Renfrewshire Council

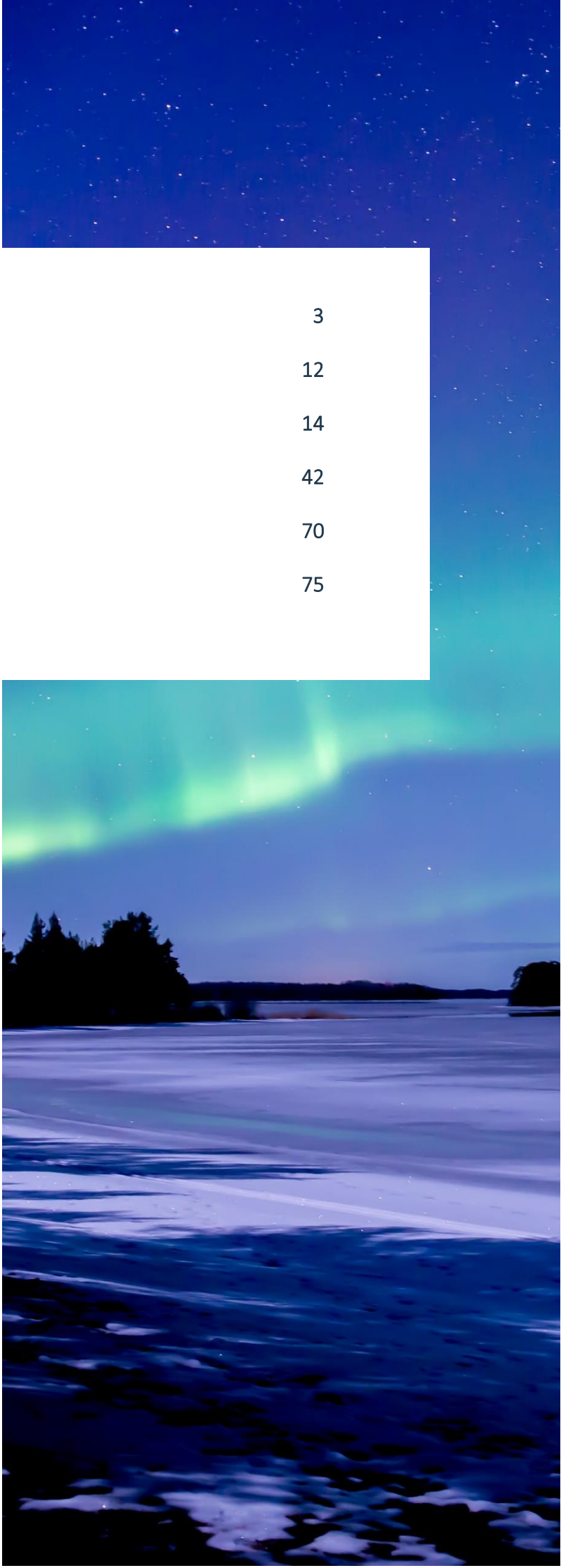
2025/26 Annual Audit Report to the Council and the Controller of Audit

October 2026

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This report is for the benefit of the Council and is made available to the Controller of Audit for Scotland and Audit Scotland. This report has not been designed to be of benefit to anyone except for the Council, the Controller of Audit for Scotland and Audit Scotland. It should not be quoted in whole or in part without our prior written consent and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to any third parties. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Key messages

This report concludes our audit of Renfrewshire Council ("the Council") and its Group for the year ended 31 March 2026. This section summarises the key findings and conclusions from our audit.

Financial statements audit

Audit opinion	The annual accounts were considered and approved by the full Council on 24 September 2026. We report unqualified opinions within our independent auditor's report.
Audit approach	Our audit approach has been based on gaining an understanding of the Council's control environment and has been risk based. This included: • An evaluation of the internal control environment, including the IT systems and controls; and • Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to our significant audit risks. On receipt of the unaudited accounts, we have clarified our audit approach as follows: • to apply a medium risk to the pay expenditure as this is the first year payroll reconciliations are undertaken for payroll accounts there is a likelihood that payroll included in the financial statements is either not complete or accurate.
Key audit findings	The Council has administrative processes in place to prepare the annual accounts and supporting working papers. We received the working papers to support the annual accounts in a timely manner. We obtained adequate evidence in relation to the significant audit risks identified in our audit plan. The accounting policies used to prepare the financial statements are considered appropriate. We are satisfied with the appropriateness of the accounting estimates and

	judgements used in the preparation of the financial statements. All material disclosures required by relevant legislation and applicable accounting standards have been made appropriately.
Audit adjustments	Four audit adjustments have been identified and made through the course of the audit. No unadjusted misstatements were identified within the financial statements. Details of the adjusted misstatements and disclosure changes are included at Appendix 2.
Internal controls	The purpose of the audit was for us to express an opinion on the Council's financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses. No material weaknesses or significant deficiencies were noted in the Council's internal controls during our audit.

Wider scope of public audit

	Auditor judgement	
	Risks exist to the achievement of operational objectives	Y
Financial Management Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.	Like all local authorities, financial management continues to remain challenging in the current funding and post-pandemic environment. The Council reported a small General Fund underspend of £0.2m (0.03% of budget) in 2025/26. Financial pressures from waste management, inflation, building repairs, social care and school staffing were largely offset by higher investment income, additional government funding and lower borrowing costs. Financial performance across services was mixed. A number of services recorded underspends and Adult Social Care reported a £5.7m deficit outturn, funded from Renfrewshire Health and Social Care Partnership (HSCP) reserves and therefore not impacting the General Fund. The Council's financial position remains resilient, with General Fund reserves of £159.4m, including £11.5m of unallocated reserves, above the approved minimum level of £10m. Council Tax collection improved slightly to 94.7%, although this remained below the 95% target. HRA reserves also increased from £6.9m to £7.9m. Capital expenditure remained within approved limits but was lower than planned, with spend of £44m (78%) against the housing programme budget and £111m (86%) against the General Fund capital programme. Delays arising from contractor availability, project complexity resulted in projects being reprofiled, although key education projects remained on track. Internal controls, governance and fraud prevention arrangements were assessed as effective, with no significant weaknesses identified. Participation in the National Fraud	

	Initiative also identified notional savings and recoveries exceeding £1.6m.

Financial Sustainability Financial sustainability looks forward to the medium and longer term to consider whether the Council is planning effectively to continue to deliver its services and the way in which they should be delivered.	**Auditor judgement** Risks exist to the achievement of operational objectives Y The Council continues to face a challenging financial environment, with ongoing inflationary pressures, rising service demand and uncertainty over future local government funding. Although government funding increased during 2025/26 and 2026/27, these increases largely support existing commitments and are not sufficient to fully offset growing cost pressures. To improve financial resilience, the Council has maintained a prudent reserves strategy, with unallocated reserves remaining above the minimum approved level and the Financial Sustainability Fund increasing from £21.2m to £35.8m. These reserves provide flexibility to manage budget pressures and support financial stability while longer-term solutions are developed. Despite this, the Council's Medium-Term Financial Plan projects a significant funding gap of around £80m by 2030/31 before council tax decisions. Planned council tax increases and savings programmes will reduce this gap, but substantial service transformation, efficiencies and income generation measures will still be required to maintain a balanced and sustainable budget. On 26 February 2026, the Council approved a 7.5% council tax increase for 2026/27. Although a £6.3 million savings target had been set for 2026/27, only £2.8 million of recurring savings were included in the approved budget, as the remaining savings proposals required more time and certainty before implementation.

	A key risk remains the financial position of the HSCP, which is forecasting a budget gap of £5.1m in 2026/27. Continued reliance on reserves is reducing the Partnership's financial resilience and may create future funding pressures for the Council as a partner organisation. The Council's financial outlook is also sensitive to several uncertainties, including future pay settlements, government funding levels, increasing costs associated with social care, education, transport and net zero commitments, and growing service demand. As staffing costs represent the largest area of expenditure, even small increases in pay awards can have a significant financial impact. Financial sustainability therefore remains a significant strategic risk. While the Council has strengthened its reserves position and achieved a balanced budget for 2026/27, continued focus on long-term financial planning, delivery of savings and transformation programmes, and careful management of both revenue and capital resources will be essential to maintaining sustainable services.

Vision, Leadership and Governance Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.	**Auditor judgement** Effective and appropriate arrangements are in place G The Council has a clear strategic vision through its updated Council Plan and Community Plan, which support the vision of "Creating a fairer Renfrewshire built on innovation, wellbeing and opportunity". The plans set out clear priorities and outcomes focused on Place, Economy, Fairness, Environment and Organisational Values, providing a framework for service delivery and performance monitoring. The Council has effective governance arrangements in place, supported by a Local Code of Corporate Governance, clearly defined committee structures and strong scrutiny arrangements.

	During 2025/26, the Council strengthened its performance management framework through the introduction of a dedicated officer Performance Board tasked with driving improvements to targeted areas of corporate performance. Risk management arrangements continue to operate effectively. Counter-fraud and whistleblowing arrangements were also updated during the year to reflect legislative changes and support good governance. Internal audit provided a reasonable assurance opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control arrangements. Overall, effective and appropriate arrangements are in place for vision, leadership and governance, supporting the Council's ability to deliver its strategic objectives and manage risks effectively.

Use of Resources to Improve Outcomes Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency, and effectiveness through the use of financial and other resources and reporting performance against outcomes.	**Auditor judgement** Risks exist to the achievement of operational objectives	Y
	The Council has a well-established performance management framework that links strategic priorities in the Council Plan to service-level improvement plans and operational performance monitoring. Performance is regularly reviewed through leadership and management structures, with reporting to Boards and the Corporate Management Team to support oversight and continuous improvement. Performance against the Local Government Benchmarking Framework (LGBF) 2024/25 was generally positive, with 57% of indicators showing improved or maintained performance. Longer-term trends show that improvements in 79% of all measures since the LGBF began, this is a higher proportion than any of the Council's Family Group comparator councils. The Council performs strongly in areas including educational attainment, road condition, housing performance, delayed	

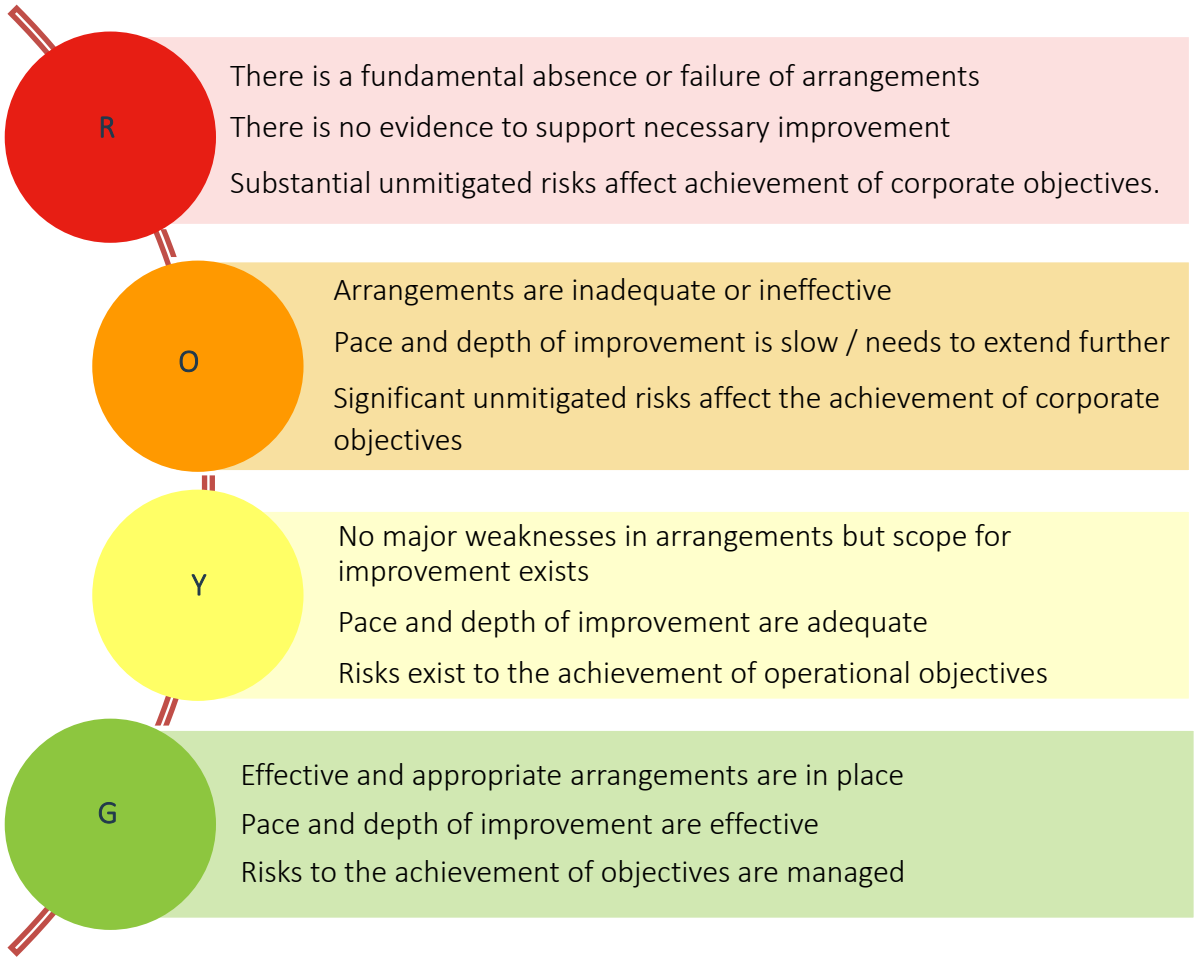
	hospital discharges and carbon emissions. However, performance remains comparatively weaker in some areas, including school exclusions, customer satisfaction with street cleaning and refuse collection, council tax collection and crisis grant processing. These present opportunities for further improvement. The Council also demonstrates a consistent commitment to improving outcomes through its focus on fairness, equality and inclusion. Governance arrangements, community engagement, workforce development and targeted programmes are well embedded. We have performed a consideration of the fairness and equality theme during the 2025/26 audit. Overall, we concluded that the Council has appropriate arrangements within this area. Fairness and equality are embedded across the Council's strategic planning, governance, workforce policies and service delivery, supported by strong leadership and effective oversight arrangements. The Council has also demonstrated continued progress in strengthening its equality framework and improving outcomes for communities and individuals who experience inequality or disadvantage.

Best Value

Definitions

We use the following gradings to provide an overall assessment of the arrangements in place as they relate to the wider scope areas and reporting our findings on Best Value. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.

Best Value	**Auditor judgement** Effective and appropriate arrangement to secure Best Value are in place. The council have made progress in addressing recommendations raised from our previous work on Best Value thematic reviews. The newest review on assets management identified a number of low risk rating recommendations which are being addressed by the council.	G
Effectiveness of performance reporting	The council has appropriate arrangements in place in relation to performance reporting.	
Thematic review: Asset Management	The council has appropriate strategies and capital programmes documents in place supported by strong governance structures. The council is able to deliver major complex capital projects despite the external pressures. The council works effectively with partners and communities to deliver its projects. Some scope for improvement exists in relation to the delivery of non-housing projects and reporting on outcomes.	


R
There is a fundamental absence or failure of arrangements
There is no evidence to support necessary improvement
Substantial unmitigated risks affect achievement of corporate objectives.
O
Arrangements are inadequate or ineffective
Pace and depth of improvement is slow / needs to extend further
Significant unmitigated risks affect the achievement of corporate objectives
Y
No major weaknesses in arrangements but scope for improvement exists
Pace and depth of improvement are adequate
Risks exist to the achievement of operational objectives
G
Effective and appropriate arrangements are in place
Pace and depth of improvement are effective
Risks to the achievement of objectives are managed

Introduction

Scope of audit

The annual external audit comprises:

- the audit of the financial statements and other reports included in the Council's annual accounts, and
- completion of the wider-scope audit and Best Value audit responsibilities set out in Audit Scotland's Code of Audit Practice.

We outlined the scope of our audit in our 2025/26 External Audit Plan, which we presented to the Audit, Risk and Scrutiny Board at the outset of our audit.

This Annual Audit Report is designed to summarise the key findings and conclusions from our audit work. It is addressed to both the Council and the Controller of Audit for Scotland and presented to those charged with governance.

Responsibilities

The Council is responsible for preparing its annual accounts, including financial statements, which show a true and fair view of the results for the year and position at the year end, and for implementing appropriate internal control systems.

We are responsible for carrying out the audit of the annual accounts in line with the requirements set out in the Code of Audit Practice issued by Audit Scotland. Our audit is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit, Risk and Scrutiny Board. Under the Code of Audit Practice, we are also required to consider the Council's wider scope and Best Value arrangements and to report on our findings. However, our audit is not designed to test all internal controls or identify all areas of control weakness. As such, our work cannot be relied upon to disclose all errors or other irregularities, or to include all possible improvements in internal control that a more extensive examination might identify.

The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not

absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.

We would like to thank all management and staff for their co-operation and assistance during our audit.

Auditor independence

International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We confirm that we complied with the Financial Reporting Council's (FRC) Ethical Standard. In our professional judgement, we remained independent, and our objectivity has not been compromised in any way.

We set out in Appendix 1 our assessment and confirmation of independence.

Adding value

All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. We add value by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to promote improved standards of governance, better management and decision making and more effective use of public money.

Any comments you may have on the service we provide would be greatly appreciated. Comments can be reported directly to any member of your audit team or to Audit Scotland.

Openness and transparency

This report will be published on Audit Scotland's website www.audit-scotland.gov.uk.

Financial statements audit

Under International Standards on Auditing (UK) and the Code of Audit Practice on Local Authority Accounting in the United Kingdom 2025/26, we are required to report whether, in our opinion:

- The financial statements give a true and fair view of the Council and Group's financial position and income and expenditure for the period
- The financial statements have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the UK 2025/26 (the 2025/26 Code), the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003
- The audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014
- The information given in the Management Commentary is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003
- The information given in the Annual Governance Statement is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government Framework (2016).

We are also required to report on whether the other information included in the annual accounts (including the Management Commentary and Annual Governance Statement) is materially consistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit opinion

Opinion	Basis for opinion	Conclusions
Financial statements	We conduct our audit in accordance with applicable law and International Standards on Auditing. Our findings / conclusions to inform our opinion are set out in this section of our annual audit report.	The Council's annual accounts were considered by the Council and approved for signature on 24 September 2026. We report unqualified opinions within our independent auditor's report.

Opinion	Basis for opinion	Conclusions
Going concern basis of accounting	When assessing whether the going concern basis of accounting is appropriate, the anticipated provision of services is more relevant to the assessment than the continued existence of a particular public body. We assess whether there are plans to discontinue or privatise the Council's functions. Our wider scope audit work considers the financial sustainability of the Council.	Our understanding of the Council's legislative framework and activities provides us with sufficient assurance that the Council will have continued provision of service for at least 12 months from the date of signing of our audit opinion. Our audit opinion is therefore unqualified in this respect.
Other information: Comprises the Annual Governance Statement and the Management Commentary, excluding the audited parts of the Remuneration Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except to the extent explicitly stated in the opinions prescribed by the Accounts Commission.	We are required to consider whether the other information is materially inconsistent with the financial statements or with other knowledge obtained during the audit or otherwise appears materially misstated.	We have no matters to report.

Opinion	Basis for opinion	Conclusions
Opinions prescribed by the Accounts Commission: • The audited parts of the Remuneration Report • Management Commentary • Annual Governance Statement	We plan and perform audit procedures to gain assurance that the audited parts of the Remuneration Report, Management Commentary and Annual Governance Statement and are prepared in accordance with relevant legislation and guidance.	We have concluded that: • the audited parts of the Remuneration Report have been properly prepared; • the information given in the Management Commentary is consistent with the financial statements and has been properly prepared; • the information given in the Annual Governance Statement is consistent with the financial statements, has been prepared in accordance with the Delivering Good Governance in Local Government Framework (2016) and is consistent with our understanding of the Council gained through our audit.

Opinion	Basis for opinion	Conclusions
Matters reported by exception	We are required to report on whether: • adequate accounting records have not been kept; or • the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit.	We have no matters to report.

An overview of the scope of our audit

The scope of our audit was detailed in our External Audit Plan, which was presented to the Audit, Risk and Scrutiny Board in March 2026. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Council and Group. This ensures that our audit focuses on the areas of highest risk (the significant risk areas). Planning is a continuous process, and our audit plan is subject to review during the course of the audit to take account of developments that arise.

We carried out a further review of our risk assessment following receipt of the unaudited annual report and accounts. Our risk assessment was then updated to clarify our audit approach as follows:

- to apply a medium risk to the pay expenditure as this is the first year payroll reconciliations are undertaken for payroll accounts there is a likelihood that payroll included in the financial statements is either not complete or accurate.

In our audit, we test and examine information using sampling and other audit techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. This includes:

- An evaluation of the Council and Group's internal control environment, including the IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including procedures outlined in this report in relation to our key audit risks.

Quality indicators

We have applied a suite of quality indicators to assess the reliability of the Council's financial reporting and response to the audit. We have highlighted any significant difficulties we have encountered during the audit, as required by auditing standards.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
Quality and timeliness of draft financial statements	Mature	We received the unaudited financial statements in line with our agreed audit timetable. The financial statements were of a good standard. Revisions were provided promptly where required.
Quality of working papers provided and adherence to timetable	Developing	We received supporting working papers in line with our audit timetable. The majority of these were of a good standard, and we have observed improvements across many areas compared with the prior year. There are however still some specific areas remaining where further enhancement of working papers is required to support our testing procedures including debtor and creditor listings. Details of the recommendation are included at Appendix 4.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
Timing and quality of key accounting judgements	Mature	We did not identify any issues with the timing and quality of key accounting judgements.
Access to finance team and other key personnel	Mature/ Developing	We received full access to the finance team and other key personnel throughout the audit. The Finance team and other key personnel were available as agreed. A meeting with management's experts (actuary and valuer) were arranged in advance and their engagement was helpful to the audit. However, some key personnel outside of the Finance team were not always able to promptly respond to requests and inquiries. Finance management was cooperative and supportive throughout the audit process, helping to maintain progress against the agreed timetable. Increased engagement during the year, including regular catch-up meetings and follow-up on outstanding matters, contributed to the efficient progression of the audit.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
Quality and timeliness of the: • Remuneration Report • Management Commentary • Annual Governance Statement As well as the quality and timeliness of supporting working papers for those statements.	Mature	We received the Remuneration Report Management Commentary and Annual Governance Statement in line with agreed timescales. The reports were all produced in line with mandated requirements.
Volume and magnitude of identified errors	Mature	We identified four adjusted misstatements on audit. We also identified some disclosure changes. Further details are set out in Appendix 2. There were no unadjusted misstatements.

Significant risk areas and key audit matters

Significant risks are defined by auditing standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. Audit procedures are designed to mitigate these risks.

As required by the Code of Audit Practice and the planning guidance issued by Audit Scotland, we considered the significant risks for the audit that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. These were defined as the 'Key Audit Matters' for the audit, as detailed in the tables below.

Our audit procedures relating to these matters were designed in the context of our audit of the annual accounts as a whole, and not to express an opinion on individual balances, transactions or disclosures.

We did not modify our opinion on the Council's annual accounts with respect to any of the risks described below.

The table below summarises each significant risk and whether it reflects a fraud risk and/or Key Audit Matter. Detail behind each risk and the work undertaken is set out on the following pages.

Risk area	Financial statement / Assertion level risk	Fraud risk	Key Audit Matter	Risk of material misstatement	Outcome of work
Management override of controls	Financial statement	Yes	Yes	Very High	We found no evidence of fraud or error through management override of controls.
Fraud in revenue recognition (Rebutted)	Assertion level	No	No	Low	We have not identified any material issues in relation to this risk.
Fraud in expenditure recognition (Rebutted)	Assertion level	No	No	Low	We have not identified any material issues in relation to this risk.
Valuation of other land and buildings	Assertion Level	No	Yes	High	We have not identified any material issues in the valuation of council dwellings or other land and buildings.
Valuation of council dwellings	Assertion Level	No	Yes	High	We have not identified any material errors in the valuation of council dwellings or other land and buildings.

Risk area	Financial statement / Assertion level risk	Fraud risk	Key Audit Matter	Risk of material misstatement	Outcome of work
Valuation of defined benefit pension fund asset/liability	Assertion Level	No	Yes	High	We have not identified any material errors in the pension liability.

Significant risks at the financial statement level

These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Risk area	Management override of controls (Council and Group)
Significant risk description	Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk will vary from entity to entity, this risk is nevertheless present in all entities. Specific areas of potential risk include manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. This was considered to be a significant risk and Key Audit Matter for the audit. **Risk of material misstatement**: Very High

Risk area	Management override of controls (Council and Group)
How the scope of our audit responded to the significant risk	**Key judgement** There is the potential for management to use their judgement to influence the financial statements as well as the potential to override controls for specific transactions. **Audit procedures** • Documented our understanding of the journals posting process at the Council and evaluated the design effectiveness of management controls over journals; • Analysed the journals listing for the year and determined the criteria for selecting high risk and/or unusual journals; • Tested high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness and corroboration and to ensure approval had been undertaken in line with the Council's journals policy; • Gained an understanding of the key accounting estimates and critical judgements made by management. We challenged key assumptions and considered for reasonableness and evaluated any indicators of bias which could result in material misstatement due to fraud; and • Evaluated the rationale for any changes made to accounting policies, estimates or significant unusual transactions.
Key observations	We have not identified any indication of management override of controls in the year. In line with the prior year, we identified from our journals testing undertaken that large batch journals with over 50 lines require no system approval. We have therefore carried forward a control recommendation in relation to the authorisation and review process of large journals. Details of the recommendation are outlined at Appendix 4.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

Key risk area	Fraud in revenue recognition – Rebutted (Council and Group)
Risk description	Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA (UK) 240. The presumption is that the Council could adopt accounting policies or recognise income in such a way as to lead to a material misstatement in the reported financial position. Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to the following: • There is little incentive to manipulate revenue recognition; • Opportunities to manipulate revenue recognition are very limited; • The culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Council and group. **Inherent risk of material misstatement:** Revenue (occurrence): Low
How the scope of our audit responded to the risk	**Key judgements** We have rebutted this risk as we have assessed there is low incentive or opportunity to manipulate revenue streams of the Council and Group. **Audit procedures** • We have performed standard audit procedures on these material transactions and balances.
Key observations	We have not identified any material issues in relation to this risk.

Key risk area	Fraud in non-pay expenditure recognition – Rebutted (Council and Group)
Risk description	Practice Note 10 The Audit of Public Sector Financial Statements notes that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Council. We have considered the risk of fraud in expenditure at the Council for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the underlying nature of the transactions, the high predictability of certain expenditure streams, such as payroll or interest, or the immaterial nature of the expenditure streams both individually and collectively. Our consideration of expenditure streams also included capital expenditure and similarly we concluded that there is not a significant risk. Capital expenditure transactions are likely to be larger and subject to more scrutiny, reducing the risk of improper recognition. **Inherent risk of material misstatement:** Expenditure (completeness): Low Accruals (completeness): Low
How the scope of our audit responded to the risk	**Key judgements** We have rebutted this risk as we have assessed there is low fraud risk in the underlying nature of the transactions, the high predictability of certain expenditure streams, such as payroll or interest, or the immaterial nature of the expenditure streams both individually and collectively. **Audit procedures** • We have performed standard audit procedures on these material transactions and balances.
Key observations	We have not identified any material issues in relation to this risk.

Key risk area	Valuation of other land and buildings (key accounting estimate) (Council and Group)
Significant risk description	Revaluation of the Council's operational land and buildings should be performed in line with the revised revaluation requirements for 2025/26 onwards set out in the Code of Practice on Local Authority Accounting in the UK (the CIPFA Code). The Council has adopted the following approach to its land and buildings valuations for 2025/26 onwards: rolling five-year programme with use of indexation in intervening years, to ensure compliance with the revised requirements set out in the CIPFA Code. Management has an internal team of qualified valuers and engage the services of an external qualified valuer, who are Regulated Members of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2026. The Council have also engaged further experts to support on the provision of appropriate indices for land and buildings, to ensure compliance with the CIPFA Code requirements. The valuations and index uplifts involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of management's valuation experts and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurements and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of other land and buildings as a significant risk. We further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations, there are significant

Key risk area	Valuation of other land and buildings (key accounting estimate) (Council and Group)
	changes to any of the key assumptions or the year-end valuation is considered material. This was considered to be a significant risk and Key Audit Matter for the audit. **Inherent risk of material misstatement:** Other land and buildings (valuation): High
How the scope of our audit responded to the significant risk	Key judgements Councils are required to revalue property, plant and equipment with sufficient regularity to ensure that the carrying amount does not differ materially from the current value at 31 March. Audit procedures • Evaluated management processes, controls and assumptions for the calculation of the estimates, the instructions issued to the valuation experts and the scope of their work; • Evaluated the competence, capabilities and objectivity of the valuation expert; • Considered the basis on which the valuations and indexation uplifts were carried out and challenged the key assumptions applied; • Evaluated the reasonableness of the valuation movements for any assets revalued during the year, with reference to market data; • For any unusual or unexpected valuation movements, tested the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensured revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; • Evaluated the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially misstated;

Key risk area	Valuation of other land and buildings (key accounting estimate) (Council and Group)
	• Engaged our own valuations expert, where necessary, to assess any judgmental assumptions used that underpinned the final valuations.
Key observations	We have not identified any material issues in relation to this risk.

Key risk area	Valuation of council dwellings (key accounting estimate) (Council and Group)
Significant risk description	Revaluation of the Council's council dwellings should be performed in line with the revised revaluation requirements for 2025/26 onwards set out in the Code of Practice on Local Authority Accounting in the UK (the CIPFA Code). Revaluation of council dwellings should be performed with sufficient regularity so that carrying amounts are not materially misstated. The Council values the full portfolio of council dwellings every 5 years with an annual review completed in intervening years to advise whether there has been a change in the value of housing stock since the last full revaluation. A full revaluation of council dwellings was undertaken during the 2025/26 financial year. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2026. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of management's valuation experts and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurements and the sensitive nature of the estimate to changes in key assumptions. We have

Key risk area	Valuation of council dwellings (key accounting estimate) (Council and Group)
	therefore identified the valuation of council dwellings as a significant risk. This was considered to be a significant risk and Key Audit Matter for the audit. **Inherent risk of material misstatement:** Council dwellings (valuation): High
How the scope of our audit responded to the significant risk	Key judgements Councils are required to revalue property, plant and equipment with sufficient regularity to ensure that the carrying amount does not differ materially from the current value at 31 March. Audit procedures • Evaluated management processes, controls and assumptions for the calculation of the estimates, the instructions issued to the valuation experts and the scope of their work; • Evaluated the competence, capabilities and objectivity of the valuation expert; • Considered the basis on which the valuations were carried out and challenged the key assumptions applied; • Evaluated the reasonableness of the valuation movements for any assets revalued during the year, with reference to market data; • For any unusual or unexpected valuation movements, tested the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensured revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; • Evaluated the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially misstated;

Key risk area	Valuation of council dwellings (key accounting estimate) (Council and Group)
	• Engaged our own valuations expert, where necessary, to assess any judgmental assumptions used that underpinned the final valuations.
Key observations	We have not identified any material issues in relation to this risk.

Key risk area	Pension asset/liability (key accounting estimate) (Council and Group)
Significant risk description	An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 'Employee Benefits', and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the Code of Practice on Local Authority Accounting in the UK. The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk. This was considered to be a significant risk and Key Audit Matter for the audit. Inherent risk of material misstatement:

Key risk area	Pension asset/liability (key accounting estimate) (Council and Group)
	Pension (valuation): High
How the scope of our audit responded to the significant risk	**Key judgements** Pension valuations are highly subjective and based upon actuarial estimation. Given the scale of these assets and liabilities, these can be sensitive to small changes in the assumptions informing the calculations, which increases risk of potential material error. **Audit procedures** • Evaluated management's process for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work; • Evaluated the competence, capabilities and objectivity of the actuary; • Assessed the controls in place to ensure that data provided to the actuary by the Council and their pension fund was accurate and complete; • Evaluated the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert • Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • Evaluated whether any asset ceiling was appropriately considered when determining the value of any pension asset included in the financial statements; and • Obtaining assurances from the pension fund auditor as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements; and ensured pension valuation movement in the year and related disclosure have been correctly reflected in the financial statements.

Key risk area	Pension asset/liability (key accounting estimate) (Council and Group)
Key observations	We have not identified any material issues in relation to this risk.

Other risks

This section summarises conclusions in relation to other identified risks which, although not considered to be significant, required specific consideration during the audit, or were risks otherwise identified during the course of the audit

Other risk area	Pay expenditure (Council and Group)
Risk description	This is the first year full payroll reconciliations were undertaken for payroll accounts, therefore there is a risk that payroll included in the financial statements is either not complete or accurate. **Inherent risk of material misstatement:** Pay expenditure (Completeness & Accuracy): Medium
How the scope of our audit responded to the risk	**Audit procedures** • Tested a sample of starters, leavers and amendments to ensure new starters exist, leavers have left and changes in circumstances have been processed correctly; • Carried out a substantive analytical procedure to assess the completeness and accuracy of pay expenditure; • Performed a proof in total for employer social security and employer pension contribution costs; • Performed substantive testing of pay expenditure transaction outside the normal payroll transaction from the payrun using tests of detail by ensuring they can be traced to appropriate supporting evidence.
Key observations	We have not identified any material issues in relation to this risk.

Materiality

Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. A matter is material if its omission or misstatement would reasonably influence the decisions of an addressee of the auditor's report. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of users. We review our assessment of materiality throughout the audit.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Our initial assessment of materiality for the group financial statements was £18.1 million and the Council's financial statements was £18 million. On receipt of the 2025/26 unaudited financial statements, we reassessed materiality and the initial assessment is still appropriate. We consider that our assessment has remained appropriate throughout our audit.

	Group £million	Council £million
Overall materiality for the financial statements	18.100	18.000
Performance materiality (75% of materiality)	13.575	13.500
Trivial threshold	0.905	0.900
Materiality	Our assessment is made with reference to the Group and Council's gross expenditure. We consider this to be the principal consideration for users of the financial statements when assessing financial performance. Our assessment of materiality equates to approximately 2% of gross expenditure as disclosed in the 2024/25 audited financial statements. The financial statements are considered to be materially misstated where total errors exceed this value.	

Performance materiality	Performance materiality has been set at 75% of overall materiality (adjusted to take into account the Council's component materiality allocation for the group accounts). This is based on the internal control environment of the Council and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial misstatements	Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality.

We have determined that no specific materiality levels needed to be set for this audit.

Common Good Funds Materiality

Our initial assessment of materiality for the common good funds was £197,000 for Common Good Fund (CGF) Paisley, £1,500 for CGF Johnstone, and £1,104,000 for CGF Renfrew. On receipt of the 2025/26 unaudited financial statements, we reassessed materiality levels and updated as below, with the CGF Johnstone remaining unchanged from the planning. We consider that our assessment has remained appropriate throughout our audit.

	Overall Materiality £	Performance Materiality £	Trivial Threshold £
CGF Paisley	242,000	181,500	12,100
CGF Johnstone	1,500	1,125	100
CGF Renfrew	1,174,000	880,500	58,700

Group audit

The Council is also required to prepare group accounts.

The Group Accounts consolidate the results of the Council with five subsidiaries:

- Renfrewshire Leisure Limited, trading as OneRen;
- the Common Good Funds;
- the Coats Observatory Trust;
- Park Lane Developments (Renfrewshire) LLP; and
- Paisley Museum Reimagined Limited.

The Group Accounts also consolidate the Council's share of five other entities treated as associates or joint ventures:

- Strathclyde Partnership for Transport;
- Strathclyde Concessionary Travel Scheme Joint Committee;
- Renfrewshire Valuation Joint Board;
- Renfrewshire Health and Social Care Integration Joint Board; and
- AMIDS Renfrewshire LLP.

The Council has non-material interests in a number of other entities namely Scotland Excel; and Glasgow City Region – City Deal Cabinet. These entities have not been consolidated on the grounds of materiality. We have reviewed managements consideration of this decision and confirm that it is appropriate.

As group auditors under ISA (UK) 600 we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and regarding the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The significant risks identified at the Council are set out in this report. There are no additional significant risks identified in any of the other components above in respect of the Group audit.

Note that a component may require a statutory audit under UK or overseas company law irrespective of whether an audit is required for group reporting purposes. Management should therefore satisfy themselves that all UK and overseas company law requirements are adhered to on a component-by-component basis.

The table below sets out our approach to the components within the group and our audit findings in respect of each component.

We revisited our planning group assessment, following receipt of the unaudited accounts and our assessment was updated as follows;

Component	Scope	Planned audit approach	Audit findings
Renfrewshire council	Full Scope	Full scope statutory audit	We issued unqualified audit opinions. Audit adjustments have been identified and made through the course of the audit. Details of the adjusted misstatements are included at Appendix 2.
Renfrewshire Leisure Ltd	Specific Scope	Specific procedures performed – 1. Pension asset/liability 2. Expenditure	We have not identified any findings in relation to the planned audit approach. (*)
Common Good Funds	Specific Scope	Specific procedures performed – 1.Long-term investments 2.Property, plant and equipment	We have not identified any findings in relation to the planned audit approach. Audit adjustments have been identified and made through the course of the audit. Details of the adjusted misstatements are included at Appendix 2.
Paisley Museum Reimagined Ltd	None	No procedures planned.	N/A (*)
Park Lane Developments (Renfrewshire) LLP	None	No procedures planned.	N/A (*)

Coats Observatory Trust	None	No procedures planned.	N/A (*)
Strathclyde Partnership for Transport	Specific Scope	Specific procedures performed – Investments in associates and joint ventures	We have not identified any findings in relation to the planned audit approach.
Strathclyde Concessionary Travel Scheme Joint Committee	None	No procedures planned.	N/A
Renfrewshire Valuation Joint Board	None	No procedures planned.	N/A (*)
Renfrewshire Health and Social Care Integration Joint Board	Specific Scope	Specific procedures performed – Investments in associates and joint ventures	We have not identified any findings in relation to the planned audit approach.
AMIDS Renfrewshire LLP	None	No procedures planned.	N/A

(*) Azets Audit Services perform separate statutory audits of these accounts which are not related to the group accounts audit.

Definitions:

Full Scope: Design and perform further audit procedures on the entire financial information of the component.

Specific Scope: Design and perform further audit procedures on one or more classes of transactions, account balances or disclosures.

None: No further audit procedures required.

Audit differences

Audit differences identified during the audit, identified during the audit are detailed in Appendix 2.

We also identified disclosure and presentational adjustments during the audit, which have been reflected in the final set of financial statements and are disclosed in Appendix 2.

Internal controls

As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these at Appendix 3. These matters are limited to those which we have concluded are of sufficient importance to merit being reported.

Follow up of prior year recommendations

We followed up on progress in implementing actions raised in the prior year as they relate to the audit of the financial statements. Full details of our findings are included in Appendix 4.

Other communications

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Matter	Audit commentary and findings
Significant matters on which there was disagreement with management	There were no significant matters on which there was disagreement with management.
Significant management judgements which required additional audit work and / or where there was disagreement over the judgement and / or where the judgement is significant enough that we are required to report it to those charged with governance before they consider their approval of the accounts	At the time of writing this report, there were no major transactions that required special accounting consideration.

Matter	Audit commentary and findings
Prior year adjustments identified	At the time of writing this report, there were no prior year adjustments found by the audit team. However, there were restatements to the account identified by the Council's finance team, which were all disclosed in the unaudited accounts, including the following; • Restatement of PPE note: Following a review of the Council's asset componentisation policy under the CIPFA Code of Practice, certain assets previously recorded within Vehicles, Plant, Furniture and Equipment have been reclassified to Council Dwellings or Other Land and Buildings. This change reflects the assessment that these assets are building components forming part of the properties, rather than separate plant or equipment assets. • Restatement of Common Good Funds Paisley and Renfrew Income and expenditure statement: During 2024/25, following a review of historical title and legal advice, the Council reclassified £1.090m of property from Council assets. This was reflected in the reserves balance directly in the prior year. However, it should have been recorded as income in the prior year. • Restatement of Group accounts: Upon receiving the audited accounts of the Group's components, the

Matter	Audit commentary and findings
	consolidation was revised to incorporate the final audited figures.
Concerns identified in the following: • Consultation by management with other accountants on accounting or auditing matters • Matters significant to the oversight of the financial reporting process • Adjustments / transactions identified as having been made to meet an agreed system position / target	No concerns were identified.

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the previous year with the exception of property, plant, and equipment valuation.

Our work included a review of the adequacy of disclosures in the financial statements and the appropriateness of the accounting policies adopted by the Council.

The accounting policies, which are disclosed in the financial statements, are in line with the CIPFA LASAAC Code Practice on Local Authority Accounting in the UK 2025/26 (the 'CIPFA Code') and are considered appropriate.

Key judgements and estimates

As part of the planning stages of the audit, we identified the accounting estimates made by management and determined which of those are key to the overall financial statements.

Consideration was given to non-current asset valuations, valuation of pension assets and liabilities. Other than council dwelling and other land and building valuations and the valuation of pension assets/liabilities we have not determined the accounting estimates to be significant. See the section above on "Significant risks at the assertion level for classes of transaction, account balances and disclosures" for detailed findings in relation to key accounting estimates.

We reviewed the key estimates and judgements that management made in respect to the identified key accounting estimates for indication of bias and assessed whether the

judgements used by management are reasonable. We have concluded that those key accounting estimates were balanced and appropriate.

Presentation and disclosures

There are no significant financial statements disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management and the Audit, Risk and Scrutiny Board. We have not been made aware of any material incidents in the period. No issues have been identified during the course of our audit.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting the Council. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations. You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations

The Local Authority Accounts (Scotland) Regulations 2014

As part of our audit, we reviewed the Council's compliance with the Local Authority Accounts (Scotland) Regulations 2014, in particular with respect to regulations 8 to 10 as they relate to the annual accounts.

Overall, we concluded that appropriate arrangements were in place to comply with these Regulations.

Written representations

A letter of management representations has been requested from the Council. These were approved at the same time as the financial statements by the Audit, Risk and Scrutiny Board, signed by the director of finance and resources, and had been provided to us before we completed our audit and issued our auditor's report.

Related parties

We are not aware of any related parties or related party transactions which have not been disclosed.

Confirmations from third parties

We have received all confirmations from third parties.

Wider scope of public audit

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider-scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Auditor judgement	
Risks exist to the achievement of operational objectives	Y

Financial performance and revenue performance against budget

2025/26	Revised Budget £m	Actual £m	Variance £m
Chief Executive's Service	30.217	30.195	0.022
Children's Services	273.812	275.837	(2.025)
Environment, Housing and Infrastructure	78.346	78.047	0.299
Finance and Resources	51.124	50.893	0.231
Miscellaneous Services	19.907	18.243	1.664
Adult Services*	112.122	112.122	0.000
Net Expenditure	565.528	565.337	0.191

2025/26	Revised Budget £m	Actual £m	Variance £m
Revenue Support Grant	(368.933)	(368.933)	0.000
Council Tax Income	(108.199)	(108.204)	0.005
Non-Domestic Rates Income	(108.844)	(108.844)	0.000
Funding	(585.976)	(585.981)	0.005
Contribution to General Fund Balances	(20.448)	(20.644)	0.196

Source: Renfrewshire Council Unaudited Annual Accounts 2025-26

* For Adult Services, there was a planned drawdown from HSCP reserves of £5.710m. This does not impact on the Council's General Fund balance, so is omitted from this presentation.

The Council reported a small General Fund underspend of £0.2m as at 31 March 2026. While actual funding was in line with the revised budget, the underspend was mainly due to lower-than-budgeted net expenditure across services. Although the General Fund for 2025/26 faced budget pressures from rising waste management costs, inflation affecting vehicle parts and specialist contractors, increased public building repair expenses, higher children's social care costs, and staffing pressures in schools, these additional costs were largely offset by higher investment income, additional funding for packaging waste disposal, and lower-than-budgeted loan charges for the learning estate. This resulted in an underspend equivalent to 0.03% of the budget.

The Council's largest category of expenditure is staffing. In 2025/26, a two-year national pay settlement was agreed for local government workers, providing pay increases of 4.0% for 2025/26 and 3.5% for 2026/27. In recognition of the challenging financial environment, the Scottish Government provided councils with additional funding to support this pay settlement in 2025/26. For Renfrewshire, this amounted to £2.6m, covering an additional 1% for 2025/26 only.

Adult social care experienced a year-end overspend of £5.7m, which reduced the reserves of the Renfrewshire Health and Social Care Partnership (HSCP), which operates these services. As this overspend was funded through the use of HSCP reserves, it did not impact the Council's General Fund balance.

The Council fell just short of its target in-year Council Tax collection rate of 95% in 2025/26, achieving a creditable 94.7%. This represented an improvement on the 2024/25 collection rate of 94.5%.

The Council's General Fund balance as at 31 March 2026 was £159.4m, of which £147.9m had been earmarked for specific purposes, leaving unallocated reserves of £11.5m. The level of unallocated reserves is consistent with the recommended minimum balance of £10m agreed by the Council in September 2020 and subsequently reconfirmed as a core financial planning principle. The Council considers this level of reserves to be appropriate given the financial risks it currently faces.

While the table above shows the service position, the Council also monitors revenue budget performance by Policy Board, as set out below.

Policy Board	Revised Annual Budget £000	Actual Annual Outturn £000	Budget Variance (Adverse) or Favourable £000	Budget Variance (Adverse) or Favourable %
Communities and Housing Services	14,924	13,712	1,212	8%
Education and Children's Services	268,553	271,384	-2,831	-1%
Infrastructure, Land and Environment	40,647	41,099	-452	-1%
Finance, Resources and Customer Services	100,376	98,155	2,221	2%
Adult Services	112,122	117,832	-5,710	-5%
Planning and Climate Change	625	606	19	3%
Economy and Regeneration	3,621	3,562	59	2%
Leadership (Chief Executive's Service)	24,660	24,697	-37	0%

Policy Board	Revised Annual Budget £000	Actual Annual Outturn £000	Budget Variance (Adverse) or Favourable £000	Budget Variance (Adverse) or Favourable %
GENERAL SERVICES NET EXPENDITURE	565,528	571,047	-5,519	-1%
Housing Revenue Account (HRA)	-	-	-	0%
NET EXPENDITURE	565,528	571,047	-5,519	-1%

Source: Council meeting 22 June 2026: Renfrewshire Council revenue budget monitoring statement 2025/26 1 April 2025 to 31 March 2026

The key variances movements were due to the following factors:

- Communities & Housing: £1.2m underspend, mainly due to staff vacancies within Housing and Justice Social Work, together with savings arising from a review of overhead costs.
- Education & Children's Services: £2.8m overspend, driven largely by higher-than-anticipated school staffing and operating costs.
- Finance, Resources & Customer Services: £2.2m underspend, reflecting lower property repair costs, higher-than-budgeted school meal income, and savings on energy costs, rates relief, and loan charges.
- Adult Service: £5.7m overspend, driven largely by primarily by rising costs of external care-at-home packages due to increasingly complex needs of patients discharged from hospital, alongside additional overspends in supported living and carers' respite services caused by growing demand and client needs.

Housing revenue account (HRA)

The Housing Revenue Account (HRA) balance as at 31 March 2026 was £7.9m, an increase from £6.9m in the previous year. The Council considers this to be a prudent level of unallocated reserves for the HRA, helping to mitigate the impact of unforeseen risks and providing a degree of resilience against forecast financial pressures arising from the prevailing economic climate.

Although property repairs and maintenance costs, including voids management, significantly exceeded budget, this was offset by lower capital financing charges and higher interest receivable as a result of increased interest rates during the year. Consequently, a contribution of £1.0m was made to reserves.

Statutory reserves

	Opening balance £m	Contribution to Reserves £m	Use of Reserves £m	Closing balance £m
Insurance Fund	3.029	0.137	-	3.166
DHN Repair and Renewal Fund	0.186	0.372	-	0.558
Reservoir Repair Fund	0.358	0.015	-	0.373
Education Capital Items	1.407	0.285	-0.275	1.417
Investment Capital Fund	79.028	2.993	-21.63	60.391
Total	84.008	3.802	-21.905	65.905

Source: Renfrewshire Group Unaudited Annual Accounts 2025/26

Statutory reserves totalled £65.905m as at 31 March 2026, representing a net decrease of £18.103m during the year. This reduction primarily reflects resources committed to supporting the Council's capital investment programme.

Capital expenditure

On 27 February 2025, the Council approved a Housing Capital Investment Programme of £56m and a General Fund Capital Investment Programme of £129m for 2025/26. Capital expenditure during the year was affected by contractor availability, project complexity, and inflationary pressures on construction and professional service costs. As a result, both programmes were reprofiled during the year. Actual expenditure totalled £44m on housing projects, representing approximately 78% of the approved budget, and £111m on General Fund projects, representing approximately 86% of the approved budget. Capital expenditure remained within the overall spending limits approved by the Council. The Non-Housing Capital Programme was reprofiled on 1 May 2025 and approved by the Council at that time.

To support the 2025/26 capital programme, the Council undertook £64m of new long-term PWLB external borrowing. The level of cash balances held by the Council remained consistent with its daily cash flow requirements, treasury management activities, and capital investment

plans. The increase in cash balances compared with 31 March 2025 was partly attributable to the receipt of grant funding for the AMIDS South project towards the end of the financial year.

The actual Capital Financing Requirement (CFR) as at 31 March 2026 was £650.9m, which was within the approved Authorised Limit of £702.0m. The Council's external borrowing has been used solely to finance capital investment. Net external debt stood at £417.2m as at 31 March 2026, compared with the approved Operational Boundary of £674.0m. The actual ratio of financing costs to net revenue stream (General Fund) for 2025/26 is 2.8%. The Council's borrowing costs remain among the lowest of Scottish local authorities, are considered affordable, and are aligned with the Council's medium- to long-term financial strategy.

Capital projects

The purpose of the narrative below is to update on the progress of the council's significant capital projects.

School projects

School Progress

An update on the above schools development progress was presented to the Education and Children's Services Policy Board meeting in May 2026:

- The project to deliver a new Paisley Grammar School Community Campus was completed on 20 August 2026. It was delivered on time and on budget.
- Advance works on Park Mains High School Extension & Internal Interventions has begun in March 2026 to prepare the site and complete groundworks ahead of the main construction phase. The project is on track for completion by August 2027.
- Thistle Primary School remains on track to complete in the summer of 2027.

School capital and revenue costs

The gross capital cost of building a new primary school and the Park Mains High School extension has remained as last reported and expected to be c.£82m, with c.£18m of contribution expected from the developer, reducing to net capital cost of £64m. The gross cost is allocated as follows:

- £45m for new primary school in Dargavel (named as Thistle Primary School)
- £37m for the Park Mains High School extension (to be reduced by the developer contribution).

The Council plans to borrow for the Park Mains High School extension, and to fund the build of the new Thistle Primary School from the investment capital fund (reserves). This fund has had reserves at £60.4m and is held by the Council to support the Council's capital investment programme and to support the Council manage its long-term debt position.

Clyde Waterfront & Renfrew Riverside (CWRR) project

The Clyde Waterfront & Renfrew Riverside (CWRR) project, which the Renfrew Bridge was a significant component of, was a long-term large-scale infrastructure project for the Council as part of the City Deal programme. Originally approved as part of City Deal in late 2014, there were a few adjustments to the timelines and budget, for which approval was obtained in accordance with both the Council's and the Glasgow City Region governance.

The City Deal programme was within the remit of the Leadership board and reported into the City Deal & Infrastructure programme board, chaired by the Chief Executive and consisting of senior officers.

The original project timeline was site start 2018 and completion by end 2020. However, due to delays in planning the timeline was ultimately extended out and coupled with extended tender process during COVID which included a negotiated tender stage contractor stated on site in November 2021 and completed in May 2025.

The CWRR project commenced in 2024/25 with an initial budget of £78.3m. The budget has been extended due to a budget transfer from another City Deal project, increased costs resulting from the delay in statutory processes as mentioned above, and inflationary pressures experienced including impact on steel pricing resulting in the new budget of £117.7m. The actual spend is £117m against the £117.7m revised budget.

Treasury management

The Council actively manages treasury risks to minimise its exposure to financial market volatility and protect funding for services. It follows CIPFA's Code of Treasury Management and has policies covering credit, liquidity, and market risks.

The strategy aims to balance risk with returns or costs. The Treasury Management Strategy Statement (TMSS) was approved by the Council on 27 February 2025 with a mid-year update on 11 December 2025.

The Council's borrowing strategy is prudent and to firstly use internal cash balances to finance the Capital Investment Programme, as borrowing rates have continued to remain persistently high throughout the financial year. Given the changing climate and the risks inherent in economic forecasts, a cautious approach was taken during the year regarding

treasury operations, with market conditions regularly monitored and borrowing plans adjusted accordingly.

Overall, the Council's total net external long-term borrowing increased by £57.4m, all from PWLB borrowing. This additional borrowing was undertaken to maintain appropriate cash balances in support of the Capital Investment Programme. Borrowings from Common Good funds increased by £0.5m and other partner bodies increased by £6.3m.

Temporary investments held by the Council increased by £42.4m. The increase in investments is due to the new PWLB borrowing, together with grant income received (Levelling Up Fund) at the end of the financial year.

No debt rescheduling was undertaken during the year.

The Council's policy is to ensure that no more than 15% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments. The Council complies with this policy.

Systems of internal control

We have evaluated the Council's key financial systems and internal financial controls to ensure internal controls are operating effectively to safeguard public assets.

We did not identify any significant weaknesses in the Council's accounting and internal control systems during our audit.

Prevention and detection of fraud and irregularity

The Council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption.

We have reviewed the arrangements and concluded that there are appropriate arrangements for the prevention and detection of fraud, error and irregularities.

National fraud initiative

The National Fraud Initiative (NFI) is a counter-fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies to identify fraud and error. The most recent NFI exercise commenced in 2024, the resulting matches were received from December 2024 onwards.

The investigation of those matches is undertaken by the Counter Fraud Officers or service staff and is nearing completion. The Council engages well with the NFI exercise and the chief internal auditor has concluded that the Council's arrangements with respect to NFI are

satisfactory. The Council uploaded all relevant data for the 2024 NFI exercise by the timescale of 31 October 2024. The Council risk assessed the matches and is progressing with investigations.

To date £272,309 of corrections and overpayments and a further £225,786 in relation to single person discounts of have been identified from the 2024/25 National Fraud Initiative and these overpayments are in the process of being recovered from claimants. In addition, £1.1m of notional savings have been identified with the majority relating to housing tenancies, housing applications and blue badges.

During the year, we have completed a brief information return assessing the participation of the Council. With an overall assessment of green (entirely satisfactory). The return was submitted to Audit Scotland according to the deadline of February 2026.

The Audit Scotland's NFI report 2026 was published in August 2026.

Financial sustainability

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

Auditor judgement

Risks exist to the achievement of operational objectives



Significant audit risk

Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities:

Financial sustainability (extract from 2025/26 External Audit Plan)
The Council continues to consider its medium-term financial planning through its financial outlook and medium-term financial plan, which are regularly presented to the full Council. The most recent medium-term financial plan update was presented to the full Council in February 2026. The latest cumulative forecast indicates a budget gap of £c.80million over the period 2026/27 to 2030/31 prior to council tax decisions. Assuming a 5.0-6.5% council tax increase in over this period, this would reduce the funding gap to c£40m. The scale of the projected funding shortfall demonstrates the continuing structural financial challenge facing the Council over the medium term. At the time of drafting this report the Council is still to approve its 2026/27 revenue budget at its February 2026 meeting. The budget estimates total expenditure of £622.794million with a deficit of £2.121million, prior to any council tax decisions. The deficit could be temporarily addressed through the use of the financial sustainability fund. The financial sustainability fund estimated balance as of 31 March 2026 is £34.199 million. The fund was established for this primary reason, to support the financial position of the Council in circumstances where, in the short term, savings have not been generated at the scale or pace required to ensure financial balance. In 2025/26, the Financial Sustainability Fund benefited from the second (and final) year of low employer pension contributions. The overall council General Fund balance is forecast to be £146.285million at 31 March 2026 (£138.769million in prior year). The majority of the reserves and funds are ring

Financial sustainability (extract from 2025/26 External Audit Plan)

fenced for specific purposes, with the unallocated reserves standing at £10.280million, equivalent to 1.9% of the Council budgeted net expenditure.

Council agreed in September 2025 a £6.3m savings target for 2026/27 to maintain recurring financial balance over the medium term. Directors and their management teams have been developing options to deliver savings at this scale; however, the implementation of proposals is now expected to be phased towards future years. Based on work undertaken by services to date, and that for which specific plans are being developed over the next two years, the Council estimates that £2.8m of savings can be confidently incorporated into the 2026/27 base budget.

The Scottish Government's draft budget announced in January 2026 allocated £493million to the Council, representing a 5% increase (£23.6million) on the prior year allocation. After adjusting for new responsibilities, areas of growing responsibility and other conditional aspects of the settlement, this provides a like-for like comparison to 2025/26 where the Council's underlying core grant has increased by £11.9m (2.5%).

Pay inflation remains a significant financial risk. The Scottish Government's medium-term public sector pay policy indicates a 9% increase over the period 2025/26 to 2027/28, with flexibility for employers to configure three-year proposals within this range. The current agreed pay deal leaves only 2.5% of this envelope for 2027/28.

The Council has highlighted a timing disconnect between its ability to develop recurring savings and the pace at which the cost pressures are emerging. The medium-term financial plan projects increasing annual funding gaps over the planning period before mitigating actions are implemented. The Council recognises that future financial balance will require a combination of recurring savings, service redesign, income generation, and potentially further council tax increases.

There remains uncertainly regarding future Scottish Government settlements, ongoing cost pressures, and the financial sustainability of Renfrewshire Integration Joint Board. The Council acknowledges that while short-term reserve utilisation can assist in managing in-year pressures, underlying structure deficits must be addressed on a recurring basis to ensure long-term financial sustainability.

Our detailed findings on the Council's financial framework for achieving long term financial sustainability are set out below.

Financial landscape

Throughout 2025/26, the Council's financial monitoring reports continued to highlight the uncertain outlook for local government finances. Whilst inflation fell from a peak of 3.8% (CPI) in summer 2025 to 3.3% in March 2026, wider economic and political uncertainty continued to impact the operating environment. Cost pressures, particularly those relating to pay, energy and the delivery of frontline services, remained significant throughout the year.

To strengthen its financial resilience, the Council has continued to maintain a prudent reserves strategy. In 2020, Council approved a target to restore unallocated reserves to a minimum balance of £10 million to help manage unforeseen financial pressures. During 2025/26, a further £1 million was added to reserves in recognition of continued volatility in energy and food costs.

The Scottish Government's Medium Term Financial Strategy, published in June 2025, highlighted a projected overall funding, not specifically for Local Government shortfall of £4.7 billion by 2029/30, reflecting the expectation that future spending commitments will exceed available resources. This presents a challenging funding outlook for local government, with the potential for real-terms reductions in future settlements.

For 2025/26, Renfrewshire Council received an underlying increase in core grant funding of £9.9m (2.3%) compared with the previous year. The Council also received £4.8m of additional funding from the Scottish Government to support the increased cost of employer National Insurance contributions from April 2025. Looking ahead, the 2026/27 local government settlement allocated £493m to the Council, representing an increase of £23.6m (5.0%) on the previous year. After adjusting for additional responsibilities and other conditional funding requirements, the underlying increase was £11.9m (2.5%).

Despite these funding increases, the Council continues to face substantial medium-term financial pressures. The Medium-Term Financial Plan presented to Council in February 2026 estimated a cumulative funding gap of approximately £80m between 2026/27 and 2030/31 before any decisions on council tax. Forecast council tax increases of between 5.0% and 6.5% over this period would reduce the gap to around £40m; however, significant savings and service transformation will still be required to maintain a sustainable financial position.

On 26 February 2026, the Council approved a 7.5% increase in council tax for 2026/27 and reaffirmed its commitment to delivering approximately £20 million of savings over the medium term. A savings target of £6.3 million had previously been agreed for 2026/27; however, due to the complexity and lead-in time required to implement savings proposals, only £2.8 million of recurring savings were considered sufficiently certain to be reflected in the approved budget.

The Council's Financial Sustainability Fund increased from £21.2m at 31 March 2025 to £35.8m at 31 March 2026. The purpose of the fund is to provide flexibility and support financial stability where savings are not delivered at the pace or scale necessary to maintain budget balance.

Key medium-term pressures

A significant risk to the Council's future financial sustainability remains the financial position of the Renfrewshire Health and Social Care Partnership (HSCP). The Integration Joint Board is forecasting a budget gap of £5.1 million in 2026/27. While reserves are expected to be used to address this shortfall in the short term, balances are projected to fall to approximately £6m by year end, reducing the Partnership's ability to manage future financial pressures. Under the Integration Scheme, any future inability to set a balanced budget could require additional financial support from partner organisations, including Renfrewshire Council. The newest HSCP report forecasts a significant cumulative recurring budget gap of c£14m for 2027/28.

Pay inflation remains a further area of financial risk. The Scottish Government's medium-term public sector pay policy provides for increases of up to 9% over the period 2025/26 to 2027/28. However, following the current pay agreement, only 2.5% of this provision remains available for 2027/28, creating uncertainty over future pay settlements and associated budget pressures.

Following approval of the Scottish Government's final Budget in February 2026, the Council approved revisions to its 2026/27 Revenue and Capital Budgets in May 2026. The update included additional recurring expenditure of £0.225m and one-off expenditure of £7.8m. Additional funding was also received to support the Real Living Wage, with £0.507 million subsequently passed to the HSCP. As a result of the council tax increase, additional government funding and the planned use of £1.2 million from reserves, the projected revenue budget deficit of £2.1m was eliminated, resulting in a balanced budget for 2026/27.

The Council also revised its 2026/27 Capital Plan, increasing planned investment from £495 million to £499 million to reflect a number of changes following the budget meeting.

Financial sustainability remains a significant risk for the Council due to the increasing service demand and the financial challenges facing the HSCP, the scale of the projected medium-term funding gap, continued inflationary and pay pressures and uncertainty surrounding future government funding.

Medium term financial outlook

The medium-term financial challenge and financial gap has been considered by the Council numerous times as the budget gap poses an increasing risk to the Council's delivery of services over the medium-term. The Council will potentially move into a position of using its reserves in the medium term to cover budget gaps but recognises this is not sustainable. In the short term the 9.5% increase in council tax for 2025/26 and 7.5% in 2026/27 helps to close the budget gap, but further years will require either continuing increases, savings or other income generation.

The medium-term forecast was presented to the Council during September 2025.

Medium term financial plan

Item	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Opening budget gap	9.3	(2.6)	7.7	16.8	26.0	34.4
New pressures	58.3	26.5	32.6	38.6	47.5	54.7
Savings	(8.3)	(1.4)	(1.4)	(1.5)	(1.6)	(1.7)
Increase in SG revenue grant	(41.9)	(9.3)	(5.8)	(4.0)	(4.0)	(4.0)
Budget gap prior to council tax decisions	8.0	15.8	25.4	33.1	41.9	49.0
CT increase	(10.6)	(8.0)	(8.6)	(7.1)	(7.5)	(8.0)
Remaining budget gap	(2.6)	7.7	16.8	26.0	34.4	41.0

Source: Financial Outlook and Medium-Term Financial Plan at September 2025

It is clear from the above forecast that the Council will have to face difficult choices to address this gap including: reduce planned spend ; generate savings to offset the forecast increase in cost; or increase income. For context, to close the gap completely by increasing council tax would have required a 13.5% increase in 2026/27 (each 1% increase in council tax generates c£1.1m). The most likely solution will be a combination of each of these.

The Council is aware that there would also be a short-term option of utilising reserve balances to temporarily close the gap, however the underlying financial gap would remain to be addressed on a recurring basis.

Key assumptions

The medium-term plan from September 2025, updated in February 2026 contains a good level of detail and is based on a number of assumptions and uncertainties, including:

- The Scottish Government revenue support grant is likely to incorporate only very moderate increases over the next few years, giving no assurance that the local government settlement in future years will reflect a sufficient degree of increase to address core budget pressures.
- The current and forecast challenging financial position of Renfrewshire IJB, and consequent potential impact on the Council financial position is an increasing concern.
- Assumed moderate growth in revenue settlement over the medium term, with additional slight improvement anticipated based on the relative population growth of Renfrewshire. For context, when the Medium-Term Financial Plan at September 2025 was prepared, the 2024 mid-year estimate for population in Renfrewshire was published in late August and shows Renfrewshire's population has increased and stands at 189,170, an increase of 2,020 (1.1%) on 2023 and above the national rate of 0.7%. The 2025 mid-year estimate for population in Renfrewshire was published in late July and shows Renfrewshire's population has increased again and now stands at 189,270, an increase of 660 (0.3%) on 2024 and above the national rate of just under 0.1%. This is seen as a positive factor by the Council as the area attracts new people, supporting economy, but on the other hand can create other challenges for the ageing population, schools and local services.
- The most recent local government pay settlement for non-teaching staff agreed was 4% in 2025/26 and 3.5% in 2026/27. When the Medium-Term Financial Plan at September 2025 was prepared, the pay settlement for teachers was yet to be agreed for 2025/26 and while assumed at 3% there was consideration of the 4% already agreed for non-teaching staff. The pay is the largest element of Council cost, so small movements will impact the total cost (1% increase in total pay equals to almost c£3.8m increase in cost). Pay settlement for teachers was later agreed of 4.0% for 2025/26 and 3.25% for 2026/27.
- The Council is facing further uncertainty and pressures on a few areas which will depend on future funding confirmation: reduced class contact time for teachers (potential cost of £3-4m per year), lifecycle maintenance and net zero will likely increase the cost, and school transport cost has increased significantly in the recent years indicating further increases possible.
- The IJB reported a 2025/26 forecast year-end overspend position of £6.2m, expected to be funded from IJB reserve balances. Ongoing utilisation of reserves to fund future overspends creates a risk that IJB reserves may be depleted in the short to medium term. This creates the risk that Renfrewshire IJB will seek additional funds in the coming years from NHS Greater Glasgow & Clyde and Renfrewshire Council.

The detail of the assumptions used in preparation of the medium term financial plan is presented below:

Core medium term plan assumptions

Assumption	2026/27 %	2027/28 %	2028/29 %	2029/30 %	2030/31 %
Pay award	3.5	3	2.5	2.5	2.5
Non-pay inflation	0	0	0	0	0
Contract inflation	3	2	2	2	2
Revenue grant	1.2	1.2	1	1	0
Council tax (rate)	6.5	6.5	5	5	5
Council tax (base)	1.2	0.9	0.9	0.8	0.8

Source: Financial Outlook and Medium-Term Financial Plan at September 2025

The medium-term Financial Outlook was updated on 26 February 2026.

The Council's medium-term financial outlook remains challenging despite a modest increase in funding from the Scottish Government. While the 2026/27 local government settlement was reported as increasing nationally by £592m, most of this funding is tied to existing and new obligations such as pay awards, leaving only around £235m of additional flexible funding. Renfrewshire Council's revenue grant has increased to £493m, representing a like-for-like rise of £11.9m (2.5%) compared with 2025/26 after adjusting for new responsibilities. However, rising costs, particularly pay and service demand pressures, continue to outpace funding growth.

The Scottish Government revenue support grant is likely to incorporate only very moderate increases over the next few years. Additional concerns include the financial position of Renfrewshire Health and Social Care Partnership and the impact this could have on Council finances.

Looking further ahead, the Council estimates a funding gap of approximately £80m by 2030/31 before any Council Tax decisions are made. Assuming Council Tax increases of 5.0% to 6.5% over the period, this gap could reduce to around £40m, but substantial savings will still be required. The Council has continued its strategy of planning on a medium-term basis, implementing transformation and savings measures to address budget pressures, and it is

recommended that any new recurring spending commitments are matched by sustainable savings or additional income to maintain long-term financial sustainability.

Cost improvement plans

Renfrewshire Council has previously been advised that since 2010, transformation, efficiency and corporate financing savings in the region of £190m (up to 2025/26), have been achieved, meaning that the Council's ability to generate further recurring transformation and efficiency savings at this scale without impacting on service delivery or quality will be increasingly challenging. Additionally, over the last decade, nationally set directives as part of grant settlements as well as local priorities, have protected spend in key areas such as Education and Social Care, which constitute around two thirds of the Council's budget. While transformation and the opportunity for increased efficiency will continue to be key priorities, it is likely that material service reductions and spending cuts across all services could be necessary if the Council is to remain financially sustainable and also create the financial circumstances to allow longer term strategic investment in the Council's property estate and infrastructure.

Council agreed in September 2025 a £6.3m savings target for 2026/27 as a route to maintaining recurring financial balance over the medium term. Directors and their management teams have been developing options to deliver savings at this scale; however, the implementation of proposals is now expected to be phased towards future years. Based on work undertaken by services to date, and that for which specific plans are being developed over the next two years, £2.8m of savings were incorporated into the 2026/27 base budget. Savings targeted from early intervention, the strategic review of culture and leisure services and income growth will not be achieved within the original planned timeline. Departmental savings targets are also proving very challenging to achieve after more than a decade of year on year savings being taken.

Capital programme

Non-Housing Capital Investment Programme

Capital Investment Programme for projects across all service areas of the Council, except Council Housing, is now presented as a 10-year rolling programme. The Council approved the programme on 26 February 2026 and the programme was updated on 14 May 2026.

The Scottish Government's draft 2026/27 budget provides Renfrewshire Council with a General Capital Grant of £11.7m, a reduction of £0.4m from the core funding in previous year. Across Scotland, recurring capital funding for local government has fallen by 14% on a

like-for-like basis, limiting the ability of councils to invest in new assets and maintain existing infrastructure.

Given the limited prospects for generating capital receipts through asset sales, the Council is expected to rely more heavily on borrowing to fund capital investment. However, increased borrowing will result in revenue pressures. As capital grant allocations beyond 2026/27 have not yet been confirmed, the Council has assumed an annual grant of £12m in future years, in line with the Scottish Government's Spending Review, which projects flat cash capital funding over the next five years.

The revised Capital Plan 2026/27 to 2035/36 budget is presented below.

Capital Plan 2026/27 to 2035/36	Draft Budget £000s	Revised Budget £000s	Change £000s
Major Programmes			
Schools Estate Programme	263,159	261,759	-1,400
Schools Transformation & ICT	8,300	8,300	-
Lagoon Internal Play Centre	500	500	-
Leisure Facilities Upgrade Programme	-	2,000	2,000
Active Sports Pavilions Upgrades	-	200	200
Skoobmobile replacement	-	300	300
Community Halls Refurbishment	680	680	-
City Deal Projects	2,140	2,140	-
AMIDS South	42,683	42,683	-
Paisley Museum	4,359	4,359	-
Town Centre Regeneration	2,300	2,300	-
Place Based Fund	723	723	-
Asset Lifecycle Maintenance Programmes			

Capital Plan 2026/27 to 2035/36	Draft Budget £000s	Revised Budget £000s	Change £000s
General ICT Replacement	8,150	8,150	-
Buildings Capital Lifecycle	34,633	34,633	-
Traffic Management	226	226	-
Private Sector Housing Grant	7,500	7,500	-
Vehicle Replacement	22,320	22,320	-
Roads & Footpaths	86,627	86,627	-
Other projects	10,508	14,008	3,500
Total Planned Spend	494,808	499,408	4,600
Funded by:	000s	000s	000s
Prudential Borrowing	243,707	243,707	-
Total Borrowing	243,707	243,707	-
General Capital Grant	119,706	119,706	-
BAE contribution (Park Mains)	18,000	18,000	-
Usable Capital Receipts	26,842	26,842	-
Capital Funded from Current Revenue (CFCR)	86,553	91,153	4,600
Total Resource Availability	494,808	499,408	4,600

Source: Council meeting 14 May 2026 Revenue and Capital Budget Update 2026/27 Capital Plan 2026/27 to 2035/36

Housing Capital Investment Plan

The HRA operates a rolling 30-year Business Plan model which is the standard operating practice amongst local authorities and Registered Social Landlords. The 30-year basis of the model reflects the need for a long term planned approach to the replacement of major items such as rewiring and central heating aligned to the lifecycle of the element.

The Council plans to deliver a total investment of £337.3m in the Council's housing stock over the 5-year period. It is anticipated that this level of investment will attract £51.2m of government grant for new builds and this results in a net capital programme amounting to £286.1m. The programme includes allowances for new build homes, related Scottish Government grants, regeneration and renewal, and the planned investment programmes required to ensure council house stock is maintained at the appropriate standards.

Vision, leadership and governance

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

Auditor judgement

Effective and appropriate arrangements are in place



Vision

The Council Plan articulates the Council's vision, priorities and strategic outcome. The Council's vision to 2027, as described in the Council Plan is: 'Creating a fairer Renfrewshire built on innovation, wellbeing, and opportunity'.

The Council Plan strategic outcomes are used to underpin the Council's internal and external communication and engagement and these align to their organisational values. The Plan has five main strategic outcomes: Place, Economy, Fair, Green and Living our values.

The Council Plan covers the period 2022 to 2027 and was revised during 2024. The Community Plan covers the period 2017 to 2027 and serves as Renfrewshire's Local Outcomes Improvement Plan. The Council works with local partners to achieve a Renfrewshire that is Thriving, Well, Fair and Safe.

Corporate leadership team

The Council senior team consists of the Chief Executive, three Directors of departments, Chief Executive of partner organisation OneRen, and Chief Officer of the HSCP.

Governance arrangements

The Council's governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community. The Council has approved and adopted a Local Code of Corporate Governance and publishes information on how it complies with that Code.

The Audit, Scrutiny and Risk Board (ARSB) is an independent-chaired committee made up of nine councillors from across all political parties. It oversees audit, scrutiny, risk management and governance arrangements, monitors progress against audit recommendations, reviews service performance, and makes recommendations to the Council.

Changes being made regarding governance arrangement in the year are as follows:

Service Delivery, Performance and Governance

To strengthen its performance management the Council established an officer-led Performance Board in 2025/26, chaired by the Director of Environment, Housing and Infrastructure. The new Board oversees service performance and improvement activity. It reviews the Council Plan scorecard and other performance information quarterly, escalating issues to the Corporate Management Team where additional scrutiny is required, and driving an improvement agenda across Council services.

Elected Members and Employees

The employee Code of Conduct was updated as part of the People Strategy, with a revised version approved by the Members' in June 2026.

Risk Management

During 2025/26, the Council continued to strengthen its risk management arrangements by implementing recommendations from an independent Willis Towers Watson review, which found the Council's approach to be well established with strong governance and a positive risk culture. Key developments included approval of an updated Risk Matters policy and strategy in May 2026 and the transfer of the risk and insurance function to the Head of Business Services, Risk and Safety.

Counter fraud

The whistleblowing policy which was revised in April 2026 and approved by the Finance, Resources and Customer Services Policy Board to reflect the disclosure protections being brought in as part of the Employment Rights Act 2025 reforms.

Internal audit

The internal audit service operates in accordance with the Public Sector Internal Audit Standards and reports to the Audit, Risk and Scrutiny Board. Internal audit undertakes an annual programme of work, approved by the Board, based on a strategic risk assessment.

Regular reviews of the Council's governance arrangements are undertaken by internal audit. The programme of work undertaken by internal audit during 2025/26 identified three occasions where a limited assurance level was given in relation to the internal control, risk management and governance objectives for the specific areas of each audit review. All were specific to individual service areas and although these areas require to be addressed there is no significant impact on the Council's overall system of internal control and action plans are in place to address the risk identified. 85% of all internal audit recommendations followed up during the year have been implemented by the due date which is an improved position from last year.

The internal audit opinion for 2025/26 was, “subject to management addressing the critical and important recommendations made and the limited assurance report findings, it is considered that reasonable assurance can be placed upon the adequacy and effectiveness of the Council’s internal control, risk management and governance arrangements”. This opinion is consistent with prior years.

Internal audit presented results of their activity for 2025/26; 90.1% of the internal audit plan was completed against a target of 90%.

We consider internal audit work during our risk assessment and on an ongoing basis.

Leadership programme

Following completion of the SOLACE Leadership Development Programme and evaluation of all three cohorts, the Council undertook a review of its approach to leadership development. The review drew on a range of internal and external evidence sources, including programme evaluation, employee feedback, Best Value activity, organisational insight from the Council's Cultural Assurance Model (CAM) and Risk Assurance Model (RAM), engagement with Scottish local authority Organisational Development networks, and participation in the Improvement Service's Local Government Leadership Success Profile pilot. The review identified the key leadership themes and development priorities required to support delivery of the Council's future objectives and has informed the design of the Council's new Leadership Development Framework.

Alongside this review, the Council has continued to invest in leadership capability through a range of corporate and service-based activities. Chief Officer Team Away Days are held regularly throughout the year and focus on strategic leadership priorities including public service reform, financial sustainability, resilience, organisational change, community planning and place-based service delivery. The Council's Our Leaders Forum also brings together approximately 125 senior managers several times each year to support leadership learning, organisational awareness and cross-Council collaboration. During 2025/26, forum topics included consultation and engagement, supportive leadership conversations, workforce wellbeing, Connected Communities, Council planning, Artificial Intelligence, and organisational change. Flexible management development opportunities also continue to be available through programmes such as Lead to Succeed, service-based initiatives, topic-specific development activity, and a broad range of instructor-led and digital learning opportunities, with almost 7,000 leadership and management e-learning completions recorded during 2025/26.

Drawing on the findings of the review, wider organisational learning and external benchmarking, the Council has designed a new Leadership Development Framework to provide a clear and consistent approach to building capability across the organisation. The framework introduces a four-tier model covering development from frontline supervisors to

Chief Officers and provides flexible, personalised learning pathways aligned to individual development needs and Council priorities. It covers areas including governance, people management, organisational culture, wellbeing, strategic leadership, organisational change, workforce planning, partnership working, digital capability and continuous improvement, supported through a blend of workshops, e-learning, webinars, self-directed learning and Chartered Management Institute (CMI) accredited modules. The framework is designed to strengthen management and leadership capability across the organisation and support future succession planning.

Subject to approval by the Corporate Management Team, implementation of the new framework will commence during 2026/27, introducing a flexible, predominantly on-demand development offer complemented by targeted workshops and accredited learning. For the first time, this will provide a single leadership development offer covering all management levels across the Council, c1200 staff, with a clear development pathway from frontline supervisors through to Chief Officers.

Use of resources to improve outcomes

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

Auditor judgement

Risks exist to the achievement of operational objectives

Y

Performance Management Arrangements

The Council has a performance framework to measure against its 2022-27 Council Plan objectives. A high level summary of the Framework is presented below:



Source: The Council's internal documentation

The framework assumes 6 monthly reporting to Leadership Board with performance indicators against action progress grouped by Council Plan strategic outcomes. These outcomes have also one cross-cutting theme - Improving outcomes for children and families.

Service Improvement Plans (SIP) at each service level were also given a new format to make them aligned with the above. The reporting is done on a 6 monthly basis to relevant Boards

including an annual outturn report. All performance indicators and actions in the Council Plan Framework are included in SIPs.

The next stage of performance reporting is at operational level with a range of service-specific performance reporting across Council to the appropriate Policy Board, together with statutory performance reports.

Local Government Benchmark Framework (LGBF) is scrutinised by the Performance Board. Reports on the LGBF are reported to the Audit Risk and Scrutiny Board at least twice a year, with the last report provided in May 2026.

These documents are then used to create public performance reporting in user friendly formats, and by using interactive presentations, case studies and dashboards.

Statutory performance information

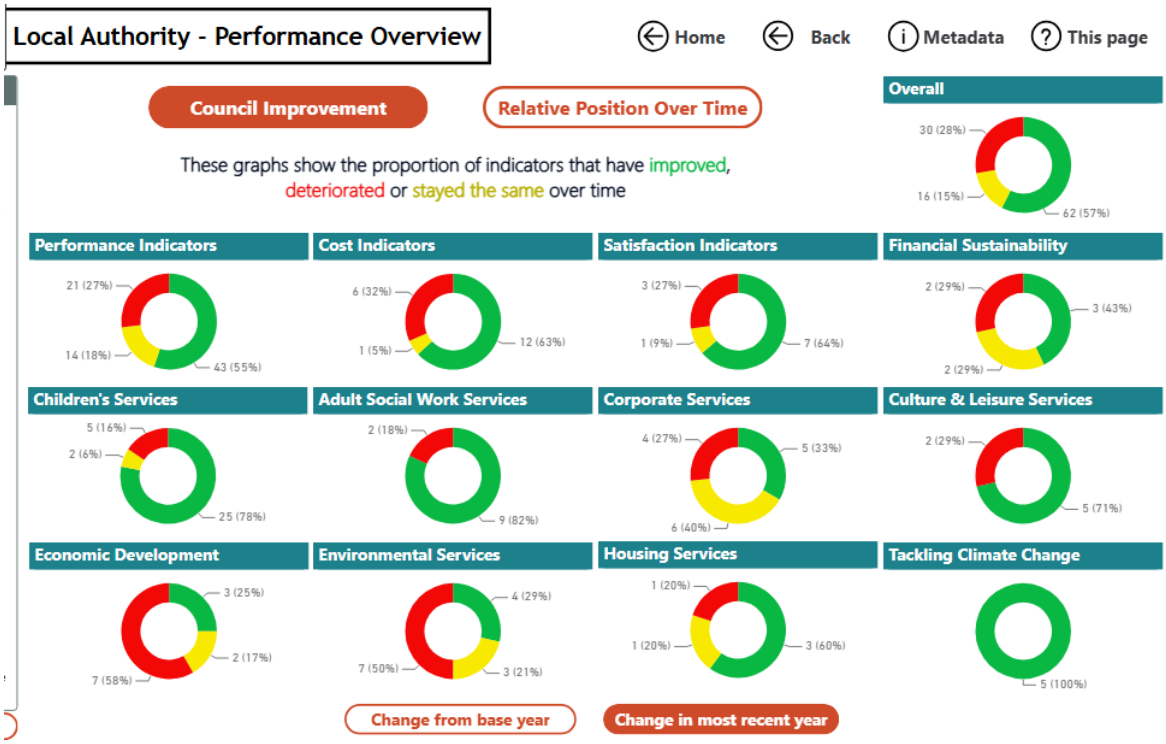
The Accounts Commission's 2024 Statutory Performance Information Direction, effective from 1 April 2025, requires councils to publish performance information in a way that allows comparisons over time and between councils. This supports councils' Best Value responsibilities and enables stakeholders to assess and benchmark performance.

The Council has made proper arrangements for preparing and publishing its statutory performance information in accordance with the Direction. The information reported on the Council's website is the Council's response to meeting the requirements.

Local Government Benchmarking Framework

The Local Government Benchmarking Framework (LGBF) is a high-level benchmarking tool which allows local authorities to compare their performance across a wide range of key service areas such as education, housing, and adult social care. Renfrewshire Council has participated in the development of the LGBF since its inception in 2010 and the framework has expanded to comprise 108 indicators.

The most recent period available through LGBF is 2024/25 and demonstrates that the overall performance improved in the majority of the areas as presented in the exhibit below.



Source: [Local Government Benchmarking Framework website]

The council's overall performance is generally positive, with good progress being made and sustained across the Council Plan priority areas. The council is demonstrating improved or sustained performance across 57% of the 108 indicators published to date.

Renfrewshire Council ranks in the top 8 councils for 32 indicators, and in the bottom 8 for 16 indicators. Areas where the Council have strong relative performance include pupil attainment at levels 5 and 6 and in numeracy at primary school level, hospital readmissions and delayed discharges, the condition of Class A and B roads, rent arrears, the time taken for non-emergency housing repairs, some financial sustainability measures, and CO2 emissions from electricity, gas and transport.

Areas where Renfrewshire ranks in the bottom quarter include school exclusions, satisfaction rates on street cleaning and refuse collection, council tax collection, and crisis grant processing.

Fairness and Equality

Audit Scotland has requested that we carry out audit work on the Council's arrangements relating to the best value theme of fairness and equality at least once during the audit appointment. Under the statutory Best Value framework, councils are required to

demonstrate continuous improvement across a set of national themes, including fairness and equality.

Overall, we concluded that Renfrewshire Council demonstrates achievement of the Best Value theme of Fairness and Equality. Fairness, equality, diversity and inclusion are embedded throughout the Council's strategic planning, governance arrangements, workforce policies, service delivery and continuous improvement activities. There is clear evidence of leadership commitment, structured oversight, engagement with communities and employees, and a strong focus on improving outcomes for people who experience inequality or disadvantage.

The Council has continued to strengthen its commitment to equality, diversity and inclusion through its values, governance arrangements and the Fairer Renfrewshire Programme, which coordinates activity to reduce poverty, tackle inequalities and improve opportunities for local people. Oversight is provided through the Fairer Renfrewshire Sub-Committee, Leadership Board and dedicated officer groups, ensuring equality remains a key strategic priority.

During 2025/26, significant progress included the appointment of an Equalities Development Officer, development and approval of the Equality Outcomes 2025-29 Action Plan, and further improvements to Equality and Human Rights Impact Assessment processes. The Council also continued to review and strengthen workforce policies, promote equal pay, and invest in equality, diversity and inclusion training, with high levels of staff participation.

The Council has maintained a consistent focus on community engagement, working with a range of representative groups to ensure services reflect the needs of diverse communities. It also progressed targeted initiatives supporting care experienced people, children and young people, BSL users, carers and employees, while expanding trauma-informed practice across the organisation, including through the recently launched Your Voice Matters programme.

Performance and progress are monitored through established governance and reporting arrangements, supported by the Corporate Improvement Plan and Council Plan. Together, these demonstrate the Council’s ongoing commitment to embedding equality, fairness and inclusion across services, decision-making and organisational culture.

Best Value

We are required to evaluate and report on the performance of the Council in meeting its Best Value duties. Our work in 2025/26 included the following:

- Follow up: our work followed up on Accounts Commission findings, Controller of Audit recommendations and any outstanding improvement actions reported in Best Value Assurance Reports, Best Value thematic reports and Annual Audit Reports. Our work reflects the Council's self-assessment against outstanding improvement actions and findings will be based on the Council's current arrangements for delivering best value.
- Risk based approach to Best Value themes: we pay due regard to the Council's arrangements in respect of the seven Best Value themes in identifying any significant risks.
- Assessed the effectiveness of performance reporting: the best value theme, effective use of resources, includes an expectation that councils report effectively on their performance. Councils should be able to demonstrate a trend of improvement over time in delivering their strategic priorities.
- Thematic review of asset management: we are required to report on Best Value or related themes prescribed by the Accounts Commission. The thematic work for 2025/26 focused on how well the councils are managing their assets to achieve their corporate objectives and respond to challenges around financial sustainability and climate change.

We also contributed to Controller of Audit reports, as and when required.

As set out in the Code of Audit Practice 2021, Best Value audit is integrated with other wider-scope annual audit work. Therefore, in addition to the work set out in the remainder of this section, Best Value work has informed the content and conclusions set out in respect of our wider scope responsibilities.

The Council's response to the Best Value Controller of Audit (CoA) Report and Accounts Commission findings

G Risks to the achievement of objectives are managed

The Controller of Audit reports to the Accounts Commission on each council's performance in meeting its Best Value duties at least once over the five-year audit appointment. Auditors are required to include judgments on the pace and depth of continuous improvement in the council as part of their wider scope work to contribute to these reports.

A Controller of Audit Best Value report for Renfrewshire Council has been prepared by Audit Scotland and was considered by the Accounts Commission on 15 May 2025. Following this, the Accounts Commission published their findings on 5 June 2025 and the report was presented to the Council on 26 June 2025. During 2024/25 we were working with the Controller of Audit to allow preparation and finalisation of the Best Value report for the Council. This report is based on previous reporting on the Council as prepared by Azets and the Controller of Audit.

The report was largely positive and stated that Renfrewshire Council has a strong commitment to improving, including creating a positive culture, supporting its staff to develop as leaders, and focusing on engaging with residents. The report noted that the Council must now talk to them about tough spending decisions that lie ahead.

It highlighted the Council's commitment to leadership and creating a positive working culture across services, welcomed positive response to the issues associated with the Dargavel school, expressed interest in the Cultural Assurance Model, outlined good examples of activities enabling and supporting community engagement. The report also commented on prudent financials and financial sustainability, commented on existence of the complex capital programme and member development in place, it referred to the areas of strong performance (education). There was no suggestions or further recommendations being made.

Thematic review: Asset Management

The thematic work for 2025/26 was on asset management. Auditors were required to consider how councils are managing their assets to ensure high-quality services whilst also responding to challenges around financial sustainability and climate change. We reported our conclusions in a separate report. Key findings are detailed below.

To what extent does the council have a clear asset management strategy and plans that align with its corporate objectives, new ways of working, the changing needs of its population, and net zero commitments?	**Auditor judgement** **Effective and appropriate arrangements are in place, with small improvements possible**	G
	The council's recent, fully integrated Corporate Asset Management Strategy provides a clear corporate framework for asset management. There is a strong link between assets, service delivery, financial sustainability and Net Zero, consistent with CIPFA guidance on integrated capital and asset planning. The Strategy supports the Council's Net Zero by 2030 commitment by embedding decarbonisation, energy efficiency and low-carbon investment across buildings, fleet and service transformation, reinforced through robust governance and regional collaboration. The Council demonstrates a clear understanding of both short-term budget pressures and long-term financial sustainability and explicitly links these to its ability to invest in, maintain and rationalise assets. Reporting on affordability could be further strengthened by including sensitivity analysis.	
To what extent do the council's governance and accountability	**Auditor judgement** No major weaknesses in arrangements but scope for improvement exists	Y

arrangements support effective asset management?	The council has strong governance arrangements for asset management, with clear corporate oversight, integration with financial planning, and structures to allow effective member and officer scrutiny. Reporting is regular and transparent, and improving in quality, supported by robust risk management. The council has demonstrated the ability to deliver major strategic projects in the challenging post-COVID environment amid widespread cost, inflation and supply chain pressures. Performance has been especially strong in the delivery of housing projects. However, these pressures have continued to affect elements of the wider capital programme, contributing to recurring underspends and rephasing. This suggests further opportunities to strengthen delivery planning, capacity and project readiness, particularly in non-housing projects. Over the past year, the council has improved reporting to members by providing greater detail on project variances in monitoring reports and making wider use of options and recommendations. While asset performance is generally strong for operational buildings and with housing indicators available showing an improvement trend.
To what extent does the council have a robust approach to working with partners and	Auditor judgement Effective and appropriate arrangements are in place, with small improvements possible G

communities in managing its assets?	The council demonstrates strong and well-established partnership working across regional, local and organisational levels, with clear alignment to strategic priorities such as net zero, infrastructure and economic growth. Collaboration with other councils and partners has enabled large-scale delivery, access to funding and shared risk, while internal joint working supports services sharing buildings and more efficient use of assets. Community engagement is extensive and embedded across major programmes, with structured processes and good transparency, including robust arrangements for community asset transfer. The council made use of co-design and co-delivery approaches for some of its projects. The council has effective cross-service collaboration structures in place with senior management team as members of the key capital projects boards.

All areas for improvement and associated recommendations are included in Appendix 3.

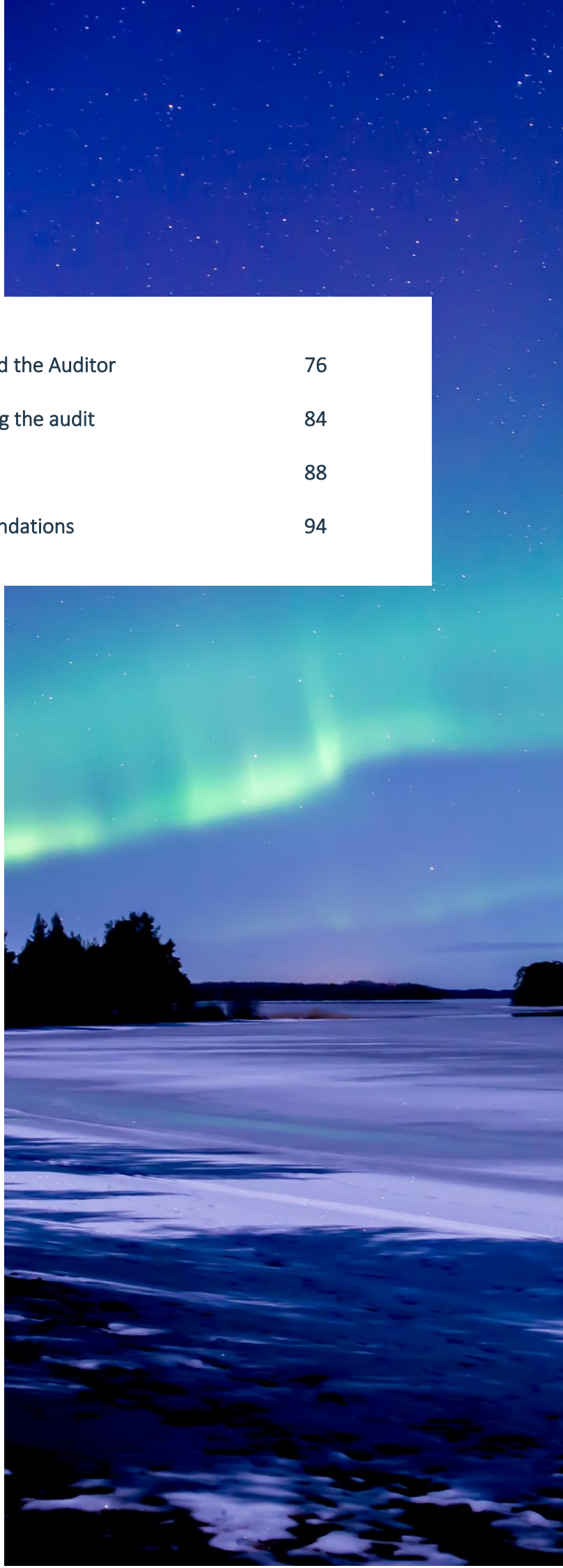
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Appendix 1: Responsibilities of the Council and the Auditor

Responsibilities of the Council

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer. The Director of Finance and Resources is responsible for the preparation of the Council's annual accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Area	Council responsibilities
Corporate governance	The Council is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.
Financial statements and related reports	The Council has responsibility for: • preparing financial statements which give a true and fair view of the financial position of the Council and its group and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures • preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that is consistent with the disclosures made in the financial statements and prepared in accordance with prescribed requirements. Management commentaries should be fair, balanced and understandable.

Area	Council responsibilities
	Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the Council and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely. The Council is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. The Council is also responsible for establishing effective and appropriate internal audit and risk-management functions.
Standards of conduct for prevention and detection of fraud and error	The Council is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct.
Financial position	The Council is responsible for putting in place proper arrangements to ensure its financial position is soundly based having regard to: • Such financial monitoring and reporting arrangements as may be specified; • Compliance with statutory financial requirements and achievement of financial targets; • Balances and reserves, including strategies about levels and their future use; • Plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position.
Best value	The Council has a specific responsibility to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the

Area	Council responsibilities
	performance of the body's functions. In securing Best Value, the Council is required to maintain an appropriate balance among: • The quality of its performance of its functions • The cost to the body of that performance • The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis. In maintaining that balance, the Council shall have regard to: • Efficiency • Effectiveness • Economy • The need to meet the equal opportunity requirements. The Council should discharge its duties in a way which contributes to the achievement of sustainable development. In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved. The Scottish Government's Statutory Guidance on Best Value (2020) requires bodies to demonstrate that they are delivering Best Value in respect of seven themes: 1. Vision and leadership 2. Governance and accountability 3. Effective use of resources 4. Partnerships and collaborative working 5. Working with communities 6. Sustainability 7. Fairness and equality. The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.

Auditor responsibilities

Code of Audit Practice

The Code of Audit Practice (the Code) describes the high-level, principles-based purpose and scope of public audit in Scotland.

The Code outlines the responsibilities of external auditors and it is a condition of our appointment that we follow it.

Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the financial statements and the wider-scope and Best Value responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to the Council and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management



Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.

Financial sustainability



Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

Vision, leadership and governance



Audited bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.



Use of resources to improve outcomes

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

Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

Best Value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value.

Our work in respect of the Council's best value arrangements is integrated into our audit approach, including our work on the wider scope areas as set out in this report.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an Audit Quality Framework.

The most recent audit quality report can be found at Quality of public audit in Scotland: Annual report 2025/26

Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to report full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no

further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention.

We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

In particular:

Non-audit services: Separate teams within Azets provides the following services to two of the Council subsidiaries (Paisley Museum Reimagined Ltd, Renfrewshire Leisure Ltd): tax returns/compliance and preparation of the accounts. The fees for these services add up to c.£3,710.

We have considered the following threats to independence could be present as a result of non-audit services: self-review, self-interest, management. Accounts preparation services is a straightforward process of the client trial balances being imported and statutory accounts being produced. Any adjustments will be put forward to the clients management for approval before they are made. Accounts are prepared using clients trial balances, any adjustments are agreed with management before posting and second manager review of accounts will be undertaken.

We assess the risk of management, self-interest and self-review is mitigated due to the fact that the: audit of subsidiaries is performed by separate audit teams led by a different responsible individuals; preparation of the accounts is an admin task with no judgement applied and adjustment approved by management; impact on group audit of Paisley Museums Reimagined is not significant and normally the Council group audit team would perform specific procedures as required on pension asset of Renfrewshire Leisure Ltd; the fees for preparation of the accounts are significantly lower than audit fees.

We assess the risk of management, self-interest and self-review mitigated due to the fact that the separate team members work on the tax computation and audit which is reviewed by separate manager/partner/director. Tax fees are substantially lower than the audit fees.

Contingent fees: No contingent fee arrangements are in place for any services provided.

Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff and members of the audit team.

Relationships: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Our period of total uninterrupted appointment as at the end of 31 March 2026 was four years.

Audit fees

The total fees charged to the Council for the provision of services in 2025/26 were as follows. Prior year fees are also shown for comparative purposes:

	2025/26	2024/25
Auditor remuneration (expected fee level)	£311,220	£299,830
Auditor remuneration (above expected fee level)	£31,120	£38,464
Pooled costs	£10,730	£7,530
Contribution to Performance Audit and Best Value work (PABV) costs	£81,090	£79,800
Sectoral cap adjustment	£65,430	£61,830
Total audit fee	**£499,590**	**£487,454**

The audit fees charged reconcile to the fees disclosed in the financial statements.

Appendix 2: Audit differences identified during the audit

We are required to inform the Council of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit whether or not the financial statements have been adjusted by management.

Adjusted misstatements

Details of items corrected following discussions with management are as below.

Current year audit adjustments (Council and Group Accounts)

No	Detail	Comprehensive Income and Expenditure Statement Dr / (Cr) £million	Balance Sheet Dr / (Cr) £million
1.	To reverse incorrect reclassification of one asset from Other Land and Buildings to Infrastructure as the asset remains separate to the land.		11.900 (11.900)
2.	To write down nil net book value asset that cannot be verified by the Council.		4.439 (4.439)
	Net impact on reserves – increase / (decrease)	-	-

Common Good

No	Detail	Comprehensive Income and Expenditure Statement Dr / (Cr) £'000	Balance Sheet Dr / (Cr) £'000
1.	Common Good – Renfrew Understated short-term deposits and revaluation reserve fixed assets		434 (434)
2.	Common Good – Paisley Overstatement of fixed assets		25 (25)
	Net impact on reserves – increase / (decrease)	-	-

Unadjusted misstatements

We have not identified any unadjusted misstatements to report.

Misclassification and disclosure changes

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the Council.

We identified a number of reclassification adjustments and some minor presentational issues in the financial statements, and these have all been amended by management. Details of all disclosure changes amended by management following discussions are as below.

Adjusted

No	Detail
1.	Minor presentational, formatting and disclosure issues. We proposed a number of minor changes and narrative amendments to improve the presentation of the accounts including a change to comparative figures.

No	Detail
2.	Updated Note 4: Expenditure and income analysed by nature to match with supporting evidence.
3.	Updated Note 25: Related parties to provide further clarity on the classification of the remaining balance and updated figure to match with supporting evidence.
4.	Updated Note 6: Adjustment between accounting basis and funding basis under regulations and Note 8: Capital Adjustment Account movement due to incorrect treatment of a reserve drawdown in the year.
5.	Updated Note 22: Nature and extent of risks arising from Financial Instruments - Credit risk - Sundry Income Debt Past Due, to match with the supporting evidence
6.	Updated exit package cost disclosure- one employee moved from the £300,001 to £350,000 band to the £350,001 to £400,000 band.
7.	Updated Note G1: Details of the group's combining entities to agree with the supporting document provided.
8.	Updated Note 33: Assumptions made about the future on pensions liability to agree with the pension note.
9.	Updated management commentary – Key financial ratio for consistency to the financial statement.

Unadjusted

We have not identified any unadjusted misclassification and disclosure changes to report.

Prior year unadjusted misstatements

There were no unadjusted misstatements reported in the prior period.

Prior year restatements

- Restatement of PPE note: Following a review of the Council's asset componentisation policy under the CIPFA Code of Practice, certain assets previously recorded within Vehicles, Plant, Furniture and Equipment have been reclassified to Council Dwellings or Other Land and Buildings. This change reflects the assessment that these assets are building components forming part of the properties, rather than separate plant or equipment assets.
- Restatement of Common Good Funds Paisley and Renfrew Income and expenditure statement: During 2024/25, following a review of historical title and legal advice, the Council reclassified £1.090m of property from Council assets. This was reflected in the

reserves balance directly in the prior year. However, it should have been recorded as income in the prior year.

- Restatement of Group accounts: Upon receiving the audited accounts of the Group's components, the consolidation was revised to incorporate the final audited figures.

Appendix 3: Action plan

Our action plan details the weaknesses and opportunities for improvement that we have identified during our 2025/26 audit.

The recommendations are categorised into three risk ratings:

- Significant deficiency
- Other deficiency
- Other observation

Financial statements

1. Going concern assessment	Other observation
Observation	The Council has considered the going concern assumption for the Group however this has not been formally documented.. As the Group comprises several component entities, the Council should undertake a documented assessment to determine whether each component is expected to continue providing services for at least 12 months from the date of signing the financial statements. The assessment should also consider any potential impact on the Group's going concern status and financial position.
Implication	In the absence of a formal documented Group going concern assessment, the Council may be unable to demonstrate that all component entities are expected to continue providing services for at least 12 months from the date the financial statements are signed. This increases the risk that matters affecting individual components, and consequently the Group as a whole, are not identified, appropriately evaluated, or adequately disclosed, resulting in an unsupported Group going concern conclusion.
Recommendation	The Council should document its formal Group going concern assessment on an annual basis

1. Going concern assessment	Other observation
Management response	A statement will be developed for inclusion in Group accounting working papers from 2026/27. **Responsible officer:** Head of Finance and Procurement **Implementation date:** April 2027

2. Review of nil net book value assets	Other deficiency
Observation	Our sample of five fully utilised (depreciated) assets totalling £4.4m consisted of items which could not be verified as they were originally documented on older records which the Council no longer accesses. Therefore, the Council has removed these from the fixed asset register. The Council has a number of 'legacy' assets in their asset register which are due to be reviewed for existence. The Council is planning to undertake this exercise over the next year and it is due to be completed by 2027/28.
Implication	The inability to verify the existence of fully depreciated assets due to a lack of supporting records increases the risk that the fixed asset register contains assets which no longer exist, have been disposed of, or are otherwise inaccurately recorded.
Recommendation	The Council should complete its planned review of legacy assets to verify the existence and continued use of fully depreciated assets, removing any assets that cannot be substantiated. Progress should be monitored regularly to ensure completion by 2027/28 and to maintain an accurate fixed asset register.
Management response	The planned review of legacy assets will continue during 2026/27 to enhance the accuracy of the fixed asset register. **Responsible officer:** Head of Finance and Procurement **Implementation date:** 31 March 2027

3. Land and Building Valuation Ratios	Other observation
Observation	During our testing of asset valuations, we identified that the internal valuation team applies land and building split ratios that differ from those used by the external valuers. Management was unable to provide a documented rationale for these differences, as the ratios have been carried forward from a historic methodology. We are satisfied this does not have a material impact on the financial statements.
Implication	There is a risk that the allocation between land and buildings may not accurately reflect current valuations, potentially impacting related calculations such as depreciation. We are satisfied the impact is not material on the financial statements.
Recommendation	The Council should review the methodology underpinning the internally derived land and building split ratios and document the rationale for using them in place of externally provided valuation information. If the Council decides to retain the internal methodology, it should review the individual asset ratios to ensure they appropriately reflect the current split between land and building values, supporting the accuracy of asset valuations and depreciation calculations.
Management response	The Council will review and document the internal methodology for applying the land and buildings split to valuations. **Responsible officer:** Estates Lead **Implementation date:** 31 March 2027

Thematic review

Sensitivity analysis affordability reporting	Other observation
Observation	The council's reporting on affordability of capital projects and asset management should consider providing additional scenario/risk analysis to show the impact of changes in inflation and interest rates or the impact of changes in demand for services.
Implication	This will provide users of the report with a greater understanding of the potential consequences factors out with the council's control could bring.
Recommendation	We recommend that the Council should consider developing its reporting further.
Management response	This detailed reporting is done at project level when business cases are being brought before elected members for approval. The Business Case format will be reviewed to assess whether further sensitivity analysis is required. **Responsible officer:** Strategic Change Manager **Implementation date:** 31 December 2026

Timelines reporting on capital projects	Other observation
Observation	Individual projects are reported to individual thematic council Boards and include details of performance against the budget in monetary terms and explanations of any in-year adjustments.
Implication	The explanations for variances in these reports could be further strengthened by including timelines for each individual project which would allow more focused scrutiny.

Timelines reporting on capital projects	Other observation
Recommendation	We recommend that the Council should consider developing its reporting further.
Management response	Capital monitoring reports will be reviewed in advance of the next financial year. Reporting of timelines will be considered for major projects (e.g. over £5m) and not cyclical programmes. **Responsible officer:** Head of Finance and Procurement **Implementation date:** 31 July 2027

Budget setting and management process	Other observation
Observation	The Council should review whether further enhancement can be made to capital forecasting and reporting arrangements. In particular, it should consider strengthening the distinction in reporting between genuine underspends, project rephasing and changes in project scope.
Implication	These improvements would enhance the transparency and reliability of capital programme reporting, support more effective member scrutiny and provide greater assurance that annual budgets reflect realistic expectations of project delivery.
Recommendation	We recommend that the Council should consider developing its budget setting and management process in line with the recommendation.
Management response	Capital budget monitoring is reported to policy boards regularly throughout the financial year. Any updates to the phasing of spend related to the timing of the project is reported here. Genuine underspends and overspends are reported as they

Budget setting and management process	Other observation
	arise, both via procurement reporting and policy board reports on individual projects. **Responsible officer:** Director of Finance and Resources **Implementation date:** n/a

Appendix 4: Follow up of prior year recommendations

As part of our audit work we have followed up on control weaknesses and recommendations either raised in last year's Annual Audit Report or carried forward from prior years.

Financial statements

1. IT general controls (2024/25)	Other observation
Issue	Our specialist Technology Risk team reviewed the design and implementation of IT general controls in the key systems impacting preparation of the financial statements and identified a few areas for improvement in relation password, active directory and undertaken testing of incident management planning. (As this is a public report and for reasons of IT/control sensitivity, we have provided specific details to the Council separately). There is a risk of system issues adversely impacting the control environment and/or financial statements.
Recommendation	We recommend that the specific IT points identified are addressed.
Auditor update 2025/26	We have provided a specific update to the Council's management separately. No significant control weaknesses or recommendations have been raised.
Outcome	Action in progress. Recommendation remains open.

2. Unapproved posted journal (2024/25)	Other observation
Issue	We identified from our journals testing undertaken that large batch journals with over 50 lines require no system approval and therefore can be posted and approved by individuals who hold relevant access. This is due to a system issue where there are too many line items for approval within the system.

2. Unapproved posted journal (2024/25)	Other observation
	Management have mitigating controls in place to review period end budgetary controls where any significant variances against budget are investigated and followed up. As these specific journals do not required approval, this could mean that someone could post inappropriate or fraudulent journals without review or authorisation. As part of our testing of management override of controls we have not identified any instances of inappropriate or fraudulent journal postings during the financial year.
Recommendation	Management should strengthen controls over large batch journals by introducing an independent approval requirement (e.g., manual secondary review) before posting.
Auditor update 2025/26	We appreciate that management have confirmed they are comfortable with this risk and have other mitigating controls in place however we are required to report to members any control weaknesses we identify on an annual basis to ensure they are content with management's response on the matter. Work will be undertaken at the Council to assure that the batch process is only used where necessary. Internal policy has been drafted in the Finance team that outlines guidance/recommended practice in relation to journal operation and authorisation, and separation of duties but needs further consultation to understand the outside-Finance impact of recommendations. Responsible officer: Head of Finance and Procurement Implementation Revised Date: FY2026/27
Outcome	Action in progress. Recommendation remains open.

3. Payroll transaction approval (2024/25)	Other observation
Issue	For one of the payroll transactions, we noted that one individual prepared the payroll run and also authorised this. There was no additional review by another team member. Based on the journals selected for audit testing we did not identify any instances of inappropriate journals being posted to the finance system. There is a risk of inappropriate journals postings where there is not a secondary review process of journals.
Recommendation	Management should strengthen controls over journals by introducing an independent approval requirement (e.g., manual secondary review) before posting.
Auditor update 2025/26	The processes around payrun operation and signing of the associated BACS payment has been reviewed, with further separation of duties and checks now in place. Alerts and processes within the ERP system are already in place to mitigate any risk of fraudulent bank account changes.
Outcome	Action completed. Recommendation closed.

4. Common Good Funds - Property register (2024/25)	Other observation
Issue	At the time of producing the Unaudited Accounts, there were still some assets under investigation as to whether they belonged to the Common Good. This was highlighted on the public asset register. There is a risk that misclassification of assets could lead to inaccurate financial reporting and regulatory non-compliance.
Recommendation	We recommend a decision is reached to determine whether these are Common Good assets and if not, update the Common Good Property register.
Auditor update 2025/26	The opinion of King's Counsel that six of the seven properties under investigation are confirmed as Common

4. Common Good Funds - Property register (2024/25)	Other observation
	Good assets, and will be adjusted in the fixed asset register. The Common Good Note in the audited accounts 2024/25 was updated to reflect this change. 2025/26 there is no outstanding investigation.
Outcome	Action completed. Recommendation closed.

5. Common Good Funds – Rental arrangements review (2024/25)	Other observation
Issue	Renfrewshire Council administers the Common Good Fund for Renfrew on its behalf. Not all rental properties have their rental fees reviewed and updated on regular basis. The absence of documented regular rents reviews creates uncertainty over the financial return to the fund.
Recommendation	While the Common Good Fund cannot enter into formal lease agreements, the rents should be subject to periodic review to confirm that they remain appropriate, transparent, and provide a fair return to the fund.
Auditor update 2025/26	These arrangements are being reviewed as part of the Common Good Governance Framework under development during 2026/27. Responsible officer: Principal Estates Surveyor Revised implementation date: 31 December 2026
Outcome	Action in progress. Recommendation remains open.

6. Quality of working papers (2024/25)	Other observation
Issue	Our review of the working papers identified that some of the documentation provided for audit was not always presented in a clear or easily navigable format. To support improvements in this area, we delivered a training session this year and provided feedback and suggestions to the finance team and other officers in advance of the audit.

6. Quality of working papers (2024/25)	Other observation
	While progress has been made, further enhancements to the clarity and structure of some of the working papers below would help reduce the extent of follow-up queries, thereby supporting a more efficient audit process. In particular, the reconciliation of the trial balance to the accounts could be presented in a more structured format, with manual adjustments more clearly identified and supported by sufficient explanation and evidence. Similarly, the debtor and creditor listings provided to audit presented the opening balance plus movements however per audit requirements we require a detailed breakdown of all closing balances as at 31 March. In addition, ongoing work on the reconciliation of revalued and non-revalued assets to the fixed asset register took longer than anticipated. These issues can lead to delays in the audit process, increase the risk of misstatements within the financial statements, and reduce the efficiency of the overall audit review.
Recommendation	We recommend that working papers be standardised and presented with improved clarity. Reconciliations should clearly identify manual adjustments, supported by explanations and appropriate evidence. Debtor and creditor listings should be reformatted to ensure all closing balances are presented. In addition, reconciliations between revalued and non-revalued assets and the fixed asset register should be prepared in advance and shared earlier in the audit cycle.
Auditor update 2025/26	The reconciliation of the trial balance to the accounts format has been revised post discussion with management throughout the year and we are satisfied with the updated format. However, debtor and creditor listings still require further enhancement as some debtor and creditor types only show the opening balance and in year movements and not a breakdown of the year end closing balance which is required to perform audit testing.

6. Quality of working papers (2024/25)	Other observation
	Responsible officer: Corporate Finance Manager Revised implementation date: FY 2026/27
Outcome	Action in progress. Recommendation remains open.

7. Asset Classification (2024/25)	Other observation
Issue	As part of our audit procedures, we reviewed the Council's approach to the classification of components within property, plant and equipment (PPE), specifically in relation to council dwellings and schools. The Council currently classifies certain components (such as kitchens, heating systems, and other fixtures and fittings) under the Vehicles, Plant, Furniture and Equipment (VPFE) asset class. While this treatment reflects management's interpretation of the applicable accounting standards, our view based on IAS 16 and the CIPFA Code of Practice on Local Authority Accounting is that such components form part of the primary asset classes (i.e. "Council Dwellings" or "Other Land and Buildings") as they share the same nature and use in the authority's operations. The issue identified gives rise to an increased risk of misstatement or classification error.
Recommendation	We recommend that the Council reviews its classification policy for asset components within council dwellings and schools, with a view to either: •Aligning the treatment to ensure that components remain within the primary asset class, or •Enhancing disclosures and policy documentation to clearly explain the rationale for classifying components separately.
Auditor update 2025/26	Review was carried out and decision was made to reassess components classified within VPE to either Council Dwellings or Other Land and Building. This was done as a restatement to the opening balances of 2024/25 rather than an in year transfer.

7. Asset Classification (2024/25)	Other observation
Outcome	Action completed. Recommendation closed.

8. Payroll reconciliation (2023/24)	Other observation
Issue	The Council has a number of payruns running at different frequencies. However, there is no year-end reconciliation in place between the ledger and payroll systems to ensure that the figures in the financial statements reconcile to the payroll system. There is a risk that the ledger is not complete or accurate when reflecting payroll figures and impacting on the financial statements.
Recommendation	We recommend that the Council performs regular reconciliation between the ledger and payroll.
Auditor update 2025/26	A payroll reconciliation process has been developed, agreed and implemented between Payroll Services Manager and Finance.
Outcome	Action completed. Recommendation closed.

Wider Scope

1. Appraisals and business cases reporting (2024/25)	Other observation
Issue	There is a risk of system issues adversely impacting the control environment and/or financial statements.
Recommendation	We recommend that the council considers how it presents options to the members to improve decision making effectiveness and openness.
Auditor update 2025/26	The Council has further strengthened its approach to the development of business cases and the project management processes associated with these, including reporting arrangements. An officer Transformation Board has been established which regularly reviews the development and progress of a range of significant corporate and service projects across the council, with

1. Appraisals and business cases reporting (2024/25)	Other observation
	regular reporting to both the Corporate Management Team and Leadership Board on the issues discussed. The Transformation Board approach is informed by an agreed 'gateway' approach which includes clear stages projects must adhere to in terms of identifying requirements, clarifying scope, considering options for how objectives can be met and clearly defining how delivery will be achieved. The regular reporting of business cases to allow elected member decision-making can clearly be demonstrated in examples such as the business case framework approach for the learning estate (see report to the Education and Children's Service Policy Board in May 2025); and the progression of an AI business case which will enable broad AI-enabled transformation across the Council as reported to the Leadership Board in April 2026.
Outcome	Action completed. Recommendation closed.

2. Capital budgeting and monitoring (2024/25)	Other observation
Issue	The actual levels of the initial budgets utilisation percentage were quite low in relation to initial budgets for both housing and non-housing spend. Over optimistic assumptions can lead to under delivery of the capital programme.
Recommendation	We recommend that the capital budget setting process be revisited to ensure future estimates better reflect prevailing market conditions and delivery capacity.
Auditor update 2025/26	Our work in this area has been covered through our reporting of the Best Value Thematic of asset management as summarised within this report. Action taken by management in setting the 2025/26 non-housing capital budget resulted in the spend v budget gap reducing to 14% (38% in 2024/25); for the 2026/27 budget process, we are unable to measure the impact of this until 2026/27 and therefore recommendation remains open.

2. Capital budgeting and monitoring (2024/25)	Other observation
	Responsible officer: Head of Finance and Procurement Implementation date: FY 2026/27.
Outcome	Action in progress. Recommendation remains open.

3. Financial sustainability (2022/23)	Other observation
Issue	The medium term financial challenge and financial gap has been considered by the Council numerous times, but no clear options have been presented or decisions made as to how to address those challenges. The Council now needs to make difficult spending priority decisions to secure financial sustainability going forward. This poses an increasing risk to the Council's delivery of services over the medium term and we would recommend addressing as a priority.
Recommendation	To present the Council with a range of options and services implications.
Auditor update 2025/26	The Council's senior management team continues to identify options for further savings and service transformation, for agreement by elected members in setting future annual revenue budgets.
Outcome	Action completed. Recommendation closed.

Best Value

1. Transformation- Links to corporate objectives (2024/25)	Other observation
Issue	We are satisfied that links exist between the Council's corporate objectives and the transformation plans and while we note there is alignment between transformation programme objectives and the corporate plan outcomes, these were not formally mapped against each other.
Recommendation	We recommend that the Council should consider demonstrating the links between the transformation

1. Transformation- Links to corporate objectives (2024/25)	Other observation
	programme and its corporate plan with more clarity to help demonstrate measurement of impact of the transformation plan against the corporate plan.
Auditor update 2025/26	A schematic has been developed to map Transformation projects to Council priorities, this links to the oversight work of the Transformation Board and is outlined in the Transformation Report for Leadership Board in February 2026. Corporate reports on transformation will also denote alignment with Council Plan priorities.
Outcome	Action completed. Recommendation closed.

2. Transformation- Reporting to the Leadership Board (2024/25)	Other observation
Issue	We note that the timescales and financial impact or expected savings is provided for some of the projects in the reporting to the Leadership Board, but not for all. As different projects mature in their progress the Council should ensure consistency of the reporting it presents in its updates on the transformation programme. Also, while the Council develops its strategy and savings plan it should report timing, savings, cost and benefits expected to measure against those.
Recommendation	We recommend that the Council continues to update its reporting to the Leadership Board to improve high level oversight.
Auditor update 2025/26	Update report provided to the Leadership Board in February 2026, followed by more detailed AI transformation report in April 2026. Six monthly reports will continue to be submitted to the Leadership Board and the format has been developed to address the auditor recommendations
Outcome	Action completed. Recommendation closed.

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