• Strategic Risk Register</li> </ul>	3
<p><b>D2.3</b> Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured</p>	<ul style="list-style-type: none"> <li>• Performance Management Framework</li> <li>• Evaluative approach to Service Business Planning</li> <li>• Outcome Delivery Plan and Community Plan</li> </ul>	3
<p><b>D2.4</b> Ensuring capacity exists to generate the information required to review service quality regularly <b>(23/24 new action)</b></p>	<ul style="list-style-type: none"> <li>• Performance Management System</li> <li>• Mid and end-year performance reporting</li> <li>• Analysis and reporting of Local Government Performance Framework</li> </ul>	3
<p><b>D2.5</b> Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan</p>	<ul style="list-style-type: none"> <li>• Financial planning and management</li> <li>• Budget Strategy Group</li> </ul>	3
<p><b>Supporting principle 3: optimising achievement of intended outcomes</b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	

<p><b>D3.1</b> Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</p>	<ul style="list-style-type: none"> <li>• Budget Strategy Group</li> <li>• Capital Investment Strategy</li> <li>• Treasury Management Strategy</li> <li>• Participatory budgeting (PB)</li> </ul>	<p>3</p>
<p><b>D3.2</b> Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</p>	<ul style="list-style-type: none"> <li>• Asset Management Plans</li> <li>• Capital Project Appraisal Forms</li> <li>• Revenue Savings Templates</li> <li>• Corporate Resource Planning</li> <li>• Treasury Management Strategy</li> </ul>	<p>3</p>
<p><b>D3.3</b> Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</p>	<ul style="list-style-type: none"> <li>• Financial Planning and management</li> <li>• Workforce planning</li> <li>• Get to Zero plan</li> </ul>	<p>3</p>
<p><b>D3.4</b> Ensuring the achievement of 'social value' through service planning and commissioning <b>(23/24 carried forward action)</b></p>	<ul style="list-style-type: none"> <li>• Economic Development &amp; City Deal approaches to community benefits</li> <li>• Corporate procurement</li> <li>• Alternative models of service delivery - National Care Service</li> </ul>	<p>3</p>

<p><b>CORE PRINCIPLE E: DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT</b></p>		
<p><b><i>Supporting Principle 1: developing the entity's capacity</i></b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>E1.1</b> Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently</p>	<ul style="list-style-type: none"> <li>• Procurement Strategy</li> <li>• Option appraisals</li> <li>• Participation in benchmarking groups &amp; Local Government Benchmarking Framework report</li> </ul>	<p>3</p>
<p><b>E1.2</b> Recognising the benefits of partnerships and collaborative working where added value can be achieved</p>	<ul style="list-style-type: none"> <li>• COSLA and Improvement Service engagement</li> <li>• Community Planning Partners</li> <li>• City Deal</li> <li>• Clyde Valley arrangements</li> </ul>	<p>3</p>
<p><b>E1.3</b> Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</p>	<ul style="list-style-type: none"> <li>• Workforce Plan</li> <li>• Planning for the Future staff profile</li> <li>• VFTF strategy</li> </ul>	<p>3</p>
<p><b><i>Supporting principle 2: developing the capability of the entity's leadership and other individuals</i></b></p>		<p><b>Evaluation Against Code</b></p>

Requirement	Examples of Supporting Evidence	
<p><b>E2.1</b> Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p>	<ul style="list-style-type: none"> <li>• Scheme of delegated functions and Scheme of Administration</li> <li>• Elected member inductions</li> <li>• Codes of Conduct for Employees &amp; Members</li> </ul>	<p>3</p>
<p><b>E2.2</b> Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p>	<ul style="list-style-type: none"> <li>• Scheme of Delegated Functions</li> <li>• Scheme of Administration</li> <li>• Council and Contract Standing Orders</li> </ul>	<p>3</p>
<p><b>E2.3</b> Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure, whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</p>	<ul style="list-style-type: none"> <li>• Scheme of Delegated Functions</li> <li>• Quality Conversations</li> <li>• Six monthly corporate performance reporting and departmental reviews</li> </ul>	<p>3</p>
<p><b>E2.4</b> Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks <b>(23/24 new action)</b></p>	<ul style="list-style-type: none"> <li>• Vision for the Future strategy</li> <li>• Briefings to Members and Development Plans</li> <li>• Corporate Training and Quality Conversations</li> </ul>	<p>3</p>
<p><b>E2.5</b> Ensuring that there are structures in place to encourage public participation</p>	<ul style="list-style-type: none"> <li>• Citizens' Panel</li> <li>• Commonplace online engagement tool</li> <li>• Participatory budgeting</li> </ul>	<p>3</p>
<p><b>E2.6</b> Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p>	<ul style="list-style-type: none"> <li>• Chief Executive and Member meetings</li> <li>• Member Training and Development Plans</li> <li>• Leadership training 360 feedback</li> </ul>	<p>3</p>
<p><b>E2.7</b> Holding staff to account through regular performance reviews which take account of training or development needs <b>(23/24 new action)</b></p>	<ul style="list-style-type: none"> <li>• Quality Conversations</li> <li>• Training and Development Plans</li> <li>• Chief Executive and Member meetings</li> </ul>	<p>3</p>

<p><b>E2.8</b> Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing <b>(23/24 carried forward action)</b></p>	<ul style="list-style-type: none"> <li>• HR and Health and Safety policies</li> <li>• Employee counselling provision and Occupational Health provision</li> <li>• Stress risk assessment</li> <li>• New Health and Well-being Strategy and action plan</li> </ul>	3
<b>CORE PRINCIPLE F: MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT</b>		
<b>Supporting Principle 1: managing risk</b>		<b>Evaluation Against Code</b>
<b>Requirement</b>	<b>Examples of Supporting Evidence</b>	
<p><b>F1.1</b> Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p>	<ul style="list-style-type: none"> <li>• Scheme of Administration and Scheme of Delegated Functions</li> <li>• Risk management strategy</li> <li>• Operational and Strategic Risk Register</li> <li>• Data Protection Impact Assessment Framework</li> </ul>	3
<p><b>F1.2</b> Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</p>	<ul style="list-style-type: none"> <li>• Risk management strategy</li> </ul>	3
<p><b>F1.3</b> Ensuring that responsibilities for managing individual risks are clearly allocated</p>	<ul style="list-style-type: none"> <li>• Risk management strategy</li> <li>• Audit and Scrutiny Committee &amp; Cabinet role</li> <li>• Operational and Strategic Risk Registers</li> </ul>	3
<b>Supporting principle 2: managing performance</b>		<b>Evaluation Against Code</b>
<b>Requirement</b>	<b>Examples of Supporting Evidence</b>	
<p><b>F2.1</b> Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review</p>	<ul style="list-style-type: none"> <li>• Strategic planning and performance arrangements (Outcome Delivery Plan, Community Plan)</li> <li>• Performance Management Framework</li> <li>• Digital Transformation programme governance</li> </ul>	3
<p><b>F2.2</b> Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</p>	<ul style="list-style-type: none"> <li>• Member Support team</li> <li>• Corporate report format guidance</li> <li>• Council Minutes and Committee reports</li> </ul>	3
<p><b>F2.3</b> Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of</p>	<ul style="list-style-type: none"> <li>• Scheme of Administration and Scheme of Delegated Functions</li> <li>• Internal Audit / External scrutiny arrangements</li> <li>• Audit and Scrutiny Committee and Reports</li> </ul>	3

any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making		
<b>F2.4</b> Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	<ul style="list-style-type: none"> <li>• Directors' 1:1s with Convenors</li> <li>• Corporate Management Team briefings</li> <li>• Performance management framework</li> </ul>	3
<b>F2.5</b> Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements )	<ul style="list-style-type: none"> <li>• Contract Standing Orders</li> <li>• Financial planning and management</li> <li>• Annual Report and Accounts</li> </ul>	3
<b>Supporting principle 3: robust internal control</b>		<b>Evaluation Against Code</b>
<b>Requirement</b>	<b>Examples of Supporting Evidence</b>	
<b>F3.1</b> Aligning the risk management strategy and policies on internal control with achieving objectives	<ul style="list-style-type: none"> <li>• Risk management strategy</li> <li>• Strategic risk register</li> <li>• Internal audit plan and reports</li> <li>• Risks linked to outcomes in key plans</li> </ul>	3
<b>F3.2</b> Evaluating and monitoring risk management and internal control on a regular basis	<ul style="list-style-type: none"> <li>• Risk management strategy</li> <li>• Budget monitoring arrangements</li> </ul>	3
<b>F3.3</b> Ensuring effective counter fraud and anticorruption arrangements are in place	<ul style="list-style-type: none"> <li>• Fraud, Bribery &amp; Theft Policy (updated April 2022)</li> <li>• Compliance with the Code of practice on managing the risk of fraud and corruption</li> </ul>	3
<b>F3.4</b> Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• Annual Report and Accounts</li> <li>• Audit and Scrutiny Committee oversight of Internal /External Audit and Strategic Risks</li> </ul>	3

<p><b>F3.5</b> Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment, that its recommendations are listened to and acted upon</p>	<ul style="list-style-type: none"> <li>• Audit and Scrutiny Committee chaired by non-Administration councillor</li> <li>• Audit and Scrutiny Committee oversight of Internal /External Audit and Strategic Risks</li> <li>• Audit and Scrutiny Committee – Report Activity</li> </ul>	3
<p><b>Supporting principle 4: managing data</b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>F4.1</b> Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data <b>(23/24 carried forward action)</b></p>	<ul style="list-style-type: none"> <li>• Codes of Conduct for Members and Employees</li> <li>• Fraud, Bribery &amp; Theft Policy (updated April 2022)</li> <li>• Corporate training and guidance notes (Fol, Data Protection etc.)</li> <li>• Information Governance Officer and Framework</li> <li>• Records Management Plan</li> </ul>	3
<p><b>F4.2</b> Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</p>	<ul style="list-style-type: none"> <li>• Data Loss Prevention programme</li> <li>• Information Governance Officer</li> <li>• Data protection policies</li> <li>• Information Sharing Protocols and Datasharing agreements</li> </ul>	3
<p><b>F4.3</b> Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</p>	<ul style="list-style-type: none"> <li>• Performance Management Framework</li> <li>• Mid and end year reporting and review meetings</li> <li>• Local Government Benchmarking Framework analysis</li> </ul>	3
<p><b>Supporting principle 5: strong public financial management</b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>F5.1</b> Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance</p>	<ul style="list-style-type: none"> <li>• Financial planning and management arrangements</li> <li>• Capital Investment Strategy</li> <li>• Treasury Management Strategy</li> <li>• Outcome Delivery Plan</li> </ul>	3

<p><b>F5.2</b> Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks &amp; controls <b>(23/24 new action)</b></p>	<ul style="list-style-type: none"> <li>• Budget monitoring reports</li> <li>• Annual report and accounts</li> <li>• Finance Business Partner Approach</li> </ul>	<p>3</p>
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<p><b>CORE PRINCIPLE G: IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY</b></p>		
<p><b><i>Supporting Principle 1: implementing good practice in transparency</i></b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>G1.1</b> Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p>	<ul style="list-style-type: none"> <li>• Council website</li> <li>• Corporate Reporting Format guidance</li> </ul>	<p>3</p>
<p><b>G1.2</b> Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	<ul style="list-style-type: none"> <li>• Annual Public Performance Report</li> <li>• Council website - <a href="#">performance pages</a></li> <li>• Evaluation of public performance reporting arrangements</li> </ul>	<p>3</p>
<p><b><i>Supporting principle 2: implementing good practises in reporting</i></b></p>		<p><b>Evaluation Against Code</b></p>
<p><b>Requirement</b></p>	<p><b>Examples of Supporting Evidence</b></p>	
<p><b>G2.1</b> Reporting at least annually on performance, value for money and the stewardship of its resources</p>	<ul style="list-style-type: none"> <li>• Annual report and accounts</li> <li>• Annual Public Performance Report</li> <li>• Local Government Benchmarking Framework and report</li> <li>• Strategic mid and end year reporting</li> </ul>	<p>3</p>
<p><b>G2.2</b> Ensuring members and senior management own the results</p>	<ul style="list-style-type: none"> <li>• Discussion at Council/Cabinet/Committees</li> <li>• Chief Executive review meetings</li> <li>• Chief Executive’s ‘Quality Conversation’</li> </ul>	<p>3</p>
<p><b>G2.3</b> Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance</p>	<ul style="list-style-type: none"> <li>• Annual governance statement</li> <li>• Code of Corporate Governance improvement actions published online</li> </ul>	<p>3</p>
<p><b>G2.4</b> Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate</p>	<ul style="list-style-type: none"> <li>• Annual governance statement- included in annual accounts and publicly available</li> </ul>	<p>3</p>



<b>G2.5</b> Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	<ul style="list-style-type: none"> <li>Recent review of annual account format to improve accessibility</li> </ul>	3
<b>Supporting principle 3: assurance and effective accountability</b>		<b>Evaluation Against Code</b>
<b>Requirement</b>	<b>Examples of Supporting Evidence</b>	
<b>G3.1</b> Ensuring that recommendations for corrective action made by external audit are acted upon	<ul style="list-style-type: none"> <li>Recommendations made by external audit acted upon</li> <li>Audit Scotland Annual Audit Report to Members and the Controller of Audit</li> <li>East Renfrewshire Best Value report</li> </ul>	3
<b>G3.2</b> Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	<ul style="list-style-type: none"> <li>Compliance with CIPFA's statement on the role of the head of internal audit</li> <li>Compliance with public sector internal audit standards</li> </ul>	3
<b>G3.3</b> Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	<ul style="list-style-type: none"> <li>Recommendations made by peer reviews/inspections/regulatory and bodies considered and included in plans for implementation e.g. thematic review cycle in schools</li> </ul>	3
<b>G3.4</b> Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	<ul style="list-style-type: none"> <li>Annual Governance Statement</li> </ul>	3
<b>G3.5</b> Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	<ul style="list-style-type: none"> <li>Community Planning Partnership governance arrangements</li> <li>Ongoing approach to community engagement, participation and feedback on decisions</li> </ul>	3

## Evidence Matrix Guide

The following evidence matrix corresponds to the coding the previous tables. Principles are labelled alphabetically and supporting principles are labelled numerically. The requirements/evidence continue with the numerical labelling system. For example, **B3.6** refers to core principle B, supporting principle 3, and requirement 6. In the tables above, the full label (B3.6) has been used in the requirement section to make it clearer where in the evidence matrix a piece of evidence has been used.

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Principle	A			B			C		D			E		F					G		
Supporting principle	1	2	3	1	2	3	1	2	1	2	3	1	2	1	2	3	4	5	1	2	3
Evidence (requirements)	1.1 - 1.4	2.1 - 2.4	3.1 - 3.4	1.1 - 1.4	2.1 - 2.3	3.1 - 3.6	1.5 - 1.4	2.1 - 2.4	1.1 - 1.2	2.1 - 2.5	3.1 - 3.4	1.3 - 1.4	2.1 - 2.8	1.3 - 1.4	2.1 - 2.5	3.1 - 3.5	4.1 - 4.3	5.1 - 5.2	1.1 - 1.2	2.1 - 2.5	3.1 - 3.5
Principle	A			B			C		D			E		F					G		
Supporting principle	1	2	3	1	2	3	1	2	1	2	3	1	2	1	2	3	4	5	1	2	3
Evidence (requirements)	1.1 - 1.4	2.1 - 2.4	3.1 - 3.4	1.1 - 1.4	2.1 - 2.3	3.1 - 3.6	1.5 - 1.4	2.1 - 2.4	1.1 - 1.2	2.1 - 2.5	3.1 - 3.4	1.3 - 1.4	2.1 - 2.8	1.3 - 1.4	2.1 - 2.5	3.1 - 3.5	4.1 - 4.3	5.1 - 5.2	1.1 - 1.2	2.1 - 2.5	3.1 - 3.5
Citizens' Panel research/ report	✓			✓	✓	✓			✓				✓								
City Deal								✓				✓									
Codes of Conduct for Members & Employees	✓	✓	✓										✓		✓		✓				
Commissioner for ethical standards in public life Scotland	✓																				
Committee minutes and reports				✓											✓					✓	
Media reporting	✓			✓	✓	✓	✓												✓		
Community and voluntary organisations mapping database					✓																
Community Benefits Wish List				✓							✓										
Community Councils support													✓								
Community engagement and participation (FairER/ PB)					✓	✓	✓				✓		✓								✓
Community Plan (including FairER)				✓	✓	✓	✓														
Community Planning Partnership				✓	✓	✓	✓			✓		✓									✓
Complaints Procedure and report	✓			✓																	
Compliance with CIPFA statement on role of Chief Financial Officer and head of Internal Audit			✓																		✓
Contract Standing Orders		✓	✓						✓				✓		✓						





Principle	A			B			C		D			E		F					G		
Supporting principle	1	2	3	1	2	3	1	2	1	2	3	1	2	1	2	3	4	5	1	2	3
Evidence (requirements)	1.1 - 1.4	2.1 - 2.4	3.1 - 3.4	1.1 - 1.4	2.1 - 2.3	3.1 - 3.6	1.5 - 1.4	2.1 - 2.4	1.1 - 1.2	2.1 - 2.5	3.1 - 3.4	1.3 - 1.4	2.1 - 2.8	1.3 - 1.4	2.1 - 2.5	3.1 - 3.5	4.1 - 4.3	5.1 - 5.2	1.1 - 1.2	2.1 - 2.5	3.1 - 3.5
Fraud, Bribery & Theft Policy (updated April 2022)	✓												✓		✓	✓	✓				
Get to Zero plans											✓										
Governance Statement																					
H&S ICT system Core Systems development													✓								
HR policies and procedures	✓	✓											✓								
HSCP & CPP Needs Assessments						✓															
HSCP and Locality networks and groups				✓	✓	✓															
HSCP Budget Engagement									✓												
HSCP Collaborative Commissioning Statement						✓															
HSCP Festival of Engagement							✓														
HSCP Participation & Engagement Strategy/ network					✓	✓	✓		✓				✓								
Principle	A			B			C		D			E		F					G		
Supporting principle	1	2	3	1	2	3	1	2	1	2	3	1	2	1	2	3	4	5	1	2	3
Evidence (requirements)	1.1 - 1.4	2.1 - 2.4	3.1 - 3.4	1.1 - 1.4	2.1 - 2.3	3.1 - 3.6	1.1 - 1.5	2.1 - 2.4	1.1 - 1.2	2.1 - 2.5	3.1 - 3.4	1.3 - 1.4	2.1 - 2.8	1.3 - 1.4	2.1 - 2.5	3.1 - 3.5	4.1 - 4.3	5.1 - 5.2	1.1 - 1.2	2.1 - 2.5	3.1 - 3.5
HSCP Strategic Plan				✓			✓														
HSCP Strategic Planning Group					✓	✓	✓			✓			✓								
HSCP Wellbeing Lead													✓								
HSCP Workforce Plan												✓									
hubWest												✓									
Inductions and training				✓		✓							✓				✓				

Principle	A			B			C		D			E		F					G		
Supporting principle	1	2	3	1	2	3	1	2	1	2	3	1	2	1	2	3	4	5	1	2	3
Evidence (requirements)	1.1 - 1.4	2.1 - 2.4	3.1 - 3.4	1.1 - 1.4	2.1 - 2.3	3.1 - 3.6	1.5 - 1.4	2.1 - 2.4	1.1 - 1.2	2.1 - 2.5	3.1 - 3.4	1.3 - 1.4	2.1 - 2.8	1.3 - 1.4	2.1 - 2.5	3.1 - 3.5	4.1 - 4.3	5.1 - 5.2	1.1 - 1.2	2.1 - 2.5	3.1 - 3.5
Information Governance Framework																	✓				
Information Governance Officer																	✓				
Information Sharing Protocols																	✓				
Inspection regimes																					
Integrated Impact Assessment (Equality, Fairness and Rights)				✓				✓													
Integration scheme for ER HSCP		✓			✓																
Internal Audit reports				✓											✓	✓					
Job Descriptions			✓										✓								
Leadership Competencies	✓	✓																			
LGBF Benchmarking Report				✓						✓		✓					✓			✓	
Living Wage																					
Local Development Plan 2 development								✓	✓		✓										
Local Scrutiny Plan																					
Locality Planning					✓	✓	✓														
Management & Leadership Development Programmes													✓								
Meeting Agenda and Minutes	✓	✓					✓	✓	✓						✓					✓	
Principle	A			B			C		D			E		F					G		
Supporting principle	1	2	3	1	2	3	1	2	1	2	3	1	2	1	2	3	4	5	1	2	3
Evidence (requirements)	1.1 - 1.4	2.1 - 2.4	3.1 - 3.4	1.1 - 1.4	2.1 - 2.3	3.1 - 3.6	1.5 - 1.4	2.1 - 2.4	1.1 - 1.2	2.1 - 2.5	3.1 - 3.4	1.3 - 1.4	2.1 - 2.8	1.3 - 1.4	2.1 - 2.5	3.1 - 3.5	4.1 - 4.3	5.1 - 5.2	1.1 - 1.2	2.1 - 2.5	3.1 - 3.5



Principle	A			B			C		D			E		F					G		
Supporting principle	1	2	3	1	2	3	1	2	1	2	3	1	2	1	2	3	4	5	1	2	3
Evidence (requirements)	1.1 - 1.4	2.1 - 2.4	3.1 - 3.4	1.1 - 1.4	2.1 - 2.3	3.1 - 3.6	1.5 - 1.4	2.1 - 2.4	1.1 - 1.2	2.1 - 2.5	3.1 - 3.4	1.3 - 1.4	2.1 - 2.8	1.3 - 1.4	2.1 - 2.5	3.1 - 3.5	4.1 - 4.3	5.1 - 5.2	1.1 - 1.2	2.1 - 2.5	3.1 - 3.5
Member support team													✓		✓						
Members' Induction Programme	✓	✓											✓								
Modern Slavery Charter																					
Monitoring Officer	✓		✓																		
National Care Service											✓										
New Health and Well-being Strategy and Action Plan													✓								
Options appraisal guidance and training				✓					✓			✓									
Organisational Development Board													✓								
Outcome Delivery Plan			✓	✓	✓		✓											✓			
Outcome strategies																					
Participation Requests Framework						✓															
Partnership networks (inc. COSLA, IS, LG Digital Partnership, Clyde Valley, hubWest, VAER)												✓									
Performance Management Framework										✓					✓		✓			✓	
Planning for the Future				✓		✓						✓									
Procurement Contract Register										✓											
Public Performance Report				✓		✓	✓												✓	✓	
Quality Conversations framework	✓	✓											✓							✓	
Records Management Plan				✓													✓				
Recruitment Code of Practice		✓															✓				
Register of Interests	✓														✓		✓				
Risk Management Strategy				✓			✓			✓				✓		✓					
Risk Monitoring							✓							✓		✓					



EAST RENFREWSHIRE COUNCILAudit & Scrutiny Committee22 June 2023Report by Director of Business Operations & PartnershipsCOUNCIL TAX COLLECTION**PURPOSE OF REPORT**

1. This report gives detail on a recent issue that affected Council Tax collection and updates on actions taken both in response to the event and subsequently to ensure that there is no further repeat of the issue.

**RECOMMENDATIONS**

2. It is recommended that elected members note the update on the recent issue with Council Tax collection and the steps taken in response.

**BACKGROUND**

3. East Renfrewshire Council has a statutory duty, under the Local Government Finance Act 1992, to bill and collect Council Tax. In 2022/23 £62.2m was billed for collection from approximately 40,000 households. This income provides 18.3% of the funding required to run the Council.

4. Collection rates for East Renfrewshire are consistently among the highest in Scotland and demographics of an area do play a strong part in collection levels (e.g. lower deprivation tends to correlate with higher collection). In 2022/23 collections were 97.55%, which is in the top quartile of performance in Scotland. Pre-pandemic East Renfrewshire ranked either 3<sup>rd</sup> or 4<sup>th</sup> in Scotland for collections, but during the pandemic that dropped to 6<sup>th</sup> and 9<sup>th</sup> in Scotland. Whilst all councils in Scotland were impacted by the pandemic, the impact in East Renfrewshire was worsened by implementation of a new Council Tax and Benefits ICT system in December 2020.

5. There has been significant change within the Council Tax Team over the past few years; delivering the ongoing billing and collection requirements, while supporting both Scottish and UK Government initiatives (in the past 2 years the team have delivered Low Income Pandemic Payments, Cost of Living Payments, Energy Bills Support and Alternative Fuel Payment Schemes).

6. There are various methods by which residents can pay Council Tax and 73% pay by Direct Debit. There are 5 Direct Debit payment dates each month and residents can choose the option that best suits their circumstances.

7. There are long-established processes and procedures which are implemented by experienced staff within the Council Tax team. These are subject to regular audit work. Following a direct debit collection issue in 2017, procedures were reviewed and enhanced. No further issues with the Council Tax direct debit process have been highlighted by audit since that time.

## REPORT

8. Due to an internal processing error, the Council Tax Direct Debit payments that were due to be taken from residents' accounts on 28 May 2023 were taken on 26 May. Due to the 28<sup>th</sup> falling on a Sunday, and a public holiday Monday, collection by the bank should actually have been on Tuesday 30 May. This affected 12,067 Council Tax accounts.

9. Internal investigation has shown that there are a number of factors which led to this issue, with an incorrect date being uploaded into a BACS (Bankers' Automated Clearing System) transfer file which was then sent to the bank to process.

10. The issue became apparent at opening of business on 26 May when the balance of the Council's bank account was higher than expected.

11. An immediate investigation was started and the key initial focus was to assess whether there was any way to reverse the transactions. Based on feedback from the bank, if a recall request was submitted to the BACS system the refund would not reach customer accounts until the 30 May, the day the payment would have been collected. This process could potentially have resulted in the payment being taken twice. On this basis, it was decided not to attempt to reverse the transactions.

12. Communication on the Council website, phone lines and social media advised affected residents to contact their own banks to request a refund of the payment. Banks would have been able to authorise this immediately under the Direct Debit guarantee and under the terms of this guarantee it is the banks who are responsible for giving a refund of a wrongly taken/early direct debit. Banks with a branch presence were open on 26 May and online and phone banking was available throughout the bank holiday weekend.

13. A summary of the key actions taken is given below:

- The homepage of the Council website and Council Tax page were updated with details of the issue and advising customers to contact their banks if adversely affected. The Council committed to reimbursing any bank charges incurred as a result. A contact phone number and email address was also provided for any customers requiring further assistance.
- Social media (Facebook and Twitter) were updated with the same information including contact details. The Communications team monitored comments on social media, although volume was very low after 26 May.
- All councillors were advised by email.
- Council Tax phone line via Customer First dealt with 10 contacts on 26 May, and 3 emails were received via the Customer Services mailbox and the Council Tax mailbox.
- At close of business on Friday 26 May, the Customer First phone lines were diverted to a mobile phone to ensure that any calls could be answered over the bank holiday weekend and steps were taken to ensure any residents facing financial hardship as a result of their Council Tax payment having been taken early, could receive financial assistance over the bank holiday. There were no calls over the weekend regarding this issue.

- The Council Tax email box continued to be monitored throughout the bank holiday weekend. There has been no further contact regarding this issue and no formal complaints raised.
- Senior staff were on standby throughout the bank holiday weekend and received updates on the status of customer contacts (i.e. that there had been none).

**CAUSE & LESSONS LEARNED**

Background

14. There are 2 main parts to the processing of Council Tax direct debit files and this involves both the Council Tax system and the E-Pay system which is used to upload files to the BACS system. This is done 5 times a month throughout the year due to customers having choice over direct debit payment dates.

15. There are clear operational procedures in place to guide these processes. Following a direct debit collection issue in 2017 the controls were enhanced in this area. The team is very experienced and have been operating these processes and controls without incident for several years.

16. This area is subject to regular audit work and there have been no audit actions highlighted regarding the direct debit process for Council Tax.

Cause

17. A management investigation is underway, and there are a number of factors which led to this issue. The investigation is ongoing and appropriate internal processes will be followed once the investigation is complete. Human error is likely to be one of the factors which led to this issue arising.

Lessons Learned & Action Taken

18. Immediate steps have been taken, with staff reminded to follow set procedures at all times, and additional compliance support is in place.

19. Internal Audit have carried out a review of the incident, with recommendations relating to the direct debit checklist, staff availability, and the PT-X (E-Pay) system currently under review. An action plan will be developed in response.

20. A management investigation is underway and there will be a full end to end review of the processes and controls. A 'lessons learned' session will take place as part of this review.

**FINANCE AND EFFICIENCY**

21. Council Tax direct debits from 12,067 households were collected early, on 26 May rather than on the scheduled date of 28 May, as a result of this issue.

22. To date (08/06/2023) there have been no claims for reimbursement of bank charges.

## POTENTIAL IMPLICATIONS FOR CUSTOMERS

23. 12,067 households were due to pay their Council Tax on 28 May. There are a range of ways in which early payment could have affected these households:
- a) Customer had sufficient funds to cover the payment and did not incur bank charges as a result. (Given the relatively low volume of contact, and the fact that many people would have been paid early on 26<sup>th</sup> as a result of the bank holiday, it may be that most customers fall into this category.) Or:
  - b) Customer contacted their bank to request refund of the payment. Customer would then have needed to make contact with the Council to pay their due Council Tax on 28 May. To date we know of 1 such case (at 08/06/23). Or:
  - c) Payment tipped customer into planned overdraft; bank charges were applied; Council received the Council Tax payment. The bank charges will be reimbursed on request. Or:
  - d) The request for payment was refused at the bank as the customer had insufficient funds and bank charges were applied. There were 26 such failed payments. These will not all be directly attributable to the Council Tax issue, as failed payments happen and are followed up every month (as a comparator there were 20 failed payments in April). We will arrange to reimburse bank charges on request.

## NEXT STEPS

24. We are currently:
- Answering any questions from customers who contact us regarding this error, and will reimburse bank charges as appropriate.
  - Cancelling standard arrears procedures for cases associated with this error.
  - Continuing to monitor arrangements to ensure compliance and avoid future issues.

## CONCLUSIONS

25. East Renfrewshire Council has apologised unreservedly for the error which caused some council tax payments to be collected early on 26 May rather than 28 May. A proactive communications response was put in place immediately and sustained over the bank holiday weekend, including implementation of a hardship resource, to mitigate against any adverse impact for residents. Any bank charges incurred by residents as a result of this will be reimbursed by the Council.
26. The investigation into the circumstances of this event has shown that a number of factors were involved in this issue, with one of the likely causes being human error, in what is a very manual process. The management response to this issue was immediate and robust, and steps will be taken to ensure that this does not happen again.
27. There is significant reliance on human intervention in this process. Maintaining a robust control environment while delivering additional initiatives for Scottish and UK Government, requirements for modernisation/digitisation under a regime of budgetary constraints and cost cutting measures, including reduced staffing year on year, is challenging to achieve. To

prevent future reoccurrences the balance of efficiency and cost savings versus customer service, risk and control require to be recognised during budget-setting discussions.

**RECOMMENDATIONS**

28. It is recommended that elected members note the update on the recent issue with Council Tax collection and the steps taken in response.

Louise Pringle, Director of Business Operations & Partnerships

8th June 2023

Report author: Alison Ballingall, Senior Revenues Manager,  
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EAST RENFREWSHIRE COUNCIL  
AUDIT AND SCRUTINY COMMITTEE

22 June 2023

Report by Clerk

NATIONAL EXTERNAL AUDIT – LOCAL GOVERNMENT IN SCOTLAND  
FINANCIAL BULLETIN 2021/22

### **PURPOSE OF REPORT**

1. To provide information on the Audit Scotland report, the *Local Government in Scotland - Financial Bulletin 2021/22*.

### **RECOMMENDATION**

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

### **BACKGROUND**

3. A copy of the Audit Scotland report, the [Local Government in Scotland - Financial Bulletin 2021/22](#) published in January 2023, 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 Morrison.
4. The Head of Accountancy (Chief Financial Officer) 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 report on [Local Government in Scotland - Financial Bulletin 2021/22](#)

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EAST RENFREWSHIRE COUNCILAUDIT and SCRUTINY COMMITTEE22 June 2023LOCAL GOVERNMENT IN SCOTLAND: FINANCIAL BULLETIN 2021/22**INTRODUCTION**

1. In January 2023 Audit Scotland published a financial bulletin on local government performance in Scotland in relation to 2021/22. This report advises members on the Council's position in relation to the findings from the report.
2. Audit Scotland will publish a more detailed report in May 2023 and a further report will be submitted to Committee once this has been received.

**COUNCILS' FINANCES IN 2021/22**

2. Part 1 of the bulletin considered Councils' finances in 2021/22 and found that, despite additional COVID funding, Councils still faced major challenges balancing budgets and determining spending priorities.
3. Whilst revenue funding to Councils rose by 5.3% in real terms (excluding COVID funding), an increase in ring-fencing meant that this represented a real terms reduction in resources that Councils themselves could prioritise. With pressures further increased by rising inflation, many Councils, including East Renfrewshire, therefore had to use reserves as a short term means of addressing budget gaps.
4. Although the 2021/22 Scottish Government settlement included additional grant funding to allow a Council Tax freeze, Councils' income collected from Council Tax also increased in year with the average Scottish collection rate rising to 95.7%. In East Renfrewshire collection improved from 96.8% in 2021/22 to 97.55% in 2022/23. It is important to remember that we continue to collect historic Council Tax debts after the end of the year, so the eventual collection rate will be higher.
5. In common with most other Councils, East Renfrewshire utilised a mixture of recurring and non-recurring savings and a drawdown of reserves to close the 2021/22 budget gap. Unlike the majority of Councils, however, we were successful in achieving our targeted savings during the year.
6. The bulletin notes that most Councils again increased their overall general fund reserves during 2021/22. Conversely, East Renfrewshire saw a slight reduction in such reserves as the Council utilised some of the grant funding received the previous year and also drew on the Modernisation Fund to help fund transformation activity across the Council. We expect our overall General Fund reserves to reduce in future as COVID funding is utilised to mitigate ongoing pandemic pressures. As at 31 March 2022, the Council held over £14m of COVID funding, representing around 30% of the overall General Fund balance.
7. Due to close control of expenditure, we did not require to draw down the full £3.750m of reserves as set out in the 2021/22 revenue budget plans and so the unallocated element of the General Fund reserve remained relatively unchanged in 2021/22. As at 31 March 2022 the unallocated General Fund balance remained at £11.7m (4.4% as against the Council's usual aim of 4%).

8. In line with most other Councils, East Renfrewshire increased capital expenditure in 2021/22 compared to the previous year, although there were still delays in many projects due to the impact of the pandemic. The Council incurred 89% of planned capital investment as against the latest revised capital plan for the year. We are also typical in that we expect an increasing proportion of capital projects to be funded via increases in borrowing in future as grant funding remains relatively static. This will result in the Council's net debt increasing in future.

9. East Renfrewshire is a member of the Strathclyde Pension Fund. The outcome of the 31 March 2023 triennial valuation is awaited and it is expected that this will result in the Council's contributions being, at worst, unchanged for the next three years.

## **COUNCILS' FINANCIAL OUTLOOK**

10. The second half of the bulletin examined the challenging future prospects for Councils and identified key pressures including pay claims, COVID recovery costs, general inflation (especially on energy, contracts & construction), and sensitivity to increases in Council charges. All of these will require elected members to make increasingly difficult choices. East Renfrewshire can associate with all of these comments.

11. The bulletin notes that the May 2022 Scottish Government Resource Spending Review provided only high level information, indicating a flat cash position for Councils, for the three years from 2023/24 to 2025/26. It also recognises, however, that the Scottish Government could change this position during 2023/24.

12. The Council has used this flat cash forecast in its budget planning and this indicates the need for both staffing and service cuts in the coming years. In view of the uncertainty around planning figures, East Renfrewshire set only a single year budget for 2023/24, despite having consulted on potential savings for the next three years in autumn 2022. The lifting of the Council Tax freeze has helped to mitigate some of the pressures but is also a difficult option in the current cost of living crisis.

13. The Scottish Government settlement for 2023/24 is reported by the Scottish Parliament Information Centre (SPICe) as representing an increase of almost £640m for Councils in comparison to 2022/23, however COSLA estimate that this equates to an increase of only £71m once national policy commitments (such as free school meals and increased early learning and childcare hours) are taken into account and that a total increase of £1 billion was required in order to maintain services.

14. The bulletin reports that the 2022/23 local government settlement represented a 3.9% cash increase over 2021/22, excluding COVID funding. Councils faced budget gaps averaging 3% in 2022/23 and for East Renfrewshire the figure was around 5%, reflecting previous reliance on reserves, increasing demographic pressures and limited scope for income generation. In common with other Councils, we used a combination of service reductions, use of reserves and increased Council Tax to close the 2022/23 budget gap. It is recognised that use of reserves is not sustainable and that stakeholder engagement on service reforms will be required in future.

15. Scottish Government capital funding for Councils increased only marginally in 2022/23 after significant reductions in the preceding two years, however this was only enough to bring the real terms funding up to the equivalent of the 2016/17 level. In view of increasing interest rates and construction inflation, East Renfrewshire and most other Councils found it necessary to review and reprioritise capital projects in order to maintain the affordability of the capital

programme. This position will continue into the future as severe revenue budget constraints will limit Councils' ability to increase borrowing.

**CONCLUSION**

16. The bulletin provides a high level summary of the main financial issues facing Scottish Councils in 2021/22 and beyond. Whilst East Renfrewshire is not specifically mentioned in the report, the issues raised are almost all relevant to the Council and it is clear that we will continue to face substantial and increasing financial challenges in future.

17. Audit Scotland plan to release a more detailed report on this later in May 2023.

**RECOMMENDATION**

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

Margaret McCrossan, Head of Accountancy, 3 May 2023

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EAST RENFREWSHIRE COUNCIL  
AUDIT AND SCRUTINY COMMITTEE

22 June 2023

Report by Clerk

CHANGE OF DATE OF COMMITTEE IN SEPTEMBER 2023

**PURPOSE OF REPORT**

1. This report seeks approval to change the time and date of the meeting scheduled to take place at 2pm on Thursday, 28 September to 2pm on Tuesday, 26 September.

**RECOMMENDATION**

2. It is recommended that the Committee approves the proposed change of time and date of the meeting in September to 2pm on Tuesday, 26 September.

**PROPOSED CHANGE OF TIME AND DATE OF COMMITTEE MEETING IN SEPTEMBER**

3. As Elected Members are aware, consultation has been taking place with some Elected Members, Officers and External Audit on changing the date of the Audit and Scrutiny Committee meeting in September, and the subsequent meeting of the full Council on the same day, to enable the Annual Accounts etc. to be considered in accordance with the required timescale for doing so. This was necessary as the original times scheduled for both meetings now conflict with the date of the COSLA Annual Conference.

4. Based on the outcome of the consultation, rather than the Audit and Scrutiny Committee meeting taking place on the afternoon of Thursday, 28 September, it is now proposed that it be convened instead at 2pm on Tuesday, 26 September. A related report will be submitted to the forthcoming meeting of the full Council formally seeking approval to change the Council meeting in September to 4pm on the same date (or the conclusion of the Committee meeting if later).

**RECOMMENDATION**

5. It is recommended that the Committee approves the proposed change of time and date of the meeting in September to 2pm on Tuesday, 26 September.

Local Government Access to Information Act 1985

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