



Renfrewshire Council

2024/25 Annual Audit Report to the Council and the Controller of Audit

March 2026



Table of Contents

Key messages	3
Introduction	13
Annual accounts audit	15
Wider Scope	39
Best Value	62
Appendices	66

Key messages

This report concludes our audit of Renfrewshire Council (the “Council”) for the year ended 31 March 2025. This section summarises the key findings and conclusions from our audit.

Financial statements audit

Under International Standards on Auditing (UK) and the Code of Audit Practice on Local Authority Accounting in the United Kingdom 2024/25, we are required to report whether, in our opinion:

- The financial statements give a true and fair view of the Council’s financial position and income and expenditure for the period; and
- The Council’s financial statements have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the UK 2024/25 (the 2024/25 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; and
- 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).

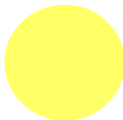
Audit opinion	The annual accounts were considered and approved by the full Council on 23 October 2025. We intend to report unqualified opinions within our independent auditor’s report. ○
----------------------	---

Audit approach	Our audit approach has been based on gaining a thorough understanding of the Council's control environment and is risk based. This included: • an evaluation of the Council's 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 key audit risks. On receipt of the unaudited accounts we have amended our audit approach as follows: • to rebut the significant risk of fraud in non-pay expenditure due to the fact that there is little incentive to manipulate expenditure recognition and opportunities to manipulate expenditure recognition are limited; • to increase risk of pay expenditure from low to medium as we identified a control deficiency whereby no year-end reconciliation was undertaken between the ledger and payroll system for all payrolls, the control weakness identified in the prior year remains open for the 2024/25 financial year.
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	Five audit adjustments have been identified and made through the course of the audit. These were corrected by the Council: • Restatement of 2023/24 group figure due to overstatement of pension asset of £31.788m and understatement of unfunded pension liability of £0.501m; • Overstatement of the group's pension asset of £41.941m and understatement of unfunded pension liability of £0.440m; • Understatement of the Council's unfunded pension liabilities of £0.158m; • Understatement of the holiday pay accrual of £0.425m; • Understatement of Right Of Use assets of £0.544m, lease liabilities of £0.815m, and CIES of £0.271m due to updated waste disposal service concession model; No unadjusted misstatements were identified within the financial statements. Details of the adjusted misstatements and disclosure changes are included at Appendix 2.
Accounting systems and internal controls	We have applied a risk-based methodology to the audit. This approach requires us to document, evaluate and assess the Council's processes and internal controls relating to the financial reporting process. 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 include these in this report. We consider the control environment within the Council and the Group to be satisfactory. One control weakness or deficiency was noted regarding 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. We report this at Appendix 3.

Wider scope audit

Wider scope themes

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 No major weaknesses in arrangements but scope for improvement exists 
	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 overspend of approximately £0.1m for the year ending 31 March 2025, driven primarily by inflationary pressures and increased costs in various services, particularly within Environment, Housing and Infrastructure services. The Council's revised budget was £536.1m, with actual spend reaching £536.2m. To manage the overspend, the Council applied reserves from its Financial Sustainability Fund. Capital spending was within approved limits, however the Council delivered £119.7m or c.63% of its initially budgeted spend. This is attributed to inflation and contractor availability which affected the cost of projects and progress in delivering planned projects. We recommend that the capital budget setting process be revisited to ensure future estimates better reflect prevailing market conditions and delivery capacity. Thistle Primary School (formerly Dargavel) new build, and Park Mains High School extension were reported on budget and on track to be completed in summer 2027. The Housing Revenue Account reported a break even position and increased its reserves to £6.9m. Council tax collection increased slightly from 94.3% to 94.5% and only slightly below target of 95.0%. The Council maintains one of the lowest ratios of debt to revenue spend amongst local authorities in Scotland. This stood at 2.9% at the year end. The Council has adequate financial monitoring arrangements in place and our audit has not identified any significant weaknesses in financial controls. We do

	however note that the capital planning process could be improved.
--	---

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 Significant unmitigated risks affect achievement of corporate objectives 
	The Council approved its 2025/26 revenue budget at its meeting in February 2025 together with 9.5% increase to council tax and 5% increases to services fees and charges. Medium term financial sustainability remains challenging as the Council is estimating a budget deficit of £49m for the forecast period from 2025/26 and 2030/31 prior to any decisions on council tax. If the council tax increases between 5 and 6.5% are approved within this period the gap reduces to £41m. Again, subject to Council approval half of it would be covered by savings and half by utilising financial sustainability reserve. The Council has reported cost savings of c£190 m since 2011 and further savings will be increasingly difficult to generated at this scale. The Council must now make difficult decisions on spending priorities if it is to remain financially sustainable. The application of reserves does not provide a long term financially sustainable solution to the Council's current budget position and the Council is developing savings options for members approval to be considered. The Council has an ambitious £580m capital programme in place over the next five years for both housing and non-housing programmes. Since the pandemic, a number of factors have impacted the Council's ability to fully deliver its capital programme within the originally planned timescales, including: the complexity of the works, the cost of materials, supply chain issues and availability of contractors. Given the scale of the Council's ongoing capital programme delivery of this programme is likely to remain a continuing area of challenge.

	We note the detail of the Financial Outlook and Medium-Term Financial Plan improved during the year, with more detailed assumptions presented, together with proposed savings and more detail discussing potential remediate actions.
--	---

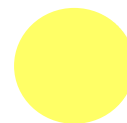
Vision, Leadership and Governance Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.	Auditor judgement	
	Effective and appropriate arrangements are in place	
	The Council has a Corporate Plan which articulates the Council’s vision, priorities and strategic objectives. The Plan has five main strategic outcomes: Place, Economy, Fair, Green and Living our values.	
	The Council has taken a number of steps to improve its governance and scrutiny arrangements over the year. It has completed a self-assessment against CIPFA guidance for local authority audit committees, benchmarked its governance against practice in other councils, established a cross-party working group to review governance and scrutiny arrangements and undertaken a review of risk management arrangements. The Council is undertaking a focused Leadership Development Programme aimed at senior management team. The Council has appropriate risk management arrangements in place.	

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

No major weaknesses in arrangements but scope for improvement exists



Like all local authorities, the Council has been impacted by a high inflation economy and a challenging local government funding settlement which presents challenges for financial and service sustainability.

The Council has generally good arrangements for performance management and operates a layered performance management framework aligned to its strategic objectives. Performance reports are presented to policy boards and published on the Council's website using a wide range of user friendly and easy to follow presentations, dashboards and narrative.

Out of the 21 Council Plan indicators with targets, 5 exceeded the target, 3 narrowly missed the target and seven were behind the target.

Compared to other councils Renfrewshire Council achieves strong performance in homeless duty, delayed discharges and conditions of its roads. Some improvements are required in sickness absence levels and customer satisfaction.

Best Value

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

Best Value report

The Controller of Audit prepared a Best Value report for Renfrewshire Council 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.

The key messages were 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. It must now talk to them about tough spending decisions that lie ahead.*

More detailed summary is included in the body of this report.

Transformation Thematic review

We have considered the effectiveness of council transformation planning and programme in accordance with the national thematic review programme set out by Audit Scotland. Our key findings and conclusions are reported in a separate report to the Council and summarised below.

Transformation: how councils are redesigning and delivering more efficient services to achieve planned outcomes

Auditor judgement



We have concluded that the Council has appropriate transformation plans in place and is well-placed to deliver complex transformation and change programmes, having successfully delivered a range of transformation programmes over the past 15 years and related savings of c.£190m.

The governance arrangements to monitor and scrutinise the transformation programmes are in place, supported by clear structures at Board and management level. The links exist between the Council's corporate objectives and the transformation plans, however these could be presented more clearly to improve clarity and to help measure the impact.

We noted the Council works effectively with partners, including other councils, third and private sector to achieve its transformation objectives. The Council also engages with vulnerable groups and considers impact of service delivery changes and improvements that could be made to support those communities. The Council is

meeting requirements of working with partners to develop a clear approach to tackling digital exclusion.

We recommended that monitoring arrangements should be supported by further clarity in reporting to Leadership Board on timelines, costs, benefits and measurement methods to support achieving the transformation objectives.

Definition

We use the following gradings to provide an overall assessment of the arrangements in place as they relate to the wider scope and best value areas. 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.



Introduction

Scope of audit

The annual external audit comprises the audit of the financial statements and the wider-scope and Best Value audit responsibilities set out in the Code of Audit Practice. [Code of Audit Practice 2021 | Audit Scotland](#)

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

Responsibilities

The Council is responsible for preparing its annual accounts, including financial statements which show a true and fair view, and for implementing appropriate internal control systems. The weaknesses or risks identified in this report are only those that have come to our attention during our normal audit work and may not be all that exist. 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.

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.

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.

Openness and transparency

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

Annual accounts audit

The Council's annual accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

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 report.	The draft financial statements, management commentary, remuneration report and corporate governance statement were considered by the Council and approved on 26 June 2025. We anticipate issuing unqualified audit opinions. There are no matters which would require modification of our audit 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 legislative framework and activities undertaken provides us with sufficient assurance that the Council and Group will have continued provision of service for at least 12 months from the signing date. Our audit opinion is therefore unqualified in this respect.
Opinions prescribed by the Accounts Commission: Management Commentary Annual Governance Statement Audited parts of the Remuneration Report	We plan and perform audit procedures to gain assurance that the management commentary, annual governance statement and the audited part of the remuneration report are prepared in accordance with: statutory guidance issued under the Local Government in Scotland Act 2003 (management Commentary); the Delivering Good Governance in Local Government: Framework (corporate governance statement); and the Local Authority Accounts (Scotland)	We have concluded that: - the information given in the management commentary is consistent with the financial statements and has been prepared in accordance with relevant statutory guidance; - the information given in the annual governance statement is consistent with the financial statements and has been prepared in accordance with relevant statutory guidance; - the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Opinion	Basis for opinion	Conclusions
	Regulations 2014 (remuneration report)	
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 part 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 2025. The Plan explained that we follow a risk-based approach to our audit that reflects our overall assessment of the relevant risks that apply to the Council. 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 as follows:

- to rebut the significant risk of fraud in non-pay expenditure due to the fact that there is little incentive to manipulate expenditure recognition and opportunities to manipulate expenditure recognition are limited;
- to increase risk of pay expenditure to medium as we identified a control deficiency whereby no full year end reconciliation was undertaken between the ledger and all payroll systems, the control weakness identified in the prior year remains open for the 2024/25 financial year.

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'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.

Metric	Grading (Mature / developing / significant improvement required)	Commentary
Quality and timeliness of draft financial statements	Mature	We received the unaudited financial statements of a good standard in line with our audit timetable. The unaudited financial statements were delivered on time with minor accuracy of casting and cross-references. We have identified minor presentational issues that management have agreed to update.
Quality of working papers provided and adherence to timetable	Developing	We received the majority of the working papers of an adequate standard in line with our audit timetable. A smaller portion of the working papers, however, were provided after the agreed deadline. The audit was able to start on time as planned. However, some of the key working papers were difficult to follow, requiring additional clarification and follow

Metric	Grading (Mature / developing / significant improvement required)	Commentary
		up, which caused a slight delay in the completion of the audit. In addition, responses to audit follow-up requests and inquiries were slower than agreed. Details of the recommendation is included at Appendix 3.
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. Majority of audit queries and requests were responded to in a timely manner. 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.
Quality and timeliness of the audited parts of the Remuneration Report	Mature	We have concluded that: We did not identify any issues with quality and timeliness of the audited part of the Remuneration Report, Management

Metric	Grading (Mature / developing / significant improvement required)	Commentary
- Management Commentary - Annual Governance Statement As well as the quality and timeliness of supporting working papers for those statements.		Commentary and Annual Governance Statement.
Volume and magnitude of identified errors	Mature/Developing	We identified five audit adjusted misstatements in the year.

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 were designed to mitigate these risks.

As required by the Code of Audit Practice and the planning guidance issued by Audit Scotland, we consider 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 (the 'Key Audit Matters'), 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 accounts or disclosures.

Our opinion on the annual accounts is not modified with respect to any of the risks described below.

The table below summarises each significant risk. Detail behind each risk and the work undertaken is set out on the following pages.

Council and the Group's 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 (the Council and the Group)
Significant risk description	Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, there is a significant risk of material misstatement due to fraud in relation to estimates & significant judgements, manual journals and one-off transactions outside the ordinary course of the business. Risk of material misstatement: Very High
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 and evaluated the design effectiveness of management controls over journals. • Analysed the journals listing and determining criteria for selecting high risk and / or unusual journals. • Tested high risk and / or unusual journals posted during the year and after the unaudited annual accounts stage back to supporting documentation

Risk area	Management override of controls (the Council and the Group)
	for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council's journals policy. • Gained an understanding of the accounting estimates and critical judgements made by management. We challenged assumptions and considered the reasonableness and indicators of bias which could result in material misstatement due to fraud. • Evaluated the rationale for any changes in accounting policies estimate or significant unusual transactions.
Key observations	We did not identify any material indication of management override of controls from our audit work. We did not identify any material areas of bias in key judgements made by management. Key judgements were consistent with prior years. We identified that large batch journals with over 50 lines require no system approval. We have therefore raised a control recommendation relation to the authorisation and review process of large journals. In addition, one payroll transaction from three payroll transactions selected for testing was prepared and authorised by the same individual. This payroll transaction was for net pay of £8.8m. While this represents a segregation of duties deficiency, our review did not identify any fraudulent or unusual transactions as a result of this control deficiency. We have therefore raised a control recommendation relation to secondary review to segregate the duties of those preparing and authorising such transactions. Details of the recommendations are outlined at Appendix 3. These control findings did not lead to a material error in our substantive testing of journals.

Council and the Group's significant risks at the assertion level for classes of transaction, account balances and disclosures

Risk area	Fraud in revenue recognition - Rebutted (The Council and the Group)
Significant risk description	Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements). 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. Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of income around the year end. However, we do not deem this risk to be present in all revenue streams of the Council due to a lack of incentive and opportunity to manipulate transactions.
How the scope of our audit responded to the significant risk	Key judgement We have rebutted this risk as we have assessed there is low incentive or opportunity to manipulate revenue streams of the Council and Group. 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.

Risk area	Fraud in non-pay expenditure – Rebutted (The Council and the Group)
Significant risk description	We have also considered Practice Note 10, which comments 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.

Risk area	Fraud in non-pay expenditure – Rebutted (The Council and the Group)
	Practice Note 10: audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states: “As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition”.
How the scope of our audit responded to the significant risk	Key judgement Having considered the risk factors set out in ISA 240 and the nature of the expenditure streams at the Council, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because: • There is little incentive to manipulate expenditure recognition; and • Opportunities to manipulate expenditure recognition are very limited. We have performed standard audit procedures on these material transactions and balances.
Key observations	At the planning stage of our audit we concluded that the risk of fraud in expenditure recognition was present over all non-pay expenditure streams. Upon receipt of the final annual report and accounts we were able to rebut the risk over expenditure We have not identified any material issues in relation to this risk.

Key risk area	Valuation of land and buildings and council dwellings -key accounting estimate (The Council and the Group)
Significant risk description	The Council held council dwellings with a net book value of £800.387 m and land and buildings with a net book value of £367.096 m at 31 March 2025. The Council revalues land and buildings and council dwellings on a five-year rolling basis. Council dwellings are valued by the internal valuer using the beacon method which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A full revaluation exercise is completed every five years. In interim years the values of beacon properties are updated to reflect key factors including changes in rental prices. Other land and buildings are held at current value and revalued as part of the five-year rolling programme. In addition, indices are applied to all assets held at Depreciated Replacement Cost (DRC) to reflect market changes within the year. There is a significant degree of subjectivity in the measurement and valuation of land, buildings and council dwellings. This subjectivity and the material nature of the Council's asset base represents an increased risk of misstatement in the financial statements. We undertook a pinpointing exercise to identify any specific assets or asset types where the in-year valuation movement fell outside of pinpointing thresholds. This resulted in 6 assets being identified at an elevated risk level for testing, with a further 5 items selected at random at a low risk level to obtain assurance over the remainder of the population. Inherent risk of material misstatement: Land & buildings and 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.

Key risk area	Valuation of land and buildings and council dwellings -key accounting estimate (The Council and the Group)
	Audit procedures • Evaluated management processes and assumptions for the calculation of the estimates, the instructions issued to their valuation experts and the scope of their work. • Evaluated the competence, capabilities and objectivity of management's valuation expert. • Considered the basis on which the valuations were carried out and challenging the key assumptions applied. • Evaluated the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We considered that an auditor's expert was not required in order to carry out our work. • For unusual or unexpected valuation movements, tested the information used by the valuer to ensure it was complete and consistent with our understanding. • Ensured revaluations made during the year were input correctly into the Council's fixed asset register and the accounting treatment within the financial statements was 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 different to the current value.
Key observations	We have not identified any material issues in relation to this risk.

Key risk area	Valuation of defined benefit pension asset -key accounting estimate (The Council and the 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

Key risk area	Valuation of defined benefit pension asset -key accounting estimate (The Council and the Group)
	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. 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 (where relevant)). 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 involves, 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. Inherent risk of material misstatement: Pensions (valuation): High
How the scope of our audit responded to the significant risk	Key judgements A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation and mortality rates) can have a material impact on the pension asset/liability. Audit procedures • Evaluated managements processes 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.

Key risk area	Valuation of defined benefit pension asset -key accounting estimate (The Council and the Group)
	- Assessed the controls in place to ensure that the 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. - Evaluated whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements. - Assessed the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council's share of the investment valuations in the audited pension fund accounts. - Ensured pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.
Key observations	We have identified the Council's adjustment as follows: - Understatement of the Council's unfunded pension liabilities of £0.158m We have identified material misstatements in relation to the Group's consolidated pension asset and liability as follows: - Restatement of group comparative figure due to overstatement of pension asset of £31.788m and understatement of unfunded pension liability of £0.501m; - Overstatement of the group's pension asset of £41.941m and understatement of unfunded pension liability of £0.440m; These adjustments arise from two technical accounting requirements under the CIPFA code. Asset ceiling: OneRen's (Council's subsidiary) pension position was reported as a net defined benefit asset. A net defined

Key risk area	Valuation of defined benefit pension asset -key accounting estimate (The Council and the Group)
	benefit asset can be only recognised to the asset ceiling cap which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Initially, the pension asset was recognised in full in the group accounts. Upon auditor's inquiry and receiving the actuarial calculation of the OneRen's asset ceiling the value of the pension asset was reduced to Nil for 2024/25 and for the prior year. Unfunded pension liability: On post-employment benefits, unfunded obligations not supported by plan assets must be fully recognised as liabilities in the balance sheet. We have also identified disclosure changes as a result of a revised actuarial report, which the Council commissioned after reviewing all entity arrangements for unfunded pension liabilities. The adjustments and disclosure changes are included at Appendix 2. Management has agreed to correct the misstatements and to make disclosure changes in the final audited accounts.
Key risk area	IFRS 16 implementation impact on PPP/PFI arrangements
Significant risk description	The adoption of IFRS 16 in local government accounts is mandatory from 2024/25. While the leases in place at the council are not material the new standard also applies to service concession arrangements (PFI, PPP, NPD). The council had over £107.5 m worth of assets financed through PPP/PFI arrangements at 31 March 2024. As a result of the implementation of IFRS 16, the accounting treatment for indexation linked payments in liabilities for service concession arrangements has changed.

Key risk area	IFRS 16 implementation impact on PPP/PFI arrangements
	Local authorities must remeasure if there is a change in future lease payments resulting from a change in an index / rate used to determine those payments and ensure that the financial statements accurately reflect the impact of the revised IFRS 16 accounting arrangements. The implementation of the new requirements is complex and could have material impact on the council financial statements and therefore it increases the risk of misstatement. The implementation of the new requirements is complex and could have material impact on the council financial statements and therefore it increases the risk of misstatement. Inherent risk of material misstatement: PPP liability (valuation): High
How the scope of our audit responded to the significant risk	Key judgements A high level of estimation is required in order to determine the valuation of the PPP/PFI liabilities. The incorrect interpretation and implementation of the new accounting requirements will materially impact the valuation of PPP Liabilities. Audit procedures • Obtained the evidence of management consideration of impact of IFRS 16 on its service concession arrangements and assessing work to identify all relevant contracts. • Examined management's work on application of the new requirements, including indexation changes impact, liability remeasurement and reflecting changes in the financial statements in line with accounting framework requirements. • Reviewed the council's accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard.

Key risk area	IFRS 16 implementation impact on PPP/PFI arrangements
	Assessed the adequacy of disclosures regarding service concession arrangements.
Key observations	Our work in this area has not identified any material errors in relation to this risk. We identified a non-material adjustment as follows: Understatement of Right Of Use Asset of £0.544m, lease liabilities of £0.815m, and CIES of £0.271m due to update in waste disposal service concession arrangement model made available to the Council after publication of the Unaudited Accounts. The adjustment is included at Appendix 2.

Group and the Council 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 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 to the Council and management 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 £17.90m and the Council's financial statements was £17.80m. On receipt of the unaudited financial statements, we reassessed materiality and updated it to £19.60m for the group financial statements and the Council's financial statements was £19.50m.

Based on our updated risk assessment we have determined that no specific materiality levels needed to be set for this audit.

We consider that our updated assessment has remained appropriate throughout our audit.

	Group £m	Council £m
Overall materiality for the financial statements	19.600	19.500
Performance materiality	14.700	14.625
Trivial threshold	0.980	0.975

Materiality

Our assessment is made with reference to the Group and Council's gross expenditure. We consider this to be the principal consideration for the users of the annual accounts when assessing financial performance of the Council and its group.

Our assessment of materiality equates to approximately 2% of gross expenditure as disclosed in the 2024/25 unaudited annual accounts.

We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our materiality levels set. We perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.

Performance materiality

Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out.

Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.

We have set performance materiality at 75% of overall materiality.

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.

We have set the trivial threshold as 5% of overall materiality.

Common Good Funds materiality

Our initial assessment of the Paisley Common Good Fund, Johnstone Common Good Fund, and Renfrew Common Good Fund materiality remained unchanged from the planning stage.

We consider that our updated assessments have remained appropriate throughout our audit.

	Overall materiality (£)	Performance materiality (£)	Trivial threshold (£)
Paisley	£191,000	£143,000	£9,600
Johnstone	£1,560	£1,170	£100
Renfrew	£1,085,000	£814,000	£54,000

Overall materiality: our assessment is based on approximately 3% of net assets. We consider this benchmark to be the principal consideration for the users of the financial statements when assessing the performance of each fund.

Performance materiality: Using our professional judgement we have calculated performance materiality at approximately 75% of overall materiality.

Trivial threshold: 5% of overall materiality for the financial statements.

Group audit

As Group auditor, under ISA (UK) 600 (Revised September 2022) we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and 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.

Component	Nature and extent of further audit procedures	Level of response required
Renfrewshire Council	Full Scope	Full scope statutory audit, as set out in this audit plan.

Renfrewshire Leisure Ltd (OneRen)	Specific procedures	Specific procedures in relation to pension asset/liability.
Common Good Funds	None	No procedures planned.
Paisley Museum Reimagined Ltd	None	No procedures planned.
Park Lane Developments (Renfrewshire) LLP	None	No procedures planned.
Coats Observatory Trust	None	No procedures planned. (*)
Strathclyde Partnership for Transport	Specific procedures	Specific procedure planned in relation to investment value reflected in council's accounts.
Strathclyde Concessionary Travel Scheme Joint Committee	None	No procedures planned.
Renfrewshire Valuation Joint Board	None	No procedures planned. (*)
Renfrewshire Health and Social Care Integration Joint Board	Specific procedures	Specific procedures on investment in associates and JV.
AMIDS Renfrewshire LLP	None	No procedures planned.

(*) We 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, beyond procedures completed to review the consolidation.

Specific Scope Design and perform further audit procedures on one or more classes of transactions, account balances or disclosures, beyond procedures completed to review the consolidation.

None No further audit procedures required, beyond procedures completed to review the consolidation.

We revisited our planning group scope assessment, following receipt of the unaudited accounts and our assessment remained the same.

As part of our audit, we reviewed the consolidation entries made within the group accounts, confirmed those entries back to the financial statements of the group bodies and evaluated any significant adjustments made to align the accounting policies or the different year end dates. We conclude that the results of the group bodies had been appropriately consolidated into the Council's audited group accounts.

Group adjustments

We identified adjustments and disclosure changes as a result of:

- Restatement of group comparative figure due to overstatement of pension asset of £31.788m and understatement of unfunded pension liability of £0.501m;
- Overstatement of the group's pension asset of £41.941m and understatement of unfunded pension liability of £0.440m;

These adjustments arise from two technical accounting requirements under the CIPFA code.

Asset ceiling:

OneRen's pension position was reported as a net defined benefit asset. A net defined benefit asset can be only recognised to the asset ceiling cap which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Initially, the pension asset was recognised in full in the group accounts. Upon auditor's inquiry and receiving the actuarial calculation of the OneRen's asset ceiling the value of the pension asset was reduced to Nil for 2024/25 and for the prior year.

Unfunded pension liability:

On post-employment benefits, unfunded obligations not supported by plan assets must be fully recognised as liabilities in the balance sheet.

We have also identified disclosure changes for the Council as a result of a revised actuarial report, which the Council commissioned after reviewing all entity arrangements for unfunded pension liabilities.

We have included the adjustments and disclosure changes at Appendix 2 and Appendix 3.

Other communications

Other areas of focus

Area of focus	Audit findings and conclusion
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	There were no other significant management judgements which required additional audit work, where there was disagreement over the judgement or where the judgement is significant enough that requires reporting, in addition to those reflected in this report.
Prior year adjustments identified	There was one prior year adjustment identified. Restatement of group comparative figure due to overstatement of other pension asset of £31.788m and understatement of pension liability of £0.440m We have included the adjustments and disclosure changes at Appendix 2 and Appendix 3.
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 in relation to these areas.

Accounting policies

The accounting policies used in preparing the financial statements are unchanged from the previous year with the exception of adoption of IFRS16.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of 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 of Audit Practice on Local Authority Accounting in the UK (the 'CIPFA Code') 2024/25 and are considered 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.

Key judgements and estimates

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

Consideration was given to asset valuations, impairment, depreciation and amortisation rates, provisions for legal obligations pension liabilities, and doubtful debts, IFRS 16 implementation and accruals. Other than asset valuations, IFRS 16 implementation, and pension 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. Overall, we concluded that those key accounting estimates were balanced and appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management and the Audit, Risk and Scrutiny Board. Internal Audit is providing regular updates to the Council on any internal fraud related investigations. We have not been made aware of any additional incidents in the period nor have any incidents come to our attention as a result of our audit testing.

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.

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

We requested written representations from management, and these are to be approved at the same time as the financial statements are approved by the Audit, Risk and Scrutiny Board, signed by the director of finance and resources, and will be provided to us before we complete our audit and issue our auditor's report.

Related parties

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

Confirmations from third parties

We have received all confirmations from third parties.

Wider Scope

Financial management

Our detailed findings on the Council's financial management arrangements are set out below.

Financial performance

The Council reported a small General Fund underspend of £0.1m at 31 March 2025. The revised budget is £536.1m while the actual outturn was £536.2m. Additional spend was incurred due to inflationary pressures during the year offset by additional income from the higher bank interest rates on investments.

The Council used its Financial Sustainability Fund (reserves) as planned to cover shortfalls in the year end position and to achieve break-even and used £4.3 m of the earmarked reserves of which £2.3 m was for recurring spend and £2 m was for non-recurring spend.

The statutory reserves were at £84m at the year end, a net decrease of £6.9m and in relation to the capital investment programme and school ICT. The unallocated reserves remained at a level just above £10m as per the council's policy, however we note that the levels of expenditure have been increasing over the years resulting in the unallocated reserve to drop to just below 2% of the total spend.

Capital spending of £28.1m for housing and £91.6 m for non-housing projects was managed within the overall expenditure control limits approved by Council. Planned spend was impacted by inflationary pressures and the availability of contractors. The 2024/25 capital plan has been adjusted accordingly and in effect in both categories of spend the Council delivered c.63% of the initial planned budgets (£119.7m of £189m).

In-year council tax collection performance for 2024/25 was 94.5% (94.3% in 2023/24), and slightly below its target for the year of 95.0%. However, actual Council tax revenues performed above expectation, returning an over recovery of £0.2m compared to budget due to more prior year arrears being collected.

Revenue performance against budget

Staff costs for the year was £383.1m and is the largest expenditure item in the accounts representing 38% of total spend. In 2024/25 a national pay settlement of 3.6% was agreed for local government workers and the Scottish Government provided £2.6m of additional funding to the Council to cover part of this cost.

The General Fund year end position included £3.8m overspend in Adult Services (£0.8m overspend in 2023/24) which was mainly due to inflationary cost pressures.

This decreased the reserves of the Renfrewshire Integration Joint Board (IJB) operating these services and therefore had no impact on the Council's reserves.

The Miscellaneous services underspend of £2.9m resulted mainly from an over-recovery of investment interest income, due to interest rates being higher than anticipated.

The overspend of £2.4m in Environment, Housing and Infrastructure services is connected to continued inflationary and cost pressures experienced by the service over the last few years.

Exhibit 1 Performance against budget

Department	Revised budget £m	Actual £m	Variance £m
Chief Executive's Service	28.3	28.3	-
Children's Services	256.9	257.7	(0.8)
Environment, Housing and Infrastructure	68.2	70.7	(2.4)
Finance and Resources	47.7	47.5	0.2
Miscellaneous Services	28.1	25.2	2.9
Adult Services	106.8	106.8	-
Total Expenditure	536.1	536.2	(0.1)
Revenue support grant	338.4	338.4	-
Council tax income	97.5	97.7	0.2
Non domestic rates income	107.5	107.5	-
Total income and funding	543.4	543.6	0.2
Net expenditure/(income)	(7.3)	(7.4)	0.1

Source: Renfrewshire council unaudited accounts 2024/25

Housing revenue account (HRA)

The Housing Revenue Account (HRA) broke even at year-end and its reserves increased to £6.9m (£6.2m in 2023/24). The remaining reserve level is considered a prudent amount to mitigate the impact of any unforeseen risks and provide a buffer against forecast and inflationary pressures.

Capital expenditure

Non-Housing Capital Budget Performance

In 2024/25, non-housing capital expenditure was £91.6 m against the initial budget of £147.8m therefore the actual spend represented 62% of the budget, prior to any rephasing and delays. The Council attributes the underspend was to inflationary pressures and the availability of contractors.

The Council's useable capital receipts reserve increased slightly to £8.2m. From this, £2.8m was utilised to support current year investment, leaving a balance of £5.5m that has been committed to support the ongoing investment programme in future years. The expenditure stayed within the Council's approved limits.

Housing Capital Budget Performance

Housing capital expenditure for 2024/25 was £28.1m against the initial budget of £41.2m. This represents 69% utilisation of the initial budget. The Council attributes the underspend was to inflationary pressures and the availability of contractors.

The actual levels of the initial budgets utilisation were below 70% in relation to initial budgets for both housing and non-housing spend. In January 2025 the Council still estimated the outturn on non-housing capital budget at £130m which was significantly above the actual outturn of £91.6m at 31 March 2025. This suggests that the Council may benefit from refining its budget preparation approach to support the development of more accurate and realistic estimates, alongside continued enhancement of in-year monitoring processes. This in the context of long term capital planning which assumes an ambitious capital investment of almost £580m over 5 year period.

New primary school in Dargavel and Park Mains High School progress

The schools were subject to a Controller of Audit s102 report and a follow up report over the last two years and an interim update to the Council in May 2025 on the Council's approach to community engagement and culture change. The purpose of the narrative below is to update on the progress of the schools' capital projects.

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 only for the Park Mains High School extension, and to fund the build of the new Dargavel Primary School from the investment capital fund (reserves). This fund has had reserves at £86m 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.

We previously reported on net running costs associated with operating the new and expanded schools and totalling to net of c£1.6 m. When the £1.2m of the additional borrowing interest cost is added that comes to a total of £2.8m. These costs are early estimates and will likely start to be impacting the budget when the school is built and full pupil roll is achieved, which is expected over the next 5-10 years. It is currently estimated that the Council will require to budget for increased teaching staffing costs of £0.2-0.3m in 2026/27; increasing incrementally in the following years (more significantly in 2027/28 when the Thistle Primary School opens) up to the total additional net cost estimate of £2.8m over a sustained period and into the next decade.

Projects progress

Progress on both schools' projects is reported to the Education and Children's Services Policy Board as part of the regular Learning Estate Programme update.

Thistle Primary School build is at a technical design stage and has the planning permission granted with an intention of a contract recommendation for the first major phase of the construction contract to be submitted to the relevant Board in September 2025. This would allow start of the construction works towards the end of 2025. The project remains on track to complete in summer 2027.

Park Mains High School extension progressed with its design process and the next steps are to add necessary technical detail to finalise it. The major planning application has been also submitted with an expectation that the application will be made to a relevant Board later in the year. The final contractor award is planned for early 2026. The project remains on track to complete in summer 2027.

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 Council approves a Treasury Management Strategy that outlines how to manage risks related to financial instruments, including an Investment Strategy that prioritises security and liquidity over yield, in line with Scottish Government guidance. The strategy aims to balance risk with returns or costs. The strategy for 2024/25 was approved by Council on 29 February 2024. Based on the Council's planned programme of investments and interest rate forecasts for the year, the Council's borrowing strategy was to firstly use internal cash balances to finance the Capital

Investment Programme. This approach was prudent as borrowing rates remained high throughout the year.

Overall, the Council's total external borrowings decreased by £2.5m. The Council has one of the lowest debt to revenue spend ratios in Scotland. The ratio at the end of 2023/24 was 3.1%, falling to 2.9% at the end of 2024/25. The most recent national benchmark data available confirms the average in Scotland at the end of 2023/24 was 5.8%.

Short term investments held by the Council decreased from £67.7m to £17.6m and the movement related mainly to the Council exiting from any deposits with other local authorities during the year. The decrease in investments is attributable to several factors, including higher spending in the capital programme and Non-Domestic Rates refunds following the retrospective revaluation of some accounts. The council achieved a better rate of return on their investments when compared to the benchmark due to several fixed-term deposits at a higher rate of interest which continued beyond the bank rate interest rate reductions.

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 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, with matches received for investigation in early 2025.

The Council engages well with the NFI exercise, and we have concluded that its 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.

Financial sustainability

Significant audit risk

Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities. We continue to recognise it as a significant risk and so is the Council as this as one of its highest risks in the corporate risk register.

Financial sustainability

The Council considers its medium-term financial planning through its Financial Outlook and Medium-Term Financial Plan on a regular basis. In its latest report presented to the full Council the expected cumulative budget gap prior to any decisions on council tax would be £49m over the period between 2025/26 and 2030/31. The Council voted an increase of the council tax of 9.5% in March 2025 and increases of 5% for fees and charges which helped to reduce the gap for 2025/26. Assuming 5% to 6.5% council tax increases in that period the funding gap reduces to £41m and would require the Council to achieve savings of c.£20m and use the financial sustainability reserve of c£20m to achieve break even. This is the target level of savings planned for the next three years, but the Council anticipates that further savings will be required in order to reduce reliance on reserves.

The Council has a Financial Sustainability reserve of £21.2m which it plans to utilise over the coming years. Various commitments to utilise this reserve and a reduction in employer pensions contributions of further £12m will grow that reserve to an estimated £31m the following year. The pension contributions increase from 6.5% to 17.5% from April 2026 and no further savings are expected from this source.

The Council maintains a policy to hold a minimum of £10m of unallocated reserves (just over 2% of net expenditure) for unplanned or emergency purposes. This has dropped below 2% due to the increasing annual spend, with the absolute reserve value being constant over years.

The Council reviewed its budget planning assumptions to reflect the financial challenges impacting on the external environment in which the Council operates. The revised budget allocated for 2025/26 in February 2025 by the Scottish Government provided funding of £461.8m for the Council, an increase of £16.9m (3.8%) on the previous year allocation of £444.9m. The Council estimates that after adjusting for new responsibilities, areas of growing responsibility and other conditional aspects of the settlement, this provides a like-for-like comparison to 2024/25 where the Council's underlying core grant has increased by £9.9m (2.3%).

The Council highlights the fact that there is a timing disconnect between its ability to develop and deliver recurring savings to match the spend pressures which are

Financial sustainability

emerging, resulting in a growing recurring financial gap. There is an increasing risk that the Council will require to utilise reserves over the medium term to achieve financial balance.

In addition to the funding and council tax increase, other planning assumptions included pay and contractual inflation cost pressures. The continuing and uncertain impact of cost pressures on the Council's finances and ability to deliver services in a sustainable manner remains an ongoing challenge and risk.

The medium-term financial challenge and financial gap is regularly considered by the Council, and a further £7m of savings has been incorporated into the 2025/26 draft budget. This does still leave a gap over the medium term, which poses an increasing risk to the Council's delivery of services.

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

2025/26 revenue budget

The Council approved its 2025/26 revenue budget at a meeting in February 2025. The Council voted a council tax increase of 9.5%, and an inflationary increase of 5% to services fees and charges. The budget was updated as of May 2025 for the final Scottish Government allocation and the above decisions. The Council estimates a total spend of £592.6m and a break even position achieved by reserves utilisation of £0.5m.

The projected outturn at June 2024/25 is a deficit of £1.9m against its total budget of £579.7m. The main items driving the deficit are Education and Children's Services with £1m overspend and Finance, Resources & Customer Services overspend of £0.7m, both associated with inflationary pressures.

What is excluded from the above position is the Adult Services deficit of £5.9m as this is managed by a separate body (Renfrewshire IJB).

There are a number of financial risk areas that provide a level of uncertainty as to the final outturn:

- Employers' national insurance contributions increased from April 2025 from 13.8% to 15% translating into additional cost of £6m for the Council, for which the additional Scottish Government funding is expected to cover part of it i.e. £4.7m.
- The Council's settlement figure includes a number of adjustments for new spending burdens, responsibilities, and conditional funding totalling £20.5m, linked primarily to the pass-through of funding to the Integration Joint Board; and

the baselining of funding for the 2024/25 pay award and increases to teachers' pension contributions.

- The Scottish Government also announced a Public Sector Pay Policy for the medium term period 2025/26 to 2027/28. This indicates a 9% pay increase covering this period, with flexibility for employers to configure three-year proposals within this range. The budget assumed a 3% pay increase which the Council has assessed as affordable. The actual pay award agreed for local government workers (excluding teachers) was 4%. The teachers' pay award is still to be determined. Despite current lower levels of inflation, pay expectations are significantly above these levels (initial claims received average 6.5%), and will therefore still present a testing environment in which to reach agreement.
- Given the very significant financial challenges and risks facing the Council over the medium term, and in line with historic practice, general non-pay inflation is not provided for in the 2025/26 budget.

Medium term financial plan

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 helped to close the budget gap, but further years will require either continuing increases, savings or other income generation.

The current medium-term forecast is as follows:

Exhibit 2 Medium term financial plan

Item	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m	£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	8.0	15.8	25.4	33.1	41.9	49.0

council tax decisions						
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, however these will essentially be restricted to three main themes: 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 require 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 most recent medium-term plan 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, the 2024 mid-year estimate for population in Renfrewshire was published in late August and shows Renfrewshire's population has increased again and now stands at 189,170, an increase of 2,020 (1.1%) on 2023 and above the national rate of 0.7%. 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. The pay settlement for teachers is currently to be agreed for 2025/26 and while assumed at 3% it might be that it will be agreed in line with 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).

- The Council is facing further uncertainty and pressures on a few areas which will depend on future 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 most recently reported a 2024/25 forecast year-end overspend position of £6.2m, which is expected to be funded from IJB reserve balances. The total gap for the year is expected to be at £33m, and is partly to be covered by savings, additional SG contribution leaving a final gap of £10m to be covered by utilisation of the existing reserves. This will however leave the IJB reserves depleted, and 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:

Exhibit 3 Core medium term plan assumptions

Assumption	2026/27	2027/28	2028/29	2029/30	2030/31
	%	%	%	%	%
Pay award	3.5	3.0	2.5	2.5	2.5
Non-pay inflation	0	0	0	0	0
Contract inflation	3.0	2.0	2.0	2.0	2.0
Revenue grant	1.2	1.2	1.0	1.0	0
Council tax (rate)	6.5	6.5	5.0	5.0	5.0
Council tax (base)	1.2	0.9	0.9	0.8	0.8

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

Scottish Government indicated it is working on its financial forecasts going beyond one year estimates and to be published together with the 2026/27 Scottish budget.

This would help councils in Scotland with their medium-term planning and introduce an element of certainty into budget forecasts.

Cost improvement plans

As a part of its transformation programmes the Council has achieved cumulative savings of £190m since 2011/12. However, in each successive year it is increasingly difficult to continue to generate savings at this scale. From an average saving of £19.5m per annum in the period from 2011/12 to 2014/15, the average saving over 2022/23 to 2025/26 is £8.5m.

Renfrewshire Council previously agreed an £8m departmental savings target each year for three years from 2025/26. This scale of recurring savings is necessary to ensure that the Council returns to a position of recurring financial balance over the medium term.

The planned savings as well as the full-year impact of increased income from interest on cash balances, and legacy Right for Renfrewshire and Financial Sustainability workstreams, will provide £7.046 m of recurring support to the 2025/26 revenue budget position.

For the next three years 2026/27- 2028/29 the Council is proposing setting savings targets at £6.3m, £8.3m and £5.2m respectively and linked to transformation programmes. Assuming approval of those targets by the Council and delivery of those savings It is likely that the remaining funding gap of £19.8m over the three years will be funded from the reserves. The estimates assume cost growth in the next five years of the forecast and the means of closing the gap in the two final years of this forecast are yet to be determined.

Capital plans

Scottish Government allocated £12.9m of the general capital grant to the Council for 2025/26 which is a 10.5% increase on prior year allocation. This finances a small part of the council's annual capital programme which adds up to a cumulative amount of £578.6m over the next five years.

The Council has a number of medium and longer-term capital projects, financed though borrowing, general capital grant, capital receipts and current revenue. The largest capital projects over the next 5 years includes the School Estate Programme, Advanced Manufacturing Innovation District Scotland South project and Paisley Museum. These projects are supported by asset lifecycle maintenance programmes.

Exhibit 4: Capital programme

	2025/26	2026/27	2027/28	2028/29	2029/30	Total
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Non-housing	129.0	102.6	27.2	13.7	13.7	286.2
Housing	61.3	67.6	67.7	42.5	53.3	292.4
Total	190.3	170.2	94.9	56.2	67.0	578.6

Source: Capital programmes approved in February 2025

We note that the non-housing capital budget for 2025/26 was subject to significant changes within the period since the budget approval. First, it was reduced to £105m in May, then forecast increased to £118m in September 2025. The housing budget reduced from £61.3m to £52.8m. We note a separate recommendation on the capital budget preparation in the financial management section. We recommend that the capital budget setting process be revisited to ensure future estimates better reflect prevailing market conditions and delivery capacity. More detail is included in Appendix 3.

The projected borrowing position for the next three years starting 2025/26 is £397m, £465m and £524m. Borrowing is the key source of the capital programmes funding.

Since the pandemic, a number of factors have impacted the Council's ability to fully deliver its capital programme within the originally planned timescales. This was due to a number of factors, including the complexity of works, cost of materials, supply chain issues and availability of contractors. Given the scale of the Council's ongoing programme this is likely to remain a continuing area of challenge.

Housing Revenue Account

The Council plans to deliver total housing capital investment of £292.4m over the 5-year period up to 2029/30. The Council expects that £34.5m of the total will be financed from government grant. The capital programme will deliver:

- £147.0m in planned investment programmes in existing housing stock,
- £31.8m in New Supply of housing stock out with the regeneration areas; and
- £113.6m included as part of the Regeneration and Renewal Plan including New Supply within regeneration areas.

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.

Similar to non-housing construction, the sector is still experiencing the impact of pandemic recovery, with the backlog of repairs to void properties influencing income generation. The Council is focusing on the first phase of its capital programme to deliver c.1,100 housing properties and to invest £30m in the existing high-rise accommodation. To ensure sufficient funding in the long term, an assumption of 1% above CPI as an uplift to rents is assumed for every year across the 30-year plan.

Vision, leadership and governance

Our detailed findings on the Council's arrangements are set out below.

Vision

The Council approved its Council Plan in September 2022, articulating its vision, priorities and strategic outcomes for the Council. 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 was subject to a review in early 2024 and a refreshed plan with refined priorities, actions and indicators was recently approved by the Leadership Board in June 2024.

Corporate leadership team

The Council senior team consists of the Chief Executive, 3 Directors of departments and 15 Heads of Service (along with the Chief Officer of the HSCP and Chief Executive of partner organisation OneRen).

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. It enables the Council to monitor the achievement of its strategic objectives set out in the Council plan. The Council has approved and adopted a Local Code of Corporate Governance and publishes information on how it complies with that Code.

The Council has a number of Boards (Committees) with delegated authorities and specific remits in place. The Audit, Scrutiny and Risk Board (ARSB) is chaired by an independent member and comprises nine members from all political parties represented on the Council. Its remit is to consider internal and external audit and scrutiny reports, note Internal Audit and Counter Fraud performance, consider and monitor progress reports against any action points raised by internal and external auditors. The Board also has responsibility for considering the Council's code of corporate governance, approving the risk management policy and strategy and reviewing the effectiveness of risk management arrangements. Other functions include monitoring and reviewing service delivery performance, policies and practices and to submit recommendations to the Council.

The Council's governance arrangements have been substantially reviewed during the year, including fully implementing the comprehensive assessment of the Audit, Risk and Scrutiny Board arrangements against the CIPFA practical guidance for Audit Committees which has made a positive impact on scrutiny arrangements. In

addition the recommendation arising from the Council's 11 comprehensive review of its governance arrangements by the member led cross party working group, which were reported to and approved by the Council on 29 February 2024 have been actioned.

Leadership programme

The council introduced a Leadership Development Programme, consisting of 5 modules and developed by the Society of Local Authority Chief Executives (SOLACE) based on their discussions with the key stakeholders within the council. The programme was developed primarily due to changes within the Corporate Management Team (CMT) membership, including the appointment of the Chief Executive. Provision of further leadership training opportunities was identified following the independent Dargavel review. This included Governance, Risk Management, Leadership, Culture and Performance Management.

Cohort 1 of this programme was delivered between October 2023 and February 2024 and delivered to up to 37 delegates, comprising CMT members and Chief Officers. In general, the feedback from delegates has been positive in relation to the effectiveness and impact of resilience, communication and governance, risk, accountability modules. Other modules provided improved levels of knowledge to the delegates.

Following this, at the Chief Officers Team Away Day in September 2024 there was also a discussion on the learning from the programme which linked to ongoing personal development opportunities. The programme for cohorts 2 and 3 has now been completed and an evaluation has been undertaken, which will inform plans for future programmes. Additional deep-dive training took place for all key officers at a variety of grades specifically on governance during 2023/24.

There is a programme of Chief Officer Team Away Days (4 are scheduled for this year) and Our Leaders Forum, (aiming for 3 in person plus one additional virtual this year) to support ongoing personal and professional development and maintain and develop cross corporate networking and relationships which is seen as a key priority in a new hybrid working environment. These sessions include external speakers/experts .

Officers from the council's People & OD team are currently undertaking a benchmarking exercise across Scottish Local Authorities to explore other practices and scope opportunities for potential collaborations in future.

Risk Management

Renfrewshire Council has a risk management framework in place formed over key components and supported by a high-level combined risk management policy and strategy 'Risk Matters', last revised in November 2023.

The strategic risk management objectives refer to:

- Leadership and management;
- Policy and strategy;
- People;
- Partnership and resources;
- Processes;
- Risk handling and assurance; and
- Outcomes and delivery.

To support the implementation of 'Risk Matters' and the continuous improvement of risk management practice within the council, a Strategic Risk Management Development Plan is in place, outlining key actions that require to be completed over the life cycle of Risk Matters.

Performance against these key actions is reported as follows:

- YEAR 1, 2024-25 Key performance figure - 100%, (12 of 12 actions) complete, against an 85% in-year target.
- YEAR 2, 2025-26 10 of 10 actions in progress.

In 2024/25 Willis Towers Watson undertook an independent review of the Council's risk management arrangements and concluded that *"Renfrewshire Council has a well-established approach to risk management with many positive features, especially in terms of strong governance and a positive cultural attitude towards risk management at a corporate level."*

Updates on progress reports and monitoring of risks are reported to the ARSB on a six-monthly basis. Each Council department has at least one representative on the Corporate Risk Management Group (the Group). The Group now includes at least one Head of Service for each department, and has overseen reporting of the 2023/24 strategic and corporate risk, monitoring progress on behalf of the Council. Services have taken ownership of their risks with processes being followed for reporting, and where necessary 'escalation' of significant risks to the strategic or corporate registers. All service departments submitted their risk data on time for the progress reports to the ARSB as planned.

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. The Council's Chief Auditor provides an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

To ensure the integrity of the internal audit function, the annual internal audit strategy and plan is determined by the Chief Auditor in consultation with all service Directors and their senior management teams.

The internal audit opinion for 2024/25 was that, 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 2024/25; 93.6% of the internal audit plan was completed against a target of 90%. The outstanding work is planned to be completed in 2025/26.

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

In line with the requirements of the Public Sector Internal Audit Standards (PSIAS) the internal audit function was subject to an external assessment performed by an internal auditor of another local authority. The external reviewer concluded in 2023 that Renfrewshire Council's internal audit fully complies with PSIAS requirements.

Use of resources to improve outcomes

Our detailed findings on the Council's arrangements are set out below.

Performance management framework

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.

The Chief Executive holds performance scrutiny meetings with each Directorate team twice a year, and the council advised it is also planned to introduce a new Performance Board which will drive further improvements to service level performance from April 2025.

Local Government Benchmark Framework (LGBF) is scrutinised by the Corporate Management Team (CMT) with reports to the Audit, Risk and Scrutiny Board. The CMT would also review a number of performance reports, scorecards, people metrics and have 'deep dives' into specific areas on a quarterly basis.

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

Service improvement and reporting 2024/25

We have considered how the Council demonstrates a trend of service improvement in delivering their strategic priorities, as required by Audit Scotland's planning guidance for 2024/25.

The Council Plan reports on 34 indicators, of which 21 have a target. In 2024/25, five of the indicators met or exceeded their target, three narrowly missed the target, and seven were behind target. There are six indicators for which 2024/25 data is not yet available.

Statutory performance information

The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. This responsibility links with the Commission's best value audit responsibilities. In turn, councils have their own responsibilities, under their best value duty, to report performance to the public. The Accounts Commission issued a revised Statutory Performance Information Direction ('2024 Direction') in December 2024, which applies for the three-year period from 1 April 2025. The 2024 Direction requires a council will report information about its performance in a way that enables that council, other councils, the Accounts Commission, local residents and communities, and any other interested parties to draw comparisons and make judgements in relation to:

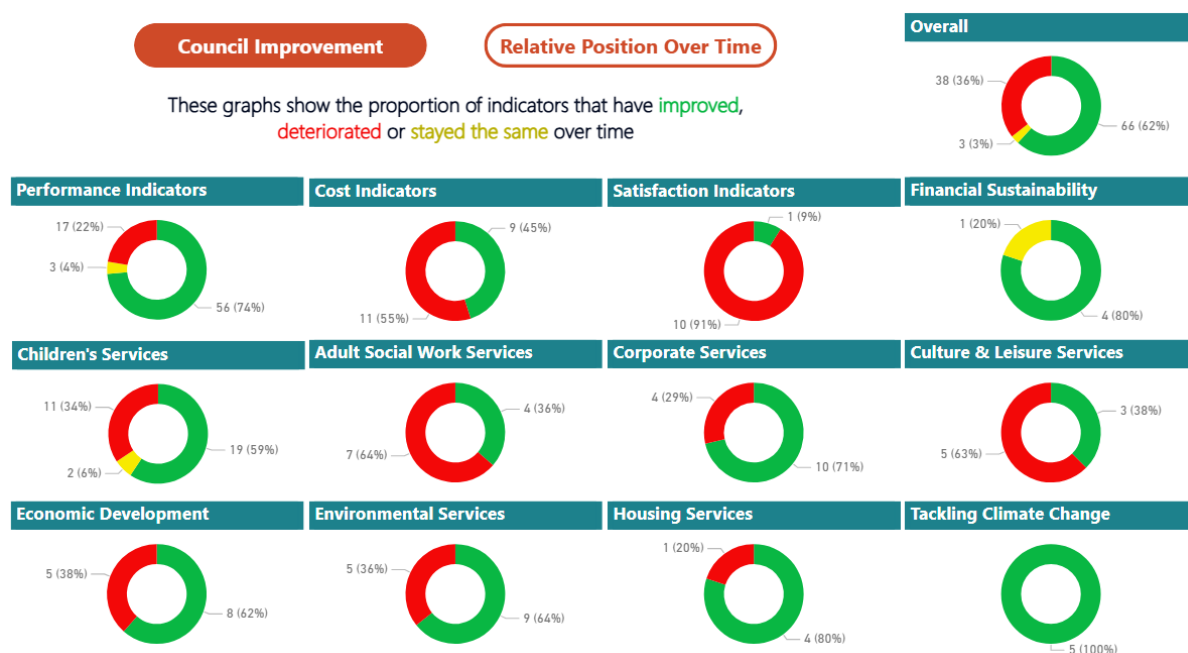
- that council's performance over time, and
- the performance of different councils in a given period of time.

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 most recent period available through LGBF is 2023/24 and demonstrates that the overall performance improved in the majority of the areas as presented in the exhibit below.

Exhibit 5 Performance overview



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 **52%** of the 88 indicators published to date.

Strong performance areas	Areas for improvement
Completion of homeless duty - in common with many other councils, homeless applications continue to rise, and housing services are under considerable demand pressure in Renfrewshire. The service continues to exceed targets and averages around 21 weeks to complete a case.	A key area of focus is performance in relation to issuing building warrants and first reports. Workforce measures have been introduced to support capacity issues, with further reviews of these service areas planned during 2025 by the new Performance Board.
Renfrewshire is consistently one of the best performing areas in relation to delayed discharge – that is, minimising the number of days a person spends in hospital once they are fit to be discharged.	The proportion of the council's procurement spend with local businesses is behind the national average at 19.3% but has shown improvements over the last few years. Local analysis indicates that a further 46% of council spend (taking total spend to around two thirds) was made

	with local authorities in surrounding local authorities reflecting strong local and regional connectivity and Renfrewshire's tight geography.
Number of invoices processed within 30 days.	Sickness absence levels for non-teaching staff remains a key area for improvement and is being actively targeted across service teams, which has resulted in an improvement in relative performance in 23/24
The council consistently outperforms most other areas in terms of the condition of its roads.	Some of the customer satisfaction measures included in the LGBF indicate lower levels of satisfaction with selected services than in other local authorities. Like other local authorities, the council has concerns around some of the national survey approach, and has commissioned an external firm to conduct a resident survey which will allow the council to assess this in more depth and respond accordingly.
The council's employability programme – INVEST – has had a great deal of success in supporting people into training, to achieve qualifications and to find paid work.	The poverty-related attainment gap has widened since the council first started reporting on it in 2018/19. As with all other local authority areas, the Covid-19 pandemic had a significant impact on attainment, and it has been well documented that children and young people experiencing deprivation were disproportionately affected by the disruption to learning. Improvement can be seen - in 2023/24, the gap narrowed for both literacy and numeracy and has now returned to broadly pre-pandemic levels in relation to numeracy, in line with the council's family group comparators for educational indicators, albeit this remains above the national average. Literacy remains a core focus for improvement.

	The council is in the top two quartiles for 11 out of the 18 educational indicators available for 2023/24 and officers have reiterated the strong ambition they have to further improve educational outcomes, using data to drive targeted improvements in performance. The percentage of leavers entering a positive destination has increased to 97.1%. This is an increase over 5 years and Renfrewshire is ahead of both the virtual comparator and national figures. Renfrewshire now has the 5th highest leaver destination figure in Scotland. There has been a significant increase in the proportion of S4 leavers going into positive destinations. In 2023/24, this was 98.49%, up from 91.79% in 2022/23 and 91.88% in 2021/22. Nationally the Figure is 91.9%.
Quick turnaround of housing benefit applications and amendments contributes to relieving financial pressures that some of the most vulnerable citizens may feel.	

Source: An interim follow up audit report on the council's approach to community engagement and culture change April 2025.

Best Value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure Best Value. There are the following four aspects to auditors' work:

- Contributing to Controller of Audit reports.
- Thematic reviews;
- Follow-up and risk-based work;
- Service improvement and reporting.

Contributing to Controller of Audit reports – Best Value report

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).

The report also contained some suggestions for further development and improvement in relation to continuous improvement, the need to evidence continuing engagement with community and how it then flows into decision making, policy

development and service planning, it highlighted the financial gap and the role of the transformation plan in closing it. It brought attention to the IJB financial situation which will require difficult decisions and talked about areas of lower performance in the health area.

Thematic review

Auditors are required to report on Best Value or related themes prescribed by the Accounts Commission. This year's thematic review is on Transformation: how councils are redesigning and delivering more efficient services to achieve planned outcomes. We present the findings in a separate report with a summary set out below:

To what extent does the council have clear plans for transformation that link to its priorities and support long-term financial sustainability?

Renfrewshire Council has had a corporate transformation programme in place since 2009. These have been overarching, transformative and adapted to changing circumstances.

The most recent phase of the Council's transformation programme, Reshaping Renfrewshire, commenced in early 2025 and continues this ambitious approach. The Council is well-placed to deliver complex transformation and change programmes, having successfully delivered a range of transformation programmes over the past 15 years.

Over this past period the Council have achieved £190m of savings and efficiencies through various projects and debt smoothing.

The Council has outlined with appropriate detail its key future transformation projects, the importance of financial sustainability, and how these are to be achieved in the medium term.

We are satisfied that links exist between the Council's corporate objectives and the transformation plans, however these could be presented more clearly to improve clarity and to help measure the impact.

To what extent do the council's programme management arrangements facilitate effective oversight of its transformation plans?

The governance arrangements to monitor and scrutinise the transformation programmes are in place

The Council operates the monitoring arrangements at the Boards and management levels with a clear structure of reporting in place.

	This is supported at an operational level by the existence of appropriate capacity and expertise at Project Management Office function and by using external specialist support where this is deemed more effective. Monitoring arrangements should be supported by further clarity in reporting to Leadership Board on timelines, costs, benefits and measurement methods to support achieving the transformation objectives.
To what extent are communities and partners involved in the development and delivery of the council's plans for transformation?	Renfrewshire Council works effectively with partners, including other councils, third and private sector to achieve its transformation objectives. There are good examples of working with communities demonstrating the Council's increased focus on the needs of service users. Renfrewshire Council is meeting requirements of working with partners to develop a clear approach to tackling digital exclusion as part of their strategies and plans, understanding digital exclusion locally, who is affected and how. The Council engages with vulnerable groups and considers impact of service delivery changes and improvements that could be made to support those communities.
To what extent has the council considered the impact of its transformation activity, including on vulnerable or protected groups?	The Council have equality impact assessments which are prepared for a range of projects, policy decisions and service redesigns. The approaches to measuring, monitoring and reporting varies project to project depending on the nature of the project, the benefits and the timescales in which the benefits are seen. The arrangements are appropriate at a project level. Community Benefits are built into contracts with third party suppliers.

Follow-up and risk-based work

Best Value report

Auditors are required to follow up Accounts Commission findings, Controller of Audit recommendations and any outstanding improvement actions reported in Best Value Assurance Reports and Annual Audit Reports. We are also required to have regard to the seven Best Value themes when completing our wider scope work. The full Best Value report was published in June 2025 and we will monitor Council's progress in considering its findings in the coming years.

An interim follow up audit report on the council's approach to community engagement and culture change

In April 2025 we presented an interim report on areas of interest to the Controller of Audit linked to community engagement and the council's culture.

Overall, we found that the council has made good progress in continuing to build its existing approach to consultation and community engagement including a refresh of the council's overall approach, with appropriate arrangements established or in-place to support effective governance and scrutiny of those revised arrangements.

The council is able to evidence a positive corporate culture and continues to take a range of actions aimed at supporting and further developing a positive culture of openness and transparency.

The report had one recommendation in relation to transparency and openness in decision making processes. In response the council plans to review the existing corporate guidance, board reporting arrangements and will benchmark with approaches adopted by other Scottish local authorities to identify specific areas of best practice and recommended improvement actions to be adopted into existing arrangements. This action is due to be completed by 31 October 2025.

Service improvement and reporting

We have considered this as part of our wider scope work within Vision, leadership and governance and Use of resources sections of this report.

Appendices



Appendix 1: Responsibilities of the Council and the Auditor	67
Appendix 2: Audit adjustments	75
Appendix 3: Action plan	79
Appendix 4: Follow up of prior year recommendations	89

.....

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	The Council's 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 their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and 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. The management commentary should be fair, balanced and understandable and also address the longer-term financial sustainability of the Council. 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

Area	The Council's responsibilities
	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 performance of the body's functions. In securing

Area	The Council's responsibilities
------	--------------------------------

Best Value, the local government body is required to maintain an appropriate balance among:

- The quality of its performance of its functions
- The costs 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 the balance, the Council shall have regards 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.

Area	The Council's responsibilities
------	--------------------------------

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

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 accounts and the wider-scope 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 has been integrated into our audit approach, including our follow up on the Council's Best Value Assurance Report and work on the wider scope dimensions.

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](#).

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 external 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 attention to. 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.

Non-audit services: There are no non-audit services provided to the Council.

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.

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 2025 was three years.

Audit fee

The total fees charged to the Council for the provision of services in 2024/25 were as follows. Prior year charges are also shown for comparative purposes:

	2024/25	2023/24
	£	£
Auditor remuneration	329,710	316,514
Pooled costs	7,530	10,490
Contribution to PABV costs	79,800	82,680
Sectoral cap adjustment	61,830	59,660
Extended Audit Procedures	8,584	-
Total audit fees	487,454	469,344

Appendix 2: Audit adjustments

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. The non-trivial misstatement discovered during the course of our audit which have been adjusted for by management are summarised in the table below.

Adjusted misstatements

Details of the item corrected following discussions with management is as below.

No	Detail	CIES	Balance Sheet	Impact on total net expenditure	Impact on usable reserves	Impact on unusable reserves
		Dr / (Cr) £m	Dr / (Cr) £m	Dr / (Cr) £m	Dr / (Cr) £m	Dr / (Cr) £m
1.	Restatement of group comparative figure due to overstatement of other long-term asset due to asset ceiling cap of £31.788m and understatement of other long-term liability due to unfunded liability portion of £0.501 Impact: Group	32.289	(32.289)			32.289
2.	Overstatement of the group's other long-term asset of £41.941m due to asset ceiling cap and understatement of other long-term liability due to unfunded liability portion of £0.440	42.381	(42.381)			42.381

No	Detail	CIES	Balance Sheet	Impact on total net expenditure	Impact on usable reserves	Impact on unusable reserves
----	--------	------	---------------	---------------------------------	---------------------------	-----------------------------

Impact: Group

3.	Understatement of the Council's other long-term liabilities due to updated version of the IAS19 report	0.158	(0.158)			0.158
----	--	-------	---------	--	--	-------

Impact: Council and Group

4.	Understatement of the holiday pay accrual	0.425	(0.425)			0.425
----	---	-------	---------	--	--	-------

Impact: Council and Group

5.	Understatement of ROU and lease liabilities due to update in waste disposal service concession model	0.271	(0.271)	0.271		0.271
----	--	-------	---------	-------	--	-------

Impact: Council and Group

	Council's account		Group's account	
	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025
Total reserves per the unaudited annual accounts	1,524.836	1,557.192	1,656.543	1,703.634
Net impact on the Council's reserves increase/ (decrease)	-	(1.941)	(32.294)	(43.255)
Total reserves per the audited annual accounts	1,524.836	1,555.251	1,624.249	1,660.379

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 Council's accounts, and these have all been amended by management. Details of all disclosure changes amended by management following discussions are as below.

No	Detail
1.	Disclosure changes in external audit costs of fee payable to be £0.487m.
2.	Disclosures changes in note 23: nature and extent of risks arising from financial instruments to update total investment portfolio by credit rating of A+ to £2.465m.
3.	Disclosures changes in group accounting policies to update the number of combining entities and to update combining entities subject to value added tax.
4.	Updated Note 4: Expenditure and income analysed by nature to cast with the CIES and to exclude internal recharge.
5.	Pension liability disclosure after receiving the revised actuarial report.
6.	Disclosures changes in note 14: Capital expenditure and capital financing to update commitments on capital contracts for non-housing projects from £35.412m to £65.412m
7.	Reclassification of fixed assets relating to Common Goods Fund of £1.090m;
8.	Accumulated depreciation for nil net book value assets was adjusted in the property, plant and equipment note to the accounts for £156.369m in 2024/25 and for £149.551m in 2023/24. This had no impact on the net book value of assets in the balance sheet.
9.	Updated Note 5: Grant income to correct 2024/25 figures.

10. Updated the number of employees between the cost bracket £60,001 - £80,000 in Note 8: Exit packages.

11. Minor presentational and disclosure issues.

The audit team have raised minor and presentational issues with management, and we recommend that this is updated.

We have identified one unadjusted disclosure change relating to 2024/25 creditor balance disclosed in Note 26: Related parties for Renfrewshire Leisure Ltd (trading as OneRen). The amount currently presented in the account is £1.487m; however, the correct balance should be £3.146m.

Overall other than the above detail, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Prior year unadjusted misstatements

There were no prior year unadjusted misstatements reported in the prior year audit.

Appendix 3: Action plan

Our action plan details the weaknesses and opportunities for improvement that we have identified during our 2024/25 audit. The matters reported are limited to issues we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. The recommendations are categorised into three risk ratings:

Key:

- 1. Significant deficiency**
- 2. Other deficiency**
- 3. Other observation**

Financial statements action plan

1. IT general controls		Other observation
Observation	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).	
Implication	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.	
Management response	A detailed management response has been completed. The recommendation will be implemented during 2025/26 Responsible officer: Phil Feeney and Anne Marie Flavell Implementation date: FY2025/26	

2. Unapproved posted journal		Other observation
Observation	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. Management have mitigating controls in place to review period end budgetary controls where any significant variances against budget are investigated and followed up.	
Implication	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.	
Management response	Work will be undertaken to assure that the batch process is only used where necessary, and an internal policy will be developed in the Finance team that outlines guidance/recommended practice in relation to journal operation and authorisation, and separation of duties. Responsible officer: Head of Finance and Procurement Implementation date: FY2025/26	

3. Payroll transaction approval		Other observation
Observation	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.	
Implication	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.	
Management response	Following an Internal Audit, 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. Responsible officer: Payroll Services Manager Implementation date: 31 March 2026	

4. Common Good Funds - Property register		Other observation
Observation	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.	
Implication	There is a risk that misclassification of assets could lead to inaccurate financial reporting and regulatory non-compliance.	

4. Common Good Funds - Property register		Other observation
Recommendation	We recommend a decision is reached to determine whether these are Common Good assets and if not, update the Common Good Property register.	
Management response	It is the opinion of King's Counsel that six of the seven properties under investigation are confirmed as Common Good assets, and will be adjusted in the fixed asset register. The Common Good Note in the audited accounts 2024/25 will be updated to reflect this change. Responsible officer: Corporate Finance Manager Implementation date: FY 2025/26	

5. Common Good Funds – Rental arrangements review		Other observation
Observation	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.	
Implication	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.	
Management response	Current arrangements between the Council and Common Good Funds will be reviewed to assess the appropriateness of any charges between these operations. Responsible officer: Principal Estates Surveyor Implementation date: 30 June 2026	

6. Quality of working papers	Other observation
Observation	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. 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.
Implication	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.

6. Quality of working papers		Other observation
Management response	As with all year-end processes, working papers are subject to annual review to achieve continuous improvement. Discussion will take place with Azets after the audit is completed to discuss areas for particular attention in relation to clarity and avoidance of follow-up work. Responsible officer: Corporate Finance Manager Implementation date: FY 2025/26	

7. Asset Classification		Other observation
Observation	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.	
Implication	The issue identified gives rise to an increased risk of misstatement or classification error.	

7. Asset Classification		Other observation
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.	
Management response	The Council's current treatment of components aligns to CIPFA Guidance (LAAP 86); however this will be considered in advance of the 2026/27 year-end to ensure clarity of reporting and best practice. Responsible officer: Head of Finance and Procurement Implementation date: FY 2025/26	

Wider scope action plan

1. Appraisals and business cases reporting		Other observation
Observation	We found that officers and members work well together in a constructive and appropriately challenging culture which supports good overall decision making. Whilst there is evidence of options appraisals and business cases being reported to Board in relation to specific projects and officers provided a range of information on project management governance and processes, our analysis of Board and Committee papers indicates some scope for the council to further develop how it presents options appraisal and business case development in supporting effective council decision making and achieving more transparency and openness in decision making processes	

1. Appraisals and business cases reporting		Other observation
Implication	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.	
Management response	The council already makes extensive use of options appraisal and business case development as part of major investment projects and has an established business case and options appraisal process as part of its corporate project management framework to support the development and delivery of projects across the council. It is proposed that officers will undertake a review of the existing corporate guidance, board reporting arrangements and will benchmark with approaches adopted by other Scottish local authorities to identify specific areas of best practice and recommended improvement actions to be adopted into existing arrangements. Responsible officer: Director of Finance and Resources Implementation date: 31 October 2025	

2. Capital budgeting and monitoring		Other observation
Observation	The actual levels of the initial budgets utilisation were below 70% in relation to initial budgets for both housing and non-housing spend. In January 2025 the Council still estimated the outturn on non-housing capital budget at £130m which was significantly above the actual outturn of £91.6m at 31 March 2025. This in the context of long term capital planning which assumes an ambitious capital investment of almost £580m over 5 year period.	
Implication	Over optimistic assumptions can lead to under delivery of the capital programme.	

2. Capital budgeting and monitoring		Other observation
Recommendation	We recommend that the capital budget setting process be revisited to ensure future estimates better reflect prevailing market conditions and delivery capacity	
Management response	The Capital budget set for 2025/26 was adjusted at the outset to account for some of the planning and delivery reprofiling that generally occurs before a project is fully procured. Future reporting and implementation of capital budgets and associated planning will be reviewed for the 2026/27 estimates exercise. Responsible officer: Head of Finance and Procurement Implementation date: FY 2026/27	

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.

1.	Related party disclosures
Recommendation	The information held relating to member and officer interests could be enhanced to ensure that all relevant information is recorded to support the governance and financial reporting requirements around the disclosure of related parties. Processes and controls to consider and identify relevant relationships and transactions that require to be disclosed within the annual accounts should be reviewed for appropriateness. Risk: There is a risk that the council fail to identify related parties due to underlying documentation lacking sufficient detail. The recommendation was that a review of controls and processes around related parties is undertaken. This will include the documentation of member and officer interests as well as the processes in place to identify the relevant disclosures for inclusion in the financial statements.
Auditor assessment	We have followed up this prior year recommendation as part of the audit work performed in 2024/25 and are satisfied the recommendation has been actioned by management.
Status: Closed	Response: The Related Parties disclosure was refreshed and significantly expanded in the 2024/25 accounts. Responsible officer: Head of Finance and Procurement Implementation date: Complete

2.	Financial strategy to support financial sustainability
Recommendation	The Council faces continuing financial challenges and significant uncertainty. It is anticipated that new financial flexibilities may become available and the impact of these should be assessed within the scope of the wider financial strategy. Risk: There is a risk that decisions around financial flexibilities, transformation and redesign of savings are made without detailed financial impacts being available to support the decision-making process. The recommendation was to develop a revised financial strategy incorporating new or temporary financial flexibilities and assess how the total balances available are best utilised to support the financial sustainability of the council over the medium term. The Council will need to actively engage with local and national partners to deliver the required level of efficiencies and savings..
Auditor assessment	The Council increased the level of detail and assumptions reported in its Financial Outlook and Medium Term Strategy to include impact of flexibilities and other key factors.
Status: Closed	Response: The revised Financial Strategy was developed. The next Financial Outlook incorporating a medium-term financial strategy will be reported to Council in September 2025. Members and officers are continuing to work on proposals to mitigate forecast budget gaps. Responsible officer: Director of Finance and Resources Implementation date: Complete

2.	Dargavel school response
Recommendation	The Council has responded in a transparent and open manner to issues raised through the Bowles Report. We welcome the creation of a detailed action plan response to Bowles report recommendation and we note the planned reviews of overall governance arrangements and the specific review of the role the Audit, Risk and Scrutiny Board should have going forward. The Council recognises that it faces an ongoing challenge to build the trust and confidence of local communities in its school estate decision making. A recent report to the Education, Children's Services Policy Board comments on the community negative reaction to the Council's decision on extending (rather than replacing) an existing secondary school and indicates that decisions on the future school estate will remain a high profile area for the Council. Lack of clarity over the above points might lead to slow pace of remediating issue or re-occurrence in the future We recommend that the Council: - Performs a more comprehensive and continuous assessment of future operating costs for planned new school provision. - Consider whether any additional monitoring and assessment arrangements for pupil educational attainment may be required for pupils in the Bishopton and Dargavel communities - Consider how it will evidence better joint working between council departments in future projects - Remains open and measures its effectiveness in rebuilding its relationship with the affected communities.

2.	Dargavel school response
Auditor Assessment	The Council performed a number of actions in response to s102 report, its follow up and our annual audit reports. The Council continues to report on financial impact if the schools cost in its regular reporting to the relevant Board and to the Council within its Financial Outlook and Medium Term Strategy. We conclude that the above arrangements are satisfactory.
Status: Closed	Response: There have been a number of update report to the Audit, Risk and Scrutiny Board on the actions related to the Bowles Review and subsequent Accounts Commission s102 report. The Audit, Risk and Scrutiny Board's meeting on 4 November 2024 agreed that all relevant actions were either complete or now incorporated into other reporting arrangements. The Board agreed there would be no further specific monitoring reports, but the Board will continue to receive updates as appropriate through existing monitoring arrangements, and the Board also will receive update reports on major programme such as the learning estate at appropriate reporting periods (so as not to cut across reporting arrangements on this programme through the Education and Children's Service Policy Board). The Board will also maintain a wider interest in the development of the learning estate strategy, including estate planning, roll projections, funding and other associated issues.
	Responsible officer: Chief Executive Implementation date: Complete

3. Financial sustainability	
Recommendation	The medium term financial challenge and financial gap has been considered by the Council numerous times, but no clear options have been presented or decision have been 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. To present the Council with a range of options and services implications.
Auditor assessment	The updated Financial Outlook and Medium Term Strategy increases the level of detail and we will continue to review its next iterations to ensure the information provided to members is appropriate.
Status: Ongoing	Response: 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. Responsible officer: Director of Finance & Resources Implementation date: FY 25/26
4. Cut off de minimis	
Recommendation	The Council applies a 'de minimis' limit to determining how it will process transactions into the correct financial year. However, we identified that this threshold is not formally set. There could be inconsistent treatment of the transactions with no formal limit set leading to misstatements. To formalise arrangements around cut-off recording.
Auditor assessment	As part of our testing, we performed detailed cut-off testing on both income and expenditure. Based on the

4.	Cut off de minimis
Status: Closed	work performed, we did not identify any material misstatements. The transaction tested were appropriately recorded in the correct accounting period, and the cut off applied was considered reasonable.
	Response: Page 1 of the Service Year-end Guidance document for 24/25 stated that all errors over £2,500 should be corrected into the appropriate financial year. This figure is also quoted in the Prepayments section. Responsible officer: Head of Finance and Procurement Implementation date: 31 March 2025

5.	Payroll reconciliation
Recommendation	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.
	We recommend that the Council performs regular reconciliation between the ledger and payroll.

5.	Payroll reconciliation
Status: Ongoing	Response: The Council's payroll and ledger systems are fully integrated in its ERP system, Business World. This results in the risk of any disparity between the payrun batches and the General Ledger transactions being very low. However, officers recognise that testing this on an annual basis would be beneficial for control assurance and will undertake development of a process over 2024/25. Work to progress this took place during the financial year and a sample year-end reconciliation was produced to provide this assurance. There is still some improvement work on going to enhance the reporting and streamlining of reconciliation work to enable this to be more frequent and more efficient. Responsible officer: Director of Finance and Resources Implementation date: 31 March 2026

6.	Related parties
Recommendation	The Council should disclose intercompany transactions between group entities in the related parties note. There is a risk that the disclosure is not complete. We recommend that the Council makes the relevant disclosure in the 2024/25 financial statements.
Status: Closed	Response: The Related Parties Note was updated in the 2024/25 accounts for relevant group transactions. Responsible officer: Head of Finance and Procurement Implementation date: 31 March 2025

7.	Performance information
Recommendation	The performance information reported on the Council's website is the Council's response to meeting the requirements. However, we note that a lot of the information on this section of the Council website has not been updated to the newest available. This includes reporting against the council plan, service outturn reports, summarising findings in relation to BV work and progress against those, including leadership work from last year. We recommend the Council updates this section of their website on regular and at least annual basis. The Council's performance section on the website has been updated with most reports with a few update reports from May and June 2024 board cycles requiring to be updated We recommend that the Council updates the information.
Status: Closed	All information continues to be updated on the webpage through a dedicated "Our Performance" web page. We have recently supplemented this with a new Best Value page which provides links to external assessments of performance. Responsible officer: Head of Policy and Partnerships Implementation date: 30 September 2024

