

## Notice of Meeting and Agenda Council

Date	Time	Venue
Thursday, 22 June 2023	09:30	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

MARK CONAGHAN  
Head of Corporate Governance

### Membership

Provost Lorraine Cameron (Convener): Councillor Iain Nicolson (Leader): Councillor Cathy McEwan (Depute Convener): Councillor Jacqueline Cameron (Depute Leader):

Councillor Jennifer Adam: Councillor Fiona Airlie-Nicolson: Councillor Alison Ann-Dowling: Councillor Stephen Burns: Councillor Michelle Campbell: Councillor Graeme Clark: Councillor Carolann Davidson: Councillor Eddie Devine: Councillor Andy Doig: Councillor Audrey Doig: Councillor Chris Gilmour: Councillor Edward Grady: Councillor Gillian Graham: Councillor Neill Graham: Councillor John Gray: Councillor Anne Hannigan: Councillor John Hood: Councillor Lisa-Marie Hughes: Councillor Robert Innes: Councillor Alec Leishman: Councillor Bruce MacFarlane: Councillor James MacLaren: Councillor Kenny MacLaren: Councillor Mags MacLaren: Councillor Colin McCulloch: Councillor Janis McDonald: Councillor David McGonigle: Councillor Jamie McGuire: Councillor Marie McGurk: Councillor Iain McMillan: Councillor John McNaughtan: Councillor Kevin Montgomery: Councillor Sam Mullin: Councillor Will Mylet: Councillor Jim Paterson: Councillor Emma Rodden: Councillor John Shaw: Councillor Ben Smith: Councillor Andy Steel:

### Hybrid Meeting

Please note that this meeting is scheduled to be held in the Council Chambers. However, it is a hybrid meeting and arrangements have been made for members to join the meeting remotely should they wish.

## **Further Information**

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at <http://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>

For further information, please email [democratic-services@renfrewshire.gov.uk](mailto:democratic-services@renfrewshire.gov.uk)

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To find the webcast please navigate to: <https://renfrewshire.public-i.tv/core/portal/home> and select the meeting from the calendar.

## Items of business

### Apologies

Apologies from members.

### Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

## 1 Minutes of Meetings of Council, Boards and Panels

### (attached separately)

Placing Requests & Exclusions Appeals Panel, 3 May 2023, pages 700-703

Council, 4 May 2023, pages 704-721

Placing Requests & Exclusions Appeals Panel, 9 May 2023, pages 722-725

Personnel Appeals & Applied Conditions of Service Appeals Panel, 12 May 2023, pages 726-727

Placing Requests & Exclusions Appeals Panel, 15 May 2023, pages 728-729

Communities & Housing Services Policy Board, 16 May 2023, pages 730-743

Regulatory Functions Board, 17 May 2023, pages 744-753

Education & Children's Services Policy Board, 18 May 2023, pages 754-761

Personnel Appeals & Applied Conditions of Service Appeals Panel, 19 May 2023, pages 762-763

Petitions Board, 22 May 2023, pages 764-767

Audit, Risk & Scrutiny Board, 22 May 2023, pages 768-773

Economy & Regeneration Policy Board, 23 May 2023, pages 774-779

Planning & Climate Change Policy Board, 23 May 2023, pages 780-783

Infrastructure, Land & Environment Policy Board, 24 May 2023, pages 784-791

Personnel Appeals & Applied Conditions of Service Appeals Panel, 25 May 2023, pages 792-793

Local Review Body, 30 May 2023, pages 794-797

Regulatory Functions Board, 1 June 2023, pages 798-805

Placing Requests & Exclusions Appeals Panel, 7 June 2023, pages 806-807

Finance, Resources & Customer Services Policy Board, 8 June 2023, pages 808-827

Leadership Board, 14 June 2023 (copy to follow)

Placing Requests & Exclusions Appeals Panel, 19 June 2023 (copy to follow)

## 2 Provost's Update

Hear from the Provost

<b>3(a)</b>	<b>Dargavel Primary - Independent External Review</b> Report by Chief Executive	<b>9 - 112</b>
<b>3(b)</b>	<b>Dargavel Primary School Independent Review - Response to Recommendations</b> Report by Chief Executive	<b>113 - 122</b>
<b>4</b>	<b>General Fund Financial Outlook</b> Report by Director of Finance & Resources	<b>123 - 136</b>
<b>5</b>	<b>Unaudited Annual Accounts 2022/23</b> Report by Director of Finance & Resources	<b>137 - 256</b>
<b>6</b>	<b>Treasury Management Annual Report 2022/23</b> Report by Director of Finance & Resources	<b>257 - 266</b>
<b>7</b>	<b>Governance Arrangements</b> Report by Director of Finance & Resources	<b>267 - 354</b>
<b>8</b>	<b>Statutory Review of Polling Places and Polling Districts</b> Report by Director of Finance & Resources	<b>355 - 368</b>
<b>9</b>	<b>Second Review of Scottish Parliament Boundaries – Publication of Provisional Proposals for Constituencies</b> Report by Chief Executive	<b>369 - 380</b>
<b>10</b>	<b>Notice of Motion 1 by Councillors J MacLaren and N Graham</b> "A8 Langbank Roundabout  Council is very concerned at the increasing number of accidents at the A8 Langbank Roundabout. A Scottish Transport/Trunk Road review is ongoing for this location which is due to deliver its initial findings by the end of October.  Council agrees to write to Transport Scotland highlighting concerns and requesting that this review is accelerated and that it is now considered very urgent indeed."	
<b>11</b>	<b>Notice of Motion 2 by Councillors Devine and Hood</b> "Zero Hours Justice  Council notes the use of zero hour contracts has risen over the last decade, meaning there is an increasing number of workers who do not	

have a guaranteed number of working hours each week.

This Council does not accept the rhetoric that zero hour contracts provide 'flexibility' both for the worker and the employer, and instead notes that such contracts nearly always provide on-sided flexibility in favour of the employer.

Workers on zero hour contracts face financial insecurity as a result of :

(a) The insecurity of not knowing how many hours they are working from week to week and, sometimes, from day to day.

(b) Getting too few hours to financially make ends meet.

(c) Spending money to be able to work and then being out of pocket when hours are cancelled – travel costs, childcare costs etc.

(d) Getting hours at the last minute have having to make urgent arrangements for childcare or other caring responsibilities or cancel social plans.

(e) The fear of refusing hours lest it results in fewer hours being offered, or bullying and harassment, from the employer.

Any of these issues can result in the interference and employer control of the worker's life outside working time. This can result in debt, health issues because of household poverty and mental anguish and anxiety. This can not only affect the worker themselves, but the whole family unit.

Council further notes that despite the government promising on numerous occasions new legislation to provide better security for worker on zero hour contracts, it has failed to do so.

Zero hour contracts are not only used in the private sector and some local authorities directly employ workers on zero hour contracts. This Council is proud to be a local authority that does not and will not use zero hour contracts.

This Council supports the work of zero hours justice, an organisation which seeks to end exploitative zero hour contracts by providing help for workers on such contracts, and supporting businesses and other organisations that either do not use zero hour contracts or only do so in accordance to minimal criteria.

This Council resolves to lead by example and to reaffirm our commitment to providing security to our workers by being an employer that does not directly employ our workers on zero hour contracts."

## **12 Notice of Motion 3 by Councillors McMillan and Ann-Dowling**

### **"Accounts Commission Publication**

Council notes the Accounts Commission's publication released on the

17th May concerning local government.

Council acknowledges its findings and accepts the statement from the commission that radical change is needed across Scotland's Councils.

Council furthermore calls for the Scottish Government to work closely with Councils, COSLA and local communities to ensure that quality services are still able to be delivered by local Councils."

### **13 Notice of Motion 4 by Councillors Hughes and Shaw**

"Jazzle Dazzle Studios: World Champions

Renfrewshire Council send our congratulations to Jazzle Dazzle Studios in Renfrew on being crowned World Champions in three events, and winning the silver medal in another, in the 2023 All Star Open World Championships in Orlando, Florida.

Council commends coaches Jackie Bryceland and Michelle Holmes, alongside senior dancers Eilidh, Ellie, Emma, Grace, Kayleigh, Layla, Megan and Rachel, and mini dancers Carly, Gabrielle, Indie, Lauren, Olivia, Orla, Rachel and Robyn on the dedication, talent and skill they have demonstrated in training and competing, and send our very best wishes for future victories.

Council requests that the Provost support Jazzle Dazzle Studios to celebrate their World Champion status with appropriate civic hospitality."

### **14 Notice of Motion 5 by Councillors Andy Doig and Hood**

"RBS/Nat West and Retention of Working ATM's in Johnstone

This Council notes that during the Coronavirus crisis NatWest/Royal Bank of Scotland had a specific policy of keeping ATM's open as they specifically understood that free access to cash was crucial for families, businesses, and communities.

Council further commends NatWest/Royal Bank of Scotland for retaining a working ATM in Lochwinnoch when the RBS branch there closed, and requests that they apply the same consideration in Johnstone, and agrees to write to NatWest/RBS asking them to retain their two working ATM's in Church Street for the benefit of the community."

### **15 Notice of Motion 6 by Councillors Andy Doig and Hood**

"Scottish Government Consultation on Land Reform Bill

This Council commends steps taken to eradicate legal feudal disabilities by the Labour/Liberal Democrat Scottish Executive (1999/2003) and the SNP Government (2011/2016), but recognises that the current Scottish Government consultation, on a new Land Reform Bill, represents an opportunity to finally dismantle the feudal system of Scottish land ownership. A historic system where continuing concentration of ownership remains a significant barrier to communities exercising their

rights, and growing their economy.

Council agrees that land represents a huge reserve of unearned wealth in Scotland; resolves that there is a need for stronger action to break-up the concentration of land ownership within Scotland in the public and national interest, in terms of both successfully meeting the climate challenge and boosting economic regeneration across Scotland; believes that a clearly defined, legally enforced, public interest test is needed to ensure that land holdings work for the benefit of the people of Scotland; and concludes that the new Land Reform Act should empower the Scottish Land Commission with the right of compulsory purchase if felt necessary.

Council further agrees to send the above statement to the Scottish Government, for their consideration, in the drafting of the Bill.”

**16 Notice of Motion 7 by Councillors McGuire and Grady**

**“Renfrew Football Club**

Congratulations to Renfrew FC on winning the West of Scotland League Second Division and good luck for next season.”

**17 Notice of Motion 8 by Councillors McGuire and Grady**

**“Boys Brigade Companies – Renfrew**

Congratulations to the 1st and 3rd Boys Brigade Companies in Renfrew who celebrated their 135th and 75th Anniversaries.”

**18 Notice of Motion 9 by Councillors McGurk and Innes**

“Council welcomes the contribution that our volunteers make across Renfrewshire. Further acknowledges the vital role that they play in supporting local people and communities in Renfrewshire to be a better place in which to live.

Council notes that as part of this year’s national Volunteer Week over 40 local volunteers were recognised for their commitment to their communities in a special celebration event hosted by Renfrewshire Council’s Community Learning and Development team. The volunteers support adult literacy work, English as a Second Language (ESOL), Youth Voice groups, Duke of Edinburgh awards, Team Up to Clean Up and Street Stuff activities.”

**19 Notice of Motion 10 by Councillors Innes and McGurk**

**““Safe Kids”**

Council welcomes the return of the annual Safe Kids event to St Mirren Football Club. Further, we thank over 2000 primary six pupils from across Renfrewshire that participated in the programme this year, as well as the council officers and our key Community Safety Partners that delivered this event.

Council notes that Safe Kids success to date is down to the innovative style with which the learning outcomes are delivered. Acknowledges that workshops are specifically designed to be fun, interactive and this allows vital messages to be delivered in subject areas that can be difficult to discuss with young people. Understands Safe Kids aims to reduce the number of accidents in young people, promote positive behaviour and eliminate risks in line with Renfrewshire Councils Community Plan.”



**To: Council**

**On: 22 June 2023**

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**Report by: Chief Executive**

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**Heading: Dargavel Primary – Independent External Review**

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**1. Summary**

- 1.1 At a Special Meeting of the Education and Children's Services Policy Board on 7 November 2022, the Board considered a report by the Director of Children's Services relative to the capacity of Dargavel Primary School. The Report advised Members that the Chief Executive had instructed a review into the matter which would begin in January 2023, with a report on the findings to be submitted to a meeting of the Policy Board following its conclusion. The Board agreed that an external review was required.
- 1.2. The Chief Executive advised Members on 5 December 2023 that David Bowles had been instructed to carry out the Independent External Review. Further, Members were advised on the Terms of Reference of the Review. The Chief Executive also advised on the potential timeline for preparation of the conclusion of the Review and that, given the nature of this matter, the outcome of the review to be reported to the first available Full Council Meeting following its conclusion.
- 1.3 The Independent External Review has now concluded and the Report has been received by the Council.
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## 2. **Recommendations**

- 2.1 Council is asked to consider and note the contents of the Independent External Review Report.
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## 3 **Background**

- 3.1 At a Special Meeting of the Education and Children's Services Policy Board on 7 November 2022, the Board considered a report by the Director of Children's Services relative to the capacity of Dargavel Primary School. The report advised that the school opened in January 2022 and that over the course of the 2022/23 school session the rate of admissions had been higher than anticipated. Accordingly, a forecast roll projection based on the existing school roll, known pre-school population within the school catchment area and potential future pace of house completions across the Dargavel development was carried out and the results of the preliminary stage provided clear conclusions that the existing school capacity would be materially insufficient to meet the future demand profile of the catchment area. The report further set out an interim solution for implementation for August 2023 and advised that a further report outlining options for a permanent solution would be brought to Board.
- 3.2 As part of that Report to the Board, and at the meeting itself, the Board were advised that the Chief Executive would instruct an Independent External Review to assess the circumstances which led to the very significant error in school capacity planning. The Board agreed that an external inquiry by an independent body such as Audit Scotland, was essential to determine what happened, how it happened and to ensure that this could not occur again
- 3.3. The Chief Executive advised Members on 5 December 2023 that he had set the Terms of Reference of the Independent External Review and had instructed the Review to take place. He further advised that Audit Scotland had been advised on the Terms of Reference and the Review arrangements. Audit Scotland had confirmed that based on the nature and stage of matters, they would not seek to become directly involved in a review of the circumstances that have led and contributed to the current issues. They had confirmed that the Terms of Reference and Review arrangements, including the identified Review Lead, were appropriate. Further they have advised that they wished to be kept

informed of progress of the review, and that they would wish to consider the Review report once concluded and any actions the Council takes in response.

- 3.4 The Chief Executive further advised Members that the Independent External Review would be carried out by David Bowles who had been appointed through SOLACE Business. David Bowles is a highly experienced former local government Director and Chief Executive having held a number of demanding and challenging Director and Chief Executive posts over a 25 year period across both England and Wales, including Chief Executive of four different authorities. In addition, he is a highly experienced lead on major independent investigations and reviews. He has been commissioned to carry out a number of significant, complex and sensitive investigations across both the local government sector and NHS on behalf of both local and national government both across Scotland and south of the border.
- 3.5 Members were advised that the Independent External Review Lead would have access to any and all reports, documentation and working papers he may require. It was anticipated that he would wish to interview a significant range of individuals, including officers both past and present and a range of parties external to the Council. The Head of Corporate Governance would act as a Single Point of Contact (SPOC) within the Council to provide and make available all necessary support and resources that the Review Lead may require.
- 3.6 Members were also advised the independent review had commenced, and that it was estimated that the Review would conclude and report by the end of April 2023. However, that estimated timeline would be subject to review and adjustment as appropriate recognising the timeline associated with the Dargavel development extended a very significant number of years into the early years of the millennium and as a consequence there would be a significant level of dependency for the review on historical records and a wide range of individuals now external to the Council.
- 3.7 The Chief Executive advised that the Terms of Reference set by him were wide ranging and that, while referencing the matters raised by the Board, they went well beyond those. The Terms of Reference are attached as Appendix 1 to this report.
- 3.8 The Independent External Review has now concluded and the Report has been received by the Council. The Report is attached as Appendix 2 to this report.

## Implications of the Report

1. **Financial** - none
2. **HR & Organisational Development** - none
3. **Community/Council Planning** – none
4. **Legal** – none
5. **Property/Assets** – none
6. **Information Technology** – none
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report as it deals with Members considering the Report following the Independent External Review. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website. (Report author to arrange this).
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none
11. **Privacy Impact** – none
12. **CoSLA Policy Position** –
13. **Climate change** - none

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## List of Background Papers

Dargavel Primary School Capacity Report by the Director of Children's Services 7 November 2022

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## Independent Review

### Terms of Reference

#### Dargavel Primary School Capacity Shortfall

*Terms of Reference for Independent Review into the educational capacity planning that supported the definition of the required education provision to be provided under a S.75 agreement associated with the delivery of the BAE systems Dargavel community growth area development in Bishopton Renfrewshire.*

#### 1. Background

- 1.1. On the 7<sup>th</sup> of November 2022 a report was presented to the Education and Children's Services board – "Dargavel Primary School Capacity" - which set out a very significant projected shortfall in the capacity of Dargavel Primary School to meet future primary school education demand within the associated catchment area.
  - 1.1.1. Dargavel Primary School opened in January 2022 and was provided as part of a Section 75 agreement with BAE systems linked to the delivery of a masterplan development as part of the new community growth area of Dargavel which is located alongside the established Renfrewshire village of Bishopton due west of Glasgow airport and located near to the M8 motorway.
  - 1.1.2. The Dargavel development represents the biggest housing regeneration project in the history of Renfrewshire Council and constitutes the remediation and regeneration of a brownfield site of over 500 acres in size which in its previous life accommodated the Bishopton Royal Ordnance Factories (ROFs). It represents one of the largest brownfield site remediation developments across the UK.
  - 1.1.3. Engagement between the Council and BAE systems in relation to the development of a new community growth area located at Dargavel dates to the early part of this millennium with the original masterplan outline planning application received in 2006 and which received outline planning approval in August 2009. Outline planning approval was provided subject to an agreement being reached between BAE Systems and the Council in relation to planning obligations (known as section 75 Agreements in Scotland) for the provision of a range of either financial contribution to or provision of facilities including schools, health facilities, roads and footpath infrastructure, transport, open space parkland, community, leisure and play provision and affordable housing etc.
  - 1.1.4. The first section S.75 between the Council and BAE systems was signed in 2009 and updated twice in 2012, reflecting the outline planning consent at that time for a maximum 2,500 houses along with areas of the masterplan designated to be developed out for employment and commercial purposes. Within these versions of the S.75 agreement, provision was included for the delivery of a new primary school to accommodate a school roll capacity of 340 pupils. There were further revisions to the S.75 agreement in 2014 and 2017

- 1.1.5 A revision to the masterplan and outline planning consent was granted in 2018, which increased the outline planning consent for housing to over 4,000 houses, with the greater housing provision being approved in lieu of the areas previously earmarked for employment and commercial development. As a consequence of the revised outline consent, an updated S.75 agreement was signed in 2018, which identified the provision of an increased primary school capacity of 430 pupils – the 2018 S.75 agreement represents the most up to date version of this agreement.
- 1.1.6 The new Dargavel primary school was in broad terms a turnkey project, delivered to the Council by BAE Systems as the landowner and developer for the site. Construction commenced in 2020 and progressed throughout the pandemic period, opening later than originally scheduled in January 2022. Construction of new housing in the Dargavel development has been progressing since circa 2013, with approximately 2,200 houses completed to date. Pending delivery of the new primary school under the S.75 agreement, pupils were accommodated in Bishopton Primary School.
- 1.1.7 As noted above, the new the Dargavel Primary School opened in January 2022. Over the course of this session the rate of admissions to the new school was higher than expected. As a result, some initial work was completed to review likely registrations over the coming years which raised significant concern of a material shortfall in future capacity and a risk that this would emerge over a very short time horizon.
- 1.1.8 Work was subsequently progressed over the summer & early autumn period to review school roll projections to fully understand the potential scale and timing of the problem. This review included progressing a range of detailed work, including engagement with peer authorities with experience of education planning in developments of similar scale and nature to Dargavel, to help test the robustness of the revised figures produced internally by officers. It has now been estimated that the long term school roll projections for the new Dargavel school catchment may reach as high as circa 1,100 pupils – reflecting a very significant shortfall as measured against the 430 school roll which is encapsulated within the 2018 S.75 agreement. In addition, it was identified that the school capacity would be breached by the intake from next year’s school session (2023/24) and therefore there was both an immediate and acute capacity issue to resolve as well as a longer term capacity shortfall. At present, further independent analysis of these revised projections is being carried out by Edge Analytics to provide an independent validation of the broad scale and timing and also to refine these longer-term projections as appropriate to inform the longer term planning.
- 1.1.9 As soon as reasonable confidence was established by officers around the scale and timing of the problem, the requirement for a Special Board meeting of the Education and Children’s Services Board within the Council was triggered (occurred on the 7<sup>th</sup> of November) as well as active engagement with the school and wider community. As part of that report to the Board and the meeting itself, it was confirmed that the Chief Executive would instruct an independent review to assess the circumstances which led to this very significant error in school capacity planning. This Terms of Reference is a direct response to that commitment.

## **2. Independence of the Review**

- 2.1. In view of the nature and scale of the implications it is deemed appropriate that the review should be carried out by an appropriately experienced external party independent to the Council.
- 2.2. The review will be led by David Bowles, appointed through SOLACE. David will have full independent freedom, access to information (subject to necessary data sharing agreements where appropriate), resources and ability to seek interviews with appropriate individuals as requested to progress the review.
- 2.3. Audit Scotland have been consulted on the Terms of Reference and the arrangements for the review and have confirmed that based on the nature and stage of matters, they would not seek at this point to become directly involved in a review of the circumstances that have led and contributed to the current issues. They have confirmed that the Terms of Reference and review arrangements, including the identified review lead, are appropriate and have advised that they will through the local audit team arrangements be kept informed of progress of the review, will wish to consider the review report once concluded and any actions the Council takes in response

## **3. Review Team Composition**

- 3.1. As detailed above the review will be led by David Bowles, appointed through SOLACE Business. David is a highly experienced former local government Director and Chief Executive having held a number of demanding and challenging Director/Chief Executive posts over a 25 year period across both England and Wales. In addition, David is a highly experienced lead on major investigations and reviews. He has been commissioned to carry out a number of significant, complex and sensitive investigations and reviews across both the local government sector and NHS on behalf of both local and national government across in Scotland and south of the border.
- 3.2. The Council will via the Head of Governance provide a Single Point of Contact (SPOC) within the Council to provide and make available all necessary support and resources to the review team. Use will be made during the review of the work currently being progressed on behalf of the Council by Edge Analytics, specialists in the provision of pupil role projection services across UK local authorities.

## **4. Scope**

- 4.1. In light of the scale of concerns identified, the review will seek to investigate: -
  - 1) The approach adopted to model and develop the projected educational capacity requirements for a new Dargavel Primary School and associated secondary education provision that ultimately informed the S.75 agreements from 2009 through to 2018. This aspect of the review should include but should not be limited to understanding: -
    - a) When this modelling work was first commenced in the Council
    - b) The broad modelling approach adopted, how this compared to best practice adopted across the UK and how this differed or otherwise from the approach

normally adopted by the Council for assessing the impact of smaller scale housing developments.

- c) What range of officers were involved directly or indirectly in determining, developing and quality assuring the capacity modelling?
  - d) What learning was sought from other local authorities across the UK or from external bodies who held experience of approaching similar long term education capacity planning for major community growth areas like Dargavel where this involved the provision of new educational facilities additional to the existing school estate?
  - e) Identification of the potential variable(s) or principle(s) within the modelling approach that directly contributed to the production of a projected school capacity requirement that has proven to fall significantly below actual requirements. Additionally, how specifically the process to update the capacity projections to inform the 2018 S.75 was undertaken, recognising that proportionately as the development increased in size the underlying primary school forecasting error became more pronounced.
  - f) The approach taken to apply due diligence checks and balances and appropriate review of modelling outputs to provide confidence in the information that supported the provision of specific requirements for the S.75 agreements.
- 2) The adequacy or otherwise of Council services operating as an effective and strongly collaborative corporate body in supporting the Dargavel development planning including the establishment of the projected future education demands over the broad period leading up to the final definition of the primary school requirements in 2018.
  - 3) The level and scale of senior officer oversight and the associated formal reporting at appropriate stages through the Council's internal governance process throughout this period.
  - 4) Identification through the 2009 to 2018 S.75 processes where opportunities to identify the underestimation of school capacity requirements were potentially missed before school construction ultimately commenced.
  - 5) Assessment of the effectiveness and engagement with the community in relation to the capacity planning process – specifically when and how concerns in the community in relation to future school capacity were brought to the attention of Council officers, the manner and adequacy of how these were responded to and ultimately handled by the Council.
  - 6) Post the 2018 S.75 agreement, the extent to which the Council was adequately preparing for the new school coming on stream in the lead up to and during the construction period and where any opportunities may have been available to

identify earlier the significant capacity deficiency in primary provision – this should include engagement during this period with the school leadership team, school community and wider community during this period.

- 7) Any other aspects deemed appropriate by the lead reviewer.

## **5. Methodology**

- 5.1. The review methodology will be determined by the appointed Lead with full support provided in terms of access to reports, documentation, working papers etc. It is anticipated that requests for interviews with a wide range of individuals will be required, including officers both past and present and a range of parties external to the Council.

## **6. Reporting and Timescales**

- 6.1. The review lead will prepare and produce a full report setting out in detail:
  - (a) review methodology adopted;
  - (b) review findings;
  - (c) review conclusions; and
  - (d) recommendations.
- 6.2. The review will commence in December and is estimated at this stage will take until the end of April to conclude and report. This timeline will be subject to review and adjustment as appropriate recognising the scale of dependency on individuals now external to the Council as well as the potential challenges associated with a review timeline that extends back a very significant number of years, potentially into the early years of the millennium.
- 6.3. The report and associated recommendations for any actions to be progressed will be presented to the first available full Council meeting following the report concluding and being made available. The report will be publicly available through the normal publication of full Council reports and will be appropriately shared with key community representatives as part of this reporting phase.



# **Report to Renfrewshire Council**

## **Independent Review of the Council's assessment of the demand for education for Dargavel Village, secured in Section 75 Agreements with BAE Systems**

**David J Bowles & Associates Ltd  
June 2023**

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## **SECTION 1 - INTRODUCTION**

### **1.1 General background**

The development of the new village of Dargavel, in Renfrewshire, is an extremely complex and large project, which has evolved into one of the largest housing developments in Scotland.

Following the granting of planning permissions for housing in 2009 and 2018, by spring 2022 it became apparent that Renfrewshire Council had substantially underestimated the demand for primary school places for the village. By implication the demand for secondary education was also likely to have been significantly underestimated.

The scale of the problem was such that in November 2022 a special meeting of the Council's Education and Children Services Policy Board was held. The purpose of the meeting was to discuss Dargavel primary school capacity. It was reported that planning permission was in place for 4219 homes and that 2162 had been built. It was also reported that the current school roll was 463 with the school having a potential capacity of 609 pupils. The Board were advised that to protect the quality of learning, it would be preferable for the school not to exceed 548 pupils.

The minutes of the meeting state:

*.... a forecast roll projection .....provided clear conclusions that the existing school capacity would be materially insufficient to meet the future demand profile of the catchment area. The projected figures showed a school roll of circa 600-620 in August 2023 and circa 685 – 705 in August 2024.*

The school was originally designed as a 2 stream entry primary school catering for around 440 pupils, who chose to attend a non-denominational school, based on the development of around 4000 houses.

The Policy Board were asked to note:

*that the Chief Executive had instructed a review into the matter which would begin in January 2023, with a report on the findings to be submitted to a meeting of this Policy Board following its conclusion.*

The Board decided to approve, as an interim solution, the procurement of 6 new modular classrooms to be in place for August 2023 with options for permanent solutions to be considered in early 2023.

### **1.2 Terms of Reference**

Following that meeting I was commissioned to conduct an independent review of how this situation transpired. My terms of reference are as set out below:

*In light of the scale of concerns identified, the review will seek to investigate: -*

- 1) The approach adopted to model and develop the projected educational capacity requirements for a new Dargavel Primary School and associated secondary education provision that ultimately informed the S.75 agreements*

*from 2009 through to 2018. This aspect of the review should include but should not be limited to understanding: -*

- a) When this modelling work was first commenced in the Council*
  - b) The broad modelling approach adopted, how this compared to best practice adopted across the UK and how this differed or otherwise from the approach normally adopted by the Council for assessing the impact of smaller scale housing developments.*
  - c) What range of officers were involved directly or indirectly in determining, developing and quality assuring the capacity modelling?*
  - d) What learning was sought from other local authorities across the UK or from external bodies who held experience of approaching similar long term education capacity planning for major community growth areas like Dargavel where this involved the provision of new educational facilities additional to the existing school estate?*
  - e) Identification of the potential variable(s) or principle(s) within the modelling approach that directly contributed to the production of a projected school capacity requirement that has proven to fall significantly below actual requirements. Additionally, how specifically the process to update the capacity projections to inform the 2018 S.75 was undertaken, recognising that proportionately as the development increased in size the underlying primary school forecasting error became more pronounced.*
  - f) The approach taken to apply due diligence checks and balances and appropriate review of modelling outputs to provide confidence in the information that supported the provision of specific requirements for the S.75 agreements.*
- 2) The adequacy or otherwise of Council services operating as an effective and strongly collaborative corporate body in supporting the Dargavel development planning including the establishment of the projected future education demands over the broad period leading up to the final definition of the primary school requirements in 2018.*
  - 3) The level and scale of senior officer oversight and the associated formal reporting at appropriate stages through the Council's internal governance process throughout this period.*
  - 4) Identification through the 2009 to 2018 S.75 processes where opportunities to identify the underestimation of school capacity requirements were potentially missed before school construction ultimately commenced.*
  - 5) Assessment of the effectiveness and engagement with the community in relation to the capacity planning process – specifically when and how concerns in the community in relation to future school capacity were brought to the attention of Council officers, the manner and adequacy of how these were responded to and ultimately handled by the Council.*

- 6) *Post the 2018 S.75 agreement, the extent to which the Council was adequately preparing for the new school coming on stream in the lead up to and during the construction period and where any opportunities may have been available to identify earlier the significant capacity deficiency in primary provision – this should include engagement during this period with the school leadership team, school community and wider community during this period.*
- 7) *Any other aspects deemed appropriate by the lead reviewer.*

Subsequent work by the Council has suggested that the capacity shortfalls will be even greater than was anticipated at the time of the Board meeting.

As the events under review span over 20 years there is considerable detail to consider.

### **1.3 My background**

I have been the Chief Executive of four different Councils, including having been appointed specifically to assist in the turnaround of failing Councils. I have worked in the private sector supporting business transformation in central and local government negotiating highly complex PFI and other contracts. I am a qualified accountant and have been a member of the Audit Committee of the Chartered Institute of Public Finance and Accountancy. I have held a number of Non-Executive posts including with the Institute of Public Finance, MoD Support Services and as the Chair of a large NHS Acute Trust in England. I am currently a Non-Executive Director for National Police Chiefs' Council, on their Audit and Assurance Board and am on the Council of Protect, the whistleblowing charity.

In the past, in England, on behalf of Councils, I led negotiations with central government on the financial implications of new town development on local authority services and their financing, under a financial support scheme called 'Undue Burden'. This included the impact upon education provision of the rapid development of housing. I have a general appreciation of the issues involved.

Over the past 15 years I have carried out a substantial number of special investigations and reviews in local government and the NHS in England, Wales and Scotland. These reviews have focussed on improving governance and have covered matters such as problematic procurements, contracting, unlawful payments, misconduct by members or officers and alleged fraud.

## **SECTION 2 - LIMITATIONS**

2.1 It is not the purpose of my review to make 'findings' against any current or former employees. As is usual in these situations if, during a review, allegations arise or information is provided, which raises questions about the competence or conduct of an employee those concerns will be raised, in confidence, with the Council so that they may be considered via proper process.

2.2 It should also be noted that in general terms elected members are entitled to rely upon officer advice.

2.3 The roots of these problems go back over more than 15 years and there has been both a substantial change in Council staff and changes to officer structures. This has created some problems in terms of corporate and individual memories of key events and the identification and securing of historic documents.

2.4 I have relied mainly on documents, where these are available, to support my analysis but these do not necessarily always provide a full context or background as to why particular decisions were taken. Whilst the Council's records for formal meetings are still available it is more difficult to identify and retrieve informal documents and officer communications. Furthermore, all of the senior officers involved in the Dargavel development are no longer with the Council.

2.5 There are limits on the resources devoted to my report for the Council. Nevertheless, I should emphasise that at all stages the Council and its officers have been highly cooperative and retrieved sufficient documentary evidence that, subject to the caveats above, I consider what follows to be a reasonable interpretation of events.

2.6 I would like to thank officers, former officers, members, stakeholders and BAE for their assistance and co-operation.

## **SECTION 3 - EXECUTIVE SUMMARY**

### **3.1 The development**

Dargavel village was being developed on a former BAE Systems (BAE) owned site, which had become surplus to its requirement. It was the largest brownfield site in Scotland and over the past century had been used to produce munitions and as such, suffered from pollution.

Production ceased in 1999 and the Scottish Executive investigated the feasibility of remediation and redevelopment of the site. As a result of that work BAE proposed a development comprising a mix of housing, employment and supporting community infrastructure.

An outline planning application was eventually considered by the Council in 2008. The outline plans, providing for 2,500 housing units were eventually agreed by the Council with approval subject to Section 75 Agreement with the Council, dated August 2009. Section 75 Agreements establish a legal obligation upon developers to meet planning obligations, including those relating to social, community, education and other infrastructure to support their developments. The negotiation of a Section 75 Agreement must be concluded and signed before final planning approval is granted.

In 2016 BAE expressed concerns about the viability of the development and approached the Council requesting that more land be zoned for housing, for another 1350 residential units, which should have resulted in a total of 3850 residential units. A final Section 75 Agreement was entered into in 2018.

### **3.2 Assessment of education demand**

It subsequently transpired that both the Section 75 Agreements entered into with BAE substantially underestimated the demand for primary and secondary school places. BAE was only required, by the Council, to provide a two form entry primary school for approximately 440 pupils and infrastructure to support up to 200 secondary school pupils. It is now estimated that the number of primary school places could eventually range between 1100 and 1500, with corresponding implications for secondary numbers. In terms of assessing financial contributions, surplus capacity in relevant schools would need to be taken into account.

Given the wording of the Section 75 agreement BAE's legal obligation to provide for the shortfall in primary or secondary school provision appears doubtful. I understand from the Council that to date BAE have not yet agreed any significant further contribution to the educational needs of primary and secondary school children arising from their development.

With regard to the two main Section 75 Agreements:

- **2009 Section 75 Agreement.** When education demand for primary education was assessed, the Council based its calculation on an adjacent area, Bishopton. Bishopton is a mature area with relatively low pupil demand; new housing developments on the scale of Dargavel yield much higher numbers of pupils. This one, deeply flawed, decision resulted in seriously underestimating demand at 340 primary school places.

- **2018 Section 75 Agreement.** This agreement was entered into because of the increase in residential units from 2500 to 3850. The Council's calculations had fundamental and obvious flaws; the flaws were so significant that they projected that the primary school roll would actually start to fall when less than 40% of the residential units were occupied. For the entire development BAE were required only to build a two stream entry school for 440 pupils i.e. an increase of only 100 primary school places on the earlier agreement.

Broadly a 60% increase in housing was to be served by only a 30% increase in the already woefully inadequate planned number of primary school places.

For secondary, BAE questioned the Council's calculation of 300 secondary school places and proposed, based on work they had carried out, 200 places. As far as I can assess the Council simply accepted BAE's calculations and did not seek the underlying data to challenge them. cursory examination of data provided by BAE suggests such a cap should have been open to challenge.

Had the Council used the information available on actual demand for education, then available, not only would it have enabled a more robust 2018 Section 75 Agreement dealing with the additional housing to be negotiated, the Council may have had leverage to, at least in part, remedy some of the defects in the original agreement dealing with the first 2500 houses.

Regardless of considerable uncertainty of estimating pupil need 20 years ahead, before detailed consents had been given and the housing mix known, the Council allowed BAE to cap its contributions in both agreements, leaving all of the risk with the Council.

It is difficult to see how both of these agreements, involving potentially millions of pounds of investment in primary and secondary education, could have been handled in a more incompetent manner. With regard to the 2018 Agreement in particular, there was overwhelming evidence from Council documents that pupil demand had been seriously underestimated before entering into that agreement. In addition, there were numerous legitimate concerns expressed by the Community Council, parent representatives, Councillors and others which were brushed aside, and not subjected to even cursory examination.

### **3.3 Contributory factors**

From my review I would regard the following as the main contributory factors:

- a) **A failure of leadership in the education service.** It is difficult to conclude other than that senior education management were both incompetent and not sufficiently engaged in the project, allowing inexperienced staff to assess pupil demand with no proper oversight or review. This was an important commercial transaction. The Council itself would face significant capital costs in providing education facilities to support Dargavel, if it underestimated the demand in negotiations with BAE.
- b) **Limited corporate oversight of the project.** The initial planning application, in spite of its size, was handled much like any other with planning officers seeking observations from each department and co-ordinating negotiations. In 2015 to strengthen corporate engagement a Project Board was set up. A review of their

documents would suggest that it should have been apparent that education were struggling to understand the impact upon their services. There is no evidence of corporate intervention to provide internal support or to seek external advice to ensure that these matters were understood and resolved effectively.

- c) **Lack of clarity about the size of the development.** The size of the development has in large part been determined by three large applications from BAE for 3850 residential units. There are a number of smaller applications, amounting to further 441 residential units, upon which no developer contributions had been sought. It was not clear if any of these 441 units formed part of the 3850 approval, making a potential total of 4291. Different parts of the Council have been working on different housing numbers and indeed BAE have quoted different numbers. This matter has recently been resolved and the Council is now planning on 3982 residential units.
- d) **A complete and repeated failure to test data for reasonableness.** The Council had numerous opportunities to test data, by use of quick and simple calculations, for reasonableness. It failed to do so. There are also numerous examples where the application of simple common sense should have alerted the Council to the fact it had grossly underestimated demand.
- e) **Ignoring conflicting data.** There are frequent instances of conflicting data which were available in education and to others simply being disregarded by education and the wider Council. NHS data predicting much higher pupil yields was ignored.
- f) **Not either understanding or planning to manage the risk associated with large developments.** There is a risk that estimates of demand for 20 years ahead, particularly as they are produced before detailed consents on the type and mix of housing are approved, will be inaccurate. In this case all of such risk, was transferred back to the Council and the BAE's obligations limited in legal agreements.

The lack of understanding of these risks by the Council can be highlighted by an inept decision by the Council to reduce the size of the Dargavel school site. This has reduced flexibility and made it more difficult to place modular units on the site, without having a negative impact on pupil's experiences, potentially for the rest of this decade. I understand that the Council have already asked BAE to provide land to extend the existing site to mitigate this risk.

- g) **Focussing on capacity problems at Bishopton Primary School.** Officers were challenged by an unexpectedly early increase in children from the Dargavel development being admitted to Bishopton, treating it as a 'spike'. Their focus was on tackling those short-term capacity issues. At no time did they question why there was a problem and its cause; that they had seriously underestimated demand from the new development.
- h) **Ignoring emerging problems when agreeing to a 2 form entry primary school in 2018, which only increased the capacity of the planned Dargavel school by about 100 places.** Well before the 2018 agreement was signed there was ample evidence the Council had seriously underestimated primary school demand for the original planning application. It failed to go back and examine what was happening in the development to date, before entering into new negotiations. It compounded that error by an even bigger 'error' in the 2018 Agreement with an obvious error of logic.

- i) **A failure to recognise the growing school capacity problem until May 2022.** Even if the Council had not recognised it had underestimated demand before the 2018 Section 75 Agreement was entered into, it should have recognised the serious under provision well before June 2022, and started planning to increase capacity earlier. The error was so obvious it is difficult to see how it remained undetected for 6 years.
- j) **A failure to take any concerns expressed by others seriously.** I have found numerous examples of concerns being expressed by Councillors, MSPs, community representatives, individuals and even other officers. If any of the complaints or observations had been taken seriously, just a cursory examination of the data should have raised concerns. I have not found a single instance where a concern was properly investigated. Again, repeated opportunities to identify very serious deficiencies in the Council's approach were missed. The response by Council officers showed professional arrogance.

**Recommendations**, set out in Section 13, include:

### **1 Build a more robust model of primary school need for Dargavel.**

The Council should continue to refine its pupil forecast model for Dargavel utilising information from the NHS and data on house sizes.

### **2 Reconsider catchment areas**

The earlier decision on catchment areas was made on the assumption the developer would be meeting all of the costs of primary education, without needing to use the surplus capacity at Bishopton Primary School. That is no longer the case. In its future plans the Council should reconsider how surplus capacity at Bishopton can be used effectively.

### **3 Produce robust supplementary guidance on developer contributions**

As the Council progresses its plans to issue supplementary guidance on developer contributions for education it should seek to learn from other Councils in Scotland. A development the size of Dargavel is exceptional and would need its own modelling techniques. However, for smaller developments the Council should create an evidence base to calculate specific yield factors derived from recent developments in Renfrewshire. Such robust data will ease future negotiations.

### **4 Seek to work cooperatively with BAE**

Although ultimately the Council's responsibility, if BAE were aware that the Council underestimated demand then, by their acts of omission, they must have a degree of culpability.

BAE will have made a very substantial return from the increase in housing approved in 2018, and yet for this final phase have made contributions to education which are even more grossly inadequate than provided for in the first Section 75 Agreement.

When seeking agreement to the additional housing BAE did so on grounds of viability and called for the continuation of 'collaboration' and stakeholders needed to be 'open and

flexible' to ensure the development's 'viability and success'. Even though the Council has shown gross incompetence it should engage with senior management in BAE. BAE have a commitment to 'ethical and responsible behaviour in all aspects of what we do' and should be encouraged to see what steps they can now take to ensure the 'viability and success' of their Dargavel development.

Unless the Council and BAE can work together to resolve the current problems, BAE may face accusations, whether founded or not and regardless of Council incompetence, that it has financially benefited at the expense of Council taxpayers.

## **5 Corporate working and organisational culture**

Although I understand that the Council has sought to improve and strengthen corporate working in recent years, the evidence would suggest there is a long way to go; simply establishing corporate working groups is insufficient if staff are in a mindset of 'not my problem'.

The Council needs to consider a significant change programme, not just on the of issue of corporate working and personal responsibility, but also its organisational culture and values. It needs plans to build a stronger organisation where constructive challenge is welcomed and there is a clarity of what is expected of all of those in a leadership role.

## **6 Risk management**

From documents I have seen the Council was unaware of the scale of risk it was taking in the calculation of pupil numbers. The identified risk in Council documents related to providing the school on time, not that the size of the school may prove to be inadequate. The failure to identify that risk has had two consequences; first the Council has been slow to react to the increase in pupil numbers and second the Council did not negotiate with BAE with that risk in mind.

The Council needs to review how it both identifies risk and manages it.

## **7 Role of members**

Whilst protecting the integrity of the planning process, the Council needs to ensure the appropriate involvement of members in such developments.

## **8 Public confidence**

These recent events and the matters described in this report will dent public confidence in the Council. The Council should work in an open and transparent manner in the resolution of these issues and particularly with the residents of Dargavel, who have legitimate concerns about the implications for their children during both their primary and secondary education.

## **SECTION 4 - NEGOTIATIONS WITH BAE - LEGAL CONTEXT**

### **4.1 Legal Context**

Councils can use their powers to ensure developers make contributions to offset the impact of their development on public services. However, each individual application must be considered on its merits and local planning authorities must act lawfully and ensure that demands for developer contributions, via Section 75 Agreements, agreed in advance of planning approval, are reasonable.

The Council entered into two main Section 75 Agreements. The first was in 2009 and related to up to 2500 residential units. The second was at the time BAE expressed concerns about scheme viability, securing an increase of 1350 residential units, with an agreement concluded in 2018.

Although there were changes in guidance, and new government circulars were issued during this period, the general principles throughout the Council's dealings with BAE have been the same. Developer contributions sought by Councils must:

- be necessary to make the proposed development acceptable in planning terms;
- serve a planning purpose;
- relate to the proposed development;
- fairly and reasonably relate in scale and kind to the proposed development; and
- be reasonable in all other respects.

### **4.2 Financial viability**

Just because a Council can demonstrate a need for a contribution does not necessarily mean that it is possible for a developer contribution to be secured. For example, some developments which may be highly desirable, may not be financially viable if substantial developer contributions were demanded. In that context Councils may have to assess the financial viability of a scheme and the ability of the developer to meet desirable planning obligations and balance that against other policy objectives.

I have not seen what I would regard as a financial viability test for the Dargavel development. BAE have shared, at a high level, its stated costs of development with the Council and information on cash flows. As far as I have been able to establish it has not shared its returns. It did use financial viability as a reason for seeking an additional 1350 residential units in 2018.

### **4.3 Education Contributions**

As far as contributions toward education are concerned these should be determined by:

- assessing the education needs arising from the development, based on relevant pupil yield factors;
- taking into account the capacity of existing schools which will serve the development, reflecting issues such as pupil migration across planning areas and local authority boundaries;
- The extent to which developer contributions are required;
- Clarity and certainty that these will be secured at the appropriate time.

Given the scale of this development and the creation of a new village at Dargavel it is inevitable that BAE's contribution to education and other infrastructure was likely be significant.

Many Councils in Scotland have issued supplementary guidance to their Local Development Plans. This guidance highlights areas where development is likely to impose burdens on education because of insufficient capacity, and sets out how the Council may assess the financial effects of that burden. The guidance also refers to the pupil yields that the Council would expect to use when calculating contributions from developers. The yields would usually be determined by surveys of completed developments establishing an evidence base capable of withstanding developer challenge. Yields would often be expressed as say, for example, 0.30 primary pupils per residential unit. There may be different yields for different sizes or categories of residential units.

Whilst such guidance has recently been drafted in Renfrewshire it has not been approved and was not available at the time of any of the Dargavel housing applications. In any case such yields, whilst being a useful guide, may not deliver reliable projections for developments of the size of Dargavel, with a build out periods of 20 years, but they are a useful starting point.

#### **4.4 Negotiations**

In reality a Section 75 Agreement is a contract arising from commercial negotiations linked to a planning application, albeit bounded by regulations. For a scheme of this size, given the likely scale of education need, developers would usually employ specialist advisers on the capacity of the local education system and the demand caused by the development. It would not be unusual for the specialist advisers to assist developers challenge Council calculations, the underlying pupil and associated cost assumptions. Councils would need robust evidence to withstand such challenges.

As will be clear from this review, although potentially developer contributions for education of many tens of millions of pounds were at stake, from the outset the Council:

- Failed to recognise that it did not have a track record and experience in assessing the educational impact of such a significant housing development;
- In consequence failed to assess properly the impact upon the education school estate;
- Failed to treat the commercial negotiations with the seriousness and rigour they deserved;
- Failed to understand the risks they were taking in the contract they negotiated.

As such the Council were ill prepared.

BAE's contribution to education per residential unit declined as negotiations progressed. BAE's financial returns as additional housing permissions were granted will have increased.

In agreements BAE capped their risk, as a result leaving substantial risk with the Council; risk the Council appeared not to have appreciated could materialise.

## **5 SECTION 5 - KEY PLANNING DECISIONS AND SECTION 75 AGREEMENTS**

### **5.1 Historic document review**

There are a substantial number of documents produced over the past 20 years relating to the scale and size of the development, approvals to be sought and permissions granted.

With regard to historic documents, in one dated February 2001, produced for BAE, the Council and other key partners, a range of scenarios are illustrated, all based on average household sizes of 2.7 people. The document suggest a single form entry primary school for 1500 households rising to a 2 form entry school at 3500 households. It also suggests that a new secondary school would be required at 1500 households. I have not been able to access underlying data but it is difficult to understand why 1500 households would be a trigger for a new secondary school when it only warranted a single form entry primary school. The primary yields look lower than I would have expected. Furthermore, it is a high level options appraisal and does not align with the applications submitted by BAE.

A report dated December 2002, by Cass Associates, BAE's advisers, built upon this report to provide a planning framework for regeneration, broadly in line with the application submitted. One of the principles behind its proposals was 'close integration with the existing community of Bishopton through a process of managed urban expansion' along with 'flexibility.....to respond to market opportunities'. The report states that there is a 'perceived weakness' in the range of existing housing stock in Bishopton with 91.6% owner occupied. It is proposed in the master plan that deficiencies should be addressed 'with some emphasis given to housing for rent, affordable housing and specialist housing for the elderly and young people. The projected number of residential units on 81 hectares was stated as being 2,300. Higher density housing would be provided in the central hub first and density would reduce moving out to the peripheral areas. The report suggest that the average household size would be 2.3 (the Renfrewshire average and below that of Bishopton).

The report suggests that initially primary pupils would be accommodated at Bishopton, which was projected to have circa 220 surplus places, and as that filled up a 12 roomed 'Shared Campus School' for all denominational children and the remaining non-denominational children would be investigated with the Council. The reason for proposing teaching all denominational children in the Shared Campus was that it was deemed unacceptable to bus almost 200 children out of area. The commentary in the report implies almost 600 denominational and non denominational children with a primary pupil yield of about 0.25 for 2300 houses. The estimated developer contribution to primary education was assessed at £2.5m.

As far as secondary education was concerned, although Park Mains may come under some pressure to 2006, the report concluded that declining roles suggest that school should cope. Denominational provision was more complex but with the then planned new school west of Linwood, existing planned provision should cope.

With total development costs of £64.5m (including a £2.5m contribution to Education and £28m for remediation costs), residential land valued at £875k per hectare and affordable housing land at £340k per hectare, the scheme was judged as viable.

There was an updated Master Plan issued in 2006 and updated in 2008. Originally it had been planned to provide 2300 residential units on 81 hectares. This was now increased to

2500 residential units on 94 hectares, over 6 phases, with a school site being identified in 2016. There are no other comments on education in the Master Plan.

## **5.2 Consideration of Outline Planning Application - December 2008 and first Section 75 Agreement**

Although the planning application was submitted in June 2006, it was not until December 2008 that the Planning and Economic Development Policy Board considered an outline application from BAE for the development of the site. The Board had an extensive report from officers of almost 60 pages, dealing with a wide range of complex planning issues.

The application included seeking consent for a mixed development, including 2500 houses. The Board agreed to approve the application subject to a Section 75 Agreement. The resolution of the Board, as worded, did not require officers to report back on the proposed terms of the Section 75 Agreement. The agreement was entered into on 7th August 2009.

This agreement required the developer, in accordance with an Education and Community Facilities Brief, to provide:

*community facility space with a gross floor space between 585sqm and 715 sqm in the form of IT and/or library and/or meeting rooms and a larger space for multifunction use;*

*a school capable of accommodating 340 pupils in the pre school and primary school age together with the all weather synthetic turf playing field suitable for use by pupils of primary school age of no less than 60 by 40 metres with associated ball stop fencing and floodlighting;*

Subject to certain caveats the community facilities space of was to be completed before the 411<sup>th</sup> residential unit was occupied and the primary school and playing field component before the 1714<sup>th</sup> unit was occupied.

Clause 5.6 required that the brief be reviewed every 5 years and in the event of agreement between the parties the Landowner (BAE) will prepare a fresh brief. That clause however specifies that:

*for the avoidance of doubt the gross floor space restriction on the community facilities and.... total number of pupils to be accommodated shall not be subject to review.*

The agreement provided for the community and education facilities to be transferred to the ownership of the Council for nil consideration.

There were no obligations with regard to secondary education.

Some of the precise terms were varied slightly in revised Section 75 Agreements, culminating in a 2012 Agreement but there were no changes to the requirement for the primary school.

## **5.3 'North Park' housing application**

In November 2017 the Communities, Housing and Planning Policy Board considered an in principle application for approximately 350 houses on an area which had been zoned as

semi natural space. By this stage it was also clear that BAE would be submitting a further application for a substantial increase in housing.

The North Park application was eventually approved, subject to a Section 75 Agreement.

#### **5.4 'Employment Land' – application for a substantial increase in housing development**

At the same meeting in November 2017 as the North Park application was considered the Communities, Housing and Planning Policy Board held a pre-determination meeting to consider a significant change to the proposals for development at Dargavel, brought forward by BAE. The reason for the application had been stated to be due to concerns about the viability of the whole scheme.

BAE were seeking planning permission in principle for the redevelopment of land (previously identified for industrial purposes) for housing. The site area extended to 37 hectares of development land with an '*indicative capacity for some 1000 housing units*' (and a further 6 hectares of strategic landscape corridors).

Objectors representing Bishopton Community Council and Dargavel Residents Association attended the meeting and made representations. Their concerns were wide ranging and according to the minutes of the meeting included '*the capacity of the new build school*'.

At a Council meeting on the 2nd March 2018 the planning application by BAE for this substantial increase in the housing component of the development at Bishopton was considered. Council were advised:

*With regard to education provision the applicants have agreed to the enhancement of the primary school provision as well as reviewing all other educational requirements the details of which will require to be negotiated and enshrined within a new section 75 agreement*

The Council were also advised that the school would be sited in a central location. The application was agreed in principle, subject to a Section 75 Agreement, to be approved at a future meeting of the Communities Housing and Planning Policy Board.

#### **5.5 Final Section 75 Agreement – concluded October 2018**

In May 2018 the Communities Housing and Planning Policy Board considered a report on the Section 75 agreement. This was to replace the existing Section 75 Agreement and accommodate the North Park and Employment Land applications. The report to the Board indicated that the new consent:

*provides for approximately 1000 units increasing the anticipated number of homes to approximately 4000 over the site as a whole.*

The original application was for 2500 residential units, North Park was for 350 units and the former employment land 1000 units, making a total of 3850 units. The report to the Board also stated:

## ***Education and Community Facilities***

*5.10 The terms provide for construction of a new two stream primary school capable of accommodating 440 pupils with associated synthetic playing field, to be completed by June 2021. The scale of required provision and timescale for delivery reflects extensive discussions with the Director of Children Services and has been informed by a detailed review of roll projections associated with the development. Delivery of the primary school is now approximately 5 years earlier than previously anticipated.*

*5.11 Design of the new primary school is well advanced and has been informed by extensive consultation with the Director of Children's Services. The school has been designed to ensure that spaces are flexible and this provides the opportunity for the building to be used for community purposes out of school hours.*

*5.12 Designs in respect of the school will be finalised in late summer 2018, with a formal planning application anticipated to be submitted by BAE Systems in autumn 2018.*

*5.13 The Director of Children's Services has advised that the development will necessitate an extension to Park Mains High School for approximately 300 pupils and will be required by 2028/9.*

The report referred to there being two phases of housing. The first phase being 2500 which would include 625 affordable units and the second phase of 1500 which would include 415 affordable units.

The report states that the revised Section 75 agreement reflects the scale of obligations previously secured. However, under the original agreement there was a trigger point of the occupation of the 600th house for the 'community facilities component' in the form of IT and/or library and/or meeting rooms and a larger space for multi-function use' to be provided. I understand that as a result of reviews by officers it was considered that there were already sufficient community facilities in the area and that further capacity may undermine the viability of existing provision.

The report to members did not draw attention to this change or the reasons. The school space was being described as being designed in a flexible manner for community use out of hours. I understand that, at the instigation of education, the final design limited the attractiveness of the school for community use.

I note that this report to members referred to an extension of Park Mains School with developer contributions for approximately 300 pupils. The Section 75 Agreement itself however is capped at 200 pupils.

The new Section 75 Agreement was entered into in October 2018. It was agreed as a substitute for the previous Section 75 agreement. The agreement itself is silent as to the total number of houses but refers to the 3 planning applications submitted by BAE which total 3850 residential units. I refer to matters relating to the size of the development later.

The key parts of the Section 75 Agreement actually entered into relating to education include the following:

- **Primary education**

The Education and Community Facilities Building to be provided by BAE was defined as a building and grounds suitable to accommodate:

*A 2 stream primary school with necessary landscaping, access and parking, and all weather synthetic turf playing field suitable for use by pupils of primary school age and no less than 60 by 40 metres with associated ball stop fencing and floodlighting*

The agreement provides a mechanism by which various matter are agreed and subject to meeting those timescales, BAE was to complete the school no later than 1<sup>st</sup> June 2021. The agreement was silent with regard to pupil numbers.

Unlike the 2009 agreement there was no clause to review education need every 5 years.

- **Secondary education**

The Secondary Schools Strategy was defined as:

*The strategy prepared by the Landowner following consultation with the Council's Director of Children's Services which will propose a fair and reasonable financial contribution for the provision of secondary school facilities necessary to accommodate the additional pupils that will require secondary education directly as a result of and within the catchment of the development*

The Secondary School Contribution was defined as:

*The financial contribution for the provision of secondary school education due to the anticipated impact resulting from the Development, such sum and payment schedule forming part of the secondary school strategy agreed and approved under ... this Agreement*

The more detailed agreement however refers to the Council providing:

*Robust and credible evidence in respect of the anticipated shortfall in secondary school places in the catchment of the Development*

*A robust and credible methodology for the calculation of the pupil yield arising from the development (subject to a maximum pupil yield from the development of 200) and confirmation that this methodology is applied across the catchment of the Development.*

There were clauses such that if any part of the secondary contribution was not utilised or committed in certain timescales then the funds would be returned to BAE.

- **Early years**

With regard to early years the agreement stated:

*The Councils early years provision duty is acknowledged by the Landowner. The parties hereby agree to meet at least once per annum to discuss the provision of*

*early years education in the Bishopton area with a view to assisting the Council to comply with its early years provision duty declaring that in such discussions the party shall act reasonably and in good faith and that the Council should not be entitled to ask the landowner to make a financial contribution.*

## SECTION 6. - SIZE OF THE DARGAVEL DEVELOPMENT

### 6.1 Planning approvals covered by Section 75 Agreements

Before considering the appropriate level of education provision it is necessary to determine the size of the development such provision is intended to support.

Throughout my review I have been concerned that the number of residential units in reports is often referred to in relatively vague terms such as 'indicative', and at the time of the consideration of the 2018 Section 75 Agreement 'approximately 4000' houses.

The major applications submitted by BAE would produce 3850 residential units, which are all referred to in the final 2018 Section 78 Agreement:

Date	Development	Approval
10/08/2009	Original	'a maximum of 2500 residential units'
2/10/2018	North Park	'a maximum of 350 residential units'
2/10/2018	Employment Land in core development area	'a maximum of 1000 residential units'

Even though applications or reports may have used words such as 'approximately' the formal permissions, as issued by the Council, provide no flexibility, and are described as '*a maximum of*' suggesting the development should not exceed 3850 residential units.

I have come across a range of house numbers being used, by officers and BAE exceeding 3850. At the commencement of my review the Council was working on a total of 4291 residential units.

### 6.2 Other approvals

The reason for the discrepancy arises from the way a number of other applications have been handled.

The following applications together with other small approvals, including for the Council itself, by way of grant of Certificate of Lawful Use or Development, had been deemed to be in addition to the three major applications above, and give rise to the quoted 4291 residential units:

Date of approval	Developer	Number of units	Decision
26/08/2014	Persimmon	132	Planning and Policy Board
15/05/2015	Persimmon	49	Officers under delegated powers
29/03/2016	Persimmon	48	Officers under delegated powers
21/11/2016	Persimmon	49	Officers under delegated powers
20/09/2017	Persimmon	30	Officers under delegated powers
01/08/2018	Stewart Milne	13	Officers under delegated powers
30/07/2018	McCarthy and Stone	49	Officers under delegated powers

This is an increase of 441 residential units over and above the number implicit in the final Section 75 agreement.

However, it is not clear to me why all these applications were being treated as additions to the 3850 consents referred to in the Section 75 agreement. These applications were approved when, at the time, there was a limit of 2500 homes in force through the updated 2009 Section 75 Agreement agreed in 2012.

I understand that Section 75 Agreements are not just binding on BAE but are also binding on any successors in title.

If these application and consents had been intended to change the planned use of land and increase the permitted number of residential units then I would have thought that these applications would have been explicit in such intent and subject to their own Section 75 Agreement, as was the case for the North Park application for 350 houses referred to at 5.5 above. However, they are not.

If this level of development had proceeded these additional units would have very direct implications for education provision and, as they are not covered by Section 75 Agreements, would increase the capital costs directly borne by the Council and taxpayers. It would be a significant failure of the Council.

### **6.3 Review of house numbers**

The Council had identified this issue and commenced a review of house numbers. I now understand that has been concluded and the Dargavel development will be limited to 3982 residential units.

The fact that there had been 'confusion' about house numbers is however of concern.

## **SECTION7 - METHODOLOGY FOR ASSESSING DEMAND**

### **7.1 Guidance**

I am aware from work I have carried out in England, on the impact of new town development, that education demand early in the life of a development can be excessive. In some cases, there is a risk that in 20 years or so there is a surplus capacity in the school system.

I have not found any guidance issued for Scotland in dealing with very large developments. In England, guidance has been issued by their Department for Education on setting education contributions for Community Infrastructure Levies. That guidance states:

*New housing tends to attract more young families than older housing, yielding higher numbers of pupils particularly in the pre-school and primary age groups, though this stabilises over time until the development resembles the mature housing stock.*

*We advise you to respond to initial peaks in demand, such as planning for modular or temporary classrooms, securing a large enough site to meet the maximum need generated by the development. Where new settlements are planned, you may wish to carry out demographic modelling to understand education requirements in more detail, taking account of similar developments and different scenarios such as an accelerated build rate.*

Put simply what can happen is that the birth rate in newly occupied houses is higher than average. After an extended period of time it can fall to below average. This can result in a peak in demand. A large development completed in a short timescale is more likely to have a significant peak which lasts for a shorter period of time than the same size development completed over a longer timescale. Understanding the size of a peak, if any, and how broad it is helps inform whether it is more effective to use permanent solutions for that peak or, for example, modular classroom.

I understand that there is no Scotland wide standard for the 'routine' forecasting of school roles.

### **7.2 Council roll projections and 'simple new build yields' for developments**

The Council has a model for 'routine' forecasting of individual school rolls extending forward about 10 years. The model, referred to as the 'Standard Projection' model uses school registration data and a blend of historical and forward projecting data, birth rates and moves into and out of area. It is updated with new house building/occupation data.

The model currently assumes for primary education that for each new 100 houses there would be 25 non-denominational primary pupils and 9 denominational primary pupils i.e. 34 children per 100 houses. These are referred to as the new build pupil yield:

Primary new build yield per house	
Non-denominational	0.25
Denominational	0.09
Total	0.34

The yields take into account issues such as children attending private education or being home schooled. For primary schools, as it is not known which age group new children from developments may be in, additional children are spread evenly across the 7 years in the model. Actual denominational choice can vary depending upon issues such as ease of access. To assess how many denominational children from new developments may attend non-denominational schools, the model looks at past patterns for that area. The assessment of the number of residential units in a development would usually exclude student accommodation and accommodation for the elderly.

I understand that the yield factors above are derived from looking at other developments which have taken place in the past i.e. they are specifically for new housing. However, I have not been able to access the underlying data supporting these yield factors, identify how and when they were determined or what developments they were based upon. This is a very significant shortcoming as if these factors were to be used to help inform negotiations with developers, it leaves the Council open to challenge.

As far as I can assess these factors were not being used in 2009, when the first Section 75 Agreement was entered into.

No doubt, from time to time, there is criticism of the accuracy of the model, but it is deemed to be suitable by the Council for informing school rolls for several years ahead. I understand that it has successfully taken into account small housing developments, where these form part of existing catchment areas.

The Council's secondary new build yield is:

Secondary new build yield per house	
Non-Denominational	0.14
Denominational	0.05
Total	0.19

As I understand the situation these are derived from surveys around 10 years after the completion of a development. Often by this point the full impact on secondary education will not be apparent. Such factors may be suitable for short term forecasting secondary demand but not for negotiations, or large developments.

Adjusting this for the full flow of primary children into secondary education and using staying on rates for S5 and S6, appropriate at the time, then combined denominational/non-denominational yields would be:

Secondary yield per residential unit:

For 2009 Agreement	0.262
For 2018 Agreement	0.273

Because the Council has not got an evidence base to justify the yield factors, I compared them with those used by a number of other Councils in Scotland in their Supplementary Guidance to their Local Development Plans. Renfrewshire's fall broadly in line with other Councils. Although not always directly comparable with Renfrewshire's 0.34 for primary schools, Highland's primary is 0.30, Edinburgh is 0.30, Dundee 0.35, Falkirk is 0.38 and Borders is 0.30. There are different factors for flats. These yields assume an 'average' mix

of housing; if there were a higher proportion of bungalows the yield may overstate demand and if a higher mix of large house may understate demand.

On that basis, the Renfrewshire yield factors are a reasonable starting point for quick and simple calculations of the number of school places needed.

### **7.3 Large, long term developments such as Dargavel**

Dargavel does not fall into a category suitable for the Council's 'Standard Projection' type of model; there is no historical data upon which to build the model and furthermore the planning horizon includes a build out of over 20 years.

As stated above often where there are very large developments such as Dargavel the influx of population can be even more skewed to a younger age group, more likely to have young children or be planning a family. It may not accord with smaller new developments, completed over 2-3 years. Furthermore, the Council's new build pupil yield, above, for primary and secondary school places may be an indicator of 'average' demand, it does not show how demand will vary over time, when peaks, if any, may arise or if there is a plateau followed by a decline to a level consistent with a mature development. If models are not robust the Council can end up with surplus capacity.

For a development of this scale, a build out of over 20 years, national birth rates may vary over time and can be affected by issues such as economic circumstances. The rate at which people move can impact upon demand, as can a range of socio-economic issues. House sizes can have a significant impact. I have repeatedly been told that there is a higher proportion of large houses in Dargavel. Analysis in an English county, used as a comparator by BAE, suggest that the primary pupil demand for a 4 bed and a 5 bed house can be 135% and 175%, respectively, higher than a 3 bed property. Analysis by one of the Scottish Councils, in 7.2 above, suggest primary pupil yields for 'general social rented housing' at 0.40, well in excess of the average.

The assessment of pupil demand is carried out at outline planning approval. For developments of this scale, with a build out of 20 years, the approval only refers to a maximum number of residential units; it does not specify their size. The Council's assessment of housing need along with the developer's assessment of the market and profitability can impact upon what is approved, over that 20 year period. The Council and the developer will not know the mix until the point of detailed consent.

Parental choice between denominational and non-denominational places is a significant factor in Renfrewshire. In primary schools, pupils are given two choices, either their nearest denominational school or the nearest non-denominational school. For Dargavel parents may prefer to send their children to a brand new school within walking distance, rather than face a bus journey to a denominational school. For secondary education choice will also be an issue. Staying on rates in s5 and S6 vary and have increased markedly over the years.

Finally, the geography of an area and the capacity of adjacent schools over the next 20 years will need to be taken into account when determining the size of any new build required for developments such as Dargavel.

The Council is not in control of any of these factors; to 'fix' the demand for education so far ahead with so many uncertainties is an impossibility.

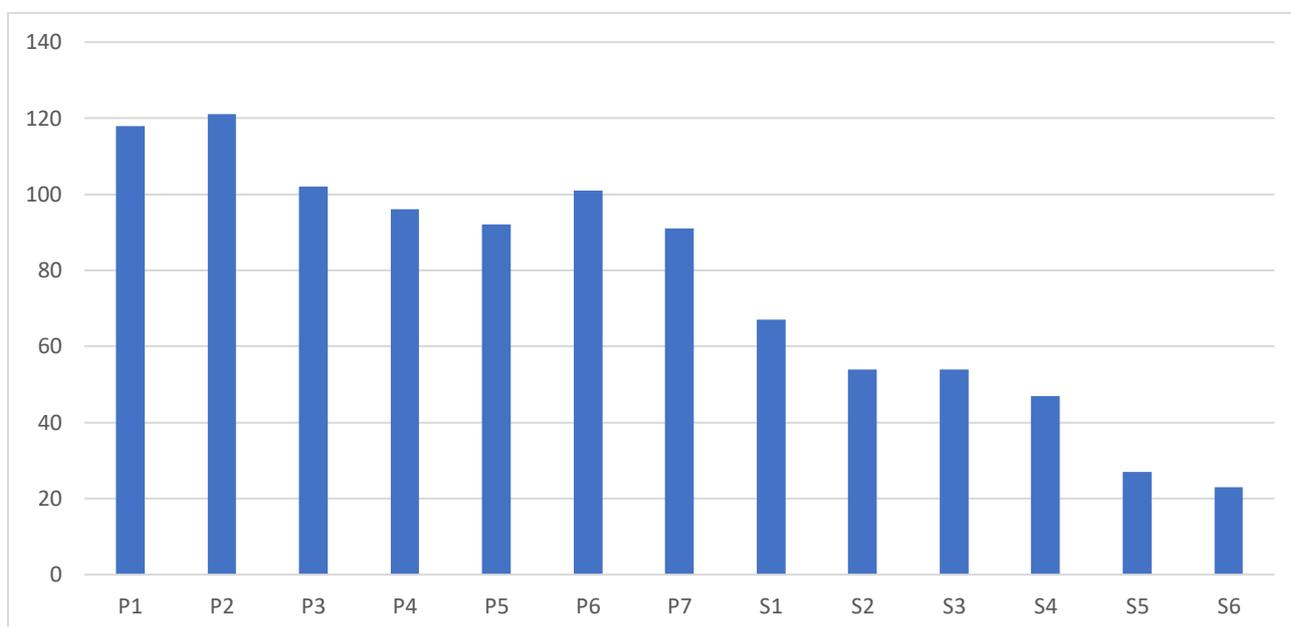
Any sophisticated model would need to take such factors into account with different scenarios and different outcomes.

These complications should have caused the Council to assess whether it had the skills and expertise internally not only to determine pupil demand, with such rigour that it could withstand commercial negotiations with BAE, on the likely demand for education, but also to ensure it could plan future education provision with a degree of competence. If not, the Council should have sought assistance.

As will be evident these are not straightforward calculations and there will be uncertainty and the assumptions made at the outset may not materialise in practice. Building flexibility into any plans, including into the design of schools, and securing large enough sites is paramount.

The chart below shows the number of pupils in 2022 with a Dargavel post code by year for primary and secondary years. Eight years after the first house was occupied, the pupil numbers are still heavily weighted toward primary. A model would help the Council understand how demand would increase and flow through the system and help it plan capacity accordingly. Simple new build yields as in 7.2 will not do that as they assume year in and year out the pupil yield will be 0.34; in practice it will rise and then fall, different phases of a 20 year building programme rising and falling at different times.

**2022 Dargavel pupil numbers by school year group**



Robust data from modelling should have underpinned negotiations with the developer, seeking sufficient land for flexibility and perhaps above a certain level, sharing risk.

By the time of the 2018 Section 75 Agreement the Council had data on what was actually happening in the first phases of the development. This could have informed its modelling. It also had access to NHS Health visitor data which provides an indication of future demand.

From the documents I have been able to access, in assessing the likely demand for primary education, for this particular development the Council, other than a minor adjustment for yields for flats, did not look at any of the characteristics of the development (house sizes, proportion of likely retirement properties etc, likely age profile of occupants and other socioeconomic factors). For 2018 it did not look at the impact of the first phases of the development to inform its calculations. It never considered the risk that its assessment may be wrong.

#### **7.4 Quick and Simple calculations**

Whilst the Council did not build a 'sophisticated' model, common sense and the use of its current new build yield factors above should nevertheless have made it aware that its 'ask' of BAE was woefully inadequate.

In my report I use such 'quick and simple' indicative calculations of demand, based on the number of houses and pupil yields. It is the sort of 'sense check' I would expect officers to do when looking at the results from a more sophisticated model to check for reasonableness and ensure there are no fundamental errors.

As I demonstrate later in this report 'quick and simple' indicative calculations, if carried out should have raised serious concerns about the robustness of the methodology used by the Council in its negotiations with BAE. So should the application of simple common sense.

#### **7.5 Surplus Capacity**

In negotiations developers would normally expect the Council to take into account surplus capacity elsewhere within the local education system and reduce their contributions accordingly. They are four existing schools where possible surplus capacity would need to be reflected in those calculations and negotiations with the developers. These are:

Primary Schools:

- Bishopton Primary school.
- St John Bosco, a denominational school

Secondary Schools

- Park Mains High School.
- Trinity High School, a denominational school

In 2018 a review was carried out of secondary school rolls which identified a number of issues of local timetables, classification of practical and non practical learning spaces and other matters which had tended to understate capacity. In the case of Park Mains, the capacity of that school has been increased by 191 places to 1591. The capacity of Trinity High was increased from 1032 to 1201.

## **SECTION 8 - 2002–2009 – NEGOTIATION OF THE ORIGINAL SECTION 75 AGREEMENT**

### **8.1 Process for consideration of applications**

Many Councils rely upon planning to pull together responses to planning applications from other departments. Planning officers notify departments of applications received and those departments will respond with any concerns or issues. One would expect education to assess local school capacity and decide if there was sufficient surplus capacity in the local system. If there was not, they would advise planning and a developer contribution would be sought via a Section 75 Agreement.

In 2006 there was a presentation by senior planning officers to the SMT of the former Planning and Transportation Directorate, which made the broader directorate aware of the scale and scope of the proposed development and the challenges it would place upon the Council and its departments. The presentation referred to 2500 houses over a 15 year period and referred to '*improved education and community facilities*'. It identified '*challenges for the Council* including '*delivering community gain*' and '*co-ordinating/managing role of various departments*' and raised the question of the role of the Corporate Management Team (CMT), the most senior officer group in the Council. The presentation was planning orientated.

Whilst this recognised the significance of the development, there were no formal structures with strong corporate oversight. The final agreement did however go to the Council's Corporate Management Team for sign off.

### **8.2 Initial comments on demand for 2009 Section 75 Agreement**

The first application was submitted June 2006 and the Council then entered into a more formal process of negotiation with BAE on the implications of the development. Negotiations were led by planning, seeking input and advice from other departments as appropriate.

I would have expected a starting point to be a review of previous documents and any indication of what BAE may be expecting. The most recent of which was the 2002 report referred to at 5.1 which suggests around 600 denominational and non-denominational primary children, but for 2300 houses. I have not been able to assess whether officers reviewed this report.

As part of the above process, in August 2006 there was a response from education to planning commenting upon the outline application. It stated that given the size of the development:

***Pre school requirements.....*** *the existing capacity would not be sufficient. A full financial contribution from the developer would be required so that additional spaces could be made available.*

***Primary school requirements...*** *for non denominational pupils it is anticipated that an additional new non denominational school of similar size to the existing primary school would be required..... The anticipated roll projections for the denominational sector indicate that a school within Bishopton would not be viable*

*and places would be made available within the existing capacity at schools out with but near to Bishopton.*

***Secondary school requirements.*** *Falling school rolls mean that there would be sufficient capacity for non denominational pupils at Park Mains High School at Erskine. Consequently, a new secondary school at Bishopton is not proposed. For the denominational sector pupils could continue to attend Trinity High School in Renfrew or could be accommodated at the new St Benedict's High School in Linwood.*

### **8.3 Note dated May 2007 updating estimates**

Although the comments made in August 2006 at 8.2 above suggest a school of a 'similar size' to Bishopton, which would imply in excess of 500 pupils, by 2007 it was only proposed that school be for 340 children. I have not been able to establish why this change arose or whether the reference to Bishopton actually related to the then present roll, not capacity.

The note states:

*The role projection for primary indicates there would eventually be a maximum of 400 children in the primary age range from the housing development: 340 non denominational and 60 denominational*

The note formed a briefing note responding to questions posed in a meeting in April 2007 with representatives of the Council's external solicitors. In relation to the 2500 new houses, it states that in calculating roll projections:

*The calculation of the number of children from the dwellings makes use of national factors. The roll projections are based on existing trends and secondary school stay on the rates.*

An annex sets out the projections but does not provide any further indication of the methodology. The only document I have found which provides an indication of the methodology was a note produced for secondary projections referred to in 8.5 below.

In looking at various options, including combining services with Bishopton:

*it is also assumed that the existing village of Bishopton has 2100 dwellings and these dwellings will produce a pro rata number of children compared to the housing development.*

I do not regard this as a safe assumption. Bishopton, I understand, is a 'mature' area with a falling birth rate. As far as I can assess the average yield factors for new developments referred to in 7.2 were not in use at this time. The Council failed to recognise that new development such as Dargavel are likely to attract younger families and have a higher birth rate.

The note also referred to the uncertainty about class sizes, given the aspiration of a number of political parties to reduce them.

With regard to secondary, the note states:

*The role projection for secondary indicates that there would eventually be a maximum number of 318 children in the secondary age range from the housing development. 271 non denominational and 41 denominational.*

It concludes there would be no justification for the creation of a secondary school and pupils would continue to be bused to Park Mains High School, Erskine which was assessed as having sufficient capacity. Indeed the note suggests that a new secondary school at Bishopton, with corresponding changes to catchment area, would threaten the viability of Park Mains.

The report looked at a range of options to meet the need and concluded:

*A new build campus including community facilities for non denominational pupils and for early years children from the housing development.*

*a maximum of 340 school places in 2028'*

This appears to pre-determine the catchment area for the school. Faced with such a proposal most developers would refuse to meet the full cost of such a new school when there were around 220 vacant places so readily available at Bishopton.

It also stated the site of no less than two hectares would be required for the proposed facility and to provide school and community playing field facilities would be:

*...considerably more the than the combined total of £3m proposed by Redrow for schools community and library facilities.*

#### **8.4 Note dated March 2008**

In February 2008 there was a meeting between members, officers and Bishopton Community Council. From an internal note of the meeting, although focussed on the case for a primary/secondary campus to serve both Bishopton and Dargavel, the meeting was wide ranging. Secondary education pupil estimates, transport costs, the merits or otherwise of smaller secondary schools and surplus capacity in the system were discussed.

The note of the meeting suggests that the Community Council estimated a combined demand for secondary places at between 700 and 800 for the 2500 house development and the existing Bishopton area. It was reported that the Council's own estimate was 320 additional secondary pupils of whom approximately 270 would be non-denominational, which when combined with Bishopton secondary pupils would be a maximum of 500 non-denominational pupils. The note states that Renfrewshire had not completed its calculations at that stage and discussions with BAE were ongoing.

The note indicates that in terms of both finance and the inevitable limited education subject choice associated with small secondary schools, that the Council could not support such a proposition for a Bishopton/Dargavel secondary school.

#### **8.5 Report dated May 2009**

In May 2009 a report was produced called Bishopton Housing Development 3-18 School Proposal. It was in response to:

*representation from the Bishopton Community Council to establish a new secondary school in Bishopton. The Community Council has raised the prospect of a 3-18 education and community campus in the village as a consequence of proposed housing development on the site of the former Royal Ordnance Factory.*

The report concluded:

*that when all factors are considered it is neither reasonable nor viable to build a new secondary school in Bishopton or to build a 3-18 school and that the best use of Council resources will be to provide for primary education at the existing Bishopton Primary School until such time as new housing indicates that an additional new primary school is required.*

It identified how the 'base projection' was assessed:

*The impact of each development is assessed based on separate child/property ratios for houses and flats for each postcode sector. Thus new properties in any area are assumed to generate the same proportion of children to dwellings as existing properties in the same area.*

It is a complex note but in summary it produces a requirement for 340 primary pupil places based on:

- The primary yield for houses, with a different weight used for flats, both based upon the development having the same yields as Bishopton.
- It was assumed that the birth rate would fall by about 1% per annum.
- It's assumed the same denominational mix as Bishopton.

The report states that

*While the assumption that new properties in any area generate the same proportion of children to dwellings as existing properties in the same area seems reasonable, this may not be reflected in practice.*

The report is interesting in that it indicates an awareness of different yields for different types of property, the need for sensitivity analysis and the impact of denominational and non-denominational issues. It also refers to the need for flexibility *'to respond ...to the actual numbers of school children generated'*.

None of this flexibility appear to have been reflected in the Council's negotiations or agreement in 2009 with BAE, which was for a fixed size school.

The 340 places in the BAE agreement is consistent, taking into account pupil choice, with an average 0.136 pupils per residential unit. This is consistent with the then Bishopton primary non denominational yield of 0.141 and an assumed decline in the birth rate of approximately 1% per annum. I have also seen notes of meetings where community representatives referred to the Council having used a 1:7 ratio for the development which is consistent with this analysis. This is very substantially below the yield calculations referred to in Section 7.

I can see no logical reason whatsoever for basing the calculations on the current experience of Bishopton, a mature established area. Common sense should suggest that a new development of this scale is likely to generate a significantly higher demand for places,

attracting younger families. This assessment is not based on using the surplus capacity at Bishopton; it is therefore significantly lower than suggested in the 2002 Master Plan referred to in 5.1.

This report contained a sensitivity analysis for secondary education to demonstrate that if a yield for areas other than Bishopton was used, a new secondary school still would not be viable.

As stated, the approach presumed that the catchment area for the new school would be Dargavel village and that the surplus capacity at Bishopton would not be used. I have found no formal or informal consideration of that issue and the implications. It would of course be open to the Council and BAE to take such a decision based on issues of community cohesion and marketing of the development with some agreement on costs.

On data available it would not be unreasonable to assume a long run surplus capacity at Bishopton of circa 220 places.

### 8.8 Quick and simple indicative calculations for primary education

The statement:

*While the assumption that new properties in any area generate the same proportion of children to dwellings as existing properties in the same area seems reasonable*

is not reasonable. I do not have the specific new build yield factors for that period, but birth rates then were higher than now.

Using the 'quick and simple' methodology as referred to above and the rates in use in 2016 then it should have been evident to the Council that the demand for primary education would have been significantly more than provided for in the then draft BAE agreement. The calculations would have been:

Primary school places for 2500 houses:

Non-Denominational	2500 x 0.25	625
Denominational	2500 x 0.09	225
	Total	850
	Less assumed denominational choice of 15% which was consistent with that area	-127
	Net pupils for non- denominational schools	<b>723</b>
	Less surplus capacity at Bishopton	-220
	Additional school places needed at Dargavel	503

I would have expected this to have been a starting point for a more sophisticated assessment looking at house sizes, demography etc. I would have expected the phasing to have been examined to identify the size of a peak, if any.

This is well in excess of the provision in the Section 75 agreement for 340 places for the new school, which was based upon not using the surplus capacity at Bishopton.

Even had such factors had not been available (in which case the Council should have identified the shortcoming) had there been a sensitivity analysis for the primary calculations

and demand been based on Howwood (used for the sensitivity analysis referred to in the report at 8.3), with a primary yield of 0.225 at the time, then the result would have been 490 places.

Such sensitivity analysis calculations, if they had been carried out, may well have caused the Council to reconsider its approach, appreciating the significant difference in places required by using different assumptions and the risks it was taking.

### **8.9 Quick and simple indicative calculations for secondary education**

For secondary school pupils the note states that there would be a demand for a maximum of 318 pupils , 271 non denominational and 41 denominational. As far as I can assess the 41 is incorrect and should have been 47.

Using the 2016 quick and simple new build yield factors in 7.7 the pupil numbers could be of the order of:

$$2500 \text{ residential units} \times 0.262 = 655$$

This would need to be split denominational v non denomination, taking into account choice.

Park Mains School was also falling in utilisation. It was projected to fall to 943 by 2026, which with a stated capacity of 1400 at that time would result in 457 surplus places. Even allowing for some of the 655 denominational pupils to opt for denominational schools, there could have been a potential problem projected at that time depending on continuing demographic trends.

Trinity High School was experiencing declining roles and would have been able to cope with demands from Dargavel for this phase.

On this data it is difficult to see how the Council so readily assumed but there would be no need for a developer contribution towards secondary education particularly, non denominational secondary education. Based on the calculations above it should have taken the time to examine the issues in more depth with a more sophisticated and robust model before agreeing to no contribution or have negotiated clauses such that the matter could be reviewed later and the parameters for calculating contributions set.

The Council subsequently uncovered an error in its capacity calculations as referred to in 7.5 which it would have needed to declare to BAE. Taking that into account it is unlikely that a developer contribution would, in all eventuality, be justified.

I must emphasise that these 'quick and simple' calculations for primary and secondary are just that. They are common sense calculations which I would have expected officers to use to 'sense check' any assessment from a model. Had they carried out these rudimentary calculations it would have shown their assessment was grossly understating demand.

### **8.10 Negotiations with BAE Systems**

Developers normally employ their own consultants to assess demand and challenge Council estimates and assumptions when they negotiate Section 75 agreements. Indeed, at the present time BAE's consultants are challenging the Council's estimates for the demand for secondary education in the 2018 Section 75 Agreement.

On the information I have seen it would be difficult to conclude other than that had BAE engaged any such consultants, they would have regarded the Councils 'ask' for primary education as a potential very significant underestimate.

However, BAE have told me they that at that time they did not have the expertise and relied upon the Council. They do however want certainty on any amount that they will contribute.

It is extraordinary when a 2002 document by BAE's advisers suggested higher pupil numbers, the Council suggested a much lower number. It is even more extraordinary that a clause, relating to reviewing the demand for education every 5 years, stated:

*For the avoidance of doubt ... the total number of pupils to be accommodated in the school....shall not be subject to review*

This clause passed all the risk to the Council. Any projections of demand can be wrong, this was a large development with a long build out phase with significant uncertainty; indeed the Council was already aware of that, as set out in 8.5 with the reference to the need for flexibility to respond to the 'actual numbers of children generated'.

I have not been able to establish exactly how this clause was negotiated or by whom.

Finally, the agreement allowed for the developer to build the school to the Council's specification. For large developments this is not an unusual practice and provided that the Council is in control of the specification, shifts the construction cost risk to the developer. Indeed, in England their Department for Education supported developer delivery of schools in principle and issued guidance on a number of complex contractual issues.

### **8.11 Signing off the Section 75 Agreement**

I refer to the arrangements above for dealing with planning applications. In this case given the size and complexity of the development there was corporate sign off for the agreement.

In August 2009 a paper was submitted to the then Director of Planning and Transport which sought approval to the signing of the first Section 75 Agreement. The paper stated:

*One of the key areas where there would be a capital implication for the Council would be in relation to the funding and delivery of pre school and primary education funding and the provision and delivery of community facilities in the form of a community centre. If all the works to provide a 340 pupil primary school were to be procured by the Council it is estimated that the cost would be in the region of £5.975m with a further £275,000 for a synthetic playing field, none of which includes the cost of land. Simply for the Council to procure a 650 metre square community centre would cost in the region of £1.98m excluding land.*

*The position initially adopted by the developer was to reserve a site of no more than one hectare and make a contribution of £2.5 million toward the construction of a primary school and to make a contribution of £850,000 towards improving library and community facilities.*

*The negotiations have reached the stage where the developers have agreed:*

- *to provide a serviced site sufficient to accommodate a primary school and a community centre on a shared campus of approximately 2 hectares and to erect a school building capable of accommodating 340 pupils in the pre school and primary age groups together with an artificial turf pitch and floodlighting. The building would be provided to a turnkey specification, which excludes furniture and equipment.*
- *The title/facility would be transferred to the Council at nil consideration.*
- *To erect a community centre building extending to some 650 square metres sharing the same campus as the school to the same turnkey specification as the school comprising IT room/library room meeting room and a larger space for multifunction use.*
- *The title/facility would also be transferred to the Council at nil consideration.*

*Based on school projections the school building is not expected to be required until the completion of some 1700 houses within the development site ie 2017 to 2019. The community centre is anticipated to be required earlier in the development programme to satisfy the demands of the new residents from the first 400 houses at the end of the first phase ie 2010 to 2012. Provision would require to be made in future programmes in anticipation of these facilities.*

*In order for negotiations on the Section 75 agreement to be progressed to a speedy conclusion it is necessary for a definitive position to be adopted as to whether such an arrangement is acceptable. The primary school/community component is one of the two fundamental elements of the agreement the other being healthcare facility and it is impossible to make further progress until this is established. The developers required to conclude the agreement to achieve a planning permission which will enable them to commence works within a tight time scale, imposed by forthcoming changes to the landfill tax a regime.*

*A view requires to be taken on whether the framework of developer contributions... and the concomitant implications for future Council resourcing represent and a proportionate package of obligations.*

The note was also taken to a meeting of the CMT on 29<sup>th</sup> July 2009 before the agreement was signed. The note did not refer to risk generally or that the Council was taking all the risk on primary and secondary provision.

The minutes of that meeting state:

*The CMT discussed the framework of the developer contributions summarised in Appendix 1, in particular the proposed primary school and community centre....*

*[an officer] emphasised the timescale involved for signing off, issuing planning permission, then completing the detailed planning permission. The CMT noted that the contaminated land issue needs to be dealt with as soon as possible.*

It is not clear exactly what was discussed in relation to the primary school.

I have not been able to assess whether the issue of the impending change in the landfill tax regime impacted upon the negotiations and the level of diligence paid by the Council to the transaction and time devoted to negotiations of the developer contributions or the level of corporate challenge. However, one of the significant errors, that of basing demand on Bishopton, was made at the outset, almost 2 years before the agreement was signed.

The agreement was entered into that month.

## **SECTION 9 - FAILURE TO RECOGNISE UNDERPROVISION FOR EDUCATION PRIOR TO ENTERING INTO THE 2018 SECTION 75 AGREEMENT.**

### **9.1 Significant failures**

The terms of reference require me to comment upon whether opportunities to identify underestimation of required capacity were missed. My review shows that opportunities were missed, but of significant concern is the fact that there was ample evidence of problems well before the final Section 75 Agreement was entered into, in October 2018.

I deal with failures derived from internal Council documents up to 2018 in this section, highlighting missed opportunities to deliver a much improved 2018 Section 75 Agreement.

I have also been asked to comment upon how the Council responded to concerns expressed by the community. I do so for ease in Section 12. However, many of those concerns were expressed during the period before the 2018 Agreement was entered into.

Community concerns go back to 2012. In 2014, after the first few houses were occupied the Community Council identified to officers that at that early date, the pupil yield could be out by as much as 40%, later suggesting it could be out by 70%. Detailed and specific concerns were expressed by community representatives at the pre-determination meeting on the application for an additional 1350 houses. Numerous other concerns were expressed by Councillors, stakeholders and others.

When you take the weight of information in this section, derived from internal Council documents, and combine that with Section 12, it is incomprehensible that the problems with the Council's calculations were not recognised before entering into the 2018 Agreement and not acted upon until 2022.

As will be evident later, the 2018 Agreement was worse than the original agreement.

### **9.2 Establishment of Project Board 2015**

As referred to in 8.1 above the arrangements for negotiating and agreeing the 2008 Section 75 Agreement appeared to be relatively informal. In 2105 the newly appointed Chief Executive sought to strengthen corporate working. This coincided with the Dargavel development beginning to impact upon services.

In July 2015, with the support of the Chief Executive the then Director of Development and Housing Services, recommended to CMT that the Bishopton Community Growth Area Project Board be established, for a number of reasons, including:

*As the initial phases of development gather momentum ..... a formal project management structure is considered necessary to provide for successful delivery*

BAE and their representatives were not members but did attend the Board and its subgroups by invitation. The focus of this Board was to deliver the existing agreement, not to negotiate subsequent agreements.

It was agreed that the Project Board would be supported by a number of subgroups, one of which was referred to as the Education/Community Facilities Focus Group.

In September 2015, prior to the first Board meeting, there were email exchanges between education officers and the Head of Bishopton Primary School. At that stage it was reported that the number of Dargavel pupils in the school was 77. As far as I am aware this is the first data produced. Given the uncertainty of the accuracy of the models used I would have expected some curiosity from officers; are the early indications of demand in line with our projections? I have found no such analysis or commentary. Had they looked at the data the number of houses occupied, readily available data, was 330. A simple pro-rata calculation to 2,500 houses would yield 583 pupils, well in excess of the planned school capacity of 340. All officers looked at however was where the children were coming from, to help inform education planning. This data was not reported to the Board.

The Board had its first meeting in September 2015 chaired by a member of CMT. A senior education officer was a member. Planning were also represented. Eventually a senior planning officer took over as chair of the Board

The agendas for their meetings included progress on the original proposals and the degree to which BAE and the Council were meeting their respective Section 75 Agreement obligations. At the first meeting, which was held before BAE approached the Council to substantially increase the housing component of the site, an update on education was given which reaffirmed the problems with capacity at Bishopton:

*July 2015 roll projections suggests 80% capacity (the percentage at which pupils can be comfortably accommodated) at existing primary school reached in 2018, much earlier than previously anticipated. Three year timescale for delivery of new school suggests programming requires to begin in 2015.*

And:

*Steer needed from Project Board on education requirements prior to the meeting, particularly in relation to the scope of facilities (one school or two).*

I understand that these comments refer to whether there should be one combined school for Bishopton and Dargavel. Broadly the same update was provided to the CMT meeting later that month.

### **9.3 October 2015 CMT and Subsequent Project Board**

A briefing note dated October 2015 for a CMT meeting stated:

*Meeting ... confirmed that in principle shared campus approach with community facilities is appropriate. Agreed to confirm approach, education would progress an appraisal of three sites (village core, Central Park fire ponds) and options (super school, new primary school as provided for in Section 75). Scope and time scales to be confirmed with education.*

This report confirmed the continuing concerns about capacity at Bishopton:

*September 2015 roll projections and discussions with education suggest that pupils cannot be comfortably accommodated beyond 2020. This remains much earlier than anticipated within the Section 75 (2027). The three-year time scale for delivery of a new school suggests programming requires to begin in 2017.*

A further meeting of the Project Board was held on the in November 2015. The briefing note for the meeting stated that:

*role projections suggest pupils cannot be comfortably accommodated beyond 2021. The time scale for the new primary school is much earlier than anticipated within the Section 75 agreement 2027. Three year timescale for delivery suggest programming requires to begin in 2018.*

The repeated references to the school being required in 2027 in these documents and elsewhere is technically incorrect; the agreement is based on the school being available before 1741 houses were occupied, not a date. Officers should have been monitoring the number of houses built and occupied, against demand. Had they been doing that it would have alerted them to the fact that pupil yields were going to be higher than allowed for in the Section 75 Agreement. At no stage was there any attempt to tie Dargavel pupil numbers to house occupancy and the relationship to the 1714 occupied houses trigger or the likely total pupil demand for the school.

#### **9.4 March 2016 CMT**

In March 2016 CMT considered a report on progress against the Section 75 Agreement. They were advised that the Council’s preferred approach with regard to education and community facilities was:

- one new primary school within the site.
- proposed shared campus incorporating community facilities.
- current roll projections indicate that school needed by 2021.
- Discussions with BAE required in relation to timescales.

In advance of the meeting a senior officer had asked for a briefing on the roll and progress on the new school. An education manager asked an education officer to produce a note. The note provided an updated roll projection for Bishopton which had been provided to the Parent Council. It was stated that:

*Overall it was projected that the school would be over capacity by 2024. Whilst schools can operate at 100% capacity to avoid operational difficulties for the school it was suggested to planning colleagues that when the school reached 90% occupancy, this would be the preferred time to deliver the new school (estimated 2021/22).*

However, the note then commented that whilst that roll projection had assumed a 2016 P1 intake of 53 the actual intake had been 77, whilst other years had been under the original projections. Close analysis of the note also shows that the Council’s standard model for projecting P1 intake in 2017 was 50 whilst using NHS data the estimate was 75. A summary of the data is below:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2027
<b>‘Standard Roll Projection’</b>	411	428	441	471	476	471	451	496	535	569	593	619
<b>Projection with NHS Data</b>	411	457	496	531	539	534	512	558	569	578	596	619

It is not clear to me why this did not raise concerns. The NHS data from health visitors adds to the quality of data available on school admissions in the next 4-5 years. It was showing consistently higher information in that period. The fact that the forecast then converges back to exactly the same number as the Standard Roll Projection model in 2027 is because those children have moved through the system and the health data was not used to inform subsequent intakes. The thrust of the note and data for later years seems to have treated these two years as an aberration, indeed it was referred to as a '*spike*' and that Bishopton would still be able to cope until 2021/22.

The information should not have given any comfort at all. In fact it should have raised concerns that if the NHS data continued at the levels being experienced, the Council would have a significant problem.

I would have expected the information from the NHS to have caused some rather searching questions about the validity of the Council's modelling. I have not found any evidence which shows that to be the case.

The minutes of CMT suggest that this data may not have been made available to them.

### **9.5 The importance of NHS data**

The NHS's data although imperfect, for example it depends upon people registering with their doctor, is extremely powerful as it is drawn from the health visitor service. It provides, by post code, the number of children aged 1,2,3,4 and 5. Postcodes do not equate to catchment areas and so judgements are needed in the use of the data. The fact that it consistently shows higher results than expected, is because the Council's model had been based on Bishopton, a mature area with a declining school roll.

As it provides information on actual births, rather than assumptions used in other models, it is a very powerful addition to the actual pupil registrations at Bishopton. In my opinion considerable weight should have been given to this information because if it was representative of the following phases of housing development, it could signify a very significant problem for the Council.

In this, the first instance NHS data being used, it was only used to inform the first 5 years assumptions. Later it was used to inform longer term projections and showed an increasing divergence with the Council's existing model. On that basis the scale by which the Council had underestimated demand became more evident. Even without the use of NHS data there were increasing signs of problems.

### **9.6 Calculation of primary school demand for increased housing**

It should be noted that the Council calculated the education demand for the planned increase in residential units in May 2016. They assessed it as 100 additional primary places for the increase of 1350 houses. I make this point here as the same officers dealing with concerns about capacity, in the following sections (which postdate the calculations), were officers familiar with those calculations.

### **9.7 Increasing signs of problems**

In May 2016 the Head Teacher of Bishopton expressed concerns about capacity and also shared with education concerns expressed by parents. The response from education was:

*Everything confidential at the moment so please don't share it but I'm looking at accelerating the new build*

Accelerating the new build of a school which was grossly undersized was not the correct answer to the problem.

Even at this stage when the problems were obvious, I have found no evidence that, as the Head of Bishopton school expressed increasing concerns about capacity, officers ever went back to the most fundamental issue, and that was pupil demand.

After the calculations at 9.4 were produced there was a meeting of the Project Board, in June 2016, where it was reported:

*Current role projection figures provided by education May 2016 informed by new NHS data suggest that the existing school will be at capacity by 2019.*

*This is around three years earlier than previously anticipated and suggests that there is now an urgent need to commence programming for the new school.*

*analysis of the potential impact of BAE's revised proposals [the plan for a further 1500 house referred to in the next section] for the site suggest a resultant increase in the primary school provision to 2 stream school the 440 pupils. Requirements in relation to secondary school provision are being considered further to inform further discussions.*

The tables with NHS data were not provided to the Board. The same information was reported to the Bishopton Community Growth Focus Group on the 24th June 2016. There is no sign that either of them took any action.

Bishopton school facing capacity problems three years earlier than suggested would be due to either of two issues:

- BAE were completing houses much more rapidly than expected, or
- the Council had under scoped the original school for 340 pupils.

or a combination of the two.

Early data was suggesting higher intakes in P1. The Council's 'Standard Projection' methodology assumed that for new developments the intake would be spread evenly over the years, P1 to P7. Continuing high P1 intakes should have alerted officers to problems as it implied higher birth rates and eventually a sharp increase in pupil yields.

In addition, there were differences between P1 intake in August and P1 rolls in the following July showing relatively large in year increases.

By this stage the Council already had sufficient evidence that it should re-assess its position and that plans for only a 100 pupil increase for an additional 1350 houses were suspect.

It took a further six years to identify the problem.

## 9.7 May 2017 notes to Senior Education Management

A note dated May 2017 was produced within education and provided to a senior education officer. The calculations carried out in 2016 to support a two stream entry school with 434 children shown later at 10.4 was included. I was informed that the note was produced in large part to comment upon the roll at Bishopton. It also contained the following analysis and commentary:

*Currently there are 653 completed builds, which are occupied (registered for Council Tax) at 4 May 2017. The trajectory estimates 796 by end of 2017. Below is a breakdown of the current pupils within our schools.*

### **Dargavel Pupils - Primary - 23 May 2017**

<b>Count of Year/Stage</b>	<b>Column Labels</b>							<b>Grand Total</b>
<b>Row Labels</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	
Bargarran Primary School				1			2	3
Barsail Primary School			1				1	2
Bishopton Primary School	40	17	23	20	16	9	8	133
Bushes Primary School						1		1
Houston Primary School	1	1			1			3
Inchinnan Primary School	1		1					2
Langbank Primary School							1	1
Our Lady of Peace Primary School					1			1
Rashielea Primary School							1	1
St Anne's Primary School - Renfrew		1			1		1	3
St Anthony's Primary School					1			1
St David's Primary School				1	1			2
St Fillan's Primary School	1		1					2
St James' Primary School - Renfrew						1		1
St John Bosco Primary School	7	2	5	4	1		2	21
The Mary Russell School	1							1
<b>Grand Total</b>	<b>51</b>	<b>21</b>	<b>31</b>	<b>26</b>	<b>22</b>	<b>11</b>	<b>16</b>	<b>178</b>

### **Dargavel Secondary Pupils - 23 May 2017**

<b>Count of Year/Stage</b>	<b>Column Labels</b>						<b>Grand Total</b>
<b>Row Labels</b>	<b>S1</b>	<b>S2</b>	<b>S3</b>	<b>S4</b>	<b>S5</b>	<b>S6</b>	
Gryffe High School				1	1		2
Paisley Grammar School		1		1			2
Park Mains High School	14	11	8	11	6	7	57
Trinity High School	2	2	3	1	1		9
<b>Grand Total</b>	<b>16</b>	<b>14</b>	<b>11</b>	<b>14</b>	<b>8</b>	<b>7</b>	<b>70</b>

With 653 units occupied, there were 178 primary pupils from Dargavel post codes. On a simple pro rata basis, allowing for total of 2500 houses the number of places required (whether at the new Dargavel school or St John Bosco) would be 605 pupils. It should have been immediately evident that the planned 340 place Dargavel non-denominational school would not be able to cope with pupil numbers for the first phase of the development

The note also indicated that there were 70 secondary school pupils and on a pro rata basis that would equate to 425 pupils.

Both of these simple pro-rata calculations may underestimate demand as it can take years for the underlying maximum yield to arise.

Cursory examination of this note, produced well before the 2018 Section 75 agreement was entered into should have caused officers of the Council to both reassess the demand arising from the first 2500 houses in the 2009 Agreement but also to reassess their obviously flawed 2016 assessment of the demand they were using in their negotiations with BAE for the 2018 Agreement, which I refer to later.

Is it credible, as set out in the note above, that if only 653 residential units produce a demand for 178 primary school places, that the new agreement for around double that number of residential units (1350) would increase demand for non-denominational places by only 100 places? Simple application of logic should have raised concerns.

Another note of the same date between education officers, dealing with Bishopton and when its capacity would be exceeded, used two roll projection models:

*The current capacity at Bishopton is 544 pupils, the current school roll is 428. For 2017/18 August the P1 confirmed numbers are 105 pupils. This figure together with other stages enquiries we anticipate 478 pupils. By the end of 2017/18 session it is projected the figure will be 526.*

*Last year we projected that by the end of term the roll would be 507 pupils. Whilst our standard roll projection model has not been exceeding the total figures projected for the school, we are aware that numbers projected for P1 intake have been lower than what is being achieved. We have been monitoring our roll projection model in line with NHS information available and will continue to do so.*

**Table 1 – Standard Roll Projection Model**

Roll Projections Summary 30/05/2017													
School	Capacity	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Bishopton PS	544	526	574	613	636	643	653	626	574	572	574	572	575

**Table 2 – Roll Projection Model based on NHS Info**

Roll Projections Summary (NHS Info) 31/05/17													
School	Capacity	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Bishopton PS	544	526	584	642	682	693	730	733	705	717	724	729	753

*You will note that the standard model fluctuates rising in 2019 and dropping in 2024. The NHS model has steady increase which reflects actual numbers within the community and averages of high intakes for future years.*

*Both models however indicate that by end of 2018 session the current capacity is exceeded.*

Recipients of this note should have become concerned at the growing problem. First it clearly stated that the P1 intakes have been higher than the original projections. Second, P1 projections will roll forward into later years and ultimately secondary education. Third, that roll projections on a different methodology, using NHS data were showing considerably higher number of pupils, indeed by 2028 some 30% higher for the combined Bishopton and Dargavel cohort. Fourth, it would not be unreasonable to assume that all of this excess was attributable to Dargavel, suggesting a much higher primary pupil yield than the Council had assumed. Last, it is also implausible that demand would fall from 2022 and then plateau as in the Council's 'Standard Projection' model, a period when new housebuilding would be continuing.

It is interesting to do a roll comparison with the estimates provided above to the senior officer for a CMT meeting in March 2016 with these latest 2017 projections:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2027	2027	2028
<b>2016 'Standard' for senior officer pre CMT</b>	411	428	441	471	476	471	451	496	535	569	593	619	n/a	n/a
<b>2016 NHS for senior officer pre-CMT</b>	411	457	496	531	539	534	512	558	569	578	596	619	n/a	n/a
<b>2017 'Standard'</b>			526	574	613	636	643	653	626	574	572	574	572	575
<b>2017 NHS</b>			526	584	642	682	693	730	733	705	717	724	729	753

It is difficult to see, with this data, why serious questions were not being asked about the Council's assumptions and planning models. The NHS data would suggest that the Council had seriously underestimated demand. On the NHS data, after removing the Bishopton cohort, the new school planned in the 2018 agreement for 440 pupils would be at capacity, again well before the development was even close to completion.

Many millions of pounds in education investment were at stake and the absence of any curiosity let alone challenge is very concerning.

Again as far as I can assess the focus was on making sure Bishopton had the capacity to cope, rather than on analysing the underlying cause of the problem.

### **9.8 May 2017 – Systra Transport Study**

Systra were commissioned to carry out a Transport Assessment of the Dargavel development by BAE. The report commented there have been significant changes to the scale and composition of the development since the last study updated in 2015. This study states that it takes account of those changes. The report is based upon a total of 4080 homes and provides an indicative phasing of the number of homes occupied.

The report states:

*The original development proposal included 2,642 houses. Previously Renfrewshire Council's Education Department considered that this scale of residential development would generate 550 additional pupils when complete and fully occupied. This number of additional primary school pupils has been factored up to take account of the increase in the number of houses to 4,080 on completion of the development. This gives a new figure of 854 additional primary school pupils.*

This report will not have been widely circulated at the time but will have been seen by a number of officers involved with Dargavel; its estimate of pupil numbers is well in excess of the Council's calculations and should have caused questions. At the time of preparing this report even though it states that the Education Department assessed demand at 550 pupils. I have not been able to establish the exact source of this data.

### **9.9 June 2017 Briefing Note**

A briefing note was produced by planning on the 7th June 2017 and sent to senior officers in that Directorate in preparation for a meeting on the Section 75 Agreement.

The note referred to NHS data producing:

*'substantially higher increases in intake than the Standard Model'*

*Internal changes to existing building layout and additional staffing....as contingency measures*

*On this basis school needed earlier*

Again no linkage was made between this problem and the need to take stock and review the plans for the 2018 Agreement which on simple calculations was a 60% increase in housing but only a 30% increase in the already woefully inadequate planned primary pupil places, in the 2009 Agreement.

### **9.10 Preparation for discussion with Councillors – December 2017**

In December 2017 a senior education officer sent an email in the following terms:

*I have a discussion with local Councillors yesterday from Bishopton. They are looking for our reasoning for the 440 figure for the new school. Have you got something I can share?*

*Can you also give me the most up to (date) roll projections for the area.*

A briefing note was produced showed that with 808 houses built (which will be higher than the number occupied) there were 249 pupils from the Dargavel area.

A similar pro rata calculation for 2500 houses would result in 770 pupils, again considerably higher than the Council's model was suggesting or provided for in the 2009 Section 75 Agreement or planned for the 2018 agreement.

As before two tables were shown using the two differing roll projection models for the combined Dargavel/Bishopton area; the Standard Model and the NHS model.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>'Standard Roll Projection'</b>	531	592	624	640	647	664	643	624	637	653	662	672
<b>Projection with NHS Data</b>	483	532	577	602	647	736	791	843	882	922	957	963

Both models showed a substantial increase in projected 2028 pupils than the earlier data shown at 9.7. The model using NHS data showed a primary pupil population by 2028 of 963, some 40% higher than the standard methodology used by the Council and considerably higher than the earlier projections.

If the projections based on the NHS data were correct, then, removing the Bishopton cohort, would suggest that there would be in excess of 600 Dargavel pupils by 2028, even though there was a further 8 or 9 years of building. The same officers in the Council were about to enter into an agreement for a school to support only 440 children.

The NHS data shows lower numbers in the earlier years. I understand that was due to some data quality problems. When corrected I understand it would still show the position in 2028 as being well in excess of the capacity.

The information generated a response from the senior education officer:

*Thanks for the attached. I'm not in the office today but will need to sit down with you in order to understand the figures.*

On plain reading of the entire note and some superficial analysis it would be hard to see how the information could give any confidence in briefing Councillors.

I have not been able to establish which Councillors expressed concerns nor have I been able to establish if the officers sat down 'in order to understand the figures'. What I have been able to establish is that it made no difference.

I have seen no evidence that the reasons for the conflict in data ever caused or triggered any form of review or reconsideration until June 2022.

### **9.11 Final Observations**

Officers may argue that the continuing focus on the capacity of Bishopton, as it came under increasing pressure, earlier than planned, distracted them. However, the sheer scale of the shortfall in capacity was so blatantly obviously, that it could not be attributed to just an issue of timing or a 'spike'.

The pro-rata comparisons I have made in this report are not 'accurate' but indicative. Using technically incompatible definitions, comparing 'apples with pears', can skew results. However, it is a convenient and simple way to sense check information. Does it look about right, is it in line with what I would expect? Such sense checking repeatedly produces alarmingly different pupil demand than provided for in the agreement with BAE, not some slight skewing due to technical differences. The differences are significant and obvious as is the conflict with NHS health visitor data, which adds significantly to the reliability of forecasts.

The detailed data was not circulated extensively to different parts of the Council but was given to senior education staff. It is inconceivable that this shortcoming was not identified by education management triggering a more detailed review. The general thrust of the data and its implications for Bishopton was shared, particularly at the Project Board. I would have expected the Project Board to have challenged education and escalated the matter.

The Council failed to realise that it should use NHS data and actual demand data to date, in its new negotiations with BAE for the 2018 agreement. It would be difficult for BAE to refute the impact on services, when provided with such data, based on the actual impact of the development to date.

The Council therefore had ample evidence, and time, not to repeat the same error as in the 2009 Agreement and grossly underestimate demand. The Council did not do that.

Even if a senior manager was unconvinced by the NHS and other data and certain in their own mind that the original calculations of demand were correct, I would at least expect them to get the models and data re-examined to satisfy themselves that the new agreement with BAE was sound, particularly given the scale of investment involved and the implications for the Council if they erred. To fail to do so would be negligent in their duties to Council taxpayers.

As shown in the next section, the 2018 Section 75 Agreement was even more one sided and fell well short of securing a reasonable contribution from BAE for education, with significant consequences for Council taxpayers.

## **SECTION 10. - NEGOTIATION OF THE FINAL 2018 SECTION 75 AGREEMENT**

### **10.1 BAE's concerns about viability**

By November 2015 BAE were concerned about the viability of their original scheme. In a presentation that month to the Council, they outlined a proposed planning application to increase housing.

Their presentation included the following:

*Without continued collaboration this, the largest single privately funded brownfield regeneration programme currently in the UK, would fail. ....*

*All stakeholders to this project need to remain open and flexible to accommodate change in order to preserve its viability and success. This has been the story to date.*

From this point officers were formally aware of the potential for a substantial change to the project.

In April 2016 BAE gave a more detailed presentation to officers. It referred to the significant investment to date, provided some high level financial data but referred to the current project as:

*'financially unviable'.*

The reason for these concerns was stated to be that land which had been earmarked for employment was not proving to be attractive to the market and would, in any case, result in substantial losses. BAE referred to the high cost of bringing the land to market relative to its value, as employment land, the significant up front investment and that BAE did not expect to break even on the project until 2016. The implication that even after that date its financial returns from the development, for the risk it was taking, raised questions about viability.

It indicated to the Council that it would be submitting a planning application to increase housing from 2500 to 4000. BAE wished to allocate another 122 acres to housing and work in partnership with the Council to deliver this new project. They proposed a total of 11 acres for social rented housing and indicated a willingness for other mechanisms to provide affordable housing. I understand that this would extend the project to 2037.

In my opinion if viability was a genuine issue when it was raised the Council should have considered looking at this matter in more detail. BAE would in due course have to remediate the site; should such costs be included in their viability appraisal? BAE has substantial provisions in its balance sheet for environmental and other issues, so had it made provision for remediation costs on the closure of Bishopton? Had BAE indemnities from the MoD when the site, already contaminated, was acquired, or otherwise compensated for the liability they were taking on? What was the likely value of land with and without planning approval? No viability assessment was carried out by the Council.

It may be that no full viability assessment was necessary as the developer's gain on receiving planning permission for over 100 acres of housing land, would be so significant. I

understand that land in the area, with planning permission, can be valued in excess of £1m per acre.

Given the scale of housing proposed and the consequent very substantial benefit to BAE, on face value viability should not inhibit full and proper contributions to public infrastructure, in line with planning guidance and regulations.

## **10.2 BAE's view of additional demand for primary education**

In the above presentation in 2016 BAE identified a proposed option for a primary school campus which would include a

*'3 form entry school'.*

A paper produced by the BAE's advisors in May 2016, outlining possible questions for a Master Plan review workshop with the Council, included the following:

- *What are the implications of the revised housing trajectory on education provision in terms of size of primary school and when it is required?*
- *What are the specifications for a new primary school?*
- *Is there potential for the progressive expansion of a primary school as house numbers increase?*
- *Is the starting point a single form entry school? When?*
- *Are there Council space standards for a single form entry school which is capable of expansion to a three form entry school?*
- *Is there potential for 'advanced funding' by the Council?*
- *When is the community building needed?*

Given this change and the increase in housing it was necessary for the Council to reassess the demand for education. BAE have told me that the reference to a 3 form entry school was not a proposal but a 'prompt to aid discussion'. Officers intimately involved in the pending negotiations with BAE were at the presentation.

## **10.3 May 2016 Education and Community Facilities Workshop and June 2016 Project Board**

The paper referred to at 10.2 above formed part of a joint Council/BAE workshop on 9th May 2016.

The minutes of the meeting are not extensive. However, the report to the June 2016 Project Board states:

*Analysis of the potential impact of BAEs revised proposals for the site suggest a resultant increase in the primary school provision to a two stream school of 440 pupils. Requirements in relation to secondary school provision are being considered to inform further discussions.*

A further report to the Board on an outline Section 75 Agreement states:

*New primary school for 440 pupils with all weather play area*

*Generally reflects discussion at Workshop meeting of 9<sup>th</sup> May.*

I have not been able to establish how, when BAE 'suggested' a 3 form entry school in papers to the workshop (which in any case would have been completely inadequate) a proposal emerged from the Council for what amounted to a 2 form entry school. Officers with a responsibility for school capacity planning were again present.

Of additional concern is that by this date, as shown in 9.4, reservations were already being expressed about capacity issues at Bishopton and initial NHS data was available. The implied yield for the extra 100 primary places proposed by the Council was only around 0.07 places per pupil for the extra housing for non-denominational places. It is implausible that extra housing would have a much lower yield than the first 2500 houses (which in any case had been seriously underestimated at a yield of only 0.14, also for non-denominational places). The yield in the new calculations was only 0.11 for the development as a whole for non-denominational places, a fact which on its own should have caused concerns.

#### **10.4 The Council's calculations – the new model**

Theoretically at this stage the calculations should concentrate upon the demand caused by the increase in housing as further developer contributions would be based upon the demand caused by that increase. The Council however assessed the demand for the whole development.

I have found no evidence that officers went back to the original calculations for the first phase. Had they updated that (flawed) model just with the increase in house numbers they may have assessed demand at around 520 places. The original 2009 Section 75 Agreement and its updated version dated November 2012 both required there to be a five yearly review of the 'education and communities development brief'. No review was carried out. I have not been able to establish why; it may be that events had overtaken the Council and BAE, given the pending application for an additional 1350 houses. However, had a proper review been carried out, in say November 2017, five years after the updated agreement, there was ample evidence, by then, of the Council underestimating the school capacity needed. Such a review may have avoided subsequent problems.

Unlike in 2009, the Council did not assume that the demand would be in line with Bishopton. Instead it used the new build pupil yields set out in 7.2. Whilst this should have been an improvement, it misapplied the approach.

Officers, not experienced in these matters, produced the calculations based on 3965 residential units. The number of units was taken from a BAE update on the likely projection of house building at the time. The officers were unaware of the presentation by BAE the previous month, which referred to a 3 form entry school.

I reproduce the Council's calculations below for primary education.

Column 3 shows the expected number of houses to be built each year. Column 4 shows the annual number of expected pupils arising from that increase in housing, i.e. in 2017 220 houses would be built and based on a yield of 0.34 (denominational and non-denominational) those houses would generate, on average, 75 pupils per year.

Year	Trajectory	Per Year Build	TOTAL@0.34	P1 to &7 Totals
2014	241	241	82	
2015	413	172	58	
2016	576	163	55	
2017	796	220	75	
2018	1027	231	79	
2019	1232	205	70	
2020	1421	189	64	<b>483</b>
2021	1611	190	65	466
2022	1781	170	58	465
2023	1951	170	58	468
2024	2096	145	49	442
2025	2297	201	68	432
2026	2517	220	75	437
2027	2702	185	63	436
2028	2867	165	56	427
2029	3022	155	53	422
2030	3172	150	51	415
2031	3337	165	56	422
2032	3512	175	60	413
2033	3657	145	49	388
2034	3777	120	41	366
2035	3894	117	40	349
2036	3949	55	19	315
2037	3965	16	5	270
	<b>TOTAL</b>	<b>3965</b>	<b>1348</b>	

The Council took the highest annual increase in pupil numbers over any 7 year rolling period, (column 5) and assumed this would be the peak capacity demand; in other words they had assumed that would be the maximum requirement for the school. The highest 7 year period (of increases in pupil numbers), happened to be 2014 to 2020 which gave total pupil numbers of 483. 7 years was used because primary education lasts for 7 years.

Officers then assumed that 90% would go to Dargavel and 10% of the children would go to denominational schools. Their calculations were:

483 x 0.9 = 434 for Dargavel, being 90% of the total  
and approx. 49 denominational places

However, looking at a rolling 7 year average and finding the highest and assuming that will be highest number of pupils ever attending the school is incorrect. As the 7 year rolling average moves forward their calculations assumed that in 2021 as an additional 65 children attend school, for houses built that year, those built 7 years earlier in 2014 (214 houses) will have no children of primary school age. If you apply this logic to 2044 (7 years after building

finished) the model would suggest there would then be no pupils from Dargavel in primary schools.

Officers had completely misunderstood the basis of the 0.34 yield which is an average applying to every house, no matter when it was built. Correctly applying the 0.34 factor to the total number of houses the 'quick and simple' calculations would have given:

3965 houses x combined primary pupil yield of 0.34	=	<b>1348</b>
Assume 90% attend Dargavel	=	<b>1213</b>
So the remaining 10%		<b>135</b> denominational places

Their assumption on the proportion of denominational children opting for Dargavel, was 10% whilst the 2009 calculations assumed 15%.

The extent of the calculations is a two page spreadsheet, the first page showing the annual house completion rates provided by BAE and the second comprising the above and associated tables.

For the reasons set out earlier the use of a 0.34 primary yield may not give an accurate assessment, but if applied correctly could be a useful starting point. One would expect a model to produce a range and that for 1213 pupil places to fall within that range. Even if the Council used this 'quick and simple' calculation correctly along with the design of flexible schools and the acquisition of big enough sites it would not now be facing problems of such a scale.

The Council attempt at this simple calculation was incorrectly applied. However common sense should have suggested to the Council that its calculations were wrong:

- If you increase housing by about 60% does an increase in school capacity of about 30% look right?
- Would you expect the school demand to start falling when only around one third of the houses had been built?
- If you roll the model forward pupil numbers would decline to nil; showing a fundamental flaw.
- Would you expect a brand new development to only have a primary yield of about 0.11 pupil places per residential unit?

The 'model' is so clearly wrong that it is difficult to envisage that it was ever subjected to any scrutiny by more senior education management.

The model was designed in part to identify a peak. However, even if the error of logic had not been made as this 'model' uses the same yield every year it will not do that; it will plateau. In practice the pupil yield will increase and be above the Council average and then fall as the development matures and could then be below the Council average. Each phase will go through this cycle. This type of model would not show that.

I would have expected a more sophisticated model as suggested in Section 7.

Most Councils would expect the developer to challenge calculations and seek to minimise their contributions and maximise their returns; they would expect some tough negotiations. Councils would therefore prepare a strong case supported by clear evidence for education need as part of negotiations. Here Renfrewshire were potentially in a strong position. There

was already a body of evidence of very high demand from the existing limited development and NHS and other data showing how this would grow. The Council could have prepared a very strong case for substantial developer contributions. It did not; it used the flawed model above.

I note that BAE's presentation to the Community Liaison Group in June 2017 no longer referred to a 3 form entry school; it referred to a 2 form entry school.

The Council has now retained Edge Analytics and I understand that their assessments for Dargavel Primary School fall within a range of 1100 and 1500.

This fundamental error in the primary school calculations 'contaminated' the Councils approach to secondary education. The Council calculated 300 places for the entire development.

The secondary level calculations were based on all denominational children (26.5%) going to denominational schools with no allowance for choice (either as a result of an incorrect assumption or in error, but either way not supported by the evidence):

$483$  (peak demand as in table above)  $\times 0.735 = 355$  non-denominational children  
Park Mains impact =  $355$  pupils /  $7$  year stages =  $50$  pupils per year

This was then converted to the number of pupils in each year assuming a staying on rate of 100% for S5 and S6, which again is incorrect:

Total secondary requirement  $50$  pupils  $\times 6$  years =  $300$  pupils (for the entire development).

The (flawed) calculation in 2009 just for the first phase of 2500 houses produced a need for almost as many places at 271 non denominational places.

Again, common sense should have raised serious questions. Could it realistically be suggested that 300 secondary pupils was the peak non-denominational demand for a development of some 3965 houses, as projected in these calculations?

However, at this stage the negotiations should have been for the additional housing. On that basis on a quick and simple calculation using the yield based on staying on rates at the time in 7.2, the Council should have been considering additional demand:

$1350$  additional house  $\times 0.273 = \mathbf{368}$  secondary places which using the same assumptions for choice as in 2009 would be of which around **320** non-denominational places.

This type of 'quick but simple' calculation gives a feel for the likely demand.

To complete the assessment the Council would also need the surplus capacity at Park Mains and also, given the scale of pupil numbers, the impact on Trinity High.

From correspondence it is clear that the officers who prepared the model expected it to be updated from time to time with new information on the rate of house building. Before the 2018 Section 75 Agreement was entered into BAE provided, to planning, an indication of the likely mix of the 1350 additional housing units. Although the mix would only be finalised at the time of detailed consent, it was anticipated that over 40% of the units would be either 4 or 5 bedroom houses. These are likely to have higher pupil yields. This information was not

provided to education officers. As far as I have been able to assess neither planning or education had an understanding of the importance of the housing mix in assessing pupil demand.

### **10.5 BAE's letter of April 2018**

In April 2018 BAE wrote to the Council:

With regard to secondary education:

*BAE acknowledge the contribution to secondary education will be required to provide for around 300 pupils generated from the development. To date education have not provided further details on the likely costs and time scales*

*a high quality two form entry school that includes the facility that can be used by the community. This school is to be provided by BAE systems at no cost to Renfrewshire Council.*

From this it has become increasingly clear that the original community facilities in the 2009 agreement would not be provided. I understand that the Council looked at demand and facilities in the area and were concerned that further substantial facilities in Dargavel might undermine existing facilities in Bishopton. BAE also stated:

*In addition...we are also prepared to offer up to £500,000 for fittings, fixtures and equipment... and a £50,000 contribution..... to fund a dedicated Clerk of Works for the duration the construction period....*

The contribution offered by BAE of £500,000 was never included in the Section 75. I understand that BAE instead accepted a change to the specification for the school to include additional equipment and fittings, however I have not been able to verify the value of that additional requirement.

The stated target date for delivery was June 2021. In relation to secondary education BAE stated they were prepared to offer:

*a phased contribution toward improving facilities for secondary education of £2,000,000 to be paid to Renfrewshire Council over the period 2030 - 2034*

BAE stated that this would result in an overall contribution to education of the order of £20million, with the aggregate value of Section 75 Agreements and planning gain being in excess of £70 million.

### **10.6 BAE's proposal for secondary education in August 2018 and the Council's response.**

With regard to secondary education the Council and BAE were at cross purposes. The Council had completely incorrectly calculated a figure of 300 non-denominational secondary school pupils for the total development of 3965 houses. BAE were not concerned with that. They regarded the financial demand for the first 2500 houses to be a settled matter, with no contribution. They were only concerned about the impact of the additional housing through the new planning permission. In their minds they were concerned with the secondary demand from 1350 houses.

BAE wrote to the Council in August 2018 stating that although in the Communities Housing and Planning Policy Board paper in May 2018, a figure of 300 non-denominational pupils was provided as being the impact on secondary education, in the absence of a Renfrewshire Council contribution policy, it was difficult to place a monetary value upon it. BAE commented this value could be agreed at a later date provided it was possible to describe a mechanism, to determine such a value, in a revised legal agreement.

BAE commented that one approach to determine the impact on secondary education would be to assess an average secondary pupil yield for each household using the aggregate data for Renfrewshire. This, they stated would be an average of 13 pupils per 100 dwellings. As the additional application was effectively for 1350 houses this resulted in the yield of 175 pupils. It is highly unlikely that the 13 pupils per 100 houses quoted by BAE would be representative of a new build such as Dargavel.

They further commented:

*An alternative approach, which is more detailed and founded on a considerable amount of historic evidence, is applied by Lancashire County Council (Education Contribution Methodology, April 2018). This methodology is sensitive to the housing mix and accounts for variation in house sizes in any one development. If this approach was to be applied and the current estimated housing mix for the Dargavel village development used (issued in previous correspondence) then the yield would be 157 pupils.*

BAE proposed that the limit in Renfrewshire for which BAE should be liable should be set at 200 pupils.

It is interesting to note how Lancashire calculate the pupil yield. Lancashire has a Community Infrastructure Levy. On pupil yield their policy document states:

*In 2012 Lancashire County Council undertook an analysis to determine the number of pupils who attend mainstream schools who live in recently built houses. The analysis on which this yield is based includes a cross section of Lancashire conurbations taking into account a mix of rural, urban and city locations. The sample used takes into account a range from large developments to individual dwellings. Because of this analysis, Lancashire County Council uses a method of assessing the impact of a development based on the mix of the size of the development, based on the number of bedrooms in each property to be built. The pupil yield for each size of house can be seen in the table below.*

<i>No of Bedrooms</i>	<i>Yield per development - primary</i>	<i>Yield per development secondary</i>
<i>1</i>	<i>0.01</i>	<i>0.00</i>
<i>2</i>	<i>0.07</i>	<i>0.03</i>
<i>3</i>	<i>0.16</i>	<i>0.09</i>
<i>4</i>	<i>0.38</i>	<i>0.15</i>
<i>5+</i>	<i>0.44</i>	<i>0.23</i>

The yields will not be directly comparable, not just because of differences in demography but also because of the differences in the education systems. In addition, these yields

include infill and small estates. It is more likely that larger developments such as Dargavel may attract an even greater proportion of young families and result in higher yields.

The Lancashire secondary data suffers the same problems as Renfrewshire's data, as set out in 7.2. It is highly unlikely that 10 years after a development the full impact on secondary education will be evident in schools. The substantially lower yields for secondary in the table above in comparison with primary yields suggest that large numbers of primary school children 'disappear' from the education system, never arriving in secondary education. They do not. They still need to be provided for; the information in the table is adversely affected by an issue of timing, as children move through the system, often not arriving in secondary schools until well after a development is 10 years old.

This point is further supported by using the above data and approach for calculations of primary education demand. On the above yields and the same housing mix, making some adjustment for different education systems, the number of primary pupil places for 1350 houses is around 380 places. Allowing for the denominational split this would exceed 320 non-denominational primary places and be over three times the increase in the number of places being proposed by the Council. These 320 children will enter secondary education and even allowing for the differing number of years in primary and secondary education, will likely exceed the 200 pupil cap proposed by BAE.

In my opinion no reliance should have been placed upon BAE's calculations of a cap by the Council.

The 'simple yield' calculation above at 10.4 produced over 320 secondary pupils, also significantly more than the proposed cap. The capital cost of the provision of just 120 secondary school places above the cap could be a minimum of £3m and potentially more. These issues are not insignificant.

At the Project Board in August 2018, it was clear that the level of the secondary contribution had still not been determined and remained to be finalised.

Although a number of education staff saw this BAE letter, I have identified no evidence whatsoever that either they or anybody else in the Council questioned BAE's assessment or were asked to critique it. Indeed as far as I have been able to assess BAE were not asked to provide further information to support their calculations.

Education replied to BAE proposals on secondary education in September 2018:

*Your explanation and rationale is very clear and this has proved to be very helpful in aiding our discussion.*

*I would like to confirm that this will be captured in the updated Section 75 agreement in line with practise associated with other aspects of provision.*

With regard to secondary calculations an officer said to me 'we never really bottomed it'. A failure to take the time to understand this issue properly and so be in a position to protect the interest of Council taxpayers and simply accept BAE proposal was gross incompetence by senior management. Members had been advised that the Section 75 Agreement would be based on 300 additional pupils and authorised officers to enter into the agreement on that basis. Given that, officers should have ensured they had robust reasons for any change. They did not.

I accept entirely that it is more difficult to assess, with certainty, secondary demand as it peaks so late. Developers find it easier to challenge secondary numbers as catchment areas are large so small changes in birth rates, economic circumstances, housing turnover etc can impact upon the demand from pre-existing housing; given the size of catchment areas there could be many other developments impacting demand. Calculations of surplus capacity may be regarded as increasingly speculative. However, that does not excuse failing to even try to understand the issues and develop fair and reasonable mechanisms for developer contributions.

## **10.7 Negotiations with BAE Systems**

Again, as far as I can assess, as with the 2009 agreement, there were no real negotiations.

Between 2016, when the Council first estimated the demand for the increase in primary school places, and signing the agreement in 2018 the Council had ample evidence that demand for such places was well in excess of their estimates, which would ultimately impact upon secondary school numbers as well. BAE briefly came up with a higher 'prompt for discussion' for primary education, with a 3 form entry school (still woefully inadequate) instead the Council used its own lower assessment, a 2 form entry school.

Under the agreement the secondary contribution was supposed to be based on:

*a fair and reasonable financial contribution for the provision of secondary school facilities*

Putting aside the flawed nature of the Council's calculations, the Council came up with a higher number for secondary education but then simply accept BAE's lower calculations and a cap of 200 places, without even cursory examination. It is not clear to me that a cap at that level was 'fair and reasonable'.

I note that, as there is a cap, there is provision for the Council to repay part of the contribution to BAE in certain circumstances. If, notwithstanding the above, the Council was of the view that it was prepared to accept a cap it should have negotiated a much higher cap with BAE still having the comfort of a similar repayment clause, to avoid overpayment.

Although not the most significant element of the agreement this demonstrates the naivety and inexperience of the Council and the lack of commercial awareness. Given the very substantial gain for BAE from the new housing provision, the Council should have been in a strong position.

All of the education calculations, even if technically sound, would be speculative and based on assumptions which may or may not materialise. This agreement covers a build out period again of about 20 years. There was no certainty about the type of housing approvals which would be granted over that time and house sizes. The 2009 Agreement had provision for reviews of education every 5 years (although in that agreement BAE capped their liability as well). This agreement should have had similar reviews. The Council should have negotiated review clauses under which further education contributions may be payable, or other equivalent arrangements.

Given the huge uplift in land values, the Council should have been in a strong negotiating position.

Regardless of uncertainty on pupil numbers over 20 years ahead, the Council allowed BAE to effectively cap its future liability for both primary and secondary. The Council should not have accepted such conditions. Even worse they were capped at levels which were so blatantly wrong.

BAE will have gained very substantial financial benefits from this new agreement, increasing its rate of return. Council taxpayers however will now be faced with substantial additional costs.

### **10.8 Significant failings**

The Council failed at virtually every stage. The 2018 Section 75 Agreement even more significantly underestimated demand.

There were sufficient warning signs, set out in Section 9, well before the 2018 Section 75 agreement was entered into that education's calculations were flawed. There was a good body of evidence, from the existing development and NHS data, for the Council to be in a strong position in negotiations for fair and reasonable contributions for the new housing. The Council could even have been in a strong enough position to seek adjustment for the 2009 Agreement.

The failings are more basic than a failure to have a sophisticated model. One does not need to be an expert in demographic modelling to have appreciated the Council's approach was wrong. The application of simple common sense should have alerted the Council to the scale of the problems.

Millions were at stake for primary and secondary provision. I cannot comprehend the lack of professionalism in dealing with this matter.

For both primary demand and secondary demand the Council again failed to protect the interests up the Council taxpayer.

## **SECTION 11 - EVENTS POST SIGNING THE OCTOBER 2018 SECTION 75 AGREEMENT**

### **11.1 Failings between 2018 and 2022**

Concerns about the capacity at Bishopton and contradictory NHS data on rolls, should have alerted the Council to the significant problems with its calculations well before signing the Section 75 Agreement in 2018. However, between signing the 2018 Agreement and June 2022, when the problem was finally identified, there were many instances which should also have alerted the Council to the problems. Had they done so, although too late to affect the Section 75 Agreement, the Council could have started planning to resolve the problems much earlier.

In addition to issue set out here, Section 12 also outlines concerns expressed by others, some of which was during this period.

The most significant instances are set out below.

### **11.2 Confirmation of a new school for Dargavel rather than larger school to serve Bishopton/Dargavel – November 2018**

In November 2018 the Education and Children Service Policy Board considered a report on primary school provision in Bishopton and Dargavel following a motion at Council meeting in September 2018 requiring the Director of Children Services to produce a report setting out the merits and cost implications of building one large primary school in Dargavel village for the whole of Bishopton including the Dargavel development. The report stated:

*The estimated maximum number of primary school pupils generated by the Dargavel housing development is expected to be in the region of 400 to 450 pupils. A school to accommodate these numbers can be delivered within the funding arrangement agreed with the developer.*

It further commented:

*Children's services' assessment of this information generates a maximum school roll of circa:*

- • 740 pupils for a combined Primary School;
- • 310 pupils for the existing Bishopton Primary School; and
- • 430 pupils for the new build "Dargavel" Primary School.

After consideration of the issues, it was decided to continue with the 2 form entry new school, as planned, to serve Dargavel village.

This report was written relying on the 2016 2 page spreadsheet which was fundamentally flawed. It was also prepared when it should already have been apparent there were serious issues.

Bishopton with approximately 2100 houses and a relatively mature area would have 310 pupils whilst Dargavel, with a likely higher birth rate and approximately twice as many houses, would only have 430 pupils. Had this report gone back to basics the problem may well have been identified.

### **11.3 Catchment area review – early 2019**

At a subsequent meeting in January 2019 the Education and Children's Service Policy Board agreed to consult on a catchment area review for Bishopton primary school and the new primary school to be built in Dargavel village. It was necessary to establish catchment arrangements for the new school.

A number of the responses commented adversely on the proposed size of the Dargavel school.

- *The proposed 2 stream school is not large enough for whole of Dargavel*
- *With Dargavel having another 7 years of build ahead I cannot see how the new school can cope with the potential numbers.*
- *The size of new school is too small. This may have been based on original Dargavel village plan however since then 3 proposed industrial areas are now going to be houses. Size of school should be increased to accommodate for growing village.*

As part of the consultation a very significant number of adverse comments were made that Bishopton was overcrowded using terms such as 'choked', 'overloaded', 'at full capacity' causing it to be 'unsafe and unmanageable'.

The Council's response to the concerns was:

*The developer's obligation in terms of the Section 75 agreement is to provide a school for the number of houses built within the Dargavel Village. The new school is being designed in line with Scottish Government guidance and Council roll projection methodology.*

Putting aside any issues on roll projection methodology, under the terms of the Section 75 Agreement the developer obligation is not to 'provide a school for the number of houses built' but to build a 2 stream entry school. The risk is firmly with the Council.

The community comments were telling; proper consideration of them and just cursory examination of the data available as early as 2016, should have raised concern.

Following that consultation, new catchment areas for both schools were approved at the Education and Children's Services Policy Board in August 2019.

### **11.4 Planning approval for school – February 2019**

In February 2019 planning permission was granted for the primary school by officers under delegated powers.

I understand that the size of the site had been reduced 'to avoid an oversized site that requires extensive maintenance' but still exceeded the requirements of the School Premises Act 1967. It was also stated that flexibility 'has been built into the design of the building to cater for any future increase in the number of pupils.'

The decision of education to reduce the size of the site was challenged by planning in the following terms:

*The size of the site appears to have been reduced in comparison to the previous pre application layouts. We note that the site could potentially be seen as overdeveloped given the proximity of the sports pitch and the car parking area to the building itself. Playground space appears to be limited given the number of pupils and it would be difficult to extend the school in future if required.*

BAE's representatives responded that the changes had been made at the request of education. I have not been able to find any assessment of the saving made as a result of this act.

This extraordinary decision, to reduce the size of the school site, shows just how disconnected education officers were from the reality of what was happening to pupil numbers and how immune they had become to concerns expressed by a wide range of stakeholders. It is not clear to me why the issue was not escalated.

### **11.5 Commissioning Phase – opening of new School**

The Council and Dargavel school, along with support from Bishopton school had extensive commissioning plans, overseen by a Project Group. One of the key issues to be resolved was the anticipated intake.

On 7<sup>th</sup> October 2020 an email was sent to a senior education officer:

*Just before I stopped for leave we did an update on analysis of Bishopton pupils who live in Dargavel which is detailed below.*

	<i>P1</i>	<i>P2</i>	<i>P3</i>	<i>P4</i>	<i>P5</i>	<i>P6</i>	<i>P7</i>	<i>Total</i>
<i>Bishopton Primary - Dargavel pupils</i>	<i>76</i>	<i>60</i>	<i>62</i>	<i>66</i>	<i>52</i>	<i>37</i>	<i>31</i>	<i>384</i>

A senior education officer responded:

*That's a bigger number than I was expecting. If they all want to move then partial occupancy of the building will be difficult. We really need to get a better sense of who will be wanting to move.*

This table should have been of immediate concern. With around another 15 years of build to go there were already 384 pupils. In addition, if the P1 intake for 2021 and 2022 was at a similar level, not unreasonable assumptions given the data, Dargavel school would quickly be at capacity.

It is highly likely that many Dargavel children who had already commenced their education at Bishopton Primary School would wish to remain there and perhaps parents would wish to send their younger siblings to the same school. However, the comments above from the senior education officer simply ignore the underlying trend data and the severe problem the Council is about to face.

Notes of the new school's Project Group's meetings show that in December 2020 the intake (based on all those yet to express a preference opting for Dargavel), would be 334:

*Anticipated 2021 Intake*

*There are currently 392 Dargavel Primary pupils in Bishopton Primary School.*

*An exercise has been undertaken to ascertain projected numbers for August 2021. P1 – P6 pupils (362 in total) have been asked their intentions for next session:-*

*132 have confirmed they wish to stay in Bishopton Primary,  
52 have still to confirm, and  
178 wish to transfer.*

*The current P1 registration numbers are 104. In summary if we include the pupils still to decide and new registrations anticipated intake is 334.*

Bishopton / Dargavel Analysis											
	P1	P2	P3	P4	P5	P6	P7	Total	Capacity	% Occupancy	
Current Roll @ 3 Dec 2020	111	93	102	109	89	70	68	642	668	96	
	P1	P2	P3	P4	P5	P6	P1-P6 Total				
Current Total Dargavel Pupils	79	60	63	69	51	40	362		P7 = 30 = 392 pupils		
Confirmed Staying	20	14	19	24	29	26	132				
Dargavel Transferring	47	40	40	31	17	3	178				
Dargavel Still To Confirm	12	6	4	14	5	11	52		230 if still confirm decide to go		
Anticipated Rolls @ Aug 2021	P1	P2	P3	P4	P5	P6	P7	Total	Capacity	% Occupancy	
Bishopton Total Roll - School not Ready	141	111	93	102	109	89	70	715	668	107	
Bishopton & Dargavel Pupils Staying	37	52	47	58	64	67	56	381	546	70	
Dargavel Transfer & Still To Confirm	104	59	46	44	45	22	14	334	440	76	
	Figures @ 03/12/20 - who had registered										

I understand that as pupil preferences were clarified the planned intake fell to around 300 pupils.. A separate two page briefing note was produced in December 2020. This stated:

*Capacity for 440 pupils*

Later in the note it stated:

*There are currently 392 Dargavel primary pupils in Bishopton Primary School*

Even at this stage it appeared officers were continuing to focus on the problems of capacity of Bishopton when again a superficial examination of the data would imply very significant problems; that they had seriously underestimated demand.

It was not until June 2022 that the Council started to appreciate that it had problems.

## 11.6 Recognition of the problem

By early 2022 there had been a number of changes of staff. In late May the Head of Dargavel School raised concerns about pupil numbers. That week a senior education officer, for the first time, requested a review of pupil projections, which was completed at the end of June.

As I understand the position because of concerns about the results and the need for other data it was decided to carry out a further analysis, consulting with other Councils which had experience of large housing developments, to seek to verify the scale of the problem.

Factors not reflected in the original calculations were also identified. I understand that it was not until late September that senior staff were 'confident' about the scale of the problem and the type of contingency arrangements which would be needed.

## **SECTION 12. - COUNCIL RESPONSE TO QUESTIONS RAISED BY THE COMMUNITY AND OTHERS**

### **12.1 Overview**

In the Terms of Reference, I have been asked to comment on how the Council responded to expressions of concern from the community and indeed others.

As indicated in Section 9, there was overwhelming data, from internal council documents, on emerging pupil numbers, before the 2018 Section 75 Agreement was signed, that the Council had seriously underestimated demand. The failure to act based on that information alone is extraordinary; however, when combined with the sheer level of concern expressed by others, it becomes impossible to comprehend.

There is overwhelming evidence that Councillors from across the political divide, community and school representatives, MSPs and the public expressed concerns to the Council. Some expressed their concerns to their MSPs or the government. I have not found a single instance where any of these were treated seriously and triggered any proper investigation within the Council. The comments appear to have been brushed aside with an increasing degree of irritation, and what some may regard as professional arrogance.

In discussion representatives of the community and Councillors have used phrases such as 'deaf eared'. Complainants were wrong, the Council was right; this view was expressed with such confidence and assertiveness that many complainants doubted themselves and reluctantly 'trusted the experts'. The strength of confidence expressed by education, by officers some had worked with, and respected, was such that complainants took their concerns no further.

Earlier in the report I identified a number of examples of where concerns were raised including:

- Responding to concerns expressed by Bishopton Community Council in March 2008 at a meeting with the Council (8.4).
- Responding to Councillors who had expressed concerns in December 2017 (9.10).
- Responding to concerns at the Pre-determination meeting for additional housing (5.4).
- Responding to concerns expressed during the public consultation on catchment areas in spring 2019 (11.3).

However, there were many others, some well documented and others not so.

### **12.2 Bishopton Community Council**

There is evidence that the Community Council expressed concerns directly to education on a significant number of occasions over and above those referred to above.

In September 2014 a senior education officer attended a Community Council meeting. There was an extensive discussion with concerns being expressed that the early indications were that the Dargavel school would be too small, with comments that at present there were 1.4 pupils for every seven houses compared with the Council's assumption of 1 pupil for every seven houses. The concerns were clearly expressed, and I have found no sign of them being acted upon.

In January 2017 the Community Council wrote to a senior education officer posing the question as to whether the proposed school for the 2018 Agreement, given the increase in housing, was big enough.

In March 2017 Bishopton Community Council also complained to BAE, copying in a number of Councillors and planning. The e-mail was titled 'Education provision in Bishopton'. The email commented upon relative house and pupil numbers and the proposal for 2 form entry school. It stated:

*This is still inadequate and in the light of an increase of approximately one third in the number of overall houses numbers woefully so.....*

and that the initial projections were

*far off the mark when the initial plans were submitted*

I could not see, in the drafting of the response by the Council, any critique of the observations made by the Community Council. Indeed the internal correspondence again focused on the capacity at Bishopton, not the question raised about the capacity of the new school. The Council's response stated:

*Any agreed planning application to extend the site would require a review of the role projection model based on increasing housing numbers and phasing. It would be anticipated if expansion were agreed this would result in a 2 stream primary school (434)*

The same concerns were expressed in a meeting with a senior planning officer, the same month. Assurances were given that the school would meet the need.

As indicated above in November 2017 the Community Council made representations to the Pre-Determination meeting for the expansion of housing on the site and specifically the size of the school. The Council minutes are not extensive but I understand the Community Council made specific reference that on a pro-rata basis the school should be for 570 children and not 440 as planned, with references to other developments of a similar size in Scotland with substantially higher education provision. No action was taken.

In March 2018, after further representations on capacity issues, education responded to the Community Council in what I would regard as a dismissive manner:

*I don't feel I can add anything to previous discussions on these matters*

In another interaction with the Community Council, supported by a Councillor, a 4 page analysis was submitted to education. Again, cursory analysis of the 4 page document should have caused genuine concerns within the Council. The response to the Councillor stated:

*Whilst I note the concerns raised by the community council I do not accept that the role projection is inadequate. There will always be uncertainty and I have repeatedly acknowledged this. We must balance this against the resources available to ensure all children in the area continue to have access to high quality learning. I am confident this remains the case.*

These comments I find confusing, particularly as they were made before the 2018 Agreement was signed. The Council should not need to 'balance resources'; the challenge was that the Council needed a realistically estimate of pupil demand and negotiate a fair and reasonable deal with BAE where not all of the 'uncertainty' sat with the Council.

### **12.3 Exchange with an MSP July 2018**

In July 2018 an MSP raised a question with education on behalf of a resident. The email from their office stated that they had:

*been contacted by a resident of Bishopton with concerns over the capacity of Dargavel Primary School. I have noted her exact comments below for your information.*

*"Many houses are 3/4 bedroom and designed for families. Taking a conservative estimate of 50% of houses being for families and an average family size of two children then a reasonable estimate for the number of school age children would be around 2000. Please advise me as to how and why Renfrewshire Council are basing education provision on 300 children."*

*Could officers provide a response to the constituents concerns.*

The reply sent by an education officer, with a senior education officer copied in, stated:

*Your enquiry regarding a constituent's concern over the capacity of the proposed new primary school at Dargavel has been passed to me to provide you with a response. At this time I can confirm that the planning arrangement for the new school is based on the Council's standard roll projection model which is informed by housing data from our planning department and known trends from early years provisions. This analysis has determined that the combination of a new double stream school, for circa 440 pupils, and the existing provision within Bishopton Primary School, which accommodates circa 540 pupils, will provide sufficient pupil places for the overall area.*

*I hope this information is of assistance.*

The complaint appears to be referring to the period when the planning permission was limited to 2500 residential units and the Council's plans were for 340 primary school places. The reply refers to the planned provision for primary places for the whole development for over 3850 houses, giving a false impression. In addition, the Council had not intended to use the surplus capacity at Bishopton. At the date of this query there was ample evidence that the MSP's constituent's concerns were entirely justified for either the planning permission then in force and even more so for the intended new agreement. The reply appears to be misleading.

### **12.4 Concerns on behalf of Dargavel Residents Association and Council response January 2019**

On the 24th of January 2019 a representative of the Dargavel Residents Association contacted planning, copying in an MSP and a Councillor.

*While (it's) obviously great news that the school has been brought forward and will be delivered in 2021, there is a real concern from the residents that the size of the school was not significantly increased with increase in the number of homes from the initial 2800 to 4050.*

The response from planning was:

*With regard to the school this matter was discussed extensively with colleagues in our education department who considered that the size of the school was appropriate to the anticipated population... from the development of some 4000 homes..*

I have difficulty in understanding this response. An 'extensive' discussion between planning and education should have exposed the problems.

### **12.5 Concerns expressed by Councillors and officers**

I should emphasise that Councillors will not have had access to the documents I have seen and therefore will only have been able to express their concerns in general terms.

I also have observations about the limited involvement of Councillors generally, and I refer to this in my conclusions.

The former Convener of the Education and Children's Services Policy Board has informed me that he raised concerns on 3 occasions with senior education management. On the first occasion, in January 2018, he was accompanied by another Councillor. The meeting was arranged because they were aware of the concerns expressed by the Community Council and that the Community Council was not satisfied with the response. The second occasion was when the Section 75 Agreement was being entered into where concerns were expressed that the increase in the size of the school did not seem to match the increase in housing. The third occasion was a pre-agenda briefing. I understand that the confidence of education officers, along with comments about tried and tested models, officers had carried out these calculations before etc resulted in assurance that the concerns were unfounded.

A number of other Members from a range of groups have stated that concerns were expressed about the proposed 2018 Section 75 Agreement on other occasions. For example, from notes of the Council meeting in March 2018, where the application was agreed subject to a Section 75 Agreement, concerns were expressed about the size of the school. In such cases members were given assurances that the calculations were correct.

Planning officers have told me they 'questioned' Education about the size of the school but were reassured that the two-stream school was appropriate. As stated in 11.4 above they also questioned the decision to reduce the size of the site for Dargavel school.

However, whilst I have no reason not to accept that planning officers raised questions, given the conflicting data they saw and concerns from the community, in my opinion they should have escalated those concerns. Planning were leading the negotiations and as such should have been well placed to be aware of the implications of a failure to negotiate a fair and reasonable deal with BAE.

## **12.5 Concerns expressed by parents and residents**

I have also seen a range of other correspondence from individuals and obtained information and feedback from representatives of both Dargavel and Bishopton Parent Councils and Dargavel Residents Association.

One of the earliest documented concerns was in 2012, by an individual about the size of the school and questioning whether basing Dargavel on Bishopton yields was correct given the aging population in Bishopton. A number of senior officers were copied in on the letter to the Scottish government commenting:

*On the Primary School provision there is in the Section 75 a requirement for a 342 roll Primary School to be handed over to the Council before completion of 1725 dwellings. This is approximately the size of the current primary school which serves an 'aged' community of just over 2000 dwellings. With the new community likely to have a considerable number of young families and the current village releasing more family houses onto the market as 'the aged' migrate to flats and sheltered housing in the new development can these facilities cope?*

This had no impact.

Concerns about the response from the Council in meetings was such that an FOI was submitted in 2013 asking for details of the model and seeking a meeting. The Council declined a meeting based on their being no new information.

Further representations were made, not just on the size of the Dargavel school but also on the overcrowding at Bishopton Primary School in a number of meetings and a further FOI was submitted in 2020. Regardless of wide ranging concerns about pupil yields and related matters, the Council stated that it had 'complete confidence' in its calculations.

Parents are fearful that the need to expand secondary provision will be a re-run of Dargavel.

## **12.6 Escalation of concerns**

I have found little in the way of evidence that concerns were escalated directly to the Chief Executive, asking for their intervention.

However, in a joint letter from the Residents Association, Community Council and Development Trust to the then Chief Executive in late 2021 widespread concerns were expressed about the whole development failing to meet expectations, including concerns about education. Disquiet was expressed about the planned school provision calling for a review of modelling and as far as I can assess referring back to concerns voiced at the 2018 pre-determination meeting. It was suggested by the Council that a series of meetings take place to explore a wide range of issues but for a number of reasons, including COVID, these did not take place; regardless, at least in respect of education, matters were overtaken by events.

## **SECTION 13 - CONCLUSIONS AND RECOMMENDATIONS**

### **13.1 Overall conclusion**

The overriding conclusion is that the Council was completely unaware of, and therefore unprepared for, the impact that a development such as Dargavel would have upon the education service.

It approached negotiations and assessment of the impact of the development in an amateur manner, failing to understand that it had neither the technical skills nor the financial awareness to conclude what was a commercial negotiation with BAE.

Combined with a failure of management oversight and gross incompetence the Council did not negotiate fair and reasonable terms for the provision of education, in its various Section 75 Agreements with BAE.

It failed to secure adequate school provision for the Dargavel development.

As BAE's profit will have increased, its contribution to education per child has reduced, in large part due to officer incompetence, negotiating agreements which were grossly inadequate. The Council then allowed all the risk associated with the uncertainty of future school rolls to be borne by the Council.

The failure of the Council to identify the issue, regardless of overwhelming evidence of problems and numerous legitimate concerns expressed by key stakeholders, resulted in the final Section 75 Agreement, concluded in 2018, increasing the level of under-provision still further.

The Council's failing will impact upon the quality of children's educational experience and will impose significant additional costs on Council taxpayers in the years to come.

### **13.2 Broader implications and perceptions**

This is not simply a financial issue. Members of the Parent Council have raised very significant concerns about the impact of overcrowding on the Dargavel school. There are already concerns about relatively tight constraints on play areas and existing high levels of noise in a largely open plan building. There are genuine concerns that further development of the site will adversely impact many aspects of children's education, social interactions and play. Concerns were expressed that those with hearing problems or other difficulties may struggle in increasingly crowded and noisy conditions. Whilst many parents recognise that communication with the Council has improved, there is a significant confidence gap, not just in relation to Dargavel but concerns about their children's secondary education and the adequacy or otherwise of the plans for Park Mains. There are concerns that the Council will resort to minimum space standards at Park Mains and the school be of such a size that their children's secondary education will be adversely affected as well.

The Council have told me they are aware of these concerns and are seeking additional land for Dargavel and looking carefully at space standards at Park Mains.

Public confidence has been damaged not just because of education but because there are strong perceptions that the Council allowed BAE to reduce its contributions to many areas of public infrastructure as the development grew. In some other areas many expected that

contributions would increase pro-rata to the increase in housing approved in 2018, and they did not. However, the biggest reduction, that of removing community facilities from the first Section 75 Agreement was as a result of decisions of the Council itself, as was the decision to restrict the size of the school site and limit its suitability for community use. The assessment that the increase of at least 1350 houses would only require an extra 100 primary school places was also ultimately the responsibility of the Council.

A schedule showing a comparison of Section 75 Agreements is attached as Annex 2.

### **13.3 Out of sight out of mind**

The education element of the Dargavel development project was unusual in terms of the Council's normal processes. If there had been a proposal to build a brand new school to meet new demand, which had arisen through a whole range of reasons and the scheme was to be funded by the Council itself, there would have been corporate business cases and capital investment and appraisal processes and procedures in place. For such a scheme I would have expected a high degree of rigour and corporate challenge before justifying the building of the school and determining its size. Officers would have to satisfy members as well, through capital investment decisions.

However, in this case as the education provision was to be secured through contract negotiations with BAE, those arrangements did not apply. Given the sums of money which should have been involved, potentially tens of millions to meet education demand, I would also have expected considerable rigour to apply. If the Council failed to negotiate a fair contribution from BAE, Council taxpayers would have to foot the bill. Regardless of that risk it was treated as an adjunct to a planning application, led by planning and not as a set of important commercial negotiations.

As a result of this not being a 'traditional' capital project, the Council as a whole, not just education, treated the education component as something happening over there and out of sight and out of mind. The Council did not give it due attention.

### **13.4 Recognition of risk**

One of the biggest failings of the Council was the failure to recognise risk.

Developments on this scale have risks for both BAE and the Council. A 20 year development plan can be affected significantly by factors outside both the Council's and the developer's control. Both parties to the Section 75 Agreements are therefore interested in managing and minimising their risk.

At the time of negotiating the agreements neither side would know the final housing mix, which can have a very significant impact on the number of pupils.

Given the uncertainty of school projections for over 20 years ahead for a new development such as Dargavel, projections would produce a range of outcomes, almost certainly well in excess of the normal pupil yields. BAE would have been unlikely to 'pay' for the worst case scenario on pupil numbers. The Council would not accept contributions based on the best case scenario, resulting in possible risks for the Council.

One would therefore normally prepare thoroughly for such complex contract negotiations to protect the interests of Council taxpayers. For education the Council did not.

I have identified virtually nothing dealing with risk and risk management. What little there was, rated the delivery of Dargavel school as 'green'.

BAE would want to limit its exposure and provide certainty to its Board about the site's financial returns and maximise them. The Council should wish to protect its position and that of its Council taxpayers to make sure that the developer pays a fair and reasonable contribution and shares risk.

The former happened, the latter did not.

### **13.5 BAE and the Council**

Any responsible developer, subject to viability, should seek to make sure that it provides appropriate and adequate support to public services and infrastructure and is likely to use the costs of providing such support as a lever to increase the development potential of its site. Indeed BAE did so, claiming viability in 2016 for seeking a substantial increase in house building, approved in 2018. Indeed for cash flow reasons there were exploratory discussions with the Council, about the Council constructing the school.

As far as I can assess, regardless of the concerns expressed in 2016, issues of development viability limiting developer contributions do not apply in this case; the gains to BAE from giving over 100 acres approval for housing will be very substantial, with further more limited gains on other additional land for social housing. The shortfall in contributions to education infrastructure is due to the woefully inadequate and grossly incompetent negotiation of the education element of the Section 75 Agreement by the Council. The various 'asks' from the Council were so inadequate that I understand BAE simply agreed them; there were no hard commercial negotiations.

What is difficult to understand is that, from documents, the Council seemed aware of the risk and uncertainty in its calculations in 2009 but made no effort to assess that risk or seek ways of minimising it or share it.

BAE accepted no risk whatsoever. Where the Council struggled to articulate its 'ask' for secondary education in 2018, BAE made a proposal, which cursory examination should have shown was likely to have been inadequate. The Council simply accepted those proposals, without even asking to see justifications or rigorously examining them, agreeing a cap of 200 places. This was grossly negligent and inexcusable.

BAE likewise capped its risk for primary school places.

Developers like certainty and want to limit risk. Given the lack of precision in education forecasts for large developments with a build out of over 20 years the Council should not have accepted all the risk sitting with the Council, particularly where issues have not been 'bottomed out'.

I have been told by the Council that BAE were amenable and easy to deal with. BAE told me they did not approach developments with the adversarial style some other developers may show. They have no education expertise and relied upon the Council.

As the development increased in size there was an erosion in public benefit. School places, already grossly underprovided, fell by 25% per residential unit.

Common sense would suggest that the final phases of the development, permitted under the 2018 Section 75 agreement would be particularly profitable with much of the highway and other infrastructure already provided for in the financial plans. By the time of that agreement there was ample evidence in place that the Council had erred in its earlier school calculations. The Council did not take the time or effort to use information from the first phase of the development and NHS data to build a model to inform education need for primary and secondary education for the final phases. The Council should have been in a strong negotiating position to ensure the situation did not deteriorate further. For the relative size of the development, the 2018 Agreement was substantially worse than the original agreement.

As far as the education elements of the agreement are concerned there was a complete lack of professional leadership and oversight from within the education service with reliance on calculations by junior staff and middle managers, unfamiliar with dealing with these issues and, frankly, unaware of their importance.

### **13.6 Terms of Reference:**

In relation to the various terms of reference:

#### **ToR1 The approach adopted to modelling the capacity required**

The 2009 Agreement was based on a flawed assumption that the Bishopton catchment area would be an appropriate exemplar and failed to recognise the characteristics of new developments and their higher yields. The 2018 Agreement, although based on more appropriate yields contained fundamental errors of logic. The problem was exacerbated by:

- **The Council does not have detailed supplementary guidance for securing developer contributions.** Many Councils in Scotland now have supplementary statements supporting their Local Development Plans, which set out in some detail how demand for education will be assessed, including taking into account surplus capacity in schools. The Council did not have such a document to help guide negotiations with BAE. In 2022 the Council started to prepare such advice.
- **Failure to seek advice.** I found no evidence that advice and support from within or outside the Council was sought until 2022. All of the work was carried out in, and overseen by, education.
- **No modelling of how demand may change over time.** The attempts at modelling in 2009 and 2018 simply did not appreciate that whilst simple yields were helpful many other factors should be built into models, if education capacity is to be planned effectively. They include ranges of birth rates, denominational choice, house mix, economic conditions which can affect moves into and out of the area etc. They would allow for yields to change over time, peaking and then falling to the levels of a mature development. None of this could be assessed by the Councils approach, hampering effective planning of school places.
- **The use of different numbers of residential units.** The arbitrary application of Section 75 Agreements has resulted in difficulty tracking the total planned size of the development at different times. Education's calculation of need for primary education was assessed based on 3965 residential units. Secondary was assessed by BAE on an equivalent of 3850. At the time it was expected that there may be 4291 units. It is only in recent weeks that the Council planned to restrict development to 3982 units.

- **Failure to use pupil data from the early phases of development to inform the 2018 negotiations.** It was apparent from data which was readily available, before the 2018 Agreement was concluded, that the Council had under scoped demand. That data could have been used for an improved 2018 Agreement.
- **Due diligence.** I have not identified any due diligence on the calculations. Relatively junior and/or inexperienced staff compiled the 2018 calculations. Regardless of the scale of concern expressed I have found no evidence of management oversight or any critiquing of their work.
- **Failure to understand risk.** When projecting pupil demand forward by 20 years there can be no certainty that the projections will materialise in practice. For example, the outline consent upon which the calculations were based does not specify house sizes. Not only did the Council fail to build flexibility into its plans, it took on all of the financial risk.

### **ToR2 The adequacy of collaborative working to deliver the Dargavel development including the final definition of the 2018 pupil numbers**

There are two aspects; the delivery of the project and pupil numbers. A Project Board was established to oversee the implementation of the Section 75 Agreement. From minutes and discussions, it was effective in ensuring that the development, as a whole, was delivered in line with agreements. It was not set up to oversee negotiations. There was though:

- **A failure of leadership in the education service.** The calculations supporting the negotiations with BAE, particularly for the 2018 Section 75 agreement were carried out by inexperienced staff. The same staff also produced significant conflicting data. cursory examination of the data by education management should have caused alarm. It is difficult to conclude other than that senior education management were not sufficiently engaged in the project which, if scoped properly, should have delivered very significant external investment in education.
- **A failure of collaborative working.** There was a clear failure of collaborative working particularly between planning and education, especially in relation to matters such as the impact of house sizes on education demand and risk. In addition, I understand that the Education/Children's Services management team rarely discussed the Dargavel Primary school project or the wider ramifications of the development of the site. In such circumstances there was a lack of support sought or given from the wider directorate to those education officers involved in the definition of pupil numbers. The Project Board also failed to act and bring in support from within the Council or elsewhere.

### **ToR3 The level and scale of senior management oversight and formal reporting**

Project arrangements were enhanced in 2015 to strengthen corporate engagement with the establishment of the Project Board. Theoretically these structures should have enabled the Council to work more effectively with top management input and support. However, rather than a Director chairing the Board, it was eventually chaired by a senior planning officer intimately involved in negotiations with BAE and so not in the best position to question or challenge the Council's approach; defined roles of project sponsor or project manager were not established. Regardless of that I am surprised at how both Council and BAE generated documents were taken at face value and not challenged by the Project Board or project teams.

The Project Board should have sought internal support or external advice and referred concerns to CMT. It did not do so. This is a sign of a weak corporate organisation, with officers focussing simply on their own problems. Having a Project Board is of limited value if officers on it are not prepared to both support and, when necessary, challenge each other and when not satisfied escalate issues.

This will have been a contributory factor in the failure of the Council.

There were periodic reports to CMT but they provided limited detail. For example, it would not have been apparent that BAE was closing its risk and that all the risks were with the Council.

A surprising aspect of my review is that I have found virtually no information from stakeholders going to top management raising concerns. Nor did those I spoke to escalate their concerns up the officer line of the Council. Where concerns were expressed to Members, Members generally approached education, not top management. They had a respect and regard for a number of the key education officers involved and their concerns assuaged by the confidence expressed by them. Matters were taken no further.

However, I am surprised and disappointed that some planning officers, more familiar with the issues, were so easily swayed by education and did not escalate matters, particularly given the sums involved.

#### **ToR 4 Whether opportunities to identify underestimation of capacity were missed**

Section 9 in particular will make difficult reading for the Council. There were numerous opportunities to have identified problems with the 2009 Agreement and ensure that they were not repeated. However, the 2018 Agreement was even worse.

There are instances of conflicting data which were simply ignored, data which was available in education and to a more limited extent the wider Council. There are also numerous instances of failing to listen to the community as set out in Section 12.

A particular feature of my review is that the Council had numerous opportunities to test data, by use of quick and simple calculations, for reasonableness. It failed to do so time and time again.

Simple common sense was lacking:

- Why should Dargavel have the same pupil yields as Bishopton, as used in the first Section 75 Agreement? One is a mature area with declining rolls and the other is a brand new development likely to attract young families.
- If a school of 340 pupils is supposedly enough for 2500 houses, why would you only need an increase of 30% for school places when the number of houses will increase by almost 60%?
- Would you really expect the school roll to fall when less than 40% of the houses have been built?

## **ToR 5 Engagement with the community in relation to capacity planning and handling their concerns**

From documents there was engagement with the community throughout on a wide range of matters associated with the Dargavel development. There are differing views on how effective that consultation was and whether the original vision for the development has been achieved. However, the community should rightly expect the Council to properly scope education demand from the outset. When they failed to do so the Council compounded the problem by not taking concerns expressed by the community seriously. I have been genuinely surprised at the number of complaints, many of them well articulated, which were simply dismissed, without any examination whatsoever.

Education's approach was one of 'the complainants are wrong, the Council is right'; this view was expressed with such confidence and assertiveness that complainants doubted themselves and trusted the 'experts'. The level of confidence by education was such that complainants rarely took their concerns further. The fact that not a single complaint was examined properly is likely to have a lasting impact on the Council's reputation, not just for education, but more widely.

## **ToR 6 The extent to which the Council was adequately preparing for the new school and further opportunities to identify the issues**

The actual formal commissioning of the new school from all accounts was relatively successful, particularly given the additional problems caused by COVID; there were however concerns about communication during this period and the delay in the opening date. Whilst officers were challenged by an unexpectedly early increase in numbers at Bishopton, treating it as a 'spike', their focus was on those short-term issues not the cause; that they had seriously underestimated demand.

During the commissioning phase there were other opportunities to identify the problem which were missed.

## **ToR 7 Other aspects deemed relevant by the reviewer**

- **The management of planning applications had allowed the development to potentially increase in size to 4291 units.** The size of the development has in large part been determined by three large applications for a maximum of 3850 houses. However, a number of smaller applications had been treated as additional and potentially increased the size of the development to 4291 residential units. These applications were not covered by Section 75 Agreements and so if deemed not to be part of the 3850 residential units, would increase pressure on education without equivalent funding. Not all parts of the Council were working on the same data and nor was BAE. Again, this is a sign of poor corporate working. One arm of the Council was approving more and more residential units, simply notifying other parts of a range of numbers, but without ensuring that the import of their decisions had been fully appreciated by other parts of the Council or subjecting them to Section 75 Agreements to secure contributions. I understand the Council has now clarified issues and is planning on 3982 residential units.
- **Member involvement.** Member involvement in planning matters needs to be carefully managed to avoid allegations about pre-determination and inappropriate involvement. However, there are some matters where I would have expected

greater member involvement. From the outset officers did not plan on using the surplus capacity at Bishopton of around 220 primary places. In such circumstances one would have expected most developers to refuse to pay for 220 places at the new Dargavel Primary School, on the basis that this was the Council's decision not to use that capacity. I have not seen a document which shows that this risk was ever appreciated or assessed and discussed with members. In addition, the original Section 75 Agreement included reasonably substantial community facilities. Eventually it was decided, by officers, not to proceed with those facilities on the basis of the extent of facilities elsewhere in the area. The plan was to provide some capacity at Dargavel school for community use, but I understand that the final specification for the school provides limited opportunity for such use. I have not seen evidence of detailed member involvement in discussion of key issues such as this.

I **RECOMMEND** that the Council:

### **1 Builds a more robust model of primary school need for Dargavel.**

The Council has retained Edge Analytics to assist in preparing more robust forecasts of demand at Dargavel and Park Mains. The model now in use should be updated and refined. The Council now has a considerable volume of data on need arising from the first phases of development, along with access to health visitor data. It should provide this information to Edge Analytics to refine the model of pupil numbers and the potential range of demand. It should also review the mix of housing approvals. If, as claimed, there is a larger proportion of 4 and 5 bed properties than in the 'average' catchment area, that too should be provided for and reflected in the model. The Council should extend the time period of the forecasts for primary to assess whether there is likely to be a peak in demand or just a plateau then a decline. This will help in planning on how to meet demand.

For timescale for the secondary education forecasts should be extended substantially to ensure the full impact of the Dargavel development is assessed.

### **2 Reconsider catchment areas**

The earlier decision on catchment areas was made on the assumption the developer would be meeting all of the costs of primary education, without needing to use the surplus capacity at Bishopton. That is no longer the case.

In its future plans the Council should reconsider how surplus capacity at Bishopton can be used effectively.

### **3 Produce robust supplementary guidance on developer contributions**

The Council can have little confidence that the educational aspects of planning applications over the past 10 years have been handled correctly. Some applications where it has been deemed there is no educational implication, may well have had implications; those where it was deemed that there was an educational implication, the implications may have been under assessed.

As the Council progresses its plans to issue supplementary guidance on developer contributions for education it should seek to learn from other Councils in Scotland. A development the size of Dargavel is exceptional and would need its own modelling

techniques. However, for smaller developments the Council should create an evidence base to calculate specific yield factors, for different types of property, derived from recent developments in Renfrewshire. Such robust data will ease future negotiations.

The Council should be clear about who has responsibility for this area of work and ensure they have the appropriate skills available to them, either internally or externally. The Council should review how data flows between planning and education and that they both understand its import.

#### **4 Seek to work co-operatively with BAE**

The Council may be on weak ground in legal terms to re-open negotiations with BAE. BAE state that they did not do their own modelling or utilise consultants; instead, they relied on education.

The Councils 'ask' for education in the 2009 Agreement was below the level anticipated in BAE's 2002 study.

BAE will be more financially astute and commercial aware than those they dealt with at the Council. When they came forward with plans for an additional 1350 houses the proposition may have been the subject of an internal business case which should have included an assessment of an increased education contribution, even if only pro rata to the 340 pupils in the 2009 Agreement. Whilst their suggestion in their PowerPoint presentation to the Council of a 3 form entry school and their notes for a workshop with the same proposal, may have been 'to prompt discussion' I find it difficult to believe that the Council's ask for only 100 extra primary school places in 2018 was not regarded by them as an underestimate.

The Councils calculations were grossly and obviously wrong. The Community Council and many others could see that the plan for a school for only 440 children was inadequate and BAE were the recipient of some of the correspondence and will have been aware of community concerns before the 2018 agreement was signed.

BAE state that they have worked in good faith with the Council on the basis that the Council was fulfilling its duties as an education authority.

Whilst the ultimate responsibility sits with the Council, if BAE were so aware of the under-provision then, by their acts of omission, they may have a degree of culpability.

BAE will have made a very substantial return from the increase in housing approved in 2018 and yet for this final phase have made contributions to education which are even more grossly inadequate than provided for in the first Section 75 Agreement.

When seeking agreement to the additional housing BAE did so on grounds of viability and called for the continuation of 'collaboration' and stakeholders needed to be 'open and flexible' in order to preserve the developments 'viability and success'. Even though the Council has shown gross incompetence it should engage with senior management in BAE. BAE have a commitment to 'ethical and responsible behaviour in all aspects of what we do' and should be encouraged to see what steps they can now take to ensure the 'viability and success' of their Dargavel development.

I have been advised by the Council that, to date, BAE have adopted a position of wishing to protect the delivery of their commercial metrics which have been forecast from the Dargavel

development. Unless the Council and BAE can work together to resolve the current problems, BAE may face accusations, whether founded or not and regardless of Council incompetence, that it has financially benefitted at the expense of Council taxpayers.

## **5 Corporate working and organisational culture**

Although I understand that the Council has sought to improve and strengthen corporate working in recent years, the evidence would suggest there is a long way to go; simply establishing corporate working groups is insufficient if staff are in a mindset of 'not my problem'.

I would have expected a development of such scale as Dargavel to have been approached as a collective responsibility by senior management to ensure every aspect of the development was successful. However, when conflicting evidence of demand for education was presented to the Project Board, along with proposals for only 100 additional primary places in Dargavel for 1350 houses there was no challenge, and yet the Council was in the middle of commercial negotiation for the expansion of housing in Dargavel village upon which substantial contributions to public infrastructure would be sought. The failure of colleagues to robustly challenge education and/or escalate the matter will have had a significant cost, financial, reputational and most importantly upon parents and their children.

The evidence would suggest that at the time within education, there was style of working which did not utilise the full talents of the education team. There was limited reporting to their management team. Had the projections and estimates been considered in detail in such a setting, the errors in 2018 may well have been identified. Important assessments of significant financial value were simply given to staff unfamiliar with the issue, with no support or supervision and no critiquing of the results. Just cursory examination would have shown they were deeply flawed.

The failure of management oversight, if symptomatic of the Council as a whole, would be deeply disturbing.

The Council needs to consider a significant change programme, not just on the of issue of corporate working and personal responsibility, but also its organisational culture and values. It needs plans to build a stronger organisation where constructive challenge is welcomed and there is a clarity of what is expected of all of those in a leadership role.

## **6 Risk management**

From documents I have seen the Council was seeking to manage risks around the planning aspects of the Dargavel development and key deliverables. However, it was unaware of the scale of risk it was taking on the calculation of pupil numbers. It is impossible to project accurately 20 years ahead, even more so when the outline applications do not pre-determine basic issues such as the housing mix. The identified risk in Council documents related to delivering the school on time, not that the size of the school may prove to be inadequate. The failure to identify that risk has had two consequences; first the Council has been slow to react to the increase in pupil numbers and second the Council did not negotiate with BAE, with that risk in mind.

The Council needs to review how it both identifies risk and manages it.

## **7 Role of members**

All Councils have strong protocols to protect members from allegations of inappropriate involvement in planning matters. However, there are issues in the case of Dargavel where I would have expected some member involvement. It may be that inadequate corporate oversight meant that the most senior officers of the Council were unsighted and matters which may have warranted members input were missed.

Whilst protecting the integrity of the planning process, the Council needs to ensure the appropriate involvement of members in such developments.

## **8 Public confidence**

These recent events and the matters described in this report will dent public confidence in the Council. The Council should work in an open and transparent manner in the resolution of these issues and particularly with the residents of Dargavel, who have legitimate concerns about the implications for their children, during both their primary and secondary education.

## ANNEX 1

### TIMELINE OF KEY EVENTS RELATING TO PLANNING DECISIONS AND ENTERING INTO SECTION 75 AGREEMENTS

In this Annex I set out a broad timeline of key events relating to planning consents and the various Section 75 agreements entered into by the Council.

#### 1 Initial discussion of the application - March 2005

Given the scale and significance of the Dargavel application a report was submitted to the meeting of the Planning and Policy Development Board in March 2005. No decisions were sought at this meeting. The report was intended to update members on the national discussions which had taken place and local public consultations. The Board were advised that a planning application was imminent.

The report to the Panel gives a very useful overview:

*The Royal Ordnance Factory, Bishopton ..... is the largest brownfield site in Scotland..... The site has for the past century and to different levels of intensity been used for the production of munitions. Consequently parts of the site are affected by the risk of contamination.*

*BAE Systems, the owners of the Royal Ordnance Factory (ROF) announced their intention to cease manufacturing at the plant in December 1999. The Scottish Executive subsequently set up a Working Group to investigate the feasibility of the remediation and redevelopment of the site. Firm proposals are now emerging from this process.*

*The initial proposals brought forward through this additional study, published in December 2002, envisaged the potential for an urban expansion of the village to the west. The proposals included new residential, commercial, business, community and recreational uses, with the majority of the site retained as undeveloped land with public access. It was intended that the development components of the proposal would cross subsidise the remediation of the residual areas for uses compatible with a rural area and public access.*

The report stated that there were significant access issues relating to the M8 which were being addressed by an application by BAE to the Scottish Executive and until these were resolved no progress could be made.

The report provided an overview of likely development:

*The proposals are based on an urban expansion of the village based on a 15 year timescale. The proposals include the development of 2,300 homes, a business park, commercial units, a public transport hub and improved education and community facilities..... The majority of the site is to remain undeveloped open land although BAE Systems also wish to retain a small part of the site for operational uses.*

*The proposals envisaged by BAE Systems provide an opportunity for the remediation of a significant area of brownfield land and can assist in addressing the land supply requirements of the Structure Plan in a sustainable and controlled manner.*

This is the first document I have been able to identify where the Council formally discussed a potential application for the site from BAE.

At that time it was expected that BAE would submit an outline planning application in December 2005 which would need to be considered in tandem with the Scottish Ministers review of the Structure Plan.

It is clear from the report this was to be a substantial development, not just in local terms but also of national significance. As I understand the position it was the most significant and most complex planning application Renfrewshire Council had ever received and the brownfield site was the largest in Scotland.

## **2 Consideration of Outline Planning Application - December 2008.**

Although the planning application was submitted in June 2006, it was not until December 2008 that the Planning and Economic Development Policy Board considered an outline application from BAE for the development of the site. The Board had an extensive report from officers of almost 60 pages, dealing with a wide range of complex planning issues.

The application included seeking consent for a mixed development comprising some 2500 houses (200 more than the previous report), 150,000 sqm of commercial/employment related floor space within a business park, a Community Woodland Park, recreation and open space areas community facilities local services and retail and education provision, along with highway infrastructure works.

It was anticipated that the development would take circa 15 years to complete.

There were objections from a range of organisations based on the lack of detail including that related to education. The Panel were advised that this would be resolved through a Section 75 Agreement.

The Director of Education and Leisure Services advised that if the development were to take place the new housing provision would lead to a demand for educational places and for community/leisure facilities. In relation to education:

*Based on the number of houses proposed there would be a requirement to provide education for children at all statutory ages and to provide facilities for the community at large. The requirements to be addressed include increasing the availability of pre school places as existing capacity would not be sufficient, a new non denominational primary school would be required and anticipated role projections for the denominational sector indicate that a school within Bishopton would not be viable and that places would be made available within the existing capacity of schools out with but near to Bishopton.*

*In respect of secondary school requirements education and leisure are aware of the local pressure to construct a new non denominational secondary school in Bishopton. However falling school rolls means that there would be sufficient capacity for non denominational pupils at Park Mains High School in Erskine.*

After debate the Panel agreed the application and were advised that the approval:

*Shall comprise a maximum of 2500 residential units*

The Panel also resolved that prior to a decision notice that a Section 75 Agreement be entered into. Given the scale and complexity of the application the Section 75 Agreement was to be extensive covering matters such as phasing, healthcare facilities, transport, park and ride requirements, rolling bank of employment land, affordable homes, energy strategy, and

*'the funding and delivery of pre-school and primary school facilities'.*

There was no mention of secondary education provision.

The resolution, as worded, did not require officers to report back to the Panel on the proposed terms of the Section 75 Agreement, prior to entering into the agreement and issuing the planning consent.

### **3 First Section 75 Agreement (August 2009) and subsequent variations**

The first Section 75 agreement was entered into on 7<sup>th</sup> August 2009.

This agreement required the developer to provide an Education Community Facilities Building in accordance with an Education and Community Facilities Specification which formed an Annex to the agreement.

Specific requirements included the following:

*At the time of the first reserved matters application for the Village Core the Landowner will submit details of the precise location and boundaries of the Education and Community Facilities Land to the Council for approval;*

*Prior to the occupation of the 100<sup>th</sup> residential unit the Landowner will prepare and submit an education and community facilities development brief for approval of the Council .....*

Which would cover:

*community facility space with a gross floor space between 585sqm and 715 sqm in the form of IT and/or library and/or meeting rooms and a larger space for multifunction use;*

*a school capable of accommodating 340 pupils in the pre school and primary school age together with the all weather synthetic turf playing field suitable for use by pupils of primary school age of no less than 60 by 40 metres with associated ball stop fencing and floodlighting;*

Subject to certain caveats the community facilities space of was to be completed before the 411<sup>th</sup> residential unit was occupied and the primary school and playing field component before the 1714<sup>th</sup> unit was occupied.

Clause 5.6 required that the brief be reviewed every 5 years and in the event of agreement between the parties the Landowner (BAE) will prepare a fresh brief. That clause however specifies that:

*for the avoidance of doubt the gross floor space restriction on the community facilities and.... total number of pupils to be accommodated shall not be subject to review.*

The more detailed specification, in an Annex to the agreement, dealt with the extent of the building project to be delivered by BAE requiring them to include matters such as cabling for IT, car parking, secure fencing etc.

The agreement provided for the community and education facilities to be transferred to the ownership of the Council for nil consideration.

There were no obligations with regard to secondary education.

In November 2012 the Section 75 Agreement was formally varied by agreement due to technicalities with road junctions. There were other relatively minor changes dealing with a small increase in social rented housing and a corresponding reduction in shared ownership housing and slight revisions in areas of remediation, sport and community facilities and the timing of payments. The timing of the community facilities brief was changed from being provided by the occupation of the 411<sup>th</sup> residential unit to the 600<sup>th</sup>.

There were no changes to the provision for education.

The substitute agreement was reported to the Planning and Property Policy Board on 29<sup>th</sup> January 2013. The Panel agreed the discharge of the former 2009 agreement so that the new agreement could come into force. In error, clauses in the 2009 agreement relating to a recreation ground were omitted and this was corrected by an amendment to the 2012 agreement in February 2014.

In May 2014 the Planning and Property Policy Board were informed of BAE's intention to appoint a development partner and that the S75 Agreement would be binding on any new owners.

In March 2017 the Planning and Property Policy Board considered a further application to change conditions relating to access works. These were approved and, as with the earlier application, the remaining original conditions, including the limits on housing were stated.

#### **4 Subsequent housing applications prior to the 2018 Section 75 agreement.**

Various reports were considered by the Council relating to retail development, park and ride, extractions of soils, highway issues, gift of land for footpaths and the formation of the Community Development Trust etc. A number of reports considered had housing implications:

- **Village Core:** In August 2013 the Planning, Property and Policy Board considered an application in principle for the village centre comprising a mixed use of retail, commercial and community uses. It also provided for 40 residential units. The application was described as '*consistent with the general masterplan principles*' and that '*residential development within the core centre had been established*'. One of

the conditions of approval was that there should be a '*maximum of 40 residential units*'.

- **Persimmons Homes 'gateway application'**. In August 2014 the Planning and Policy Board considered an application from Persimmon Homes to erect 102 houses and 30 flats on part of the site. The report referred to the application not being strictly in accordance with the Masterplan. The history of the site, including the application approved in 2009 with a restriction of up to 2500 units is referred to within the report.

*.....land parcel E4 was originally identified as a site for the delivery of employment land. Since the commencement of development within the Community Growth Area, BAE and their development partners have recognised the wider benefits of broadening the range of housing types, particularly in the form of single storey properties and accommodation which would be attractive to an aging population. There are also acknowledged opportunities to address the streetscape and the urban form of the principal access or 'gateway' into the Community Growth Area. The current proposal therefore seeks to amend the land classification of this plot to residential use in order to bring forward development of this nature, whilst retaining the majority of the land within the remaining agreed land parcels for business and employment land.*

One of the objections was reported as stating:

*As the application site was previously zoned for employment space, it is imperative that a housing site within the overall development site be re-assigned as employment space to maintain the original balance.*

It was noted in the report that sufficient other land could be identified to ensure that the original 140,000sqm of employment related land would be maintained but did not deal with the specifics of the objection which implied that there should be no increase in the consented maximum 2500 residential units.

The application was approved subject to conditions.

- **BAE North Park:** In November 2017 the Communities, Housing and Planning Policy Board considered an in principle application for approximately 350 houses on an area which had been zoned as semi natural space. By this stage it was also clear that BAE would be submitting a further application for a substantial increase in housing provision. The report stated:

*Under the terms of the original masterplan ....the site ...referred to as 'North Park', would form a buffer between residential development plots and the open countryside to the north and west of the ROF site. The masterplan states that this area incorporates significant woodland blocks, surface water attenuation features and open grassland, and the ambition was to establish semi-natural open space at this key interface with the community woodland park.*

*The proposal is for the majority of this area to be re designated for residential development..... providing an opportunity for approximately 350 dwellings (an indicative density of 25 dwellings per hectare across each plot).*

The report also said that:

*Consideration thereafter must be given to associated supporting facilities and services which are required to support an additional 350 residential properties within the CGA. It is noted that the original 2006 application was approved subject to a Section 75 agreement which covers developer obligations in respect of affordable housing, education and community facilities, roads infrastructure, public transport, health provision, place of worship, employment land, sports, recreation and play facilities, and the community woodland park. Some of these obligations have already been met. However it is clear that certain aspects of the agreement will need to be revised to take into consideration the additional residential properties proposed within the expansion land. It is therefore recommended that the application is approved subject to the preparation of a revised Section 75 agreement.*

There was an objection which included that the applicant *had not met the terms of the legal agreement with regard to the primary school, health centre.... These aspects should be delivered before additional housing is approved.*

After a site visit the application was approved at the Board meeting in January 2018, subject to the applicant entering into a Section 75 agreement.

## **5 Former employment land - substantial increase in housing development 2017-8**

At the same meeting in November 2017 as the North Park application was considered the Communities, Housing and Planning Policy Board held a pre-determination meeting to consider a significant change to the proposals for development at Dargavel, brought forward by BAE. The reason for the application had been stated to be due to concerns about the viability of the whole scheme.

Section 38A requires that the applicants for, and any party making representations on, proposals for developments falling within the category of 'major' and which are considered to be significantly contrary to the Development Plan, are to be given the opportunity to appearing at a pre-determination hearing. The purpose of the hearing is to gather information.

BAE were seeking planning permission in principle for the redevelopment of land (previously identified for industrial purposes) for housing. The site area extended to 37 hectares of development land with an '*indicative capacity for some 1000 housing units*' (and a further 6 hectares of strategic landscape corridors).

The Panel were advised of the views of Bishopton Community Council:

*'No objection. It was commented that the increase in the overall number of houses should be addressed in a new Section 75 Agreement which should ensure that school provision is increased proportionally, as should the community/resource centre facility. The Community Council comment that all original Section 75 Agreement items should be increased proportionally including development trust payments; and that the health centre provision/contribution should be brought forward and increased.'*

Objectors representing Bishopton Community Council and Dargavel Residents Association attended the meeting and made representations. Their concerns were wide ranging and according to the minutes of the meeting included '*the capacity of the new build school*'.

At a Council meeting on the 2nd March 2018 the planning application by BAE for this substantial increase in the housing component of the development at Bishopton was considered. The proposal was that the 37 hectare site previously identified for industrial purposes be allocated to housing with an indicative capacity of 1000 housing units. Council were advised:

*With regard to education provision the applicants have agreed to the enhancement of the primary school provision as well as reviewing all other educational requirements the details of which will require to be negotiated and enshrined within a new section 75 agreement*

The Council were also advised that the school would be sited in a central location. The application was agreed in principle, subject to a Section 75 agreement, to be approved at a future meeting of the Communities Housing and Planning Policy Board.

## **6 Final Section 75 Agreement – October 2018**

In May 2018 the Communities Housing and Planning Policy Board considered a report on the Section 75 agreement. It was noted at this time that 855 units had been occupied with detailed consent in place for a further 1430. The report to the Board also indicated that the new consent:

*provides for approximately 1000 units increasing the anticipated number of homes to approximately 4000 over the site as a whole.*

The original application was for 2500 residential units, North Park was for 350 units and the former employment land 1000 units, making a total of 3850 units. It is not clear to me why there is a reference to 4000 units. The report to the Board also stated:

### ***Education and Community Facilities***

*5.10 The terms provide for construction of a new two stream primary school capable of accommodating 440 pupils with associated synthetic playing field, to be completed by June 2021. The scale of required provision and timescale for delivery reflects extensive discussions with the Director of Children Services and has been informed by a detailed review of roll projections associated with the development. Delivery of the primary school is now approximately 5 years earlier than previously anticipated.*

*5.11 Design of the new primary school is well advanced and has been informed by extensive consultation with the Director of Children's Services. The school has been designed to ensure that spaces are flexible and this provides the opportunity for the building to be used for community purposes out of school hours.*

*5.12 Designs in respect of the school will be finalised in late summer 2018, with a formal planning application anticipated to be submitted by BAE Systems in autumn 2018.*

*5.13 The Director of Children's Services has advised that the development will necessitate an extension to Park Mains High School for approximately 300 pupils and will be required by 2028/9.*

*5.14 The details for provision of the secondary infrastructure as well as requirements that will emerge in relation to the implementation of Renfrewshire's Early Years Expansion Plan will be incorporated within the finalised s75 Agreement, in discussion with the Director of Children's Services.*

The report referred to there being two phases of housing. The first phase being 2500 which would include 625 affordable units and the second phase of 1500 which would include 415 affordable units.

The report states that the revised Section 75 agreement reflects the scale of obligations previously secured. However under the original agreement there was a trigger point of the occupation of the 600th house for the '*community facilities component*' in the form of *IT and/or library and/or meeting rooms and a larger space for multi-function use* to be provided. I understand that as a result of reviews by officers it was considered that there was already sufficient community facilities in the area and that further capacity may undermine the viability of what was already there.

The report to members did not draw attention to this change or the reasons. The school space was being described as being designed in a flexible manner for community use out of hours. I understand that, at the instigation of education, the final design limited the attractiveness of the school for community use.

The Board agreed the outline terms and authorised the Director of Development and Housing Services in consultation with the Head of Corporate Governance to conclude the agreement.

I note that the report to members referred to an extension of Park Mains School for approximately 300 pupils. The Section 75 Agreement itself however is capped at 200 pupils.

The new Section 75 Agreement was entered into in October 2018. It was agreed as a substitute for the previous Section 75 agreement. The agreement itself is silent as to the total number of houses but refers to the 3 planning applications submitted by BAE which total 3850 residential units.

The key parts of the Agreement actually entered into relating to education include the following:

- **Primary education**

The Education and Community Facilities Building to be provided by BAE was defined as a building and grounds suitable to accommodate:

*A 2 stream primary school with necessary landscaping, access and parking, and*

*all weather synthetic turf playing field suitable for use by pupils of primary school age and no less than 60 by 40 metres with associated ball stop fencing and floodlighting*

The agreement provides a mechanism by which various matter are agreed and subject to meeting those timescales, BAE was to complete the school no later than 1<sup>st</sup> June 2021. The agreement was silent with regard to pupil numbers.

- **Secondary education**

The Secondary Schools Strategy was defined as:

*The strategy prepared by the Landowner following consultation with the Council's Director of Children's Services which will propose a fair and reasonable financial contribution for the provision of secondary school facilities necessary to accommodate the additional pupils that will require secondary education directly as a result of and within the catchment of the development*

The Secondary School Contribution was defined as:

*The financial contribution for the provision of secondary school education due to the anticipated impact resulting from the Development, such sum and payment schedule forming part of the secondary school strategy agreed and approved under ... this Agreement*

The more detailed agreement however refers to the Council providing:

*Robust and credible evidence in respect of the anticipated shortfall in secondary school places in the catchment of the Development*

*A robust and credible methodology for the calculation of the pupil yield arising from the development (subject to a maximum pupil yield from the development of 200) and confirmation that this methodology is applied across the catchment of the Development.*

There is provision for repayment of part of the secondary contribution if not committed within certain timescales.

- **Early years**

With regard to early years the agreement stated:

*The Councils early years provision duty is acknowledged by the Landowner. The parties hereby agree to meet at least once per annum to discuss the provision of early years education in the Bishopton area with a view to assisting the Council to comply with its early years provision duty declaring that in such discussions the party shall act reasonably and in good faith and that the Council should not be entitled to ask the landowner to make a financial contribution.*

**ANNEX 2**

**BAE Systems Bishopton**

**S75 Obligations – Comparison (2012/2018) & Delivery**

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**Based on the Minute of Agreement between The Renfrewshire Council and BAE Systems (Property Investments) Limited dated November 2012.**

**And**

**The Minute of Agreement between The Renfrewshire Council and BAE Systems (Property Investments) Limited dated October 2018.**

**Last Updated: April 2023**

Element	S.75 – (2012) previous Requirement	S.75 – (2018) Current Requirement	Comments
<b>Affordable Housing</b>			
-	<p><b>Affordable Housing Development Brief</b></p> <p><b>Over lifetime of development:-</b></p> <p><b>200 Social Rented Units</b>  <b>200 Shared Ownership/Equity or Self Build Plots</b>  <b>235 Lower Market Sector Units</b></p>	<p>Stage 1 (2500 units)</p> <p><b>625 Affordable Housing Units</b></p> <p><b>200 Social Rented Units</b>  <b>20 Intermediate Units</b>  <b>No fewer than 405 units of Lower Market Sector Units (Gross Internal Floor Area of less than 95m2)</b></p> <p>Stage 2 (beyond 2500 units)</p> <p><b>425 Affordable Housing Units</b></p> <p><b>Affordable Housing Development Brief (reviewed on three year cycle) to define timing, delivery, location, tenures</b></p>	<p>Stage 1</p> <p><b>1187 affordable units constructed, under construction or planned.</b></p> <p><b>200 units social rented, comprising</b></p> <ul style="list-style-type: none"> <li>• <b>80 RC Units complete (land provided by BAE Systems)</b></li> <li>• <b>58 Units by Robertson Homes under construction (BAE Contract)</b></li> <li>• <b>62 Units by Stewart Milne Homes under construction (BAE Contract)</b></li> </ul> <p><b>15 intermediate units</b></p> <p><b>972 lower market sector units</b></p> <p>Stage 2</p> <p><b>Affordable Housing Brief approved (22/0191/V7). Provides for 425 affordable units, of which 136 units social rented (32%).</b></p>
<b>Education and Community Facilities</b>			
<b>Primary School</b>	<p><b>Education and Community Facilities Brief</b></p> <p><b>New primary school for 340 pupils with synthetic playing field</b></p>	<p><b>Education and Community Facilities Brief</b></p> <p><b>Two stream primary school with synthetic playing field</b></p>	<p><b>Brief approved and obligation discharged (19/0049/DS).</b></p>

	To be constructed by BAE Systems	To be procured and constructed by BAE Systems Delivery by 1 June 2021	School constructed in accordance with approved brief. Obligation discharged (22/0303/V7).
Community Centre	New community centre of between 585 and 715 square metres with library/IT/meeting room facilities	Not included.	Approved design for Dargavel Primary provides for flexible community space.
Clerk of Works and Project Manager Contribution	-	Contribution to CoW and Project Manager requirement for new Primary School (£75,000)	Contribution received.
Secondary School Contribution	-	<p>Prior to occupation of 2000<sup>th</sup> unit, Council to provide:-</p> <ol style="list-style-type: none"> <li>1. Evidence of shortfall in secondary school places in catchment of development and associated costs</li> <li>2. Methodology for pupil yield arising from development (maximum of 200)</li> <li>3. Evidence of costs</li> <li>4. Evidence of percentage share to be attributed by the development</li> </ol> <p>Secondary School Strategy (BAE Systems) (Prior to occupation of 2350<sup>th</sup> unit)</p> <p>Secondary School Contribution as defined by agreed strategy, to be provided by 3400<sup>th</sup> unit</p>	Children's Services provided information to BAE Systems in spring 2022.
Early Years Provision	-	Agreement to meet at least once per annum to discuss the provision of early years education with a view to assisting the Council to comply with Early Years Provision	Serviced land provided by BAE to Council at nil value on which construct new Early Years Centre has been constructed.
CCTV Contribution	-	Contribution of £100k to support provision of CCTV at Village Square and Bishopton Rail Station (contribution to be received by January 2022).	Contribution received.

			Timescale for spend of contribution 2027.
Roads Infrastructure			
<b>Motorway Improvements</b>	Improvements to M8 capacity, including motorway junction  £1.2M Contribution in four instalments (411, 902, 1097, 1714 units)	Improvements to M8 capacity, including motorway junction  £1.2M Contribution in four instalments (2200, 2500, 3500, 3700)	Ties into 17/0025/PP which amends trigger for motorway junction and J29 improvements.  First contribution received.
<b>Station Road</b>	Improvements to existing carriageway and pedestrian surfaces with landscaping	-	Works complete and obligation discharged.
<b>Newton Road</b>	Improvements to carriageway and footway surfaces	-	Works complete and obligation discharged.
<b>Rossland Crescent</b>	Improvements to carriageway and footway surfaces	-	Works complete and obligation discharged.
<b>Kingston Road/Greenock Road/Old Greenock Road</b>	Junction and traffic calming improvements	-	Works complete and obligation discharged.
<b>Extraordinary Expenses</b>	Agreements under S96 of Roads (Scotland) Act in relation to maintenance of road network required by use of construction traffic	-	Legal agreement between BAE and Renfrewshire Council supported survey and repair of construction routes to the site (A726 and B790) prior to creation of Slateford Road and Barrangary Road.
<b>Sustainable Urban Drainage Systems</b>	Design Schedule and Maintenance Manual	Design Schedule and Maintenance Manual  SUDS Contribution of £250k by 2026; on payment Council to adopt, manage and maintain SUDS identified in manual.	Obligation discharged, forms appendices to S75 Agreement  Contribution due by 2026.
Public Transport			
<b>Bus Services</b>	Bus Service Delivery Strategy and Contribution (£714k)	Bus Service Delivery Strategy and Contribution (£350k)	Contribution based on analysis of support required to delivery a 'peak' bus service to connect

			<p><b>Dargavel with wider village and Bishopton Rail Station</b></p> <p><b>Public Transport Strategy approved and obligation discharged (19/054/DS).</b></p> <p><b>Contribution and commencement of service anticipated autumn 2023, approach being finalised in discussion with SPT.</b></p>
<b>Park and Ride</b>	<b>Improvements and extension to existing park and ride facility (total of 300 spaces) in two phases at 400 and 1000 units.</b>	<b>Second phase park and ride facility (150 spaces) at 2200<sup>th</sup> unit.</b>	<p><b>Phase one complete (16/0010/PP).</b></p> <p><b>Site for second phase open for use with temporary surface, subject to monitoring in view of changing travel patterns.</b></p>
<b>Health Provision</b>			
<b>Health Centre</b>	<p><b>Provision of healthcare facility by either:-</b></p> <p><b>a) transferring serviced site to Council at nil value and £1M contribution</b></p> <p><b>b) construction and lease back with health care provider</b></p> <p><b>c) £1M contribution to Council to provide health services to serve the development</b></p> <p><b>Facility to be delivered 8 years after first completion</b></p>	<p><b>Provision of healthcare facility on identified site via the following options, with preference in this order:-</b></p> <p><b>1. Construction of facility and 25 year lease with appropriate Health Board by December 2022</b></p> <p><b>2. Construction and lease with health care provider by December 2023</b></p> <p><b>3. Payment of Primary Healthcare Contribution (£1M) by December 2028</b></p> <p><b>Site may be used for alternative use as appropriate if no agreement reached.</b></p>	<p><b>Modification of S75 anticipated which reflects current delivery mechanism proposed by Health Board. This will allow the procurement and construction of a health facility directly by NHSGGC.</b></p> <p><b>Modification is anticipated to reflect an enhanced contribution as follows:-</b></p> <ul style="list-style-type: none"> <li><b>• BAE to convey serviced land to NHSGGC at nil value</b></li> <li><b>• BAE to provide a contribution of £1M to support delivery of new facility</b></li> </ul>
<b>Place of Worship</b>			

-	Provision of a 0.5ha site for place of worship or alternative community use  Delivery by 900 <sup>th</sup> unit.	-	BAE Systems unable to secure interest in site for religious use.  Dargavel Primary designed to provide flexible community space.
Employment Land			
Serviced Employment land	Employment Marketing Strategy	-	Revised masterplan and 17/0394/PP amend employment land for residential use.
Sports, Recreation and Play Facilities			
Leisure Services Strategy	Strategy for provision of play facilities, sports pitches, walking/cycling routes and formal/informal open spaces throughout site	Strategy for provision of play facilities, walking cycling routes, construction of Central Park, maintenance and management	Leisure Services Strategy approved and obligation discharged (19/0717/DS).
Bishopton Recreation Ground (Holmpark)	Drainage, turf, boundary and landscaping improvements. Transfer to CDT	-	Drainage and boundary treatments undertaken by BAE (£34,000) with further contribution of £116,000 to BCDT to support additional future works. Total contribution £150k on transfer of land to BCDT (18/0830/DS).
Newton Road Recreation Ground	Contribution to playing surface and pavilion improvements (£100,000)  By 411 <sup>th</sup> unit	Contribution to playing surface and pavilion improvements (£100,000)  By 2000 <sup>th</sup> unit	Contribution received.  Discussions ongoing with OneRen and Bishopton FC on drainage enhancements for playing surface.  Timescale for spend of contribution 2027.
Wester Rossland Woodland	Layout and enhancement of open space.	-	Works complete
Gladstone Hill	Layout and enhancement of open space. Contribution towards implementation by Council (£50,000)	-	Approved Leisure Services Strategy identifies landscaping and waymarking enhancements to be undertaken by BAE.

<b>Central Park Phase 1</b>	<b>One full size turf playing surface (100 x 50m) One full size artificial turf playing field (106 x 65m) Floodlighting and two sets of changing rooms</b>	<b>Proposals set out in Leisure Services Strategy and associated landscaping consent</b>	<b>Landscaping works to form Central Park approved (20/0630/PP).  Informal recreation space at Central Park reflects aspirations of the Community Development Trust for a Community Sports Hub at Holmpark.</b>
<b>Central Park Phase 2</b>	<b>One full size turf playing surface playing surface (100 x 50m).</b>	<b>Proposals set out in Leisure Services Strategy and associated landscaping consent</b>	<b>As above</b>
<b>North Park</b>	<b>Layout and enhancement of open space.</b>	<b>-</b>	<b>Revised masterplan and 17/0394/PP provide for residential use.</b>
<b>Community Woodland Park</b>			
<b>-</b>	<b>Management Plan and establishment of Community Woodland Park to include:-</b>  <ul style="list-style-type: none"> <li>- Details of linked network of paths and cyclepaths;</li> <li>- Measures to minimise impact on flora/fauna;</li> <li>- Creation of new habitats</li> <li>- Completion of archaeological surveys;</li> <li>- Details of design approach, and range of uses;</li> <li>- Phased delivery;</li> <li>- Maintenance and management</li> </ul> <b>Implementation by occupation of 2000<sup>th</sup> unit</b>	<b>Woodland Management Plan to include:-</b>  <ul style="list-style-type: none"> <li>- Aims and objectives</li> <li>- Detail of essential infrastructure to be delivered</li> <li>- Details of phased delivery</li> <li>- Outline of opportunities to engage with other parties in enhancement and long term management</li> <li>- Strategy for long term management</li> <li>- Details of new habitat creation</li> <li>- Details of archaeological constraints and opportunities</li> <li>- Details of woodland management including new woodland and selective felling</li> </ul>	<b>Woodland Park Strategy approved and obligation discharged (20/0576/DS).  First phase approved and implemented by BAE (18/0229/PP).  Second phase approved (21/0009/PP).</b>
<b>Landscaping</b>			

-	Landscape maintenance and specification schedule.	Landscape management and maintenance plan.	Obligation discharged, forms appendices to S75 Agreement
Remediation and Earthworks			
Monitoring and verification	Remediation Contribution (£625,000) towards verification of remediation works.	Remedial Contribution of £260,000 towards verification of remediation works.	Revised agreement reflected contribution to date at that stage.
Community Development Trust			
-	Fund of £300,000 to enable development of community projects through constituted Trust.  Contributions at 100, 500, 900, 1300 and 1700 unit	Fund of £200,000 to enable development of community projects through constituted Trust.  Contributions at 1060, 1500, 1940, 2160	Revised agreement reflected payments to date at that stage.  Contribution now paid in full.
Social Work Contribution			
-	Contribution for adaption of affordable residential units (£100,000).	No provision identified	Affordable residential units constructed in accordance with SG 'Housing for Varying Needs' guidance.
Energy Efficiency and Sustainability			
Innovation Fund	Contribution of £100,000 towards measures which improve the energy efficiency of the development.	No provision identified	Affordable residential units constructed in accordance with SG Energy Efficiency Standard for Social Housing.



**To: Council**

**On: 22 June 2023**

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**Report by: Chief Executive**

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**Heading: Dargavel Primary School Independent Review – Response to Recommendations**

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## **1. Summary**

- 1.1 Item 3A on the Agenda sets out the background to the instruction of the Independent External Review, including the Terms of Reference. The Independent External Review Report appears as Appendix 2 to that report.
- 1.2 This report is the Chief Executive's response to the findings and recommendations of the Independent External Review.

## **2. Recommendations**

- 2.1 Council is asked to consider and note the Chief Executive's response to the findings and recommendations of the Independent External Review.

## **3. Background**

- 3.1 Item 3A on the Agenda sets out the background to the instruction of the Independent External Review, including the Terms of Reference. The Independent External Review Report appears as Appendix 2 to that report. The Chief Executive has considered the content of the Review Report and accepts the findings and conclusions reached by the Review Lead. The Report makes for very difficult reading, and this will be especially so for families and community representatives in Dargavel, and the Chief Executive offers sincere apologies to all those impacted, for the historic errors detailed in the Report. The Review Lead makes a number of recommendations, and this report sets out the Chief Executive's response thereto.

### 3.2 Primary School Need in Dargavel

<b><i>Recommendation 1 - Build a more robust model of primary school need for Dargavel.</i></b>
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<i>The Council should continue to refine its pupil forecast model for Dargavel utilising information from the NHS and data on house sizes.</i>
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<b><i>Lead Officer – Director of Children’s Services</i></b>
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- 3.2.1 The Council engaged Edge Analytics in November 2022 to assist in enhancing the robustness of its in-house pupil forecast modelling for the impact of Dargavel Village across both the primary and secondary sectors. Edge Analytics, specialise in demographic data analysis, with expertise in geography, data science and forecasting methods which combine data, technology, and analytical models to aid decision making. They specialise in advising local authorities across the UK on demographic forecasting and in particular forecasting future pupil rolls.
- 3.2.2 Edge Analytics have been retained and continue to work with officers to update and refine the Dargavel modelling, and this will continue over coming months including extending their detailed modelling timeframes to 2040 to enhance the existing longer term assessment in the secondary sector that has already been completed by Council officers and informed by the initial Edge Analytics work. Output from this work will continue to inform progress that will be reported on an ongoing basis to the Education and Children’s Services Policy board moving forward.
- 3.2.3 Additionally, as part of the long term strategic schools estate planning work currently being progressed, a longer term partner arrangement is intended to be commissioned to secure ongoing access to similar expertise moving forward. This will ensure the Council’s long term strategic estate planning is supported by sufficient levels of specialist expertise in relation to demographic and school roll forecasts. Further, it is intended that such a partnership commission will also provide the Council with the ability call down individual commissions to support more complex school roll modelling exercises that may for example be associated with future housing developments of material scale.
- 3.2.4 It should be noted that utilising commissioned specialist expertise to work alongside in-house capacity and skills, is a standard approach adopted across the Council where it is recognised the Council does not hold nor would be expected to hold such levels of expertise but should have arrangements in place to access such expertise and capacity as and when required. This approach is adopted in a very wide range of professional disciplines and supporting a wide range of major corporate projects, initiatives, and objectives.
- 3.2.5 It is clear from the Independent Review and up until the recent engagement of Edge Analytics that school roll projection and associated demographic modelling, whether for specific school projects, assessment of developer impacts or indeed long term strategic planning, has been a critical area of omission in terms of this standard approach of engaging external expertise at appropriate times. Assuming complete reliance on in-house capacity and skills to meet the Council’s needs was clearly a significant misjudgement and

consequently the historic deficiencies and errors have proven to be a major contributory factor to the historic failings outlined in the Report.

- 3.2.6 It is also a clear demonstration of the importance of the Council being aware as a corporate body, and across the senior leadership team in particular, as to the extent and more importantly limitations of the in-house skills and capacity and where and when access to appropriate external specialist skills and expertise is required to ensure robust and adequate risk based decision-making. As the Council continues to contract and change shape in response to medium term financial challenges, as well as managing the impact of competing with other public and private sector peers to attract and retain key skills, it will be increasingly important that the Council maintains access to a wide range of appropriate commissioned professional support arrangements and that these are effectively and flexibly utilised alongside in-house capacity and skills.

### 3.3 Catchment Areas

<b>Recommendation 2 - Reconsider catchment areas</b>
<i>The earlier decision on catchment areas was made on the assumption the developer would be meeting all of the costs of primary education, without needing to use the surplus capacity at Bishopton Primary School. That is no longer the case. In its future plans the Council should reconsider how surplus capacity at Bishopton can be used effectively.</i>
<b>Lead Officer – Director of Children’s Services</b>

- 3.3.1 Mirroring arrangements adopted for the initial years of the Dargavel Village development, surplus capacity in Bishopton Primary School is planned to be utilised in the short term. Specifically, this will be in response to demand exceeding capacity at the existing Dargavel Primary School whilst a second primary school to serve Dargavel Village is delivered.
- 3.3.2 In line with previous recommendations to the Education and Children’s Services Policy Board, officers are currently progressing work to identify now, a range of flexible options for responding to and managing long term capacity demands that may arise from Dargavel Village, should school demand for non-denominational provision reach up to the upper end scenario of 1,500 pupils over the longer term.
- 3.3.3 As part of this work, Bishopton Primary School capacity (current and forecast), will be considered as part of the range of potential additional interventions which may be deployed in future years as part of managing this medium to longer term risk and uncertainty associated with primary school demand within Dargavel Village. Officers are due to report back in this regard to the Education and Children’s Services Policy Board in September.
- 3.3.4 It should however be noted that Bishopton Primary school, like many of the Council’s existing primary and secondary estate, was constructed many decades ago, specifically in 1962 with an extension added in the 1970’s. It is recognised that in such circumstances, with a school building over 60 years old, the remaining lifespan of the existing building will have inevitable limitations that must be considered when planning school provision over the long term. This particular aspect, which is far from unique to Bishopton Primary School, will be

considered in detail as part of the strategic planning that will begin to consider the long term implications (20+ years) in managing the schools estate.

3.3.5 Notwithstanding the strategic work that will be progressed over the medium term, it is important that Council decisions pay due regard to existing surplus capacity within the schools estate and how best this can be utilised, and does so in the knowledge of what the remaining lifespan is associated with the school building.

3.3.6 In this context, Bishopton Primary School will be appropriately considered when planning and scoping the size of new education infrastructure to support Dargavel Village, and as part of the associated redrawing of catchment areas that will need to be progressed as a second Dargavel Village primary school is delivered. The over-riding objective will be to deliver the best long term outcome to meet current and future long term educational needs, as well as how best to effectively manage the associated risk and uncertainty that inevitably arises from planning school rolls in a new community growth area such as Dargavel Village.

### 3.4 Developer Contributions

<b><i>Recommendation 3 - Produce robust supplementary guidance on developer contributions</i></b>
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<i>As the Council progresses its plans to issue supplementary guidance on developer contributions for education it should seek to learn from other Councils in Scotland. A development the size of Dargavel is exceptional and would need its own modelling techniques. However, for smaller developments the Council should create an evidence base to calculate specific yield factors derived from recent developments in Renfrewshire. Such robust data will ease future negotiations.</i>
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<b><i>Lead Officers – Chief Executive and Head of Economy and Development</i></b>
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3.4.1 The lack of supplementary planning guidance in relation to developer contributions has already been recognised as a gap within the guidance provided in Renfrewshire to supplement the Local Development Plan and support prospective developers understand how the Council will approach developer contribution requirements.

3.4.2 Work has already commenced in relation to this within the Planning Service and will consider best practice and well established examples elsewhere. A report setting out the anticipated timeline for developing and introducing draft guidelines for consultation will be brought to the next planning board cycle after the summer recess.

### 3.5 Working with BAE Systems

#### **Recommendation 4 - Seek to work cooperatively with BAE**

*Although ultimately the Council's responsibility, if BAE were aware that the Council underestimated demand then, by their acts of omission, they must have a degree of culpability.*

*BAE will have made a very substantial return from the increase in housing approved in 2018, and yet for this final phase have made contributions to education which are even more grossly inadequate than provided for in the first Section 75 Agreement.*

*When seeking agreement to the additional housing BAE did so on grounds of viability and called for the continuation of 'collaboration' and stakeholders needed to be 'open and flexible' to ensure the development's 'viability and success'. Even though the Council has shown gross incompetence it should engage with senior management in BAE. BAE have a commitment to 'ethical and responsible behaviour in all aspects of what we do' and should be encouraged to see what steps they can now take to ensure the 'viability and success' of their Dargavel development.*

*Unless the Council and BAE can work together to resolve the current problems, BAE may face accusations, whether founded or not and regardless of Council incompetence, that it has increased its profits at the expense of Council taxpayers.*

#### **Lead Officers – Chief Executive and Head of Economy and Development**

- 3.5.1 Since late 2022, the Chief Executive and Head of Economy and Development have led engagement with BAE Systems local Director with responsibility for the Dargavel Village development, with focus on requirements to address the identified shortfall in education capacity at Dargavel Village.
- 3.5.2 A key pre-requisite to provide confidence of delivery of a second primary school facility for the current and future communities within Dargavel Village is securing access to a suitable sized, remediated, and serviced site within the masterplan area. BAE Systems local representative has engaged constructively in this regard and recognised this requirement set out by Council officers.
- 3.5.3 For a number of months, Council officers have set out requirements for a specific plot within the masterplan to provide both an appropriate sized and located site to accommodate a second primary school facility with ancillary playground and pitch provision, and in addition have requested a small expansion plot of land located adjacent to the existing Dargavel Primary School to provide flexibility in the short term to expand social and playground space as well as longer term flexibility as part of the overall school site.
- 3.5.4 During these discussions, the local BAE Systems representative has indicated a willingness to work cooperatively with Council officers but has confirmed BAE Systems primary and over-riding objective is to fully protect their commercial

return metrics from the Dargavel Village development, and that these cannot be allowed to be diluted through whatever agreement is reached in relation to a land transfer. Further, in this context they have advised that any agreement to release land needs to be accompanied by appropriate masterplan adjustments.

- 3.5.5 Council officers, as well as being clear in respect to the land requirements within the masterplan, both in scale and location, have also set out for BAE Systems that there exist more than sufficient undeveloped land plots to fully accommodate the ask for education purposes and still facilitate the construction of the full 3,982 housing units consented for the masterplan area. In such circumstances, facilitating the requested land transfer at nil value should not therefore impact on BAE Systems overall masterplan delivery and provide certainty of land availability for delivery of a second school.
- 3.5.6 To date, BAE systems are yet to provide specific and conclusive details of what masterplan adjustments or other requirements it may seek in return for facilitating legal transfer of the land requirement set out by the Council, which would allow established Heads of Terms to be secured and associated detailed legal processes to ultimately proceed. This remains an area of ongoing and active discussion locally with BAE Systems. Most recently this engagement has focused on BAE Systems requesting clarification in relation to education roll projection modelling despite the Edge Analytics report being shared with them a number of months ago. Council officers and Edge Analytics are actively engaging with local BAE System representatives. They have also sought further information and clarification in respect to the position confirmed by the Council that the number of consented housing units under existing planning approvals is subject to a maximum level of 3,982 units and this further clarification is being provided. However, it is not clear to Council officers why this information at this stage is required to allow BAE Systems to proceed with arrangements that would facilitate agreement to transfer the requested land.
- 3.5.7 The Council's Chief Executive has now written to the Chief Executive of BAE Systems, as part of communicating the publication of the Independent Review Report and to request their personal intervention to expediate local discussions and provide certainty over the availability of land for the second primary school. The findings of the Independent Review make clear that BAE Systems will have financially benefited from historical failings of the Council when negotiating both the 2009 and 2018 S.75 agreements, particularly in respect to education provision. In this context the BAE Systems Chief Executive has been asked to reconsider protecting in full BAE Systems planned commercial return from Dargavel and, in line with their stated corporate commitment to ethical and responsible behaviour in all that they do, make the requested land available to the Council as soon as possible and without masterplan adjustments.
- 3.5.8 Additionally, BAE Systems have been asked to reconsider if, in the context of the review findings, there is wider commercial and ethical value in sacrificing some of their planned financial return from Dargavel village by making a voluntary contribution to meeting the costs of delivering additional education capacity for Dargavel Village – irrespective of there being no current legal obligation to do so and irrespective of apportionment of historic blame.
- 3.5.9 Notwithstanding the request set out above, local BAE Systems representatives are continuing to work actively with Council officers to support delivery of a solution. In this context, there remains an expectation that once clarity is

secured in relation to the associated heads of terms for a land transfer for the Council to consider, this would facilitate necessary legal agreements being drawn up and the transfer of land as quickly as possible. This would provide much needed certainty for families in Dargavel.

- 3.5.10 Whilst certainty on land transfer has not yet been secured with BAE Systems, Council officers are continuing to progress in parallel relevant project planning and other activities associated with delivery of a second primary school on the anticipation that the land transfer will be appropriately concluded in the near term and to ensure there are no unnecessary delays to overall delivery.

### 3.6 Corporate Working and Organisational Culture

<b><i>Recommendation 5 - Corporate working and organisational culture</i></b>
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<i>Although I understand that the Council has sought to improve and strengthen corporate working in recent years, the evidence would suggest there is a long way to go; simply establishing corporate working groups is insufficient if staff are in a mindset of 'not my problem'.</i>
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<i>The Council needs to consider a significant change programme, not just on the of issue of corporate working and personal responsibility, but also its organisational culture and values. It needs plans to build a stronger organisation where constructive challenge is welcomed and there is a clarity of what is expected of all of those in a leadership role.</i>
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<b><i>Lead Officers – Chief Executive supported by Director of Finance &amp; Resources and Head of HR and Organisational Development</i></b>
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- 3.6.1 The Council's senior leadership team has undergone significant change in the past 2 years post-covid, with a new Chief Executive and new Leadership Team who are fully committed to collaborative corporate working, new ways of working in a post covid environment, and living and embedding the Council's values – fair, helpful, collaborative, and learning.
- 3.6.2 Significant transformation projects and major capital programmes are being delivered, through supportive cross-service delivery teams, working effectively across the council, with local and national partners and in many instances with commissioned partners providing specialist professional and commercial expertise. The circumstances and failings in relation to the corporate working which existed in relation to the Dargavel Village development are not indicative of how the current senior leadership team or organisation operates today.
- 3.6.3 Nevertheless, there remains a strong commitment to continuous improvement and there are key points of learning from the findings detailed in the independent review report that will be incorporated into how we approach major projects in future and how we continue to build the skills of the Council's senior leadership team moving forward.
- 3.6.4 In recognition of the scale of change and turnover across the senior leadership team that has been implemented over the past 2 years, a programme of engagement and development for the Council's wider senior leadership team was already in development focused on governance and corporate support

arrangements. Specifically, this is considering the effective operation of programme/project governance within the Council's wider organisational governance arrangements, and how and when key support and engagement from the Council's professional support functions should be established and with a particular emphasis on how key programme and project risks should be managed.

- 3.6.5 This programme will now be enhanced and will include specific organisational development in relation to effective corporate working across the senior leadership team and specifically within the context of major corporate projects and is anticipated will be delivered over the course of 2023.

### 3.7 Risk Management

<b>Recommendation 6 - Risk management</b>
<i>From documents I have seen the Council was unaware of the scale of risk it was taking in the calculation of pupil numbers. The identified risk in Council documents related to providing the school on time, not that the size of the school may prove to be inadequate. The failure to identify that risk has had two consequences; first the Council has been slow to react to the increase in pupil numbers and second the Council did not negotiate with BAE with that risk in mind.</i>
<i>The Council needs to review how it both identifies risk and manages it.</i>
<b>Lead Officers – Director of Finance and Resources</b>

- 3.7.1 The finding that emerged in relation to the handling of risks associated with a project as significant as the Dargavel Village development is not representative of how the Council now operates large scale projects nor how understanding commercial risk and developing appropriate mitigation strategies is approached.
- 3.7.2 Major projects have established risk management approaches that are deployed and supported on an ongoing basis by multi-disciplinary teams. Additionally, appropriate, and active use is made of a range of external support and expertise to assist the Council to identify and manage commercial risk, in particular, where such risk is being managed is part of commercial negotiations with an external party.
- 3.7.3 By way of illustration, the Council's recent appointment of a Joint Venture Partner to assist the Council to manage the long term commercial development of the Advanced Manufacturing and Innovation District (AMIDs) represents an effective example of current practice. The AMIDs JV partner will support the Council with a long term arrangement to access the requisite experience, skills, market intelligence, market networks and capacity to take forward a long term commercial development and engage professionally and robustly in commercial market negotiation as part of developing out the AMIDs site. In addition, the JV structure and approach to delivering future occupiers will maintain long term control over the AMIDS land for the Council whilst insulating the Council from commercial development risk, retaining this within the JV partnership and sharing it with the JV partner. In addition, the tendering,

assessment, negotiation, and appointment process associated with the JV Partnership was a complex process with material commercial risk consideration and negotiation. In this regard, the Council commissioned multi-disciplinary professional advice to support internal skills and resource to ensure the Council was adequately prepared for managing all aspects of the procurement process that led to the ultimate appointment of the JV partner.

3.7.4 However, it is important that key lessons from this independent review are recognised and taken on board. In response it is proposed to undertake a programme of review of current risk management processes supporting major projects and deliver a programme of development across the Council's senior officer cohort in relation to identifying, managing and mitigating project risk, with a particular emphasis on commercial risk when contracting with external third parties as part of major projects and procurement exercises. It is expected that this programme of review and training will be progressed over the course of 2023.

### 3.8 Role of Members

<b><i>Recommendation 7 - Role of members</i></b>
<i>Whilst protecting the integrity of the planning process, the Council needs to ensure the appropriate involvement of members in such developments.</i>
<b><i>Lead Officers – Chief Executive and Head of Economy and Development</i></b>

3.8.1 The Council is progressing a significant long term placeshaping agenda and major regeneration projects as well as long term strategic management of the schools estate. Regular and appropriate engagement with elected members will continue to remain a key feature of such major projects to ensure appropriate involvement of members is maintained throughout as well as appropriate and regular reports being provided to the relevant policy board.

### 3.9 Public confidence

<b><i>Recommendation 8 - Public confidence</i></b>
<i>These recent events and the matters described in this report will dent public confidence in the Council. The Council should work in an open and transparent manner in the resolution of these issues and particularly with the residents of Dargavel, who have legitimate concerns about the implications for their children during both their primary and secondary education.</i>
<b><i>Lead Officers – Director of Children's Services supported by the Head of Marketing and Communications</i></b>

3.9.1 Current officers deeply regret the distress and anxiety experienced by families in Dargavel, and we fully understand the value of educational experience and how important this is to parents and carers. It is also recognised and accepted that it will take time to rebuild public trust and confidence, given the unacceptable way the Dargavel development was previously managed.

- 3.9.2 To date, everything possible is being done to deliver the right solution for families in Dargavel and the current leadership team is united in their commitment to continue to work with the community at each stage. Officers will continue to work pro-actively and positively to maintain strong engagement with Dargavel parents, Bishopton parents, Park Mains High School parents and associated feeder primary schools recognising the wider impact associated with high school provision. The importance of transparent and effective engagement is not under-estimated and is recognised as a key pre-requisite to rebuilding trust and moving to a position where the community will judge officers on actions moving forward, and not on mistakes of the past.

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## Implications of the Report

1. **Financial** – There are no implications arising directly from this report.
2. **HR & Organisational Development** – several of the recommendations will support specific organisational development to strengthen the skills and capacity of the Council’s key leadership capabilities.
3. **Community/Council Planning** – there are no implications arising directly from the report
4. **Legal** – as detailed in the report progress is sought to be made with BAE Systems to facilitate the legal transfer of land within the Dargavel Village masterplan to support delivery of additional primary school provision.
5. **Property/Assets** – There are no implications arising directly from this report.
6. **Information Technology** – There are no implications arising directly from this report.
7. **Equality & Human Rights** – There are no implications arising directly from this report.
8. **Health & Safety** – There are no implications arising directly from this report.
9. **Procurement** – There are no implications arising directly from this report.
10. **Risk** – There are no direct implications arising directly from this report although the report outlines actions that will be taken that seek to strengthen the Council approach to risk management of major projects and the handling of commercial risk.
11. **Privacy Impact** - none
12. **Cosla Policy Position** – none.

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## List of Background Papers

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**To:** Council

**On:** 22 June 2023

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**Report by:** Director of Finance and Resources

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**Heading:** General Fund Financial Outlook

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**1. Overview and Key Messages**

- 1.1 The Council's financial outlook is subject to increasing risk over the short and medium term as the Council continues to support both community and organisational recovery from the COVID19 pandemic.
- 1.2 The Scottish Government Medium Term Financial Strategy (MTFS) outlines the potential spending and funding position for the Scottish Government over the next 5 years. While the MTFS is not a budget, it does provide useful context for the potential outlook for the local government settlement.
- 1.3 The MTFS outlines a growing financial gap for the Scottish Government, with limited economic growth, high (but easing) inflation and increasing spend in demand-led areas of the budget eg health and social security; leaving unprotected budgets being squeezed. On this basis, there is little prospect of an improved grant settlement for local government over the medium term.
- 1.4 The Cabinet Secretary has stated that given the financial constraints being faced by the Scottish Government, there is a need to prioritise spending, and to reset growth in the public sector, with a focus on efficiency and innovation. The Cabinet Secretary also outlines a need for a sharp focus on structural change and collaboration – a message echoed by the Accounts Commission in their recent local government overview report. The Resource Spending Review (RSR) outlines a range of efficiency measures which will be taken by the Scottish Government including efforts to contain pay growth, public sector reform, income maximisation and improved public sector procurement.

- 1.5 Despite there being now relatively greater certainty in terms of future grant settlements, the prospects for pay and supplies spend remain volatile, linked to current exceptional levels of inflation. The Council's financial outlook remains broadly consistent with that previously reported to members, however the ability of the Council to continue to develop and implement savings at the scale and pace required in order to remain financial sustainable is now exceptionally difficult. This is particularly evident when viewed in the context of the high level of savings delivered by the Council over the past 13 years, and in considering from which services these savings have been secured. The Council must consider the full range of services being provided when making future savings decisions.
- 1.6 It is recommended the Council agree to continue to develop savings and cost reduction measures aimed at ensuring future financial sustainability (and shorter-term financial stability) is prioritised; and that savings of £35m are targeted over the next three years in order to close the forecast financial gap. It is not going to be possible to deliver savings at this scale without the Council reprioritising spend and reducing the scope, level, and quality of some services.
- 1.7 The shift in the scale and nature of the financial risks outlined above reinforce the need for the Council to be decisive in order to fully commit to the delivery of the significant change, transformation and service reduction which will be required over the short to medium term. The 2023/24 budget set by the Council is not recurringly in balance and is heavily dependent on the use of non-recurring reserves which have an increasingly limited lifespan. Without decisive action in the short term that drives out a substantial and sustainable reduction in the Council's net costs, the Council risks rapidly becoming financially unsustainable with reserves exhausted. This would require immediate and unstructured spend controls and reductions to be introduced, which would impact on overall service stability and delivery. The current financial circumstances and medium term financial outlook present a financial challenge in nature and scale that has never been faced by the Council in its history.
- 1.8 In relation to the capital programme, significantly higher risk in relation to construction inflation has been emerging. Supplies and labour shortages are being experienced which is driving inflation in the construction sector higher, along with increased demand as backlog maintenance is tackled and new projects commence as the public sector emerges from the worst of the pandemic. The Scottish Government is taking the opportunity to revise their capital spending in light of these pressures, and the Council will also require to consider some revision to existing capital investment plans in order to manage within overall available resource.

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## 2. Recommendations

- 2.1 It is recommended that members:
- Note the update provided in the report with regards the Scottish Government's Medium Term Financial Strategy

- Note the update to the Council's medium term financial strategy, the estimated financial gap the Council is facing over the medium term and the heightened financial risks the Council is facing in the short term
- Agree that officers continue to progress financial sustainability and transformation workstreams; with further savings options being developed for member consideration
- Note the capital programme update; and agree the revision to the capital plan as outlined in section 7.

### 3. **Revenue Update**

#### Current Financial Position

- 3.1 The outturn position for the 2022/23 financial year is reported within the annual accounts report elsewhere on the agenda for this meeting. A net £6 million overspend position is reported.
- 3.2 As approved by Council, unallocated reserves have been maintained at a minimum of £10 million moving into 2023/24 – approximately 2.3% of the Council's net revenue expenditure. This position maintains a degree of immediate financial resilience for the Council and is reflective of the heightened financial risks the Council will continue to face – the result of increasing costs while income remains constrained.
- 3.3 Council agreed the 2023/24 budget on 2 March, including the utilisation of non-recurring reserve funding of up to £12 million to generate an in year breakeven budget position. Key risks will be in relation to the 2023/24 pay award which remains to be agreed. National pay negotiations are ongoing and are anticipated to again be challenging given the affordability constraints facing local government. As was the case in 2021/22 and 2022/23, the level of pay provision which has been incorporated into the 2023/24 base budget may require to be adjusted depending on the concluded outcome of the negotiations.
- 3.4 In summary in relation to the current year financial outlook, there is significant reliance on non-recurring resource to underpin the revenue position while measures are taken to develop a more sustainable spend level. However, given the significant level of savings already generated by the Council over the past decade, it is increasingly difficult to implement savings which do not impact on service delivery. As the Council continues to implement new ways of working there is also the potential for some cost to be incurred in relation to the transitioning of both workplace accommodation and ICT provision to a hybrid working environment that is suitable and appropriate to facilitate safe and efficient working practice. In addition, and as outlined in previous reports to members, increasing pressure is being experienced in the council's capital investment programme owing to high levels of construction inflation. Further detail on this issue is provided later in this report.

## **4 Scottish Government Medium Term Financial Strategy**

4.1 The Scottish Government Medium Term Financial Strategy (MTFS) was published on 25 May, outlining its projected financial position for the next five years. At the same time, the Scottish Fiscal Commission published updated economic and fiscal forecasts.

4.2 The MTFS covers the period from 2023/24 to 2027/28, and while it is not a Budget (the annual budget process will remain) it does provide an indication of the prioritisation of spend by the Scottish Government within an increasingly constrained financial envelop. In this regard, the MTFS provides welcome financial planning context over an extended period.

### Scottish Government Resource and Spending

4.3 The total Scottish Government revenue budget is anticipated to increase from £45.2bn in 23/24 to £52.5bn in 27/28, based on both known and assumed levels of block grant increase from the UK government. The UK government block grant is anticipated to increase marginally in real terms over the MTFS outlook period. However, spending pressures are expected to outstrip the resources available from 2024/25, with an estimated funding gap of approaching £2 billion by 2027/28.

4.4 The pressures facing the Scottish Government budget over the current Parliament are detailed in the publication, with significant spending pressures outlined in relation to pay growth (both workforce numbers and pay progression). Previous modelling assumptions in relation to spending on health and social care of annual increases on 3.5% are now modelled on annual growth of 4% - thereby implicitly squeezing the remainder of public spending further. The commitment to create a new National Care Service is reaffirmed.

4.5 The significantly increased level of spend on social security is also outlined, with spend anticipated to increase from £5.2bn in 23/24 to £7.0bn in 26/27, reflecting increased spend in relation to the Scottish Child Payment and adult disability payments. The level of funding from the UK government in relation social security increases over the RSR period, but not to the same extent as anticipated spend due to more generous allowances and eligibility in Scotland as opposed to the rest of the UK.

4.6 Due to tax reconciliation adjustments, there is also a significant impact in 2024/25 expected due to a £0.7 billion block grant adjustment which may present an issue for the Scottish Government in the short term. The scenarios for spending and funding are outlined in the table below:

	2023-24	2024-25	2025-26	2026-27	2027-28
<b>Central spending outlook</b>	45,260	47,575	49,304	51,013	52,846
<b>Central funding outlook</b>	45,260	46,535	47,917	49,415	50,971
<b>Surplus/(Shortfall)</b>	0	-1,040	-1,387	-1,598	-1,875
<b>Upside funding scenario</b>					
<b>Upside funding scenario</b>	45,466	47,166	49,363	51,973	54,805
<b>Surplus/(Shortfall)</b>	206	-409	59	960	1,959
<b>Downside funding scenario</b>					
<b>Downside funding scenario</b>	44,951	45,965	46,882	47,945	48,933
<b>Surplus/(Shortfall)</b>	-309	-1,610	-2,422	-3,068	-3,913

Source: Scottish Government, SFC, OBR

### Capital

- 4.7 The outlook for the capital settlement is even more constrained than for revenue, with both increased costs of borrowing and higher construction costs impacting on SG investment plans at the same time as there are both cash and real terms declines in funding. The MTFS is clear that reprioritisation of investment plans will be required in advance of setting the 24/25 Budget with spend being prioritised to those areas which support employment and the economy

### Local Government Settlement

- 4.8 There is little detail in the MTFS which would allow any certain assumptions to be drawn in relation to the local government revenue settlement, other than an estimate of spending need as is outlined in the table below. This table however also outlines the funding gap facing the Scottish Government, which must be addressed each year when setting the Budget. In order to achieve this, the estimates of spend will require to be adjusted barring any further increase in funding. The outlook therefore for the local government settlement is likely to remain very constrained and in line with that previously outlined in the Resource Spending Review ie effectively real terms cuts.

## Annex A: Central Resource Spending Outlook

**Table A. 1: Central Resource Spending Outlook**

	2023-24	2024-25	2025-26	2026-27	2027-28
<b>Social Security</b>	5,290	6,192	6,638	7,000	7,389
<b>Health and Social Care</b>	18,176	18,903	19,660	20,446	21,264
<b>Local Government</b>	10,958	11,403	11,720	12,054	12,417
<b>Other</b>	10,836	11,076	11,286	11,513	11,777
<b>Total</b>	45,260	47,575	49,304	51,013	52,846
<b>Central funding outlook</b>	45,260	46,535	47,917	49,415	50,971
<b>Modelled shortfall</b>	0	-1,040	-1,387	-1,598	-1,875
		-2%	-3%	-3%	-4%

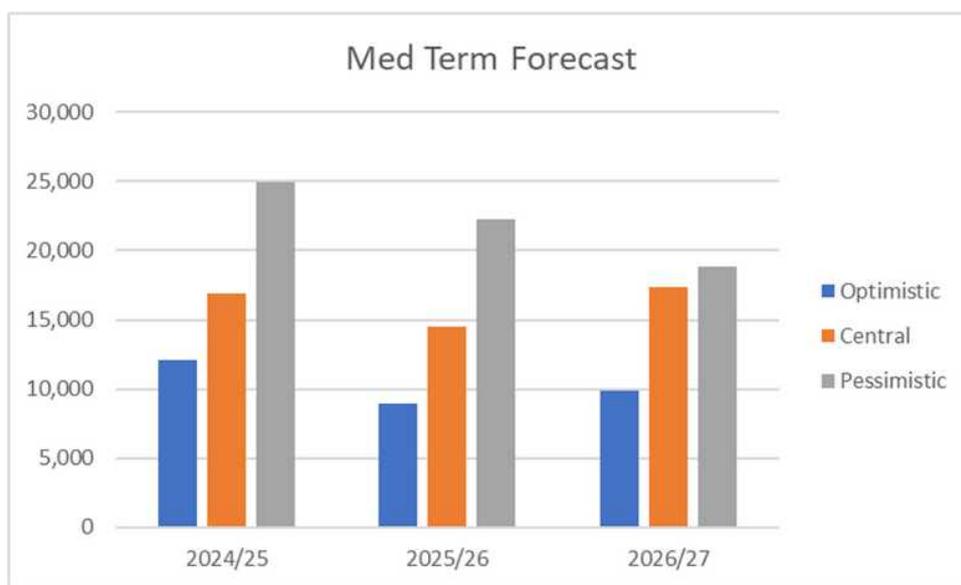
Source – Scottish Government MTFS

4.9 The MTFS also reaffirms the Scottish Government commitment to a new deal for local government, with finalisation of work on the fiscal framework (which has been ongoing in discussion with COSLA for some time) and a new Partnership Agreement. While this is encouraging in terms of improved working between local and national governments, it is not a solution to the financial difficulties both are facing. The MTFS suggests better collaboration to jointly deliver shared priorities, to tackle the collective challenges faced and to improve outcomes for people. The Scottish Government has also previously outlined a commitment to explore local revenue raising, and in this regard draft legislation has been laid before Parliament in relation to the Visitor Levy. It is clear however that owing to the legislative timetable and also the requirement for councils to undertake consultation and an 18 month notification period, the earliest any additional income from the introduction of a visitor levy could be assumed would be 2026/27.

4.10 In summary, the MTFS outlines a forecast position of increasing financial constraint for the Scottish Government, with low economic growth, higher (but easing) inflation and increasing spend in demand-led areas of the budget eg health and social security; leaving a continued squeeze on unprotected budgets such as local government over the medium term. In short, irrespective of any changes in the relationship and working between local and central government that emerges from a new deal and fiscal framework, there appears to be little to no prospect of increased revenue grant being made available to address the Council's own financial challenge.

## 5 Council Financial Outlook

- 5.1 As outlined in previous reports to Council, the central planning assumption over the medium term is a financial gap in the range of £40m-£45m over the three year period 2024/25 to 2026/27. This forecast is prior to any decision on council tax. Assuming a 5% uplift in council tax in each year, the cumulative gap would reduce to a range of £25m-£30m. This forecast is continually updated to reflect any new information in relation prospective grant settlements and spend pressures. The most recent update now suggests a central scenario of £45-50 million before any decision on council tax:



### Key assumptions

- 5.2 The forecast position outlined above reflects a range of assumptions which determine the overall financial gap – key amongst these being the level of grant settlement and the level of pay award. Previous financial outlook reports have assumed a broadly flat cash settlement over the medium term, and there is nothing with the MTFs outlined above which would suggest that this assumption does not remain valid. Members should be aware there will also remain risks in terms of the distribution process and factors within that - Council is already aware of future pressure on the early learning funding as the agreed distribution is embedded within the overall settlement.
- 5.3 The pay settlement for 2022/23 was agreed at a level which was significantly above that budgeted, linked to the very high levels of inflation and the associated cost of living crisis which is facing households. The 2023/24 council budget was agreed incorporating a provision for pay pressures which was affordable, however this is potentially again going to come under pressure as pay negotiations remain unsettled. The forecast position – in light of expected easing levels of inflation – incorporates provision for pay awards which reduce back to historic norms in the 2-3% range.
- 5.4 It is expected that there will remain some impact on the services the Council requires to provide from the pandemic, and these continue to evolve eg the hybrid working environment and demand for children’s residential care.

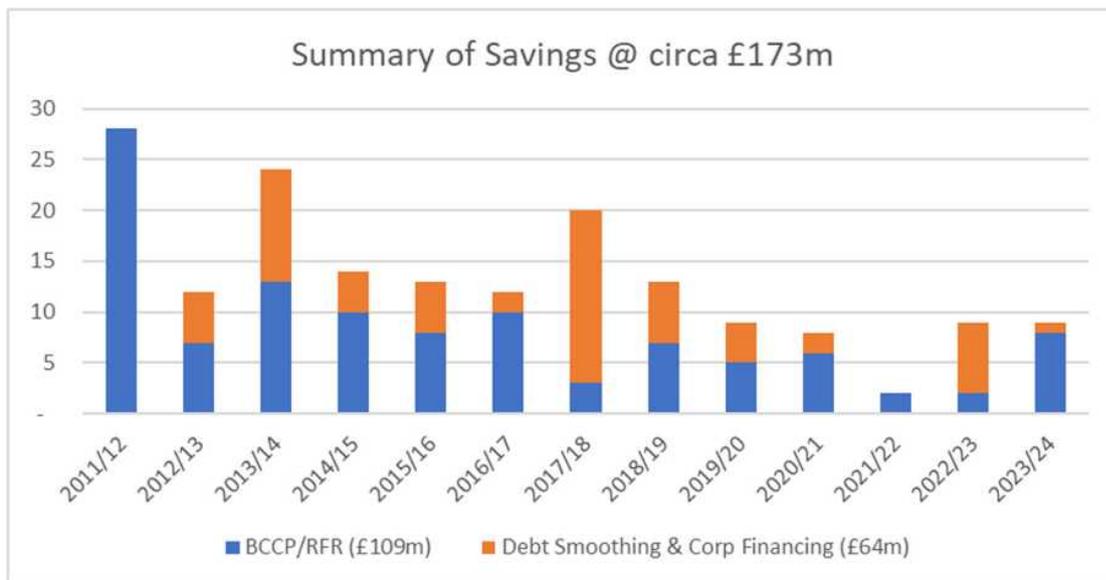
Support to households and communities in relation to costs of living continue to be experienced, and the council has made non-recurring provision in this regard through the Fairer Renfrewshire programme. The longer term impact on council tax collection levels will also require to be closely monitored with there still being some uncertainty as to how collection levels will be affected. Collection rates have encouragingly held up well over the course of 2022/23 although the impact of the cost of living crisis in 2023 may have a negative impact on future collection rates.

- 5.5 The financial outlook also assumes inflation will reduce to a level more in line with Bank of England targets over the period up to 2024/25, which would hopefully see the very high increases in some contract costs (notably the schools PPP contract) begin to ease. The outlook also includes provision for the recurring impact of existing commitments including City Deal investments and schools investment. However there is no provision within the outlook for ongoing investment in areas currently supported through the use of ringfenced reserves eg Tackling Poverty, Social Renewal, Alcohol and Drugs and Climate Change. Should the Council wish to continue to invest in these areas then decisions around the reprioritisation of spend will be required. The financial outlook also includes (from 2026/27 onwards) the increased borrowing costs related to the new primary school at Dargavel and extension of Park Mains High School. The annual increase in cost related to these projects – while significant in absolute terms – is a relatively small proportion of the financial challenge the Council is facing.
- 5.6 The Council's medium term financial plan is continually updated in light of new information as outlined above and in response to evolving views on uncertainties linked particularly to grant and pay. The updated outlook continues to consider a range of scenarios which suggest that over the next three year period, the Council will without doubt require to deliver significant budget savings to achieve a balanced budget. As is outlined below however, the challenge around delivering savings at the scale and pace required is dramatically increasing.
- 5.7 This updated position, while not significantly differing from previous forecasts, does have a different context in that the main drivers for the gap relate to spend issues – grant income being relatively more certain. The profile of the gap is also now more immediate – predominantly being related to near term spend pressures as have been outlined above. The Council will therefore need to act decisively and quickly to secure its future financial stability and sustainability moving forward. In this context it is recommended the Council agree to develop a further portfolio of work aimed at ensuring financial sustainability (and short term financial stability) is prioritised; and that savings of £35m are targeted over the next three years in order to close the projected financial gap outlined above and allow for a degree of flexibility to manage the risks associated with the challenge to deliver this scale of savings over a relatively short period.
- 5.8 The next 12 month period will be crucial for the Council in terms of key decisions on service reform, scope and design which ensure service costs are in line with available resource over the medium term, with reserve balances being used prudently to provide some time and space for service change to be embedded. Without this decisive action, and delivery of substantial savings in the near term, the Council will quickly find itself in a position where reserves are exhausted and no longer capable of supporting the recurring revenue budget deficit.

In such circumstances the Council would move to a position of being financially unsustainable – necessitating immediate, unstructured spend controls and cost reductions which would undoubtedly impact services and communities more severely than any planned change.

## **6 Financial Strategy Response**

- 6.1 The Council has a history of sound financial management and of generating savings generally in advance of when they would be required – allowing the Council to make non-recurring investments in priority services such as Tackling Poverty and Alcohol & Drugs services. This position has in the past been underpinned by the Council prioritising key financial decision making, whereby the financial sustainability of the Council was protected by adopting a medium term perspective and taking savings decisions early and in good time relative to the forecast requirements outlined in the medium financial plan.
- 6.2 The Council's main route to delivering recurring savings has been through its long term transformation programmes and also the longer term and prudent management of debt. Previous reports to Council have outlined how over the period of the pandemic, the Council's transformation programme was largely paused while management capacity was focussed on responding to the immediate demands of the situation. This resulted in a position whereby the development and delivery of transformation and savings options were "behind the curve" in terms of supporting the Council's medium term financial sustainability.
- 6.3 Council therefore agreed a range of financial sustainability workstreams be developed with a focus on early delivery of savings at the scale required. Many of these workstreams remain ongoing and have the potential to deliver significant savings from for example improved and more effective use of council buildings, investment in digital services and improved procurement practice.
- 6.4 However, it is evident from the financial sustainability work undertaken to date that the delivery of savings at scale is becoming more and more difficult without impacting on service delivery. Audit Scotland recognise this position and in their recent local government overview state service cuts and reductions are likely, with councils needing to make difficult choices about spending priorities. Audit Scotland recognise that "the scale of the challenge that lies ahead is greater than anything local government leaders will have ever experienced".
- 6.5 This challenge is clear when viewed in the context of the scale of savings delivery over recent years. In total, the Council has delivered savings of £173 million since 2011/12 as outlined in the exhibit below:



While a significant proportion of saving has been delivered through the effective management of borrowing and corporate financing, the majority has been delivered through service redesign and transformation (ie the Better Council Change programme and the Right for Renfrewshire programme).

- 6.6 However, the level of savings delivered through transformation has not been equally felt across all council services. It is estimated that of the total £109m savings delivered as outlined above, approximately half of these have been delivered by Finance & Resources, and Environment & Infrastructure (or predecessor) services. These services however only make up around 20% of total council budgets. In effect, these services have delivered savings equivalent to 60% of their 23/24 base budget over the past decade. It is not tenable for these services to continue to deliver savings at this level without services being withdrawn or impacting on front line service delivery.
- 6.7 Inevitably if the Council is to remain financial sustainable an increased level of savings will be required from all services. In addition, it is expected that savings will require to be sought from partner organisations such as OneRen along with specific options to generate further income.
- 6.8 Experience over 2022/23 suggests that further options for savings delivery and spend prioritisation over those already considered will require to be developed and agreed in the coming months. In addition, the Council will need to consider how it can flexibly utilise reserves to assist managing the financial risks associated with the challenge of delivering savings at this scale over a relatively short period of time, or from spending pressures which manifest themselves at a level above that anticipated; always considering the overall levels of financial risk and longer term financial sustainability.
- 6.9 Members will be aware that securing £35m of financial savings represents a very significant challenge for the organisation, not just reflecting the scale of savings but in the context of the Council being required to do so after such a long period of similar financial challenge having been in existence. It is highly unlikely that savings at this scale can be delivered without the Council reprioritising spend and reducing the scope and quality of some services.

- 6.10 As reflected in the recent Audit Scotland local government overview, the council must challenge existing service design and take urgent action to reform. The report also outlines there are likely to be fundamental reforms for the workforce across local government; and that we are entering an environment of potential job losses at a scale not experienced for some time. It will be crucial for the Council to actively engage with staff and trade unions on these implications as we continue to reshape and inevitably downsize services.

## **7 Capital Investment Programme**

- 7.1 Previous reports to Council have outlined the impact that the pandemic has been having on the capital programme, with initial lockdown measures severely delaying progress with investment projects since 2019; and subsequent supply constraints continuing to impact progress with projects since then resulting in very high levels of construction inflation. Supplies and labour shortages are being experienced which is driving inflation in the construction sector higher, along with increased demand as backlog maintenance is tackled and new projects commence as we emerge from the worst of the pandemic. The war in Ukraine is exacerbating these constraints.
- 7.2 As outlined above, these issues are being experienced across the whole of the public sector, with the Scottish Government also being forced to reprioritise investment spend.
- 7.3 Members will recall that the current level of capital grant funding is able only to support a limited rolling lifecycle maintenance programme across all asset classes. The Council will therefore be required to continue to seek out and pursue alternative capital grant opportunities from government funds and other grant providing bodies as well as recognising that prudential borrowing now represents the most significant tool at the Council's disposal to support major investment. However, prudential borrowing requires to be financially sustainable and underpinned by recurring revenue resources to ensure this is the case. As the Council moves forward and major financial challenges persist for the revenue budget, the capacity to sustainably support prudential borrowing will become an increasing challenge.
- 7.4 The culmination of increasing prices and the impact of the above factors (which has led to delays on some council projects) has previously been recognised and the Council has made provision in prior years for additional cost. Given the potential requirement to continue to support the council's revenue position however, it is viewed that the construction contingency funding will require to be reallocated within the wider financial sustainability resource. Given this, and similarly to the Scottish Government, it is proposed that within the wider programme of resource agreed by Council in September 2017 to invest in cultural venues and town centre infrastructure, that those elements of the programme not currently in progress (predominantly the town centre public realm improvements) are paused in order to release resource within this programme to those projects which are currently experiencing cost pressures which may exceed the levels of contingency funding available.
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## Implications of the Report

1. **Financial** – the report highlights the scale and shape of the short and medium term financial challenge facing the Council. The early delivery of the transformation programme and other financial sustainability workstreams as outlined in the report are critical to ultimately supporting the Council secure a financially sustainable position.
2. **HR & Organisational Development** – the medium term financial position and associated plans require to align with workforce and service plans to ensure the size and composition of the Council workforce remains appropriate and affordable.
3. **Community/Council Planning** – the Council requires to remain financially sustainable in order to deliver on its priorities as outlined in the Council and Community Plans; and these revised Plans will in turn require to inform the financial strategy.
4. **Legal** - none
5. **Property/Assets** – the report outlines a proposal to undertake a strategic review of property which will aim to ensure the Council's asset base remain effective and efficient
6. **Information Technology** – the report outlines the need to ensure the Council Digital strategy support ongoing financial sustainability; with any digital developments being underpinned by a robust business case
7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - none
9. **Procurement** – improved purchasing practice will be important in continuing to support the delivery of savings.
10. **Risk** – as outlined in the report, the Council's financial risk exposure both in the immediate term and over the medium term remains high. The report outlines ongoing uncertainty as well as a range of key measures to be implemented as part of the medium term financial planning arrangements to protect the Council's immediate financial stability and resilience but also continue to progress toward medium term financial sustainability.
11. **Privacy Impact** - none

12. **Cosla Policy Position** – COSLA are undertaking active engagement with the Scottish Government in relation to the fiscal framework in order to protect as far as possible the interests of local government.
13. **Climate Risk** – the financial challenges the Council is facing will potentially impact on its ability to implement actions and investments which would be key to achieving net zero aspirations.

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**Author:** Alastair MacArthur, Director of Finance & Resources





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**To:** Council

**On:** 22 June 2023

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**Report by:** Director of Finance and Resources

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**Heading:** Unaudited Annual Accounts 2022/23

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**1. Summary**

- 1.1. The Council's Accounts and Group Accounts for 2022/23 will be submitted for audit by the statutory deadline of 30 June 2022 and a copy of the Council's single entity accounts is attached for members' approval, along with the accounts of the Coats Observatory Trust.
  - 1.2. Once approved the unaudited accounts and associated working papers will be passed to the external auditor (Azets) for their review. Their report on the Accounts will be submitted to the Audit, Risk & Scrutiny Board in September for consideration prior to the audited accounts being presented to Council for approval.
  - 1.3. The current date of the Audit, Risk & Scrutiny Board in September is proposed to be rescheduled to the following week to accommodate the statutory audit timeline reverting to 30 September for 2022/23.
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**2. Recommendations**

- 2.1 It is recommended that members:

- a) Consider, subject to audit, the Renfrewshire Council Annual Accounts for 2022/23; note that the group accounts are still subject to completion as outlined in section 8 below and delegate authority to the Director of Finance and Resources to submit the accounts to external audit within the relevant timescales;
- b) Approve the annual governance statement for 2022/23;
- c) Note the revenue outturn position for the Council and approve the sums earmarked within the General Fund reserves and HRA reserves as outlined in section 4 below and Appendix 1;
- d) Approve the transfer of resources outlined in Table 1 and Appendix 1;
- e) Approve, subject to audit, the annual accounts attached for the Coats Observatory Trust Fund, which under accounting regulations require to be prepared and audited separately from the Council's accounts; and
- f) Agree that the meeting of the Audit, Risk and Scrutiny Committee scheduled for 18 September 2023 be rescheduled to 26 September 2023.

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### **3. Unaudited Annual Accounts 2022/23**

- 3.1 The Council's Accounts and Group Accounts for 2022/23 will be submitted for audit by the statutory deadline of 30 June and a copy is attached for members' consideration. The accounts have been produced to comply with International Financial Reporting Standards (IFRS) and relevant government accounting regulations.
- 3.2 Separate accounts have been prepared for the Coats' Observatory Trust Fund in accordance with registered charities accounting requirements, and these are also included for members' approval.
- 3.3 The Annual Governance Statement 2022/23 has been incorporated into the annual accounts document, and this also requires specific approval by Council.
- 3.4 Over the past few years, some flexibility around the audit timescale was provided under the Coronavirus (Scotland) Act 2020. This has now ended, meaning that the normal statutory deadline of 30 September will apply for the audit of the 2022/23 annual accounts.

3.5 The Management Commentary prefacing the Accounts provides an overview of the Council's financial performance and the key features are:

- As reported to the Council over the course of the year, significant additional spend was experienced during 2022/23, particularly in relation to inflationary pressures. General Fund revenue spending at 31 March 2023 was overspent by £7.50m compared to budget (1.6% of turnover). This includes an underspend in Adult Services (HSCP) of £0.76m.
- The forecast outturn position reported to members at Period 10 was an expected overspend of £7.53m. It is forecast that there will continue to be significant costs that the Council will incur over the course of 2023/24 and beyond in relation to high levels of inflation, though there are early signs that the rate of increase in costs is slowing compared to last year.
- Capital spending of £19.1m for housing and £99.9m for non-housing projects was managed within the overall expenditure control limits approved by Council. As reported over the course of the year, planned spend was significantly impacted by inflationary pressures, and the availability of contractors. The 2023/24 capital plan has been adjusted accordingly.
- The Council's in-year council tax collection performance for 2022/23 was 95.5%. Council tax revenues performed above expectation, returning an over-recovery of £2.2m compared to budget. This sum also includes recovery of prior year arrears and was further boosted by Cost of Living Awards that were credited to Council Tax accounts and therefore processed as revenue.
- This brings the final outturn for General Fund (excluding HSCP) to £6.1m.

#### 4. **Reserve balances**

4.1 Unallocated balances have reduced to £10.318m moving into 2023/24, consistent with the recommended minimum level of £10m agreed by Council in September 2020.

4.2 Of the overall General Fund reserves, a significant majority is earmarked as detailed at Appendix 1. This represents funding set aside by the Council to support a wide range of key priorities, investments and long-term funding arrangements, including service concession commitments. The Council continues to assess the adequacy and use of ringfenced balances and to ensure that any grant funding carried forward is utilised in accordance with its conditions.

- 4.3 In light of this and in recognition of the risk to the Council's medium-term financial position, a Financial Sustainability Fund has been created, as agreed by Council in March 2023. This consolidates balances from former COVID-19 and other specific ringfenced reserves linked to inflation and construction costs, in order to best support the Council's financial position over the medium term. This was agreed by the Council in March 2023. The 2022/23 overspend of £6.054m has been drawn from this balance.
- 4.4 Similarly, and again as agreed by Council in March 2023, a new Loan Charges Flexibility Fund has also been created, which brings together the former PPP Replacement Fund and new service concession flexibility gains to support the Council's existing and future borrowing commitments.
- 4.5 Further rationalisation of specific reserves includes the consolidation of residual Social Renewal Plan (£0.615m) and Tackling Poverty (£0.632m) funds into the Fairer Renfrewshire Programme. Balances from the Climate Change Action (£0.354m) and Community Empowerment (£0.301m) funds have been consolidated into a new Sustainable Communities Fund.
- 4.6 These changes are proposed to better align specific earmarking of sums with their intended use, and provide the Council with some flexibility in managing its short to medium-term financial position. Details of all earmarked balances are provided at Appendix 1.
- 4.7 Unallocated HRA reserves as at 31 March 2023 have been maintained at £6.497m as a result of its break-even position. This balance is still viewed as prudent in terms of risks to the HRA revenue position over the medium term.
- 4.8 As detailed in Table 1 below, statutory reserves now total £93.979m, a net decrease in year of £1.720m, which relates to resources committed to the Council's capital investment programme and the provision of school ICT.

<b>Table 1</b>	<b>Opening balance</b>	<b>Contributions to Reserves</b>	<b>Reserves Used / Transferred</b>	<b>Closing balance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Insurance Fund	2.563	-	0.115	2.768
Reservoir Repair Fund	0.321	-	0.006	0.327
Education Capital Items	2.269	(0.509)	0.346	2.106
Investment Capital Fund	90.456	(2.175)	0.497	88.778
<b>Total</b>	<b>95.699</b>	<b>(2.684)</b>	<b>0.964</b>	<b>93.979</b>

## 5. Financial Performance – General Fund Revenue

5.1 An overview of the revenue budget performance in Policy Board format is outlined at Appendix 2 to this report, including explanatory narrative in respect of the main budget variances.

In summary, the position across operational departments, after adjusting for planned carry forwards and committed resources, is as follows:

<b>Table 2:</b>	<b>Revised Budget £m</b>	<b>Actual Outturn £m</b>	<b>Variance (Adverse)/ Favourable £m</b>
Chief Executives	27.525	27.605	(0.080)
Children's Services	229.760	233.285	(3.525)
Environment & Infrastructure	54.781	61.470	(6.689)
Communities and Housing (excl. HRA)	10.897	10.897	0
Finance and Resources	44.669	43.686	0.983
Miscellaneous Services	21.842	20.794	1.048
Adult Services (HSCP)	93.580	92.822	0.758
<b>Sub-Total General Fund</b>	<b>483.054</b>	<b>490.559</b>	<b>(7.505)</b>
Council Tax over-recovery	-	(2.209)	2.209
<b>Total General Fund</b>	<b>483.054</b>	<b>488.350</b>	<b>(5.296)</b>

## 5.2 Housing Revenue Account (HRA) – break-even

The final year-end break-even position for the HRA is in line with the projection previously reported and reflects the net effect of an underspend in employee costs and repairs costs.

Unallocated HRA reserves have therefore been maintained at £6.497m. This still represents a prudent level of unallocated reserves for the HRA, which remain available to mitigate continuing inflationary pressure and any other unforeseen risks.

## **6. Financial Performance – Capital**

### **6.1 Non-Housing Capital Budget Performance**

Non-Housing capital expenditure totalled £99.945m during 2022/23. Capital receipts of £1.107m were generated from asset sales. These receipts are added to the £7.594m balance from prior years, available within the Useable Capital Receipts Reserve to provide total receipts of £8.701m. From this, £1.697m was utilised to support current year investment, leaving a balance of £7.004m that has been committed to support the ongoing investment programme in future years. The capital investment performance was delivered within the approved prudential expenditure and borrowing limits set by the Council.

### **6.2 Housing Capital Budget Performance**

Housing capital expenditure totalled £19.120m during 2022/23. Capital receipts of £0.071m were realised from asset sales during the year. These receipts were fully utilised in 2022/23 to support the approved investment programme.

## **7. Prudential Framework**

- 7.1 The Prudential Framework approved by the Council is supported by a number of indicators and the Council's performance against these indicators is reported in the Management Commentary in the Accounts. A further report outlining the treasury management activity undertaken during 2022/23 is also on the agenda for this meeting.

## **8. Group Accounts**

- 8.1 The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"), requires local authorities to consider accounting for their interests in all types of entity e.g. Joint Boards and Committees, Leisure Trusts, companies etc. This includes other local authorities or similar bodies as defined in section 106 of the Local Government (Scotland) Act 1973 e.g. statutory bodies such as Valuation Joint Boards plus all Joint Committees. Under the Code, authorities are required to prepare a full set of Group Accounts in addition to their own Council's Accounts where they have a material interest in such entities.

8.2 To comply with the mandatory requirement for such disclosures we have once again reviewed over the last year a number of organisations with which the Council is involved against the accounting guidelines as detailed in the code. We have concluded that the Council is required to prepare Group Accounts and to consolidate the results of the Council with a share of a number of other entities.

8.3 The entities that are deemed to fall within the Council's group boundary are:

- Joint Boards encompassing the Strathclyde Concessionary Travel Scheme Joint Committee, Strathclyde Partnership for Transport, the Renfrewshire Valuation Joint Board and the Renfrewshire Integration Joint Board,
- Johnstone, Paisley and Renfrew Common Good Funds and the Observatory Trust administered by the Council,
- OneRen Limited,
- Park Lane Developments (Renfrewshire) LLP,
- Paisley Museum Reimagined Limited.

8.4 Both the Council's own Accounts and the Group Accounts will be submitted to external audit by 30 June in accordance with the statutory deadline, however final completion of the Group Accounts has not been possible within the timescales for release of Council papers; therefore as has occasionally been the case in previous years it is proposed that authority is delegated to the Director of Finance & Resources to submit the duly completed group accounts to external audit.

## 9. **Coats Observatory Trust Fund Accounts and Common Good Funds**

9.1 Under accounting requirements introduced in 2010/11, the Council is required to present the annual accounts of the Coats Observatory Trust separately from the Council's main accounts. Separate audit arrangements are also required.

9.2 Enclosed therefore, for members' approval for submission for audit, are the annual accounts for the Coats' Observatory Trust, which have been prepared in line the Charities Statement of Recommended Accounting Practice (Charities SORP).

- 9.3 Following their removal from the charities register in May 2022, the financial performance of the Johnstone, Paisley and Renfrew Common Good Funds are now disclosed as a statement within the Council's annual accounts.

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## Implications of the Report

1. **Financial** – the report provides an overview of the Council's financial performance over the course of 2022/23 and as at 31 March 2023. The Annual Accounts will be presented for audit in September, with the audit findings being reported to the Audit, Risk and Scrutiny Board. The report indicates the likelihood of ongoing pressures on Council finances driven by the high inflationary economic climate and action being taken to mitigate this risk by careful management of reserve balances.
2. **HR & Organisational Development** – none arising from this report.
3. **Community/Council Planning** – the report outlines continued sound financial management, which supports the Council to deliver on its key community and council plan objectives.
4. **Legal** – subject to approval by Council, the annual accounts will be released to external audit within the statutory timescales.
5. **Property/Assets** – none arising from this report.
6. **Information Technology** – none arising from this report.
7. **Equality & Human Rights** – none arising from this report.
8. **Health & Safety** – none arising from this report.
9. **Procurement** – none arising from this report.
10. **Risk** – none arising from this report.
11. **Privacy Impact** – none arising from this report.
12. **Cosla Policy Position** – none arising from this report.
13. **Climate Risk** – none arising from this report.

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# Renfrewshire Council

## Unaudited Accounts

### 2022–2023

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## Management Commentary

The purpose of the Management Commentary is to present an overview of Renfrewshire Council’s performance during the 2022/23 financial year and to help readers understand its financial position at 31 March 2023. In addition, it outlines the main issues and risks that may impact the performance of the Council in the future.

Renfrewshire Council, one of 32 local authorities in Scotland, was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. It provides services to over 179,000 residents in the entire Renfrewshire area, which has a mixed geography, with many villages complementing its three main towns of Johnstone, Paisley and Renfrew.

### Population of 179,940



0-15	16.6%
16-64	64.2%
65+	19.2%
Female	51.6%
Male	48.4%

The Council is part of a wider Group, with partnerships spanning a number of organisations to varying degrees.



The Council also works closely with the Renfrewshire Health and Social Care Partnership, which delivers care services across the region; and with OneRen, which delivers leisure and cultural services. During 2022/23, Renfrewshire Council was organised into five directorate services, as follows:

- 
**CHIEF EXECUTIVE'S SERVICE**  
 Responsible for the development of corporate policy, particularly in the areas of social inclusion, equalities, best value and efficient government.
- 
**CHILDREN'S SERVICES**  
 Responsible for education services, children's social work services and criminal justice social work services.
- 
**COMMUNITIES AND HOUSING**  
 Services include housing services (including our landlord function) public protection and community learning and development.
- 
**ENVIRONMENT AND INFRASTRUCTURE**  
 Services include the management of roads and transportation, fleet, StreetScene and land services, waste and facilities management.
- 
**FINANCE AND RESOURCES**  
 Core activities are geared towards providing services to the Council and its elected members, other council services and the general public.

In December 2022, a report to Council outlined changes to the senior management structure that resulted in Communities services moving into the Chief Executive’s Service, and Housing services consolidating with Environment and Infrastructure. One director post was deleted from the structure.

The kind of services that the Council provides includes:



- HOUSING
- NURSERY
- PRIMARY & SECONDARY EDUCATION
- WASTE MANAGEMENT
- ROADS
- REGENERATION

## Our Aims and Objectives

The Council's aims were revised during 2022 with a refreshed [Community Plan](#) and a new [Council Plan](#). The Community Plan is Renfrewshire's Local Outcomes Improvement Plan, and the Council works with local partners to achieve a Renfrewshire that is:

### Thriving, Well, Fair and Safe.

It covers the period 2017-2027, but was refreshed in 2022 to consider how to respond to and recover from the unique challenges over the last few years.

The new Council Plan presents the Council's vision for the next 5 years as

*'Creating a fairer  
Renfrewshire built on  
innovation, wellbeing, and  
opportunity'*

It outlines five new strategic outcomes which the Council will work with partners, communities, and businesses to deliver and one cross-cutting theme which will underpin the delivery of the outcomes. These are:

- Place: working together to enhance wellbeing across communities,
- Economy: building an inclusive, green, and resilient economy,
- Fair: nurturing bright, happy, and healthy futures for all,
- Green: leading Renfrewshire to Net Zero, and
- Living Our Values: making a difference together.
- [Improving outcomes for Children and Families: Cross-cutting](#)

Each Council service prepares a [Service Improvement Plan](#), themed around the Council Plan's strategic outcomes, demonstrating how the services will contribute to the delivery of the Council Plan.

## Financial Strategy

The financial strategy and plans of the Council support the delivery of the Council's priorities as outlined in the Council Plan. In order to achieve this, the financial strategy must ensure resources are effectively and efficiently used in line with overall objectives; and ensure that resources are managed sustainably and in a way that continues to ensure the stability of service delivery.

The medium-term Financial Outlook 2023-26 was reported to the Council on 15 December 2022, with a further update in March 2023. These reports highlight the increasingly challenging financial and economic environment the Council is facing, predominantly linked to high levels of inflation.

The Council's medium-term financial outlook continues to be based on an assumed flat-cash revenue settlement over the next three years; however, it is cost pressures that are increasing significantly and the principal driver for the extremely challenging financial outlook. Incorporating an affordable level of pay increase over the period 2024/25 to 2026/27, and a reduced level of inflation on supplies and services costs suggests that the Council is facing a £45-50m funding gap over this period, before any decisions on council tax. Assuming a 5% council tax increase in each of these three years would reduce the funding gap to £30-35m, meaning that the Council must target cost reductions and savings averaging at least £12m each year to remain in financial balance. For this reason, financial sustainability and stability risks remain high on the Council's priorities going into 2023/24.

Information on the year-end financial position of the Council at 31 March 2023 is detailed later in the Financial Performance section.

## Review of the Year

The Council publishes an annual [Public Performance Report](#) to provide the public with information on how our services are performing. The story map provides an overview of performance for the LGBF indicators and

the key priority areas for the Council. It includes case studies, infographics, and performance indicators. Each year the Council considers the latest data available through the Local Government Benchmarking Framework ([LGBF](#)), which compares the performance of local authorities against a number of indicators. There are currently 105 indicators within the framework, and the 2021/22 data shows Renfrewshire had:

- 47 improved in performance and 38 improved in ranking

- 43 declined in performance and 41 declined in ranking
- 1 remained the same in performance and 12 remained the same in ranking
- 14 did not have data available yet

A detailed [report](#) on Renfrewshire’s performance in the Local Government Benchmarking Framework was taken to the Council’s Audit, Risk and Scrutiny Board in May 2023.

## Key Achievements 2022/23

### PLACE

The Medicines Manufacturing Innovation centre opened in November 2022 and is forecast to bring £200million in advanced technology investment in the first 5 years, and 100 initial high-value jobs.

External funding for has been successfully won for regeneration. Between 22/23 and 24/25 we have received £1.5m in funding from the Shared Prosperity fund. £4.4m has been allocated from the Place Based Investment Fund, and £35k was secured from Visit Scotland.

The first phases of the Housing Led Regeneration and Renewal programme was progressed, with tenants moving into new council homes in Johnstone and Ferguslie Park

### ECONOMY

An event was hosted in November 2022 for local businesses, providing information on how to register as a supplier on Public Contracts Scotland and access Council tenders, which 58 local businesses attended.

Renfrewshire's events programme drew large audiences. Over 150,000 people attended the events over the year, which included Paisley Food and Drink festival, Renfrew and Barshaw Gala days, Sma Shot day, the Spree, Paisley Halloween festival and the Christmas events.

Youth employment was a huge focus for the Council over the year, and over 500 young people were supported through the Kickstart and Young Person's Guarantee.

### FAIR

The Council has invested in a range of activities to tackle poverty, including £600,000 into a programme to provide financial insecurity payments to cover fuel and essentials, £100,000 for a fuel emergency support and advice pilot, and £50,000 into a Community Food Fund for local initiatives.

The #Youdecide participatory budgeting programme announced the environmental projects that successfully won part of the £1.2m fund in February 2023. Work is underway to deliver the 50 projects, 4 of which were completed in 2022/23

A new service to support people with experience of substance use to maintain tenancies called My Life Ahead was launched.

### GREEN

Renfrewshire's Plan for Net Zero was approved in August 2022 and sets out the 5 themes with key outcomes that will drive activity to reduce carbon emissions and mitigate climate change. The plan outlines how the Council will lead the area to Net Zero by 2030.

The Team Up to Clean up initiative, a joint venture between the Council and community to improve the environment in Renfrewshire, has grown to over 4.6k facebook members actively supporting the campaign.

Delivering the Energy Efficient Standard for Social Housing (EESH2) is on track, with a contractor now on site to deliver energy efficient works.

## VALUES

The Council is committed to achieving Best Value and continuous improvement. In 2022/23 it refreshed the approach to corporate self-assessment, and workshops will be carried out to implement the new approach next year.

The experience of customers is important and there are efforts to improve it. A review of the Council website is underway to modernise content and make it more user-friendly. Engagement with Council digital channels reflect this effort, reaching 69,287 people by the end of 2022/23.

A new Workforce wellbeing strategy was developed and will be launching in early summer, and over the last year 5 policies have been updated or introduced to support the Council implement new ways of working.

## CHILDREN

As part of our commitment to keep The Promise in Renfrewshire, more than 100 people have been appointed Promise Keepers. They act as local champions, helping to educate and improve services for care experienced people.

The Celebrating Renfrewshire Programme is a Participatory Budgeting fund for young people aged 12-25. Over 2,200 young people voted to decide where Council fund should be spent in 2022/23

Ren10 launched in March 2022, to deliver a system-wide provision of mental health and wellbeing supports for young people, at the level of early intervention. Several services have been launched to support young people deal with mental and emotional distress.

Council Services Key Performance Indicators	22/23	21/22	Target
Pothole repairs completed within timescales	95%	83%	80%
Reported street lighting faults which were repaired within the 7-day timescale	99.2%	99.9%	95%
Affordable housing completions	369	170	200
Number of unemployed/ low waged people being supported through Renfrewshire Council Employability Programme (INVEST)	1,370	859	1,100
Number of people supported, sustained in work at 6 Months through Renfrewshire Council Employability Programme (INVEST)	340	221	180
Number of people viewing or attending the events programme	151,500	63,630	65,000
Looked After Children cared for in the community	90%	92%	89.9%
Accommodated Looked After Children placed with families	87%	89%	83%
Community Asset Transfer - number of months from receipt of an application to a determination being issued from the Council	4	n/a	6
Proportion of vehicle fleet using alternative fuels	28%	25%	25%
Statutory A-road inspections completed on target	83%	100%	100%
Statutory B-road inspections completed on target	86%	100%	100%
Building Standards first reports issued within 20 days	67%	53.4%	95%
New business start-ups with Business Gateways Support	206	272	320
Care leavers participating in employment, training or education	52%	59%	55%
Council housing stock which meets the Scottish Housing Quality Standard	68%	57%	100%

## Areas for Improvement and Development

Detailed consideration of performance is a core part of our Service Improvement Plan and Council Plan reporting, which note areas for continued improvement and development as well as successes. As well as the achievements noted above, services have identified areas where progress has been delayed or where further work is required.

The average time it takes to re-let council dwellings was 60.59 days against a target of 53 days. Despite issues with utilities suppliers and ongoing labour supply shortages within the construction industry, there has been improvement in the average re-let times from the 2021/22 figure, which was 66 days. Whilst the council has not met its target, void turnaround times and processes remain an area of primary focus, which is evident from the improvement since last year, and the Council continues to look for improved ways of working. The percentage of rent lost due to voids also improved from 2% in 2021/22 to 1.86% in 2022/23.

The amount of CO<sub>2</sub> emitted by the Council's public vehicle fleet was slightly higher than the target of 3,000 tonnes, with 3,267 tonnes emitted in 2022/23, higher than the 2021/22 figure of 3,223. The use of the Council fleet has increased over the last year due to an increase of operational services post-pandemic. There is currently a trial of using hydrotreated vegetable oil in place of diesel, and the Council have purchased 14 electric vehicles which will reduce emissions going forward.

In the delivery of the £10.9m roads and footways capital investment programme for last year, the Council successfully delivered 82 of the 90 planned projects. The remaining 8 were unable to progress due to external factors and will be rescheduled into the 2023/24 programme.

In common with many other council areas, Renfrewshire's poverty-related attainment gap has widened during the pandemic. The poverty-related attainment gap is the gap between those in the most and least deprived 20% of areas and is measured through LGBF. Attainment was greatly affected through

2020 and 2021 due to Covid-19 and the effects are still being felt within education. The numeracy gap for those in p1,4 and 7 in Renfrewshire was 23% compared to an average of 21% in 2020/21, and 19% in 2021/22 compared to an average of 18%. For literacy, the gap was 29% in 2020/21 compared to an average of 25%, and 21% in 2021/22 which matched the average. Closing the gap will remain a key priority for Children's Services.

In November 2022, a report to the Education and Children's Services Policy Board noted revised roll projections for the Dargavel Village primary school catchment, currently served by Dargavel Primary School, which opened in January 2022. The revised roll projection exercise was carried out following higher than anticipated admissions to the new primary school over the course of the year.

The findings from the preliminary phase of the review based on the existing school roll, known pre-school population within the school catchment area and potential future pace of house completions across the Dargavel development, provided clear preliminary conclusions that the existing school capacity would be materially insufficient to meet the future demand profile of the catchment. There is also a higher than anticipated impact on secondary provision. This preliminary work was further developed with support from Edge Analytics, specialists in school roll and demographic projections who support local authorities across the UK sector. The updated modelling underpinned a decision by the Council to plan for the expansion of educational capacity for Dargavel Village through a second primary school and larger than previously planned extension to Park Mains High School.

An independent review into the matter was instructed by the Chief Executive, which started in January 2023. The findings will be reported to the Council at its meeting in June 2023.

Performance information can be found on the Council's website at the following path: [Your Council>Information, performance and statistics>Council Performance](#).

LGBF data can be found at: [Your Council>Information, performance and statistics>Council Performance>Benchmarking.](#)

Service Update Reports, Service Delivery Plans and Operational Performance Reports are reported to the relevant Policy Board and can be found on the Council Committee Management Information System at: <https://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>

### Net Zero by 2030

Renfrewshire Council declared a climate emergency in June 2019 and approved the Plan for Net Zero in August 2022, which committed the Council to working towards net zero by 2030 for both the Renfrewshire area as a whole and Renfrewshire Council as an organisation.

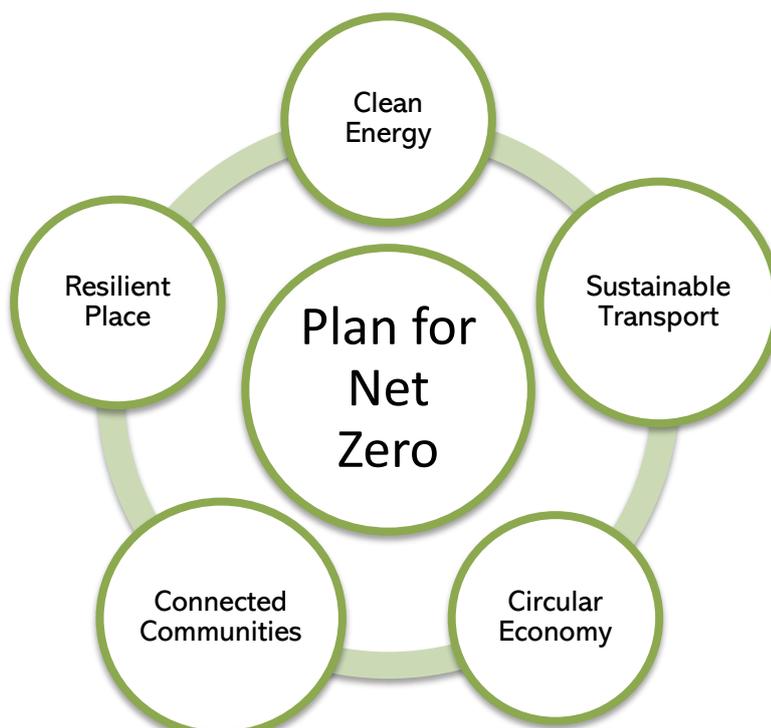
This target places Renfrewshire 15 years ahead of the national target (as set out in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which commits Scotland to become net zero by 2045); and 20 years ahead of the UK Government target of net zero by 2050.

Renfrewshire’s Plan for Net Zero is Council-led, but is for the whole of Renfrewshire, and the scale of the challenge is significant. Renfrewshire Council contributes around 2.5% of the area’s total carbon

emissions, but around 33% of area-wide emissions are from sectors that could be shaped or influenced by council policy or partnerships, including waste and recycling services; land use and planning policies; and transport strategies.

During 2022/23, a Planning and Climate Change Policy Board was established to progress climate-related initiatives and projects. The last Net Zero update was reported to the Board in January 2023 and can be found on the Council’s Committee Management Information System at: <https://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>

Renfrewshire’s [Plan for Net Zero](#) was approved in August 2022 and it outlines five themes, with key outcomes to be achieved against each theme. The core principle at the heart of the Plan, is for the Council to act as a driver or catalyst for change, to lead by example and maximise the opportunities of a just transition to net zero - integrating climate action into the Council’s financial planning, decision making and existing activities and embedding climate considerations across all that we do in a way that ensures continued delivery of high quality public services and closely aligns with our ambitions for Renfrewshire.

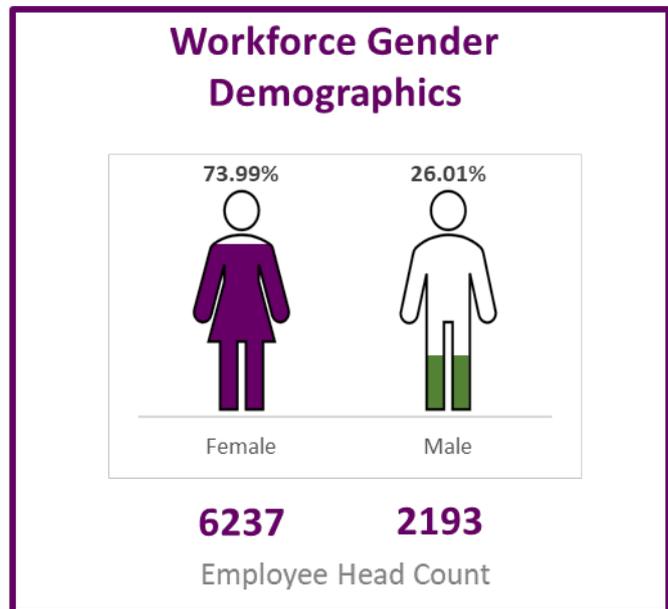
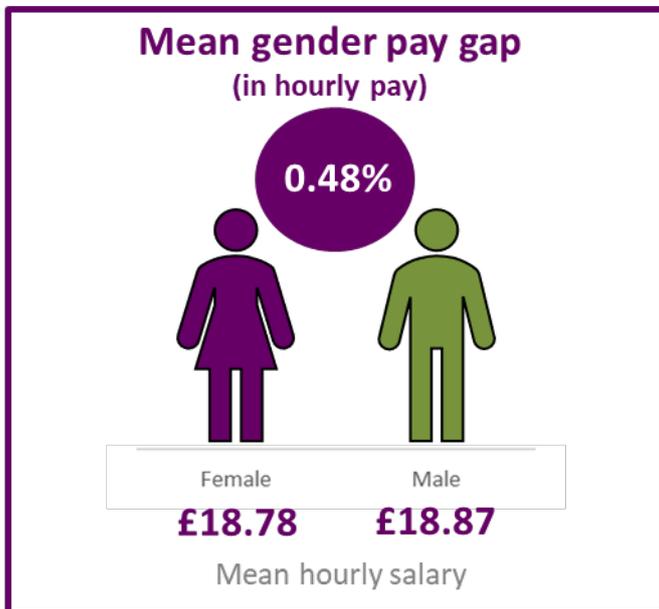


The next phase of the Plan for Net Zero will produce a detailed phased road map, broken down into clear annual phasing and interim targets for each year alongside costed phased delivery plans. As well as mitigation (reducing emissions), interventions within the

Plan for Net Zero aim to address adaptation - resilience of our communities, buildings and critical infrastructure to local impacts of climate change, such as increased flooding; heatwaves; and more frequent severe weather events.

## Gender Pay Gap

The gender pay gap is the difference between the average hourly rates of pay of men and women expressed as a percentage, where a positive figure indicates that women are paid less than men. The gender pay gap is different from equal pay, which is a direct comparison of two people or groups carrying out the same or an equivalent role. In 2021, the mean gender pay gap in Scotland when comparing overall average hourly earnings was 10.1%. This means for every £1 men earned, women earned £0.90. At 31 March 2023, the mean gender pay gap for Renfrewshire Council was 0.48% (2.29% at 31 March 2022).



## Key Financial Ratios

The following tables provide information regarding the financial performance of the Council in 2022/23 and the affordability of its ongoing commitments:

Financial Indicator	2022/23		2021/22	Commentary
	Estimate	Actual	Actual	
<b>Reserves</b>				
Uncommitted General Fund reserves as a % of budgeted net expenditure	2.2%	2.1%	2.3%	Reflects the level of funding available to meet unplanned expenditure and manage financial risk.
Movement in uncommitted General Fund balance	n/a	-4.4%	-0.9%	Reflects Council decision to use £0.450m of unearmarked balances in year for Fly-Tipping and £0.020m in support of disaster emergencies.

Financial Indicator	2022/23		2021/22	Commentary
	Estimate	Actual	Actual	
<b>Council Tax</b>				
In-year collection rate	95.9%	95.5%	95.5%	Reflects the Council's effectiveness in collecting Council Tax debt
Council Tax income as a proportion of total taxation and non-specific grant income	17.2%	17.6%	19.5%	Reflects the Council's ability to vary expenditure by raising Council Tax, the principal local authority controlled source of finance
<b>Debt/Long term borrowing</b>				
Capital Financing Requirement (CFR)	£462.0m	£442.1m	£360.5m	The information in this section demonstrates that the level of external debt (driven by the capital programme) is affordable, owing to the low proportion of our budget spent on servicing debt. Further information, including descriptions of these terms and their significance, is available in the Treasury Management Annual Report, presented to Council on 30 June 2022.
External debt	£362.0m	£340.7m	£320.5m	
Ratio of financing costs to net revenue stream (General Fund)	3.2%	3.0%	3.1%	

## Financial Performance

### Primary Financial Statements

The annual accounts summarise the Council's transactions for the year, its financial position at 31 March 2023, and its cashflows. The annual accounts are prepared in accordance with the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), Movement in Reserves Statement (MIRS), Balance Sheet and Cashflow Statement. These statements are accompanied by notes to the accounts, which provide more details on the figures shown in the statements and set out the accounting policies adopted by the Council. There are also separate statements for Council Tax, Non-Domestic Rates, the Housing Revenue Account and the Common Good Funds.

The Comprehensive Income and Expenditure Statement (CIES) presents the total cost of providing Council

services in 2022/23 along with the income available to fund those services.

The outturn explained in the following section differs from the accounting deficit of £68m shown in the CIES due to accounting adjustments required to comply with proper accounting practice, but which under statute should not impact on local taxpayers. A reconciliation of these figures can be found in the Note 1: Expenditure and Funding Analysis.

### General Fund

The General Fund is funded by government grant and Council Tax revenues and the Council is also able to apply usable reserves from the General Fund Balance to fund expenditure.

As mentioned previously, the Council's medium-term Financial Outlook highlights the increasingly challenging financial and economic environment the Council is facing, predominantly linked to high levels of inflation.

For the General Fund in 2022/23, resulting increases in the cost of food, fuel, energy, construction and other contracts have featured in regular budget monitoring reports throughout the financial year, culminating in a

year-end overspend against budget of £8.3m. Specific pressures that contributed to this position were as follows:

- Children’s residential care: the number and cost of complex care packages has increased significantly;
- Exceptionally high gas and electricity costs resulted in a £2m overspend;
- The refuse collection service was impacted by high fuel costs as well as overtime arising from carried forward holiday entitlement; and
- Car-parking income under-recovered by £1m, having not recovered since the pandemic despite charging being re-introduced in 2021.

The Council’s largest category of spend is staffing, so naturally any pay settlement linked to high levels of inflation will create a further cost pressure. In 2022/23 a national pay settlement of 5% was agreed for local government workers and 7% for teachers. In recognition of the exceptional inflationary environment, the Scottish Government provided councils with additional funding

in support of the 2022/23 pay settlements. For Renfrewshire, this amounted to £9.7m.

Adult Services experienced a year-end underspend of £0.8m which increased the reserves of the Renfrewshire Health and Social Care Partnership, who operate these services.

The Council fell just short of its target in-year council tax collection rate of 95.9% in 2022/23, instead returning a creditable 95.5% in light of the prevailing cost of living crisis on household finances. Income from Council Tax actually over-recovered by £2.2m, owing mainly to more prior year arrears being collected than had been anticipated. The income budget had also been set at a prudent level owing to the cost of living crisis and the expected impact on household finances. Recovery was further boosted by Cost of Living Awards made during the year, which were credited to Council Tax accounts and therefore processed as revenue

After accounting for the Adult Services underspend and the over-recovery in Council Tax revenues, the final position for the Council’s General Fund balance at 31 March 2023 was an overspend of £6.1m.

2022/23	Revised Budget £m	Actual £m	Variance £m
Chief Executive's Service	27.525	27.605	(0.080)
Children's Services	229.760	233.285	(3.525)
Communities and Housing	10.897	10.897	0.000
Environment and Infrastructure	54.781	61.470	(6.689)
Finance and Resources	44.669	43.686	0.983
Miscellaneous Services	21.843	20.795	1.048
Adult Services	93.580	93.580	0.000
<b>Net Expenditure</b>	<b>483.055</b>	<b>491.318</b>	<b>(8.263)</b>
Revenue Support Grant	(297.652)	(297.652)	0.000
Council Tax Income	(78.504)	(80.713)	2.209
Non-Domestic Rates Income*	(108.076)	(108.076)	0.000
<b>Funding</b>	<b>(484.232)</b>	<b>(486.441)</b>	<b>2.209</b>
<b>Use of General Fund Balances</b>	<b>(1.177)</b>	<b>4.877</b>	<b>(6.054)</b>

\*Adult Services underspent against budget in the year by £0.758m; this was transferred to HSCP reserves and does not impact on the Council’s General Fund balance.

The Council collected £120.9m directly from local businesses with £12.8m due back to the Scottish Government National Non-Domestic Rates Pool.

## The Council's Reserves

The Council holds the following balances in reserve. Further details can be found in Note 7: Usable reserves.

As at 31 March 2022 £m	Usable Reserves	As at 31 March 2023 £m
104.667	General Fund Balance	127.391
6.497	Housing Revenue Account	6.497
7.594	Capital Receipts Reserve	8.184
95.699	Other Statutory Funds	93.979
<b>214.457</b>	<b>Total</b>	<b>236.051</b>

The General Fund balance of £127.4m will be carried forward to 2023/24. Of this balance, £117.1m has been earmarked for a particular purpose, as outlined in Note 7: Usable reserves. This leaves unallocated reserves of £10.3m (2.3% of the Council's net annual running costs), which is in line with levels agreed by the Council under its revised financial planning principles.

It is viewed that this balance is appropriate to the financial risk environment the Council is facing both in light of the ongoing response and recovery from the pandemic, but also to mitigate adverse risks anticipated in public finances generally over the medium to longer term.

### Housing Revenue Account

The balance on the Housing Revenue Account (HRA) as at 31 March 2023 has been maintained at £6.5m. This remains a prudent level of unallocated reserves for the HRA to mitigate the impact of any unforeseen risks and to provide an element of mitigation against forecast pressures related to the prevailing economic climate.

The year-end break-even position was arrived at after some large budget variances were experienced in-year. Property repairs and maintenance, including voids management, significantly overspent; however, this was offset by lower capital charges and increased interest receivable following higher interest rates over the year.

### Infrastructure Assets

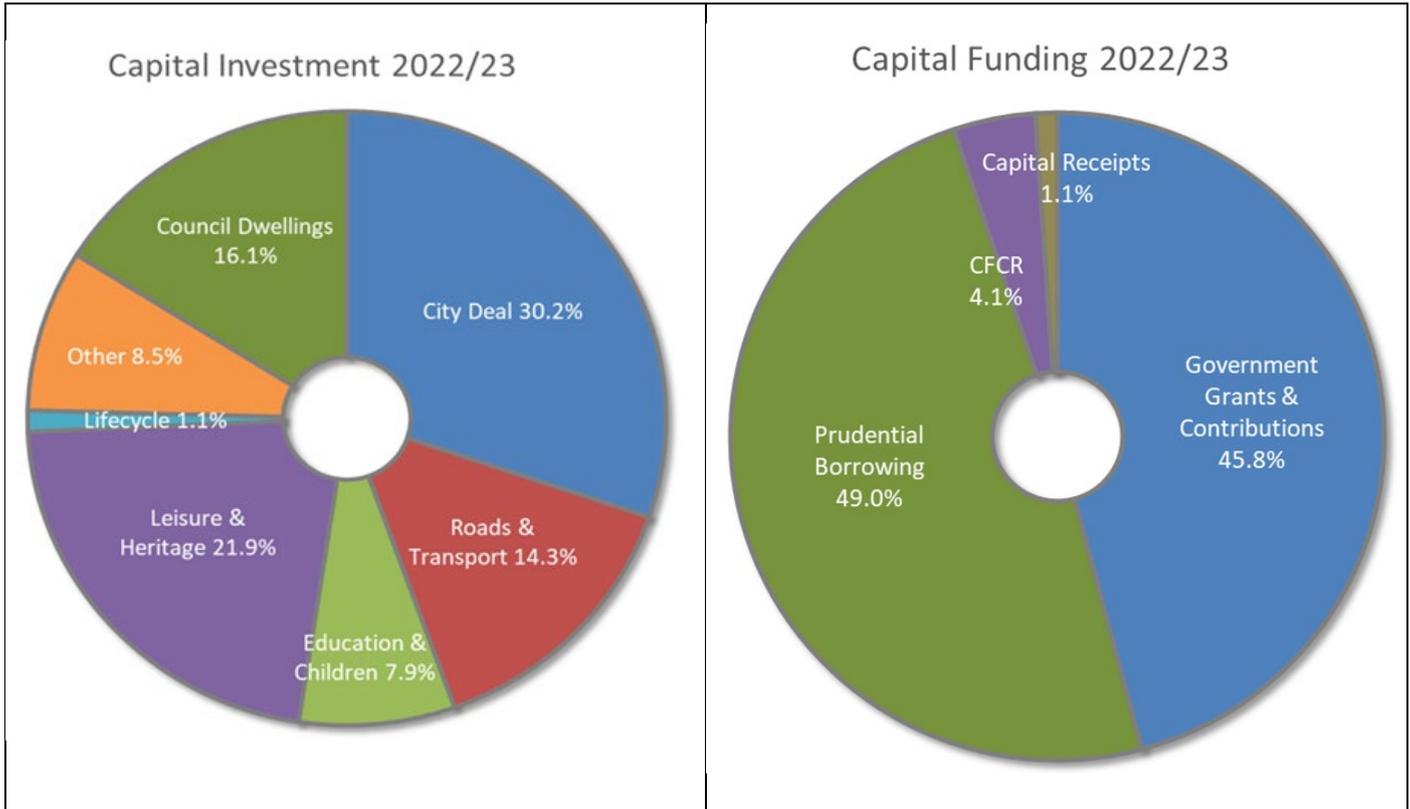
The Scottish Government published a Statutory Override in August 2022, to allow councils to continue the current accounting treatment for Infrastructure assets until 31 March 2024. Further detail is provided at Note 9.

### Capital and Borrowing

Renfrewshire Council continues to make significant capital investment in council housing, schools, culture, roads and the town centre estate. On 3 March 2022, the Council approved the housing capital investment programme for 2022/23 of £29m; and the General Fund capital investment programme for 2022/23 of £132m.

The capital investment programmes were affected by the availability of contractors, as well as high levels of inflation impacting construction costs and professional fees. Programmes have therefore been re-profiled during the year to reflect revised timescales of individual projects, or where project completion dates have been delayed, resulting in actual capital spend for the year of £19m for housing capital investment and £100m for the General Fund. Further detail is provided in Note 14: Capital expenditure and capital financing

The following charts show the actual expenditure incurred and income received in relation to the 2022/23 capital programme.



During the course of 2022/23 there was new long-term external borrowing from the Public Works Loans Board (PWLB) of £25m to support the capital programme. The level of cash balances available to the Council remains consistent with daily cash requirements, treasury and capital investment plans. The decrease in cash balances compared to 31 March 2022 is attributable in part to a significant capital programme, particularly the Council's cultural and heritage investment over the year, with Paisley Town Hall the first of a number of transformed cultural facilities planned to open later in 2023.

The Council's borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The majority of the Council's borrowing comes from the Public Works Loan Board with the remainder from market and other loans. Further details are provided in Note 22: Financial Instruments.

The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council sets its capital financing requirement (CFR) for the forthcoming year in its Treasury Management Strategy Statement (TMSS), approved by the Council on

3 March 2022 with a mid-year update to the Finance, Resources and Customer Services Policy Board on 17 November 2022. The TMSS for 2022/23 can be found on the Council Committee Management Information System at:

<http://renfrewshire.cmis.uk.com/renfrewshire/Home.aspx>.

The CFR is a prudent assessment of the aggregate external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The actual CFR at 31 March 2023 was £440.5m, within the authorised limit of £480.0m.

The Council's external borrowings have only been applied for capital investment purposes, with the Council's net external debt being £340.7m at 31 March 2023 compared to the operational boundary of £462.0m. The Council's costs of borrowing remain consistently one of the lowest of all Scottish local authorities, are affordable, and align to the Council's medium to long-term financial strategy.

The Council's non-housing financing costs were 3.0% as a proportion of the Council's non-housing net revenue stream. Housing related financing costs as at 31 March

2023 were 32.5% of net housing revenues, lower than the mid-year forecast of 33.4%.

## Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed in Notes 27 and 28. The appointed actuaries, have confirmed an increase of £489.3m in their assessment of the Council's share of the actuarial position of the local government pension fund as at 31 March 2023. This is attributable to many factors, such as the experience of market yields over the course of the past year. The corporate bond yield (upon which the pension discount rate is derived) has risen over the past year, which served to reduce the employer's pension obligations and led to the gain on the balance sheet.

The assessment provides only a snapshot as at 31 March 2023 and necessarily changes on a day-to-day basis to reflect stock market movements in particular. The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

A potential change to pension rules is outlined in Note 29: Contingent liabilities; however, this has not been reflected in the pension liability reported in the Balance Sheet.

## Provisions and Contingencies

The Council has provided for eventualities which may have a material effect on the financial position of the Council. The reasons for the provisions made are outlined in Note 21: Provisions. In general, any contingent liabilities known to the Council are covered by insurance arrangements. As outlined at Note 7, the Council has also set aside £2.8m for uninsured claims. Any contingencies that cannot yet be accurately quantified are outlined in Note 29: Contingent Liabilities.

## The Renfrewshire Council Group

Local authorities are required to prepare Group Accounts in addition to their own Council's accounts where they have a material interest in other organisations. The Group Accounts consolidate the results of the Council with five subsidiaries:

- Renfrewshire Leisure Limited, trading as OneRen, a registered charity and company limited by guarantee formed to provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in Renfrewshire;
- the Common Good Funds;
- the Coats Observatory Trust;
- Park Lane Developments (Renfrewshire) LLP; and
- Paisley Museum Reimagined Limited.

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

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

The Council has non-material interests in a number of other entities namely Scotland Excel; Glasgow and the Clyde Valley Strategic Development Planning Authority; and Glasgow City Region – City Deal Cabinet.

## Financial Outlook and Key Risks

### Financial Sustainability

The Financial update reports to Council in December 2022 and March 2023 outlined continued and considerable uncertainty for local government finances. In 2020, the Council agreed to replenish unallocated reserves to a threshold of £10m in order to address the risks of significant and unplanned cost pressures which may emerge over the medium term, and this has been maintained in 2022/23.

The impact of the UK's exit from the EU and the war in Ukraine are still being felt, particularly in relation to the cost of materials as well as labour shortages in the construction industry. Clearly the UK has had a period of very high inflation, with the Consumer Price Index (CPI) peaking at 11.1% in October 2022.

The Scottish Government published its Medium Term Financial Strategy (MTFS) on 25 May 2023, outlining its potential spending and funding position over the next 5 years. The MTFS outlines a growing financial gap for the Scottish Government, with spending pressures are expected to outstrip the resources available from 2024/25, with an estimated funding gap of approaching £2 billion by 2027/28. The outlook for the local government settlement is likely to remain very constrained and in line with that previously outlined in the Resource Spending Review i.e. effectively real terms cuts.

As outlined in the Revenue Estimates 2023/24 report to Council in March 2023, after adjusting for new responsibilities, areas of growing responsibility and other conditional aspects of the settlement to provide a like-for-like comparison to 2022/23, the underlying core grant for Renfrewshire Council increased by £0.239m (0.1%). The Council decided to increase Council Tax by 6% in 2023/24 and used £0.605m of earmarked reserves to balance the revenue budget.

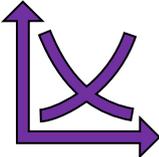
Existing service and cost pressures arising from pay settlements, demographic and socio-economic factors will continue to play a major role in driving spending pressures for the Council; however, the predominant focus of the Council will be addressing its projected medium-term funding gap. As reported to the Council in June 2023, the central forecast is a financial gap of £45-50m by the end of 2027. This forecast is prior to any decisions on council tax increases. Assuming a 5% uplift in council tax in each year is decided, the cumulative gap would reduce to a range of £30-35m.

As outlined in the Unaudited Annual Accounts report to Council in June 2023, earmarked balances have been pooled and consolidated to provide a Financial Flexibility Fund which will allow the Council some flexibility in managing the financial challenge over the medium term. In addition, a Loan Charges Flexibility Fund has also been established, to provide for future borrowing costs and reducing loan charge support for service concession (PFI/PPP) arrangements over the longer term.

The Council continues to mitigate treasury risks, including those associated with the security of cash deposits, by actively considering debt restructuring as outlined in the Council's agreed Treasury Management Strategy. The Council also continually reviews, in consultation with its treasury advisors, the criteria for placing deposits with financial institutions on the Council's approved counterparty list.

As part of the Council's treasury strategy, it continues to utilise internal cash balances, deferring or minimising external borrowing with the dual objectives of reducing the level of cash deposits held by the Council, whilst generating ongoing savings in net interest costs. This strategy is monitored carefully in order to ensure that the Council retains sufficient cash balances to support its ongoing requirements and remains alert to any anticipated adverse movement in future borrowing rates.

## Other Key Risks

Risk	Mitigating Actions
<p>Economy</p> 	<p>A range of strategic challenges – the COVID-19 pandemic, the UK leaving the EU, the climate emergency, high inflation in the UK economy leading to high food and energy costs– impact on the local and national economy. Renfrewshire’s economy has well-established strengths in transport, manufacturing, construction and retail, but all sectors and supply chains have been impacted by these economic challenges. We mitigate the impact through our large-scale infrastructure investment programme which includes the AMIDS development, our investment in housing and heritage assets, our employability programmes and our support for new and existing businesses, which includes support to bid for council contracts and to reduce carbon emissions.</p>
<p>Reducing inequalities</p> 	<p>The pandemic has exacerbated many existing inequalities and had a disproportionate impact on our poorer communities. In Renfrewshire, we seek to address unequal outcomes through strong partnership working, through our Fairer Renfrewshire programme, through specific programmes which tackle local priorities (such as our focus on alcohol and drug use), through national programmes such as the Scottish Attainment Challenge, and on building community capacity. In the short-term, we are significantly focused on food insecurity and income maximisation.</p>
<p>Climate, Sustainability and Adaptability</p> 	<p>Renfrewshire Council declared a Climate Emergency in 2019. The climate emergency brings risk to the Council and to our communities and we are focused on mitigation and on working toward a just transition to net zero. Our Plan for Net Zero was approved in 2022 and our Council Plan and Service Improvement Plans set out how each part of the Council will contribute to Net Zero. Our procurement strategy considers sustainability and community benefits in all contract strategies. Our Climate Panel provided an opportunity for community voices (including under-represented groups) to be heard. Our Community Climate Fund supported community organisations to enable behaviour change and deliver local green projects. Internally, we manage our corporate assets and capital investment programme to optimise use of the estate and promote reductions in energy use.</p>

## Common Good Funds and Coats Observatory Trust

The Council administers the Common Good Funds for the areas of Paisley, Renfrew and Johnstone, as well as the Coats Observatory Charitable Trust. In order to comply with the Code, Audit Scotland and the Office of the Scottish Charity Regulator (OSCR) requirements, the Council separately prepares the financial statements of the Coats Observatory Trust, with the financial performance of the Common Good Funds disclosed in the Council’s Annual Accounts. Balances are also included in the Group Accounts. Azets is the appointed auditor for the Coats Observatory Charitable Trust.

Overall, the Common Good Funds incurred a combined in-year surplus of £0.65m which is added to the previous surplus brought forward. The total net asset value decreased by £1.6m, with investments increasing by £3.0m. Both the market

values of investments and income generated from dividends are likely to be subject to ongoing volatility as the economy recovers from the pandemic and is subject to increased inflationary risk.

The total net asset value of the Observatory Trust decreased by £0.023m owing to depreciation. There were no other transactions in the year.

## Conclusion and Acknowledgements

We would like to acknowledge efforts by the whole Finance team in producing the annual accounts, as well as colleagues in other services for their continued hard work and support.

Further information on the annual accounts or on the Council's general finances can be obtained on the Council website ([www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)), or by telephoning 0300 300 0285.

**Cllr Iain Nicolson**  
Leader of the Council

**Alan Russell**  
Chief Executive

**Alastair MacArthur**  
Director of Finance and Resources

## Statement of Responsibilities

### The Authority's Responsibilities

The Authority 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 (section 95 of the Local Government (Scotland) Act 1973). In Renfrewshire Council, that officer is the Director of Finance and Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure that the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003), and;
- approve the Annual Accounts for signature.

I can confirm that these annual accounts were approved for signature by the Council at its meeting on 22 June 2023.

Signed on behalf of Renfrewshire Council.

**Cllr Iain Nicolson**  
Leader of the Council

### The Director of Finance and Resources' Responsibilities

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

In preparing the Annual Accounts, the Director of Finance and Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates which were reasonable and prudent;
- complied with legislation; and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Director of Finance and Resources has also:

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

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

**Alastair MacArthur**  
Director of Finance and Resources

## Annual Governance Statement

### Scope of responsibility

Renfrewshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Council's members and the corporate management team are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework; Delivering Good Governance in Local Government. A copy of the Local Code is available on our website at: [www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk) > Your Council > Information, performance and statistics > Information Governance

This statement explains how Renfrewshire Council has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for an annual Governance Statement.

### The purpose of the governance framework

The 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 system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives

and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### The governance framework

The main features of our governance arrangements are described in the Local Code but are summarised below:

The overarching strategic priorities and vision of the Council are set out in the Council Plan 2022-2027 and the Renfrewshire Community Plan 2017-2027. The Council Plan is aligned to the Community Plan and sets out 5 strategic outcomes that the organisation will work to achieve over a 5-year period with specific priorities relating to tackling inequality, promoting economic and cultural regeneration, attainment and sustainability. Renfrewshire's Community Plan (which also acts as Renfrewshire's Local Outcome Improvement Plan as required by the Community Empowerment (Scotland) Act 2015) details how community planning partners will work together to achieve the key priorities identified for Renfrewshire.

- The key outcomes the Council is committed to delivering with its partners, are set out in the Community Plan;
- The Council operates within an established governance framework which incorporates a scheme of delegated functions, financial regulations, standing orders relating to contracts and procedural standing orders. These elements of the framework are kept under regular review by the Council;
- The Council facilitates policy and decision making through a policy board structure;
- Services are able to demonstrate how their own activities link to the Council's vision and priorities through their service improvement plans. Performance management and monitoring of service delivery is reported through policy boards regularly including six monthly updates to the Leadership

- Board on progress against the implementation of the Council Plan;
- The Corporate Management Team has agreed a new refreshed approach to its performance monitoring and the Council Plan scorecard will be considered alongside other performance information each quarter and followed up with an in-depth look at performance in one service particular area of interest at regular intervals.
  - An annual report on the Local Government Benchmarking Framework, which includes data for over 100 indicators for all 32 local authorities, is provided to the Audit, Risk and Scrutiny Board each year.
  - The Council has adopted a code of conduct for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members. In addition, the Council has in place a protocol for Relationships between Political Groups, Elected Members and Officers;
  - The Council's approach to risk management is set out in the risk management strategy and is well embedded. Risks are reported regularly to the Audit, Risk and Scrutiny Board. During the year development work was completed on a new assurance model for managing business as usual risk, which involves senior managers working through a series of modules to ascertain their levels of assurance in how these risks are being managed within their services. A further development includes the Corporate Risk Management Group undertaking "control deep dive" exercises which involves detailed investigation of specific risk controls known to be in place to ascertain if the risk is over/under or well controlled;
  - The Director of Finance and Resources is the Council's Senior Information Risk Owner and information risk is monitored through the Information Management and Governance Group and its sub-groups. The Managing Solicitor (DPO) is the statutory Data Protection Officer;
  - Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development;
  - Registers of interests for elected members and senior officers are maintained and published on the Council's website;
  - The Council complies with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and the Council's arrangements for fraud prevention, detection and investigation are managed through the corporate counter fraud service;
  - The Council's approach to 'whistleblowing' is outlined in the whistleblowing policy;
  - Cyber-attacks are both increasing and becoming more sophisticated and while no system of internal control can provide absolute assurance, the Council has a range of multi layered Cyber Security controls in place and tested annually to check standards are in line with government guidance. Industry cyber security standards are followed and explicitly those belonging to Public Sector Network (PSN), National Cyber Security Centre (NCSC) guidance, Scottish Government Public Sector Cyber Resilience Plan and Payment Card Industry (PCI) data security standards. The O365 security and compliance toolset provides a wide range of protection against cyber-attacks including identity theft and phishing. The Council holds a current Certificate of Compliance for PSN standards. ICT network and digital services are monitored monthly through our cyber security partner. These are all monitored and managed through the Cyber Security team which is headed up by a CISM qualified Cyber Security Architect (Cyber Information Security Manager). Events and alerts are monitored 24 x 7 by our cyber security partner who are authorised to take emergency preventative action where necessary;
  - Clear and independent governance arrangements are in place with One Ren and the Renfrewshire Health and Social Care Partnership with oversight from the Head of Policy and Commissioning and the Head of Corporate Governance respectively and the Council's Leadership Board.
  - Seven Local Partnerships have been established and have identified initial local priorities. Decision making including that relating to relevant grants is

delegated to each Local Partnership through a Lead Officer appointed by the Council.

This governance framework has been in place at Renfrewshire Council for the year ended 31 March 2023.

Within the 2021/22 report, Audit Scotland concluded that the Council's governance arrangements, including during the Covid-19 pandemic, were "appropriate and operated effectively."

### The system of internal financial control

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. The system includes:

- Guidance on financial management supported by comprehensive financial regulations and codes;
- Comprehensive budgeting systems, and detailed guidance for budget holders;
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- The preparation of regular financial reports that indicate actual expenditure against the forecasts;
- Clearly defined capital expenditure guidelines;
- As appropriate, formal project management principles;
- The Chief Finance Officer is the Director of Finance and Resources who complies with the CIPFA Statement on the Role of The CFO in Public Services.

### The role and responsibilities of the Audit Committee and the Chief Auditor

The role of the audit committee is under the remit of the Audit, Risk and Scrutiny Board, which is chaired by a member of the opposition. Its role is:

- to approve the internal audit charter and annual internal audit plans;
- to review internal and external audit reports and the main issues arising, including those relating to the annual accounts and seek assurance that action has been taken and make recommendations to the Council where appropriate;
- to receive and consider the Chief Auditor's annual report, summarising internal audit activity and the level of assurance this provides over the arrangements for internal control, risk management and governance within the Council;
- monitor the performance of internal audit;
- to consider the annual review of the Local Code of Corporate Governance.

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. The Council conforms to the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. The Audit, Risk and Scrutiny Board complies with the CIPFA guidance Audit Committees: Practical Guidance for Local Authorities and Police. The Council's Chief Auditor has responsibility to review independently and report to the Audit, Risk and Scrutiny Board annually, to provide assurance on the adequacy and effectiveness of the Local Code and the extent of compliance with it. The Audit, Risk and Scrutiny Board performs a scrutiny role in relation to the application of the Local Code of Corporate Governance and regularly monitors the performance of the Council's internal audit service.

Internal Audit reporting arrangements include communication of finalised audit engagements, monitoring the progress of agreed management actions

and communication of any unacceptable risk identified to the Board.

## Review of effectiveness and continuous improvement

Renfrewshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team who have responsibility for the development and maintenance of the governance environment, the Chief Auditor's annual report, and reports from the external auditors and other review agencies and inspectorates.

The effectiveness of the governance framework is reviewed annually by the Corporate Management Team, including the use of an annually updated self-assessment tool covering six key areas of governance (including the impact on governance of the coronavirus pandemic), as follows:

- Business Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity
- Conflicts of Interest, Whistleblowing and Gifts and Hospitality

This self-assessment indicated the governance framework is being complied with in all material respects. In addition, the review of the effectiveness of the governance arrangements and the systems of internal control within the group entities places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Council's approach to continuous improvement has a number of strands. Our Council Plan and Service Improvement Planning processes drive much of this and allow for elected member scrutiny of improvement activity. Services also undertake improvement work linked to their core duties and to statutory requirements. Registered services in education, housing, social work and social care regularly undertake self-

assessment activity as part of their regulatory framework and inspection process. Services within Environment, Housing and Infrastructure maintain their ISO 9001 accreditation as one means of demonstrating quality. The Council has recently developed its own model of corporate self-assessment based on the Public Service Improvement Framework.

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities, and has robust financial control and financial planning processes in place. The CIPFA Financial Management (FM) Code was adopted in June 2021. An Action Plan has been established following wide engagement with senior managers, service users and Finance staff. It contains 59 improvement actions with target dates ranging from 2023 until 2025. Work to refresh the initial engagement will be undertaken over the next 1-2 years to ensure that improvement work continues to be relevant and effective.

The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities and has robust financial control and financial planning processes in place. The CIPFA Financial Management (FM) Code was adopted by the Council in June 2021. An Action Plan has been established following wide engagement with senior managers, service users and Finance staff. It contains 59 improvement actions with target dates ranging from 2023 until 2025. Work to refresh the initial engagement will be undertaken over the next 1-2 years to ensure that improvement work continues to be relevant and effective.

- In the post-pandemic period, the Council has had a strong focus on recovering from Covid-19 and continuing to mitigate some of the impacts on our communities, including those relating to rapidly increasing living costs. As an organisation, the Council has adopted continues to adopt new ways of working, building on the strong approach developed during the pandemic in areas such as digital access for customers, and embracing hybrid working. Whilst this is still a recovery phase, much of the business-as-usual work has fully resumed, including:

- the work on social renewal, which began during the pandemic, is now part of the wider Fairer Renfrewshire programme, which is overseen by a sub-committee of the Leadership Board services have returned to the regular programme of reporting performance to elected members through policy boards, with service improvement plans submitted for approval in spring 2022 and regular progress updates provided.
- the Right for Renfrewshire programme recommenced over 2022, and the service redesigns progressed were in those areas where it was anticipated that there would be potentially less direct impact from the pandemic recovery process and where the greatest opportunity exists for appropriate management and service capacity to be directed towards the Right for Renfrewshire agenda;
- the ongoing impact of the pandemic on service delivery continue to be monitored as part of service recovery arrangements. There have been no significant changes to internal controls although significant numbers of new and amended processes;
- the Council commenced planning for Brexit during 2019/20 and identified risks have been incorporated into the Strategic and Corporate Risk Registers. Some of these risks will be further exacerbated by the ongoing conflict in Ukraine and the associated sanctions on Russia which will place additional cost and supply pressures on some products and materials that are likely to increase and continue into 2023/24.

Audit Scotland has introduced a new approach to auditing Best Value in local government which has commenced this year as part of the next 5-year Best Value Audit programme. This approach involves thematic areas of focus each year which will be considered for all local authorities within the same snapshot in time rather than the previous rolling programme of deep dive audits which inspect each local authority across a five-year programme. This significant shift in approach and for year one, will examine the effectiveness of leadership in developing new local strategic priorities. Audit Scotland have also indicated they will be looking at Councils' approaches to climate change, cyber security (both will be looked at in year

one) reducing inequalities and demonstrating improved outcomes for communities (ongoing).

Alongside the ongoing Best Value auditing and this new approach with annual themes, there will also be a Section 102 Audit carried out and a report produced at some point within the 5-year programme. Unlike the new annual thematic reviews, this is anticipated to involve a deeper dive across all Best Value themes collated into a lengthier report specifically for Renfrewshire Council. The first year of this will run from October 2023 to August 2024 and Renfrewshire Council has not been included for this round. Another change for Renfrewshire Council sees the appointment of a new team of external auditors, Azets. More information about Azets and the planned audit approach was outlined to the Audit, Risk & Scrutiny Board in March 2023 in the External Audit Plan 2022/23

Audit Scotland provided an unqualified and unmodified audit opinion on the 2021/22 annual accounts.

An external independent review is ongoing regarding the circumstances which led to an error with the projected required school roll of Dargavel Primary School. Once this external review has reached its conclusion, the findings from this review will be considered by Council, including any improvement actions identified.

Regular reviews of the Council's arrangements are undertaken by internal audit, in the 2021/22 governance statement, 2 areas were identified where only limited assurance could be provided.

- Memorial safety - The inspection process for memorials has progressed significantly and is currently sitting at 85% complete. The remaining 15% will be completed by the end of June 2023. In addition to the initial inspections being carried out the service is now carrying out reinspection's to the headstones that were identified as requiring to be monitored annually for any deterioration at their initial inspection.
- Corporate purchase cards – card holders and approvers have been reminded that the procedures

must be complied with, and sample checks are being undertaken by the Procurement team. Regular internal audit reviews of compliance with the procedures will continue to be undertaken.

The programme of work undertaken by internal audit in 2022/2023 identified 6 occasions where a limited or no assurance level was provided in relation to the internal control, risk management and governance objectives for the specific areas of each audit review. Of these 4 were specific to individual service areas and although these areas require to be addressed there is no significant impact on the Council's overall system of internal control and action plans are in place to address the risk identified.

The two areas identified as impacting on the overall internal control, risk management and governance arrangements are:

- Business continuity plans - Service level Business Continuity Plans require to be improved to record all the ICT areas referred to in the council's Business Continuity Plan template for all service areas. The main areas to be reviewed and updated are service area restoration plans and plans in the event of ICT system outages. The Crisis and Resilience Management Team have overarching responsibility for Business Continuity Plans and recommendations have been made to address the areas identified and ensure a consistent approach is taken across services.
- Creditor payments - The audit specifically reviewed the arrangements for compliance with the purchase

to pay procedures, whereby manual payments should only be made in very specific circumstances. The review identified that current process in place for the passing and payment of manual invoices fall short in several areas and creates several risks, particularly in relation to possible breaches of the Council's Contract Standing Orders.

Internal audit undertakes an annual exercise to ensure that recommendations arising from internal audit engagements have been implemented by service management and the results are reported to the Audit, Risk and Scrutiny Board. This work highlighted that 67% of recommendations were implemented by the due date. 30% had passed their original due date and revised implementation dates have now been set and 3% were superseded. Of the 13 recommendations followed up that were deemed to be critical, 8 have been fully implemented, 3 have been partially implemented and 2 were still to be implemented. Revised implementation dates have been agreed for each of these recommendations.

It is our view that the Council has in place a sound for governance, risk management and internal control and that appropriate mechanisms are in place to identify any areas of weakness. This is corroborated by an Annual Report incorporating the Annual Assurance Statement prepared by the Council's Chief Auditor stating that subject to management addressing the critical and important recommendations made the limited and no assurance reports, 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.

## Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the Council's governance.

Agreed action	Responsible person	Date
All service level business continuity plans are to be updated to record all the ICT risks referred to in the council's business continuity plan template for all service areas.	Service Directors	September 2023

Agreed action	Responsible person	Date
A review of the current manual payment process is under review with key stakeholders from the Corporate Procurement Unit and the Finance Business Partners, this will enable and introduce an exception policy to support the No Purchase Order No Payment. Once the review is conducted the exception policy will be implemented and the No Purchase Order No Payment approach will commence, this is anticipated to take up to 12 Months.	Procure to Pay (P2P) Manager	May 2024

The agreed actions will be subject to review to identify the progress being made in implementing them.

### Update on the 2021/22 Action Plan

Agreed action	Progress Update	Responsible person	Date
Prepare 3-year Improvement Plans for each service.	Complete  All 2022 Service Improvement Plans were approved by the relevant Policy Boards in May/June 2022.	Service Directors	June 2022
Review and refresh quarterly scorecard of performance information.	Complete  The new Council Plan scorecard was approved by Leadership Board in December 2022 New approach to Corporate Management Team (CMT) scorecard approved by CMT March 2023.	Head of Policy and Partnerships	December 2022  March 2023
Establish an action plan arising from the CIPFA FM Code.	Complete  The Action Plan was delayed due to other priorities and capacity issues in the Finance team; however, it is now complete and was finalised on 8 March 2023.	Head of Finance and Procurement	December 2022

## Update on the 2020/21 Action Plan

The 2020/21 Governance Statement identified areas of continuous improvement activities to be taken forward to improve the overall governance, risk management and internal control environment. Progress over the last 12 months against the agreed action plan is detailed below.

Agreed action	Progress Update	Responsible person	Date
Review and update where necessary the policy for expressing concerns outwith line management whistleblowing for approval by Board.	Complete	Chief Auditor	February 2023
Review and refresh the Council Plan	Complete	Head of Policy and Partnerships	September 2022

## Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2022/23 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

**Cllr Iain Nicolson**  
Leader of the Council

**Alan Russell**  
Chief Executive

## Remuneration Report

The Local Authority Accounts (Scotland) Amendment Regulations 2014 (SSI No. 2014/200) amend the Local Authority Accounts (Scotland) Regulations 2011 (SI No 2011/64) and requires local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. All information disclosed in sections 3 to 8 in this Remuneration Report has been audited by the Council's appointed auditor, Azets. The other sections of the Remuneration Report will be reviewed by Azets to ensure that they are consistent with the financial statements.

### 1. Remuneration Policy for Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. The salaries of the Corporate Directors and Heads of Service are based on a spinal column point model as agreed by the Finance and Resources Policy Board on 14 May 2014. Senior employees received a 5% pay award in 2022/23 and no other benefits.

### 2. Remuneration policy for the Leader of the Council, the Provost and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost (or civic head) are set by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2021. The salary for the Leader of the Council in 2022/23 was £39,148 per annum (£37,111 in 2021/22) and the salary for the Provost was £29,361 per annum (£27,834 in 2021/22).

In terms of the same Regulations, the Scottish Government permits Renfrewshire Council to nominate up to 14 senior councillors (in addition to the Leader of the Council and the Provost), whose salaries in aggregate must not exceed a specified amount, in

2022/23 being £342,524 per annum; and whose salaries individually must be on a specified scale, in 2022/23 £19,571 to £29,361. At the Council meeting of 30 June 2022, it was agreed that Renfrewshire Council would have 13 senior councillors: six Policy Board Conveners (salary of £28,910 per annum in 2022/23); four Regulatory Board Conveners (salary of £23,400 in 2022/23); Chair of OneRen Board; Chair/Vice-Chair of Integration Joint Board and one Leader of the Opposition (salary of £23,400 in 2022/23).

### 3. Remuneration of Senior Employees

The regulations define a senior employee as any employee who meets one or more of the following criteria:

- has responsibility for the management of the local authority to the extent that the person has power to direct or control the major activities of the authority whether solely or collectively with other persons.
- holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989.
- whose annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

The Council has interpreted the above criteria as including the Chief Executive, Directors and the Chief Executive of OneRen.

The term 'remuneration' means gross salary, fees and bonuses, allowances and expenses and compensation for loss of office. The table below outlines the remuneration details for senior employees, including prior year figures. The table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2023, whether or not those amounts were actually paid to, or received by, those persons within that period. There were no non-consolidated bonuses or performance-related payments made to any senior officer in 2022/23.

2021/22	Senior employees		2022/23		
Total Remuneration £	Name	Post held	Annual Salary £	Election Allowances £	Total Remuneration £
120,930	Sandra Black	Chief Executive until 15 December 2021 <i>(full year equivalent 2021/22 £151,238)</i>	0	0	0
136,965	Alan Russell	Director of Finance and Resources until 15 December 2021; Chief Executive from 16 December 2021;	158,800	2,435	161,235
123,340	Mary Crearie	Director of Communities and Housing Services	129,508	0	129,508
40,985	Alastair MacArthur	Acting Director of Finance and Resources from 16 December 2021 to 15 February 2022; Director of Finance and Resources from 16 February 2022	126,343	974	127,317
126,743	Gordon McNeil	Director of Environment and Infrastructure Services	129,508	800	130,308
123,340	Steven Quinn	Director of Children's Services	129,508	300	129,808
<b>672,303</b>	<b>Total</b>		<b>673,667</b>	<b>4,509</b>	<b>678,176</b>

In 2022/23, some Senior Employees received remuneration connected to election activities; this was £22,461 in 2021/22.

2021/22	Senior Employees of Subsidiary Bodies		2022/23
Total Remuneration £	Name	Post held	Total Remuneration £
104,035	Victoria Hollows	Chief Executive, One Ren	109,237
<b>104,035</b>	<b>Total</b>		<b>109,237</b>

#### 4. Remuneration of Senior Councillors

Under the regulations, remuneration disclosures are to be made for the Leader of the Council, the Civic Head and any councillor designated a Senior Councillor by the Council. The table below shows the relevant amounts, before tax and other deductions, due to each of the persons named for the year to 31 March 2023, whether or not those amounts were actually paid or received within that period and relate only to the Senior Councillor posts indicated. No payments were made in connection with loss of employment or office, nor were any other payments made that are not included in the table.

A local government election took place on 6 May 2022. Elected members who held a senior councillor position on 1 April 2022 were paid at that remuneration level until 5 May 2022. All members elected to Renfrewshire Council on 6 May 2022 reverted to basic councillor remuneration on that date.

Senior Councillor appointments were then made at the statutory meeting of the Council on 19 May 2022, except for the Chair/Vice Chair of the Integration Joint Board, who was formally appointed on 24 June 2022 at the first meeting of that

Board, and the Licensing Board Convener, who was formally appointed on 5 September 2022 at the first meeting of that Board.

The following table reports on remuneration related to senior councillor positions only, and prior year figures are shown only once per person.

2021/22	Senior Councillors		2022/23
Total Remuneration £	Name	Position held	Total Remuneration £
	<b>Until 5 May 2022</b>		
27,512	Cathy McEwan	Policy Board Convener	2,589
22,690	Jennifer Adam	Chair/Vice Chair IJB (2)	2,175
22,690	Bill Binks	Regulatory Board Convener	2,357
22,690	Andy Steel	Regulatory Board Convener	2,175
27,512	Jacqueline Cameron	Chair/Vice Chair IJB	2,589
22,690	Eddie Devine	Leader of largest opposition group	2,141
22,690	Neill Graham	Leader of 2nd largest opposition group	2,175
	<b>From 19 May 2022</b>		
0	Michelle Campbell	Policy Board Convener	23,753
0	Emma Rodden	Policy Board Convener	23,753
as above	Andy Steel	Policy Board Convener	23,753
0	Andy Doig	Regulatory Board Convener	19,637
0	Stephen Burns	Regulatory Board Convener	19,637
as above	Cathy McEwan	Regulatory Board Convener <sup>(1)</sup>	13,197
as above	Jennifer Adam	Chair/Vice Chair IJB <sup>(2)</sup>	21,573
0	Iain McMillan	Leader of largest opposition group	19,637
	<b>Full Year (excluding 6-19 May)</b>		
37,111	Iain Nicolson	Leader Of the Council	36,821
27,834	Lorraine Cameron	Provost	27,580
27,512	Marie McGurk	Policy Board Convener	26,341
27,512	Jim Paterson	Policy Board Convener	26,341
27,512	John Shaw	Policy Board Convener	26,341
22,690	John McNaughtan	Regulatory Board Convener	21,812
27,512	Lisa-Marie Hughes	Chair, OneRen <sup>(3)</sup>	23,796
<b>366,157</b>	<b>Total</b>		<b>370,174</b>

**Notes:**

1. Cllr McEwan was appointed as Convener of the Licensing Board on 5 September 2022, which was the first meeting of that board following the election
2. Cllr Adam was appointed as Chair/Vice-Chair of the Renfrewshire Integrated Joint Board (IJB) on 24 June 2022, which was the first meeting of that board following the election
3. Cllr Hughes was appointed as Chair of OneRen on 28 June 2022, which was the first meeting of that board following the election

## 5. Pension Entitlement

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

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

From 1 April 2015 benefits for local government employees are based on career average pay. Pension benefits are based on the pay received for each year in the scheme increased by the increase in the cost of living, as measured by the appropriate index (or indices). The scheme's normal retirement age is linked to the state pension age of each member.

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

Tiered contribution rates on whole time pay 2022/23		Equivalent bandings for 2021/22
Up to £23,000	5.5%	Up to £22,300
£23,001 to £28,100	7.25%	£22,301 to £27,300
£28,101 to £38,600	8.5%	£27,301 to £37,400
£38,601 to £51,400	9.5%	£37,401 to £49,900
Over £51,401	12%	Over £49,901

If a person works part-time their contribution rate will be based on their part-time pay.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49<sup>th</sup> of pensionable pay for each year of membership, adjusted in line with the cost of living (prior to 2015 the accrual rate guaranteed a pension based on 1/60<sup>th</sup> of final pensionable salary).

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

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

Any senior employees and councillors omitted from the following tables are not members of the Local Government Pension Scheme (LGPS).

Name	Post held	In-year pension contributions by Renfrewshire Council		Accrued pension benefits as at 31 March 2023		Change in accrued pension benefits since 31 March 2022	
		2022/23 £	2021/22 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
<b>Senior Employees</b>							
Sandra Black	Chief Executive until 15 December 2021	0	20,750	n/a	n/a	n/a	n/a
Alan Russell	Director of Finance and Resources until 15 December 2021; Chief Executive from 16 December 2021	30,560	25,784	69	95	5	4
Mary Crearie	Director of Communities and Housing Services	24,923	23,778	63	83	6	1
Alastair MacArthur	Acting Director of Finance and Resources from 16 December 2021; Director of Finance and Resources from 16 February 2022	24,167	19,893	53	72	5	6
Gordon McNeil	Director of Environment and Infrastructure Services	24,923	23,778	42	35	4	3
Steven Quinn	Director of Children's Services	24,923	23,778	23	0	3	0
<b>Total</b>		<b>129,496</b>	<b>137,761</b>	<b>250</b>	<b>285</b>	<b>23</b>	<b>14</b>

<b>Senior Employees of Subsidiary Bodies</b>							
Name	Post held	In-year pension contributions by Renfrewshire Leisure		Accrued pension benefits as at 31 March 2023		Change in accrued pension benefits since 31 March 2022	
		2022/23 £	2021/22 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Victoria Hollows	Chief Executive, OneRen	21,022	20,062	41	48	4	2
<b>Total</b>		<b>21,022</b>	<b>20,062</b>	<b>41</b>	<b>48</b>	<b>4</b>	<b>2</b>

The following table reports on in-year pension contributions relating to senior councillor positions only. Pension benefits shown relate to those that the individual has accrued as a consequence of their total local government service and not just their current appointment.

Leader of the Council, Provost, Senior councillors							
Name	Post held	In-year pension contributions by Renfrewshire Council		Accrued pension benefits as at 31 March 2023		Change in accrued pension benefits since 31 March 2022	
		2022/23 £	2021/22 £	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Iain Nicolson	Leader Of the Council	6,944	7,162	11	3	2	0
Cathy McEwan	Policy Board Convener/Regulatory Board Convener	2,870	5,310	6	0	1	0
Marie McGurk	Policy Board Convener	5,015	5,310	4	0	1	0
Jim Paterson	Policy Board Convener	5,015	5,310	4	0	1	0
John Shaw	Policy Board Convener	5,015	5,310	4	0	1	0
Emma Rodden	Policy Board Convener	3,943	0	3	0	n/a	n/a
Michelle	Policy Board Convener	3,943	0	3	0	3	0
Andy Steel	Regulatory Board	4,918	4,379	3	0	0	0
John	Regulatory Board Convener	4,180	4,379	3	0	0	0
Jennifer Adam	Regulatory Board Convener/Chair/Vice Chair	4,370	4,379	3	0	1	0
Jacqueline Cameron	Chair/Vice Chair Integration Joint Board	642	5,310	4	0	2	0
Lisa-Marie	Chair, OneRen	4,393	5,310	4	0	2	0
Stephen Burns	Regulatory Board Convener	3,359	0	3	0	n/a	n/a
Andy Doig	Regulatory Board Convener	3,359	0	3	0	n/a	n/a
Eddie Devine	Leader of largest opposition group until 5 May 2022	642	4,379	8	1	1	0
Neill Graham	Leader of 2nd largest opposition group until 5 May 2022	642	4,379	2	0	0	0
Iain McMillan	Leader of opposition group	3,989	0	0	0	n/a	n/a
<b>Total</b>		<b>63,238</b>	<b>60,917</b>	<b>68</b>	<b>4</b>	<b>15</b>	<b>0</b>

## 6. Councillors' remuneration

The Council paid the following amounts to its elected members (councillors) during the year.

2021/22 £		2022/23 £
892,271	Salaries	948,984
1,187	Travel costs – reimbursed	2,129
1,420	Travel costs – paid directly by the Council	4,480
0	Subsistence expenses - accommodation	200
230	Training and Conferences	0
6,030	Telephone and information technology expenses – paid directly by the Council	4,649
<b>901,138</b>	<b>Total</b>	<b>960,442</b>

The public record of members' salaries, allowances and expenses for 2022/23 is available for inspection on the Register of Councillors' Interests page of the Council's website and navigating to: [Your Council>Councillors> Record of councillor salaries, allowances, expenses and training register.](#)

## 7. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2022/23, in bands of £5,000; and also details of the number of those employees highlighted who left the employment of the Council during 2022/23. This information includes those senior employees who are subject to the fuller disclosure requirements in the tables above. Note that leavers may be included due to retirement or redundancy costs. Bands with nil employees for both years are not shown.

2021/22			Remuneration band	2022/23		
Teachers	Non-teachers	Total		Teachers	Non-teachers	Total
146	73	219	£50,000 to £54,999	92	43	135
97	55	152	£55,000 to £59,999	131	80	211
56	22	78	£60,000 to £64,999	96	18	114
17	32	49	£65,000 to £69,999	64	11	75
2	8	10	£70,000 to £74,999	20	20	40
3	4	7	£75,000 to £79,999	9	2	11
1	3	4	£80,000 to £84,999	5	7	12
1	1	2	£85,000 to £89,999	4	6	10
1	8	9	£90,000 to £94,999	1	1	2
0	2	2	£95,000 to £99,999	2	10	12
0	4	4	£100,000 to £104,999	0	1	1
0	1	1	£105,000 to £109,999	0	3	3
0	3	3	£120,000 to £124,999	0	0	0
0	0	0	£125,000 to £129,999	0	3	3
0	1	1	£130,000 to £134,999	0	0	0
0	1	1	£140,000 to £144,999	0	0	0
0	0	0	£155,000 to £159,999	0	1	1
<b>324</b>	<b>218</b>	<b>542</b>		<b>424</b>	<b>206</b>	<b>630</b>

Of the staff noted above, five left during the year and their termination payments are included in the above analysis; however, they would have been included as an over £50k earner in a normal year (five in 2021/22). The number of teachers earning above £50k has increased due to the late agreement for the 2021/22 pay settlement, which was not reflected in the published 2021/22 figures.

## 8. Exit Packages

The Council has agreed a number of exit packages in 2022/23 as detailed in the table below. The exit packages agreed were all on a voluntary basis; there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council are sufficient to pay back the costs of the exit package within an acceptable period. The assessment of the payback period takes account of the total costs of the exit package.

The total exit package costs in the table below include redundancy, pension strain and compensatory lump sum payments; and also, the notional capitalised costs of compensatory added years. These notional costs are not based on actual costs, but are the estimated present value of projected costs over the lifetime of the individuals in receipt of the exit package, based on the following assumptions:

	2022/23	2021/22
Future Life expectancy at age 65 – males	20.5 years	21.0 years
Future Life expectancy at age 65 – females	24.2 years	24.5 years
Pension increase rate	3.0%	3.2%
Discount Rate	4.8%	2.7%

Exit Package Cost	2022/23		2021/22	
	Number of Employees	Value £m	Number of Employees	Value £m
£0 - £20,000	4	0.065	10	0.120
£20,001 - £40,000	5	0.112	3	0.093
£40,001 - £60,000	2	0.107	6	0.285
£60,001 - £80,000	6	0.420	4	0.270
£80,001 - £100,000	4	0.351	1	0.092
£100,001 - £150,000	17	2.082	4	0.479
£150,001 - £200,000	11	1.808	6	1.140
£200,001 - £250,000	3	0.604	3	0.668
£250,001 - £300,000	0	0.000	3	0.815
£300,001 - £350,000	3	0.989	2	0.632
<b>Total</b>	<b>55</b>	<b>6.538</b>	<b>42</b>	<b>4.594</b>

## 9. Trade Union Facility Time

Renfrewshire Council recognises that it is to the mutual benefit of the Council and its employees that employees are represented by Trade Unions. The Council is committed to the principle of collective bargaining at both national and local level. The Council recognises the key role of Trade Unions in promoting and developing good employee relations and health and safety practices. The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires public sector employers to publish information relating to facility time taken by union representatives.

Trade Union (TU) representative	
Number of employees who were relevant union officials during the period	30
FTE employee number	29.35

Percentage of pay bill spent on facility time	
Total cost of facility time	£221,081
Total pay bill	£330,069,268
Percentage of the total pay bill spent on facility time	0.07%

Percentage of time spent on facility time		
Number of representatives	% time	
25.00	1% - 50%	
3.00	51% - 99%	
2.00	100%	

Paid Trade Union activities	
Time spent on paid TU activities as a percentage of total paid facility time hours	40.12%

**Cllr Iain Nicolson**

Leader of the Council

**Alan Russell**

Chief Executive

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing the Council during the year. It includes, on an accruals basis, all of the Council's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that Councils need to take into account when setting the annual council tax charge. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

2021/22			Note	2022/23		
Gross expenditure £m	Gross income £m	Net expenditure £m		Gross expenditure £m	Gross income £m	Net expenditure £m
253.334	(41.446)	211.888	Children's Services	292.862	(38.357)	254.505
57.024	(54.169)	2.855	Communities and Housing Services	69.707	(59.300)	10.407
104.227	(12.804)	91.423	Environment and Infrastructure	104.694	(4.462)	100.232
106.841	(48.250)	58.591	Finance and Resources	109.077	(48.963)	60.114
41.418	(7.783)	33.635	Chief Executive's Service	37.895	(9.097)	28.798
12.708	(13.850)	(1.142)	Miscellaneous Services	17.692	(14.653)	3.039
233.939	(147.843)	86.096	Adult Services	237.671	(138.531)	99.140
<b>809.491</b>	<b>(326.145)</b>	<b>483.346</b>	<b>Cost of Services</b>	<b>869.598</b>	<b>(313.363)</b>	<b>556.235</b>
(0.175)	0.000	(0.175)	(Gain)/Loss on the disposal of non-current assets	0.103	0.000	0.103
25.222	(0.631)	24.591	Financing and investment income and expenditure	24.322	(6.646)	17.676
0.000	(486.210)	(486.210)	Taxation and non-specific grant income	0.000	(505.934)	(505.934)
<b>834.538</b>	<b>(812.986)</b>	<b>21.552</b>	<b>Deficit/(Surplus) on the Provision of Services</b>	<b>894.023</b>	<b>(825.943)</b>	<b>68.080</b>
		(165.905)	(Surplus)/Deficit on the revaluation of non-current assets		8	(123.454)
		(0.058)	(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income		8	0.469
		(214.582)	Actuarial (gain)/loss on pension assets and liabilities		28	(528.066)
		<b>(380.545)</b>	<b>Other comprehensive (income) and expenditure</b>			<b>(651.051)</b>
		<b>(358.993)</b>	<b>Total comprehensive (income) and expenditure</b>			<b>(582.971)</b>

Figures shown in brackets represent income or gains and figures without brackets represent expenditure or losses.

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (those reserves that can be applied to fund expenditure or to reduce local taxation) and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax-setting and dwellings rent-setting purposes. The net increase or (decrease) before transfers to other statutory reserves line shows the statutory General Fund Balance and the Housing Revenue Account Balance before any discretionary transfers to or from the other statutory reserves of the Council.

2022/23	General Fund Balance	Housing Revenue Account	Revenue statutory funds	Capital Funds	Total Usable Reserves	Unusable Reserves	Total reserves
Note	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2022	104.667	6.497	2.974	100.319	214.457	1,278.820	1,493.277
<b>Movement in reserves during the year</b>							
Total Comprehensive Income and Expenditure	(49.994)	(18.086)	0.000	0.000	(68.080)	651.051	582.971
Adjustments to Usable Reserves permitted by accounting standards	25.394	11.784	0.000	0.000	37.178	(37.178)	0.000
Transfers to / (from) other statutory reserves	7 (0.121)	0.000	0.121	0.000	0.000	0.000	0.000
Adjustment for Service Concession Arrangements	27.601	0.000	0.000	0.000	27.601	(27.601)	0.000
Adjustments between accounting basis and funding basis under regulations	6 19.844	6.302	0.000	(1.251)	24.895	(24.895)	0.000
Increase / (Decrease) in year	22.724	0.000	0.121	(1.251)	21.594	561.377	582.971
Balance at 31 March 2023	127.391	6.497	3.095	99.068	236.051	1,840.197	2,076.248
<b>Comparative movements in 2021/22 (restated)</b>							
Note	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2021	88.458	6.497	2.864	96.274	194.093	940.631	1,134.724
<b>Movement in reserves during the year</b>							
Total Comprehensive Income and Expenditure	(15.516)	(6.036)	0.000	0.000	(21.552)	380.545	358.993
Adjustments to Usable Reserves permitted by accounting standards	14.295	11.178	0.000	0.000	25.473	(25.473)	0.000
Transfers to / (from) other statutory reserves	7 (0.550)	0.000	0.110	0.000	(0.440)	0.000	(0.440)
Adjustments between accounting basis and funding basis under regulations	6 17.980	(5.142)	0.000	4.045	16.883	(16.883)	0.000
Increase / (Decrease) in year	16.209	0.000	0.110	4.045	20.364	338.189	358.553
Balance at 31 March 2022	104.667	6.497	2.974	100.319	214.457	1,278.820	1,493.277

## Balance Sheet

The balance sheet shows the value as at 31 March 2023 of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category comprises usable reserves, which are reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve, which may only be used to fund capital expenditure or to repay debt). The second category of reserves comprises those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold differences shown as 'adjustments between accounting basis and funding basis under regulations' in the Movement in Reserves Statement.

As at 31 March 2022 (restated) £m	Note	As at 31 March 2023 £m
1,663.152	Property, plant and equipment 9	1,817.907
44.186	Heritage assets 10	44.186
1.479	Investment property 11	1.593
3.349	Intangible assets 13	2.524
9.513	Long-term investments 22	4.157
2.966	Long-term debtors 19	2.582
<b>1,724.645</b>	<b>Long-term assets</b>	<b>1,872.949</b>
0.922	Assets held for sale 12	0.100
183.583	Short-term investments 22	166.751
1.032	Inventories 17	1.314
81.666	Short-term debtors 19	66.722
18.817	Cash and cash equivalents 18	11.632
<b>286.020</b>	<b>Current assets</b>	<b>246.519</b>
(92.034)	Short-term borrowing 22	(93.653)
(75.843)	Short-term creditors 20	(89.179)
(0.240)	Short-term provisions 21	(0.252)
<b>(168.117)</b>	<b>Current liabilities</b>	<b>(183.084)</b>
(69.152)	Long-term creditors 20	(65.690)
(5.117)	Long-term provisions 21	(4.942)
(219.781)	Long-term borrowing 22	(223.600)
(55.221)	Other long-term liabilities 28	434.096
<b>(349.271)</b>	<b>Long-term liabilities</b>	<b>139.864</b>
<b>1,493.277</b>	<b>Net assets</b>	<b>2,076.248</b>
(214.457)	Usable reserves 7	(236.051)
(1,278.820)	Unusable reserves 8	(1,840.197)
<b>(1,493.277)</b>	<b>Total reserves</b>	<b>(2,076.248)</b>

**Alastair MacArthur**  
Director of Finance  
and Resources

The unaudited accounts were issued on 22 June 2023.

## Cashflow Statement

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

2021/22 £m		2022/23 £m
(21.552)	Net surplus/(deficit) on the provision of services	(68.080)
	<b>Adjustment for non-cash movements:</b>	
63.319	Depreciation, amortisation, impairment and revaluations	50.315
0.729	Increase/(decrease) in creditors	19.014
(0.450)	(Increase)/decrease in debtors	15.328
(0.153)	(Increase)/decrease in inventories	(0.282)
48.269	Pension (liability)/asset	38.749
0.610	Carrying amount of non-current assets sold	0.610
0.232	Other non-cash items charged to the net surplus or deficit on the provision of services	(0.163)
(42.875)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(44.807)
<b>48.129</b>	<b>Net cash flows from operating activities</b>	<b>10.684</b>
	<b>Net cash flows from investing activities :</b>	
(82.237)	Purchase of property, plant and equipment, investment property and intangible assets	(87.082)
(0.785)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1.697)
(52.871)	Proceeds from short-term and long-term investments	22.188
43.660	Other receipts from investing activities	46.504
	<b>Net cash flows from financing activities</b>	
(2.847)	Cash payments for the reduction of the outstanding liability relating to finance leases and on-balance sheet PFI /PPP contracts	(3.220)
19.497	Repayment of short-term and long-term borrowing	5.438
<b>(27.454)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(7.185)</b>
46.271	Cash and cash equivalents at the beginning of the reporting period	18.817
<b>18.817</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>11.632</b>

The Net cash flow from operating activities above includes the following elements of interest paid and received:

2021/22 £m	Interest Paid and Received	2022/23 £m
(0.631)	Interest received	(6.646)
10.895	Interest paid	11.660
5.525	Interest element of finance lease and PPP payments	4.923
<b>15.789</b>		<b>9.937</b>

## Note 1: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and non-domestic rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's service departments. Income and expenditure accounted for under generally accepted account practices is presented more fully in the CIES.

2022/23	Net Expenditure chargeable to the General Fund and HRA £m	Adjustments between Funding and Accounting basis £m	Depreciation charged to Revaluation Reserve £m	Net Expenditure in the CIES £m
Children's Services	233.285	0.993	20.390	254.505
Communities and Housing Services	10.897	(12.287)	11.798	10.407
Environment & Infrastructure	61.470	38.013	0.749	100.232
Finance & Resources	43.686	14.853	1.575	60.114
Chief Executive's Service	27.605	(1.269)	2.462	28.798
Miscellaneous Services	20.795	(16.985)	0.203	3.039
Adult Services	93.580	5.560	0.000	99.140
Net cost of services	491.318	28.878	37.177	556.235
Other income and expenditure	(486.441)	(2.732)		(488.155)
(Surplus) / Deficit	4.877	26.146	37.177	68.080
Opening General Fund and HRA balance	(111.164)			
Less (Surplus) / Deficit in the year	4.877			
Add other items not charged to the Surplus / (Deficit)	(27.601)			
Closing General Fund and HRA at 31 March*	(133.888)			

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

2022/23	Adjustments for capital purposes £m	Net change for the pensions adjustments £m	Other differences £m	Total Adjustments £m
Children's Services	16.780	11.212	(26.999)	0.993
Communities and Housing Services	5.936	3.386	(21.609)	(12.287)
Environment & Infrastructure	12.990	8.466	16.557	38.013
Finance & Resources	1.969	6.831	6.053	14.853
Chief Executive's Service	(2.736)	2.381	(0.914)	(1.269)
Miscellaneous Services	(0.202)	(1.746)	(15.037)	(16.985)
Adult Services	0.003	6.235	(0.678)	5.560
Net cost of services	34.740	36.765	(42.627)	28.878
Other income and expenditure	(46.897)	1.984	42.181	(2.732)
Total adjustments between accounting basis and funding basis	(12.157)	38.749	(0.446)	26.146

- Adjustments for capital purposes: adds in depreciation, impairment and revaluation gains and losses to the service net expenditure including income on the disposal of assets and the amounts written off for those assets and the

statutory charges for capital financing and capital grants which are not chargeable under generally accepted accounting practices.

- Net change for the pensions adjustments: removes employer pension contributions as allowed by statute and replaces with the current and past service costs within the IAS 19 employee benefits pension related expenditure and income. The net interest on the defined benefit liability is also included as charged to the CIES.
- Other differences: any other differences between those amounts debited or credited to the CIES and amounts payable or receivable to be recognised under statute, including those primarily involved in the financial instruments adjustment account, the employee statutory adjustment account and other statutory funds. Any other non-statutory adjustments would also be included here.

2021/22	Net Expenditure chargeable to the General Fund and HRA £m	Adjustments between Funding and Accounting basis £m	Depreciation charged to Revaluation Reserve £m	Net Expenditure in the CIES £m
Children's Services	217.871	(16.333)	10.350	211.888
Communities and Housing Services	11.109	(19.432)	11.178	2.855
Environment & Infrastructure	55.880	34.833	0.710	91.423
Finance & Resources	40.045	17.258	1.288	58.591
Chief Executive's Service	28.009	3.822	1.804	33.635
Miscellaneous Services	28.094	(29.379)	0.143	(1.142)
Adult Services	79.974	6.122	0.000	86.096
Net cost of services	460.982	(3.109)	25.473	483.346
Other income and expenditure	(477.191)	15.507	0.000	(461.794)
(Surplus) / Deficit	(16.209)	12.398	25.473	21.552
Opening General Fund and HRA balance	(94.955)			
Less (Surplus) / Deficit in the year	(16.209)			
Closing General Fund and HRA at 31 March*	(111.164)			

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

2021/22	Adjustments for capital purposes £m	Net change for the pensions adjustments £m	Other differences £m	Total Adjustments £m
Children's Services	2.064	12.728	(31.125)	(16.333)
Communities and Housing Services	0.366	3.497	(23.295)	(19.432)
Environment & Infrastructure	9.795	9.319	15.719	34.833
Finance & Resources	2.944	7.771	6.543	17.258
Chief Executive's Service	1.939	2.677	(0.794)	3.822
Miscellaneous Services	(8.264)	0.477	(21.592)	(29.379)
Adult Services	0.000	6.893	(0.771)	6.122
Net cost of services	8.844	43.362	(55.315)	(3.109)
Other income and expenditure	(43.835)	4.907	54.435	15.507
Total adjustments between accounting basis and funding basis	(34.991)	48.269	(0.880)	12.398

## Note 2: Financing and investment income and expenditure

2021/22 £m		2022/23 £m
20.315	Interest payable and similar charges	22.338
4.907	Net interest on the net defined benefit liability	1.984
(0.631)	Interest receivable and similar income	(6.646)
<b>24.591</b>	<b>Total</b>	<b>17.676</b>

## Note 3: Taxation and non-specific grant income

2021/22 £m		2022/23 £m
(86.464)	Income from Council Tax and community charge	(80.713)
(81.663)	Distribution from the national non-domestic rate pool	(108.076)
(274.423)	General Revenue Grant from the Scottish Government	(270.144)
(43.660)	Capital grants and contributions	(47.001)
<b>(486.210)</b>	<b>Total</b>	<b>(505.934)</b>

## Note 4: Expenditure and income analysed by nature

This note presents the subjective analysis of expenditure and income shown by operational service area in the CIES.

2021/22 £m		Note	2022/23 £m
	<b>Expenditure</b>		
356.167	Employee benefits expenses		383.749
390.005	Other service expenses		435.534
63.319	Depreciation, amortisation, impairment		50.315
25.222	Interest Payments	2	24.322
(0.175)	Loss on the disposal of assets	8	0.103
<b>834.538</b>	<b>Total expenditure</b>		<b>894.023</b>
	<b>Income</b>		
(326.145)	Fees, charges and other service income		(313.363)
(0.631)	Interest and investment income	2	(6.646)
(168.127)	Income from council tax and non-domestic rates	3	(188.789)
(318.083)	Government grants and contributions	3	(317.145)
<b>(812.986)</b>	<b>Total income</b>		<b>(825.943)</b>
<b>21.552</b>	<b>(Surplus) or deficit on the provision of services</b>		<b>68.080</b>

## Note 5: Grant income

The Council credited the following grants, contributions and donations direct to services in the CIES during 2022/23.

2021/22 £m		2022/23 £m
43.434	Housing benefit	40.841
0.549	Housing benefit and Council Tax administration	0.549
1.203	Discretionary Housing Payment	0.687
0.200	Private sector housing grant	0.200
0.579	Education Maintenance Allowance	0.491
0.016	Gaelic Education	0.061
0.015	School Milk	0.000
4.276	Pupil Equity Fund	4.663
21.860	Early Years Expansion	18.716
9.265	Other Education	7.772
3.163	Children's Services	3.203
12.322	Adult Services	12.254
1.436	Employability	3.406
8.011	Other grants	3.415
<b>106.329</b>	<b>Total</b>	<b>96.258</b>

## Note 6: Adjustment between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The first table outlines the current year position, and the second table outlines the comparative prior year position.

2022/23	Usable reserves				Unusable reserves £m
	General Fund Balance £m	Housing Revenue Account Balance £m	Capital Statutory Funds £m	Capital Receipts Reserve £m	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items charged to the CIES:</b>					
Charges for depreciation and impairment of non-current assets	(33.353)	(16.099)	0.000	0.000	<b>49.452</b>
Amortisation of intangible assets	(0.863)	0.000	0.000	0.000	<b>0.863</b>
Capital grants and contributions applied	46.599	0.402	0.000	0.000	<b>(47.001)</b>
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	0.173	(0.276)	0.000	0.000	<b>0.103</b>
<b>Insertion of items not charged to the CIES:</b>					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	1.815	11.434	0.000	0.000	<b>(13.249)</b>
Capital expenditure charged against the General Fund and HRA Balances	2.325	0.000	1.841	0.000	<b>(4.166)</b>
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES	0.000	0.000	0.000	(1.697)	<b>1.697</b>
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	1.107	<b>(1.107)</b>
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.323	0.173	0.000	0.000	<b>(0.496)</b>
<b>Adjustments primarily involving the Pension Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(74.376)	(0.089)	0.000	0.000	<b>74.465</b>
Employer's pension contributions and direct payments to pensioners payable in the year	37.587	(1.871)	0.000	0.000	<b>(35.716)</b>
<b>Adjustment primarily involving the Employee Statutory Adjustment Account:</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.074)	0.024	0.000	0.000	<b>0.050</b>
<b>Total adjustments</b>	<b>(19.844)</b>	<b>(6.302)</b>	<b>1.841</b>	<b>(0.590)</b>	<b>24.895</b>

2021/22 (restated)	Usable reserves				Unusable reserves £m
	General Fund Balance £m	Housing Revenue Account £m	Capital Statutory Funds £m	Capital Receipts Reserve £m	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items charged to the CIES:</b>					
Charges for depreciation and impairment of non-current assets	(21.812)	(15.158)	0.000	0.000	<b>36.970</b>
Amortisation of intangible assets	(0.876)	0.000	0.000	0.000	<b>0.876</b>
Capital grants and contributions applied	36.513	7.147	0.000	0.000	<b>(43.660)</b>
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	0.169	0.006	0.000	0.000	<b>(0.175)</b>
<b>Insertion of items not charged to the CIES:</b>					
Statutory provision for the repayment of Loans Fund & Finance Lease principal	3.011	15.087	0.000	0.000	<b>(18.098)</b>
Capital expenditure charged against the General Fund and HRA Balances	10.464	0.000	(5.089)	0.000	<b>(5.375)</b>
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal to the CIES	0.000	0.000	0.000	(0.785)	<b>0.785</b>
Use of the Capital Receipts Reserve to finance new capital expenditure	0.000	0.000	0.000	1.829	<b>(1.829)</b>
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.289	0.203	0.000	0.000	<b>(0.492)</b>
<b>Adjustments primarily involving the Pension Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(80.312)	(0.215)	0.000	0.000	<b>80.527</b>
Employer's pension contributions and direct payments to pensioners payable in the year	34.168	(1.910)	0.000	0.000	<b>(32.258)</b>
<b>Adjustment primarily involving the Employee Statutory Adjustment Account:</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.406	(0.018)	0.000	0.000	<b>(0.388)</b>
<b>Total adjustments</b>	<b>(17.980)</b>	<b>5.142</b>	<b>(5.089)</b>	<b>1.044</b>	<b>16.883</b>

## Note 7: Usable reserves

Usable reserves are those reserves the Council is able to apply to fund expenditure or reduce taxation and comprise both capital and revenue reserves. Movements in the revenue reserves during the year are outlined in the Movement in Reserves Statement and a summary is shown in below.

More information about the Housing Revenue Account can be found on page 95.

As at 31 March 2022 £m	Usable Reserves	As at 31 March 2023 £m
(104.667)	General Fund Balance	(127.391)
(6.497)	Housing Revenue Account Balance	(6.497)
(7.594)	Capital Receipts Reserve	(8.184)
(95.699)	Other Statutory Funds	(93.979)
<b>(214.457)</b>	<b>Total</b>	<b>(236.051)</b>

This note sets out the amounts set aside from the General Fund Balance in statutory funds established under Schedule 3 of the Local Government (Scotland) Act 1975 to provide financing for specific areas of expenditure, and the amounts transferred back from these funds to meet General Fund expenditure in 2022/23.

	Balance at 1 April 2021 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2022 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2023 £m
Insurance Fund	2.543	0.000	0.110	2.653	0.000	0.115	2.768
Reservoir Repair Fund	0.321	0.000	0.000	0.321	0.000	0.006	0.327
Revenue statutory funds	2.864	0.000	0.110	2.974	0.000	0.121	3.095
Education Capital Items Fund	1.400	(0.224)	1.093	2.269	(0.509)	0.346	2.106
Investment Capital Fund	86.236	(0.680)	4.900	90.456	(2.175)	0.497	88.778
Capital statutory funds	87.636	(0.904)	5.993	92.725	(2.684)	0.843	90.884
<b>Total</b>	<b>90.500</b>	<b>(0.904)</b>	<b>6.103</b>	<b>95.699</b>	<b>(2.684)</b>	<b>0.964</b>	<b>93.979</b>

- The Insurance Fund is the funding mechanism for the control of insurable risk and covers the main classes of insurance. It is earmarked for premiums and self-funded insurance costs.
- The Reservoir Repair Fund is funding received from a contractor for repairs in perpetuity to the Thornly Dam.
- The Education Capital Items Fund is earmarked funding for specific schools to be used in future years for planned purchases of a capital nature, such as computers and information communication technology equipment.
- The Investment Capital Fund represents planned funding earmarked to support the Council's investment programme and the wider strategic management of the Council's associated debt profile.
- In addition to the capital statutory funds above the Capital Receipts Reserve is also a statutory fund. The Capital Receipts Reserve holds cash receipts from asset sales and is used to fund planned capital expenditure.

	Balance at 1 April 2021 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2022 £m	Sale proceeds £m	Capital exp funded £m	Balance at 31 March 2023 £m
Capital Receipts Reserve	8.638	0.785	(1.829)	7.594	1.697	(1.107)	8.184

### Ring-fenced elements of the General Fund Balance

The following note sets out the amounts within the General Fund Balance that the Council has ring-fenced for future expenditure plans. The unallocated balance of £10.318m represents 2.1% of the Council's net annual running costs.

	Balance at 1 April 2021 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2022 £m	Transfers out £m	Transfers in £m	Balance at 31 March 2023 £m
COVID-19 General Recovery Fund	11.390	(16.412)	14.182	9.160	(1.780)	(7.380)	-
COVID-19 Education Recovery	6.149	(3.534)	3.713	6.328	(0.403)	(5.925)	-
COVID-19 Recovery Construction	-	-	10.000	10.000	(2.735)	(7.265)	-
Inflation Mitigation	-	-	4.990	4.990	-	(4.990)	-
<b>Financial Sustainability Fund</b>	-	-	-	-	(6.054)	27.560	21.506
Social Renewal Plan	2.706	(0.911)	-	1.795	(1.180)	(0.615)	-
Tackling Poverty	2.421	(1.019)	-	1.402	(0.770)	(0.632)	-
Fairer Renfrewshire Programme	-	-	-	-	(1.584)	6.081	4.497
Climate Change Action Fund	0.742	(0.131)	-	0.611	(0.256)	(0.355)	-
Community Empowerment Fund	0.375	(0.036)	-	0.339	(0.038)	(0.301)	-
<b>Sustainable Communities Fund</b>	-	-	-	-	-	0.656	0.656
PPP Schools Replacement Fund	12.670	-	-	12.670	-	(12.670)	-
<b>Loan Charges Flexibility Fund</b>	-	-	-	-	-	44.759	44.759
Alcohol and Drugs Commission	2.000	(0.196)	-	1.804	(0.601)	0.100	1.303
British Sign Language	0.081	(0.080)	-	0.001	(0.001)	-	0.000
City Deal	0.659	(1.094)	2.185	1.750	(0.237)	0.106	1.619
Civil Contingencies Shared Service	-	-	-	-	-	0.114	0.114
Culture Bid Legacy	3.532	(0.225)	0.260	3.567	(0.869)	0.395	3.093
Development Contribution – Paisley Town Centre	1.057	-	-	1.057	-	-	1.057
Digital Infrastructure	0.375	-	2.014	2.389	-	0.033	2.422
Discretionary business grants	2.303	(1.911)	-	0.392	-	-	0.392
Early Years Change Fund	1.900	-	-	1.900	-	1.000	2.900
Employability	8.095	(1.704)	3.090	9.481	(0.171)	-	9.310
Environment & Infrastructure	1.500	(0.500)	0.015	1.015	(0.500)	0.045	0.560
Fly Tipping Enforcement	-	-	-	-	(0.208)	0.450	0.242
Invest in Renfrewshire	0.576	(0.576)	-	-	-	-	-
Local Authority Economic	-	-	-	-	0.305	-	0.305
Leisure: Inclusive Play Facility	0.050	-	-	0.050	(0.043)	-	0.007
Local Heat and Energy Efficiency	-	-	-	-	-	0.075	0.075
Memorial Headstone Safety	0.987	(0.362)	-	0.625	(0.511)	-	0.114
Paisley Town Centre Heritage	2.995	(1.895)	0.154	1.254	(0.369)	-	0.885
Private Sector Housing Grant	2.632	(0.851)	0.425	2.206	(0.167)	-	2.039
Pupil Equity Fund	1.225	-	0.034	1.259	(0.599)	0.370	1.030
Rapid Rehousing Transition Plan	-	-	-	-	(0.114)	0.154	0.040
Resettlement and Asylum Fund	-	-	-	-	-	0.585	0.585
School Music Participation	0.375	(0.125)	0.035	0.285	(0.125)	0.062	0.222
Service Modernisation & Reform	6.981	(0.124)	4.202	11.059	(0.225)	0.185	11.019
Town Centre Public WiFi	0.093	(0.060)	-	0.033	(0.033)	-	(0.000)
Villages Improvement Fund	0.292	(0.159)	-	0.133	(0.133)	-	(0.000)
Welfare Reform	0.612	(0.291)	0.712	1.033	(0.447)	0.493	1.079
Year-end flexibility: Children's Svc	2.798	(0.220)	2.713	5.291	(2.645)	2.597	5.243
<b>General Fund: Ring-fenced</b>	<b>77.571</b>	<b>(32.416)</b>	<b>48.724</b>	<b>93.879</b>	<b>(22.493)</b>	<b>45.687</b>	<b>117.073</b>
Unallocated Balance	10.887	(0.099)	-	10.788	(0.470)	-	10.318
<b>Total General Fund Balance</b>	<b>88.458</b>	<b>(32.515)</b>	<b>48.724</b>	<b>104.667</b>	<b>(22.963)</b>	<b>45.687</b>	<b>127.391</b>

## Note 8: Unusable reserves

Unusable reserves are those reserves that the Council is not able to utilise to provide services, and comprise:

- Reserves that hold unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment and financial instruments, where amounts will only become available to provide services (or limit resources in the case of losses) once the gains or losses are realised as the assets are disposed of. This category of reserves comprises the Revaluation Reserve and the Financial Instruments Revaluation Reserve.
- Adjustment accounts that deal with situations where income and expenditure are recognised according to statutory regulations against the General Fund Balance and the Housing Revenue Account Balance on a different basis from that expected by generally accepted accounting practices. These adjustment accounts will carry either a debit balance (showing that the Council is required by statute to fund its expenditure more slowly than accounting standards would expect) or a credit balance (where the Council has set resources aside under statute earlier than accounting standards require). The adjustment accounts effectively offset the General Fund Balance and the Housing Revenue Account Balance to give the Council more or less spending power in the short term than proper accounting practices would allow. The adjustment accounts comprise the Capital Adjustment Account, the Financial Instruments Adjustment Account, the Capital Receipts Reserve, the Pension Reserve and the Employee Statutory Adjustment Account.

As at 31 March 2022 (restated) £m	Unusable Reserves	As at 31 March 2023 £m
(705.624)	Revaluation Reserve	(791.077)
55.220	Pension Reserve	(434.097)
(646.538)	Capital Adjustment Account	(633.168)
11.437	Financial Instruments Adjustment Account	10.941
(0.997)	Financial Instruments Revaluation Reserve	(0.528)
7.682	Employee Statutory Adjustment Account	7.732
<b>(1,278.820)</b>	<b>Total Unusable Reserves</b>	<b>(1,840.197)</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

As at 31 March 2022 £m	Revaluation Reserve	As at 31 March 2023 £m
(565.557)	Balance at 1 April	(705.624)
(165.905)	Upward revaluation of non-current assets	(123.454)
25.473	Difference between fair value depreciation and historic cost depreciation	37.178
0.365	Accumulated (gains) / losses on disposal of non-current assets transferred to the Capital Adjustment Account	0.823
(140.067)	Movement in Year	(85.453)
(705.624)	Balance at 31 March	(791.077)

## Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions or regulations. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds. The debit balance on the Pension Reserve shows a significant shortfall in the benefits earned by past and current employees and the Council's share of Strathclyde Pension Fund resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

As at 31 March 2022 £m	Pension Reserve	As at 31 March 2023 £m
221.533	Balance at 1 April	55.220
(214.582)	Actuarial (gains) / losses on pension assets and liabilities	(528.066)
80.527	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	74.465
(32.258)	Employer's pension contributions payable in the year	(35.716)
55.220	Balance at 31 March	(434.097)

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Capital Adjustment Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Capital Adjustment Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council, and also revaluation gains accumulated on property, plant and equipment before 1 April 2007. The Revaluation Reserve was created to hold such gains arising from 1 April 2007 onwards.

As at 31 March 2022 (restated) £m	Capital Adjustment Account	As at 31 March 2023 £m
(615.667)	Balance at 1 April	(646.538)
	<b>Reversal of items relating to capital expenditure charged to the CIES:</b>	
36.970	Charges for depreciation, impairment and revaluation losses of non-current assets	49.452
0.876	Amortisation of intangible assets	0.863
0.785	Non-current assets sale proceeds	1.697
(0.175)	(Gain)/Loss on disposal of non-current assets charged to the CIES	0.103
(0.365)	Adjusting amounts written out of the Revaluation Reserve	(0.823)
<b>38.091</b>	<b>Net written out amount of non-current assets consumed in the year</b>	<b>51.292</b>
	<b>Capital financing applied in the year:</b>	
(1.829)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1.107)
(43.660)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(47.001)
(18.098)	Loans Fund and Finance Lease principal repayments	(13.249)
(5.375)	Capital expenditure charged against the General Fund and Housing Revenue Account balances	(4.166)
0.000	Adjustment for Service Concession Arrangements	27.601
<b>(68.962)</b>		<b>(37.922)</b>
(646.538)	Balance at 31 March	(633.168)

## Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments, and for bearing losses or benefiting from gains in accordance with statutory provisions [or regulations]. The Council uses the Financial Instruments Adjustment Account to:

- Manage premiums incurred on the early repayment of borrowings. Generally accepted accounting practices require that premiums are debited to the CIES when they are incurred (except where the loan debt being repaid is exchanged for new loan debt on substantially similar terms). However, statutory arrangements or regulations allow any premiums that would normally require to be taken immediately to the surplus or deficit on the provision of services, to be amortised to the General Fund Balance over the various periods of time as specified in the regulations/statutory guidance. Furthermore, statutory arrangements [or regulations] require that any premiums that were on the Council's balance sheet at 31 March 2007 be amortised to the General Fund Balance over the unexpired term that was outstanding on the associated loans when they were redeemed. The Council had various premiums totalling £17.630m at 31 March 2007 and, under the statutory arrangements, these will be fully amortised to the General Fund Balance by financial year 2053-2054.

- Manage borrowings that were on the Council's balance sheet at 31 March 2007 and that have a stepped interest rate feature. These borrowings comprise five 'lender option borrower option' (LOBO) loans for which the interest rate was fixed for an initial period, and at a pre-agreed later date the interest rate changed. Generally accepted accounting practices require that interest charges relating to borrowings that have a stepped interest rate feature are debited to the CIES on the basis of a single effective interest rate (EIR) over the expected life of the loans, rather than based on the contractual cash outflows of interest. However, statutory arrangements [or regulations] allow such borrowings that were on the Council's balance sheet at 31 March 2007 to be charged to the General Fund Balance in accordance with the accounting treatment prior to 1 April 2007, which did not require the use of the effective interest rate as the basis for the interest charge.
- Manage 'soft loans' that were on the Council's balance sheet at 31 March 2007. Soft loans are loans advanced by the Council at nil or below prevailing interest rates. Generally accepted accounting practices require that the discounted interest rate is recognised as a reduction in the fair value of the loan, with the difference being debited to the CIES as service expenditure. However, statutory arrangements [or regulations] require that, for soft loans on the Council's balance sheet at 31 March 2007, the reduction in value and corresponding charge to be reversed, so that there is no impact on the General Fund Balance. As at 31 March 2007 interest free loans amounting to £0.156m had been advanced to employees who had had changes implemented to their pay cycle. These loans are repayable when employees leave the Council's employment.

Financial Instruments Adjustment Account	Refinancing premiums and discounts £m	Borrowing on stepped interest rate loans £m	Loans to third parties at less than market rate £m	Total £m
Balance at 1 April 2022	10.550	0.866	0.021	11.437
Premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(0.472)	0.000	0.000	(0.472)
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.000	(0.021)	(0.003)	(0.024)
<b>Balance at 31 March 2023</b>	<b>10.078</b>	<b>0.845</b>	<b>0.018</b>	<b>10.941</b>

### Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income.

The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost; or
- disposed of and the gains are realised.

As at 31 March 2022 £m	Financial Instruments Revaluation Reserve	As at 31 March 2023 £m
(0.939)	Balance at 1 April	(0.997)
(0.058)	Downward/(Upward) revaluation of investments	0.469
<b>(0.997)</b>	<b>Balance at 31 March</b>	<b>(0.528)</b>

## Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for short-term accumulating compensated absences at the end of the financial year.

As at 31 March 2022 £m	Employee Statutory Adjustment Account	As at 31 March 2023 £m
8.070	Balance at 1 April	7.682
(8.070)	Settlement or cancellation of accrual made at the end of the prior year	(7.682)
7.682	Amounts accrued at the end of the current year	7.732
7.682	Balance at 31 March	7.732

## Note 9: Property, Plant and Equipment

The Code requires that where a component of an asset is replaced, the carrying amount (i.e. net book value) of the old component shall be derecognised to avoid double counting and the new component is reflected in the carrying amount of the infrastructure asset. However, due to practical difficulties in applying component accounting for the recognition and derecognition of replaced components of infrastructure assets, most local authorities have been unable to comply with the requirement to assess the net book value of the replaced component and have treated the amount of the replaced component as zero, because the replaced component is considered to have been fully used up at the point that it is replaced.

In recognition of this difficulty, the Scottish Government issued a Statutory Override in August 2022. Renfrewshire Council has elected to apply both of the following provisions:

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

## Note 9: Property, Plant and Equipment (continued)

Movements in 2022/23	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total £m	Of which funded by PFI £m
Balance sheet net carrying amount at 31 March 2022	618.804	341.319	408.817	214.168	57.786	22.258	1,663.152	135.370
Reclassified (to)/ from Assets Held for Sale	0.000	0.000	0.000	0.000	0.000	0.297	0.297	0.000
Other Reclassifications	6.656	(0.147)	1.966	4.766	(13.177)	0.000	0.064	0.000
Additions	7.414	1.529	16.625	13.538	79.917	0.000	119.023	1.685
Disposals	0.000	(0.227)	(0.130)	0.000	0.000	(0.918)	(1.275)	0.000
Depreciation	(20.627)	(9.380)	(51.712)	(9.740)	0.000	(0.092)	(91.551)	(9.516)
Revaluation adjustments taken to the Revaluation Reserve	102.701	12.297	8.237	0.000	0.000	0.219	123.454	0.000
Revaluation adjustments recognised in the CIES	(0.258)	9.140	(3.473)	0.000	0.000	(0.666)	4.743	0.000
Balance sheet net carrying amount at 31 March 2023	714.690	354.531	380.330	222.732	124.526	21.098	1,817.907	127.539
Gross carrying amount at 31 March 2023	714.690	372.695	626.747	n/a	124.532	26.180	1,864.844	139.579
Accumulated depreciation at 31 March 2023	0.000	(18.164)	(246.419)	n/a	0.000	(5.082)	(269.665)	(12.040)
Infrastructure Assets	0.000	0.000	0.000	222.732	0.000	0.000	222.732	0.000
Balance sheet net carrying amount at 31 March 2023	714.690	354.531	380.328	222.732	124.532	21.098	1,817.911	127.539

Movements in 2021/22	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture and equipment £m	Infrastructure assets £m	Assets under construction £m	Surplus assets £m	Total £m	Of which funded by PFI £m
Balance sheet net carrying amount at 31 March 2021	579.608	296.670	350.381	173.012	62.874	21.698	1,484.243	107.052
Reclassified (to)/ from Assets Held for Sale	0.000	0.000	0.000	0.000	0.000	(0.822)	(0.822)	0.000
Other Reclassifications	2.018	2.938	7.964	35.218	(48.797)	0.659	0.000	0.064
Additions	5.168	4.485	14.953	12.933	43.709	0.000	81.248	2.122
Disposals	0.000	0.000	(2.050)	0.000	0.000	0.000	(2.050)	0.000
Depreciation	0.000	6.594	26.735	(6.995)	0.000	0.016	26.350	5.621
Revaluation adjustments taken to the Revaluation Reserve	32.010	23.221	25.238	0.000	0.000	0.856	81.325	10.156
Revaluation adjustments recognised in the CIES	0.000	7.411	(14.404)	0.000	0.000	(0.149)	(7.142)	0.404
Balance sheet net carrying amount at 31 March 2022	618.804	341.319	408.817	214.168	57.786	22.258	1,663.152	125.419
Gross carrying amount at 31 March 2022	618.804	353.451	620.666	n/a	58.064	27.290	1,678.275	133.326
Accumulated depreciation at 31 March 2022	(0.000)	(12.132)	(211.849)	n/a	(0.278)	(5.032)	(229.291)	(7.907)
Infrastructure Assets	0.000	0.000	0.000	214.168	0.000	0.000	214.168	0.000
Balance sheet net carrying amount at 31 March 2022	618.804	341.319	408.817	214.168	57.786	22.258	1,663.152	125.419

## Note 10: Heritage Assets

2021/22 £m	Heritage Assets	2022/23 £m
39.303	Balance at 1 April	44.186
(0.046)	Revaluations to CIES	0.000
4.929	Revaluations to Revaluation Reserve	0.000
44.186	Balance at 31 March	44.186

A valuation of the fair value of the Council's Heritage Assets was carried out by an external valuer between October 2021 and March 2022. In the four years prior to 2022/23, there were no acquisitions, donations, or disposals of Heritage Assets.

The combined collections managed by the Renfrewshire Arts and Museums Service number in excess of 350,000 objects and it is impractical to undertake a full valuation of all the items in the collection. The balances above reflect the valuation of materials examined by the external valuer during 2021/22. Further detail on the valuation of each category of asset is outlined in Accounting Policy K on page 84.

The details of the valuations of the assets are as follows:

- Archaeology items
- Natural history and science book collections
- Art collection
- Ceramics
- Natural history and Numismatics
- Science and social history collections
- Special collections
- Textiles
- Transport collection
- World cultures

## Note 11: Investment properties

The following items of income and expense have been accounted for in the 'Financing and Investment income and expenditure' line in the CIES.

2021/22 £m	Investment Properties	2022/23 £m
(0.118)	Rental income from investment property	(0.120)
(0.118)	Net Loss / (Gain)	(0.120)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property, nor does it have contractual obligations in relation to repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties during the year:

2021/22 £m	Fair Value of Investment Properties	2022/23 £m
1.467	Opening balance at 1 April	1.479
0.012	Net gains or (losses) from fair value adjustments	0.178
0.000	Transfers from inventories and property, plant and equipment	(0.064)
1.479	Closing balance at 31 March	1.593

## Fair Value Hierarchy

Detail of the authority's investment properties and information about the fair value hierarchy as at 31 March 2023 are as follows:

	Quoted Prices in active markets for identical assets (level 1) £m	Other significant observable inputs (level 2) £m	Other significant unobservable inputs (level 3) £m	Fair Value as at 31 March 2023 £m
Commercial Units	0.000	0.690	0.000	0.690
Office Units	0.000	0.075	0.000	0.075
Commercial Sites	0.000	0.700	0.000	0.700
Other	0.000	0.128	0.000	0.128
<b>Total</b>	<b>0.000</b>	<b>1.593</b>	<b>0.000</b>	<b>1.593</b>

## Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Sufficient title and lease information is available in the respect of Investment Properties. This, coupled with knowledge of the rent being achieved, or likely to be achieved, has enabled the market approach to be used in respect of the fair value measurement of Investment Properties.

Market knowledge, through sales evidence of surplus development sites within Renfrewshire has also been factored into the fair value measurement. Therefore, the level of observable inputs is significant, leading to the properties being categorised at level 2 in the fair value hierarchy.

## Note 12: Assets held for sale

The following table summarises the movement in the fair value of assets held for sale during the year:

2021/22 £m	Assets Held for Sale	2022/23 £m
0.625	Opening balance at 1 April	0.922
	<b>Assets reclassified as held for sale:</b>	
0.822	Surplus Assets	(0.297)
(0.525)	Assets sold	(0.525)
<b>0.922</b>	<b>Closing balance at 31 March</b>	<b>0.100</b>

## Note 13: Intangible assets

The Council accounts for purchased software licences as intangible assets. The cost of the licences is amortised on a straight-line basis over the expected life of the licences, which is three to five years for all ICT systems. Amortisation charges are initially charged to ICT services and then absorbed as an overhead across all the service headings in the net expenditure of services.

The movement on intangible asset balances during the year is shown in the following table.

2021/22 £m	Purchased Software Licences	2022/23 £m
	Balance at 1 April	
6.124	Gross carrying amount	6.061
(1.947)	Accumulated amortisation	(2.712)
<b>4.177</b>	<b>Net carrying amount at 1 April</b>	<b>3.349</b>
0.048	Additions: purchases	0.038
(0.111)	Disposals	(0.238)
0.111	Disposal amortisation	0.238
(0.876)	Amortisation for the year	(0.863)
<b>3.349</b>	<b>Net carrying amount at 31 March</b>	<b>2.524</b>
	<b>Comprising:</b>	
6.061	Gross carrying amount	5.861
(2.712)	Accumulated amortisation	(3.337)
<b>3.349</b>	<b>Balance at 31 March</b>	<b>2.524</b>

There are no individual intangible assets that are material to the financial statements and there are currently no contractual commitments for the acquisition of intangible assets.

## Note 14: Capital expenditure and capital financing

Capital expenditure involves the creation of assets, the benefit of which will be available to future council tax and non-domestic rate payers. It is financed from borrowing and capital income (sales receipts), and so the cost of the asset is effectively borne over a number of years.

The Council's overall capital investment programme is sub-divided into two programmes: housing and non-housing. In 2022/23 total spending on capital projects was £119.061m (£81.296m in 2021/22) and was within the overall prudential limits approved by Council. Capital

receipts of £1.107m (£1.829m in 2021/22) were used to fund spending on capital projects.

The net capital expenditure for the year of £66.787m (£30.432m in 2021/22) was financed from external borrowing, credit arrangements and from cash balances. The table below shows the total amount of capital expenditure incurred in the year, including the value of assets acquired under finance leases and Service Concession Arrangements.

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

As at 31 March 2022 £m		As at 31 March 2023 £m
347.082	Opening Capital Financing Requirement	360.926
	<b>Capital investment:</b>	
1.509	Opening Balance adjustment	0.000
81.248	Property, plant and equipment	119.023
0.048	Intangible assets	0.038
	<b>Sources of finance:</b>	
(1.829)	Capital receipts – sale of other council assets	(1.107)
(43.660)	Government grants and other contributions	(47.001)
(5.375)	Sums set aside from revenue – direct revenue contributions	(4.166)
(18.097)	Loans Fund/Finance Lease principal repayments	(13.249)
0.000	Adjustment for Service Concession Arrangements	27.601
<b>360.926</b>	<b>Closing Capital Financing Requirement</b>	<b>442.065</b>
	<b>Explanation of movements in year:</b>	
16.254	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	84.357
(0.111)	Reduction in finance leases obligations	(0.114)
(2.740)	Increase/(decrease) in PPP finance lease creditor	(3.104)
<b>13.403</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>81.139</b>

At 31 March 2023 the Council had commitments on capital contracts for non-housing projects of £89.723 (£58.987m in 2021/22) and for housing projects of £28.542m (£25.922m in 2021/22). This expenditure will be funded from a combination of government grants, external borrowing, income from selling assets and contributions from revenue budgets.

## Note 15: Service Concession Arrangements

The Council entered into a Public Private Partnership on 1 July 2006 for the provision and maintenance of educational buildings and other facilities. This agreement provides the Council with replacement buildings such as primary and secondary schools and community education premises. The provider is required to ensure the availability of these buildings to a pre-agreed standard, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standard.

When the agreement ends in 2038, the buildings will be handed to the Council at nil consideration with a guarantee of no major maintenance requirements for a five-year period. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the course of the remainder of the contract. The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are shown in the movement on the Property, Plant and Equipment balance in Note 9.

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards. Under the agreement the Council is committed to paying the following sums (assuming an average inflation rate of 2.5% per annum and excluding any performance/availability deductions). The discount rate used in this calculation is the interest rate implicit in the PFI agreement, which was fixed at the outset at 7.6%.

Future Repayment Periods - Schools	Service Charges £m	Liability Repayment £m	Interest Repayment £m	Contingent Rentals £m	Total £m
Payable within 1 year	6.134	3.114	4.699	4.496	18.443
Payable within 2-5 years	28.274	12.522	16.497	19.607	76.900
Payable within 6-10 years	34.761	22.215	14.478	32.104	103.558
Payable within 11-15 years	41.511	25.498	5.130	34.014	106.153
Payable within 16-20 years	0.000	0.000	0.000	0.000	0.000
Payable within >20 years	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>110.680</b>	<b>63.349</b>	<b>40.804</b>	<b>90.221</b>	<b>305.054</b>

In 2019/20, the Council entered into a Service Concession Agreement for the use of a waste materials recovery facility at Bargeddie. Residual waste is then processed at a thermal treatment plant in Dunbar. North Lanarkshire Council is the lead authority and is contracted to Viridor.

The discount rate used in this calculation is the interest rate implicit in the agreement, which was fixed at the outset at 5.68%.

Five councils, including Renfrewshire, have an inter-authority agreement with North Lanarkshire Council. Renfrewshire Council's share of the contract is 20%.

Future Repayment Periods - Waste Facility	Service Charges £m	Liability Repayment £m	Interest Repayment £m	Total £m
Payable within 1 year	3.915	0.157	0.276	4.348
Payable within 2-5 years	16.748	0.638	1.021	18.407
Payable within 6-10 years	23.874	0.605	1.057	25.536
Payable within 11-15 years	26.737	1.170	0.870	28.777
Payable within 16-20 years	30.479	1.603	0.478	32.560
Payable within 21-25 years	11.090	0.685	0.055	11.830
<b>Total</b>	<b>112.843</b>	<b>4.858</b>	<b>3.757</b>	<b>121.458</b>

Although the payments made to the contractors under these arrangements are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay for capital expenditure (the outstanding finance lease obligation) is as follows:

During 2022-23, the Scottish Government issued Finance Circular 10/2022, which permits the authority to apply an accounting flexibility for service concession

arrangements entered prior to April 2022. The application of this flexibility has resulted in the repayment of the liability being reprofiled over the asset life, therefore extending the repayment period and increasing the outstanding liability at 1 April 2022. The unitary charge will continue to be paid to the contractor over the original contract period.

The discount rate used in this calculation is the interest rate implicit in the PFI agreement, which was fixed at the outset at 7.6%.

Outstanding Service Concession Arrangements	Schools £m	Waste Facility £m	Total £m
Balance at 1 April 2021	(68.894)	(5.157)	(74.051)
Additions during the year	0.000	0.000	0.000
Payments during the year	2.598	0.141	2.739
<b>Balance at 31 March 2022</b>	<b>(66.296)</b>	<b>(5.016)</b>	<b>(71.312)</b>
Adjustment for Service Concession Arrangements	0.000	0.000	0.000
Payments during the year	2.947	0.158	3.105
<b>Balance at 31 March 2023</b>	<b>(63.349)</b>	<b>(4.858)</b>	<b>(68.207)</b>

## Note 16: Leases

### Renfrewshire Council as Lessee

#### Operating Leases

The Council has 19 properties and 6 vehicles classed as operating leases, with average lives of 10 years. The future minimum lease payments due under non-cancellable leases in future years are:

As at 31 March 2022 £m		As at 31 March 2023 £m
0.897	Not later than one year	0.563
1.873	Between one and five years	0.966
3.146	Later than five years	1.249
<b>6.823</b>		<b>2.778</b>

During 2022/23, there was £0.785m expenditure charged to the CIES in relation to these leases (£0.975m in 2021/22).

## Finance Leases

Finance leases, which have substantially transferred to the Council the benefits and risks of ownership of a non-current asset, are treated as if the asset had been purchased outright.

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under creditors. The lease rentals comprise capital and interest elements; the capital element is applied to reduce the outstanding obligation and the interest element is charged to revenue over the terms of the lease. The Council has 44 electric vehicles under a finance lease agreement over a period of 5 years beginning during 2019/20. As at 31 March 2023, outstanding obligations to make payments under finance leases are as follows:

As at 31 March 2022 £m		As at 31 March 2023 £m
0.115	Not later than one year	0.118
0.155	Between one and five years	0.037
0.000	Later than five years	0.000
<b>0.381</b>		<b>0.155</b>

## Renfrewshire Council as Lessor

### Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

As at 31 March 2022 £m		As at 31 March 2023 £m
0.169	Not later than one year	0.169
0.611	Between one and five years	0.735
6.339	Later than five years	6.215
<b>7.297</b>		<b>7.119</b>

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

## Note 17: Inventories

2021/22 £m	Inventories	2022/23 £m
0.879	Balance at 1 April	1.032
7.454	Additions during the year	9.136
(7.294)	Recognised as an expense during the year: inventories sold, exchanged or distributed	(8.852)
(0.025)	Recognised as an expense during the year: inventories written down	(0.002)
0.018	Reversals during the year of previous inventory write-downs	0.000
<b>1.032</b>	<b>Balance at 31 March</b>	<b>1.314</b>

## Note 18: Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following components. With the exception of imprest accounts held at Council establishments, the balances in all of the categories listed below are used together to manage the Council's overall cash balances on a day-to-day basis.

2021/22 £m		2022/23 £m
(11.049)	Current account balances with the council's banker	(3.216)
2.954	Euro account balances with the council's banker - sterling equivalent	6.997
1.561	Callable deposits with UK banks and building societies	1.714
25.299	Callable deposits in money market funds and ultra-short bond funds	6.086
0.052	Imprest accounts held at council establishments	0.051
<b>18.817</b>	<b>Total cash and cash equivalents</b>	<b>11.632</b>

## Note 19: Debtors

Amounts due to be received by the Council at 31 March are set out below. This is analysed by type of debtor to provide greater transparency of the sums due.

31 March 2022 (restated)			As at 31 March 2023	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
20.790	0.000	Central government bodies (non-NHS)	21.141	0.000
30.832	1.080	Central government bodies (NHS)	7.793	1.080
2.939	0.000	Other local authorities	3.316	0.000
4.564	0.000	HM Revenue and Customs	11.146	0.000
0.061	0.032	Employees	0.005	0.030
18.056	0.000	Council Tax arrears	19.819	0.000
(10.973)	0.000	less impairment	(11.911)	0.000
4.757	0.000	Rent arrears	4.681	0.000
(2.654)	0.000	less impairment	(2.829)	0.000
30.820	6.265	Other entities and individuals	30.945	6.005
(17.526)	(4.411)	less impairment	(17.384)	(4.533)
<b>81.666</b>	<b>2.966</b>	<b>Total Debtors</b>	<b>66.722</b>	<b>2.582</b>

## Note 20: Creditors

Amounts due to be paid by the Council as at 31 March are set out below. This is analysed by type of creditor to provide greater transparency of the sums due.

As at 31 March 2022			As at 31 March 2023	
Short-term £m	Long-term £m		Short-term £m	Long-term £m
(8.943)	(0.157)	Central government bodies (non-NHS)	(7.810)	(0.150)
(0.430)	0.000	Central government bodies (NHS)	(1.549)	0.000
(2.629)	0.000	Other local authorities	(6.922)	0.000
(6.231)	0.000	HM Revenue and Customs	(9.154)	0.000
(5.677)	0.000	Strathclyde Pension Fund and Scottish Public Pensions Agency	(8.007)	0.000
(12.150)	0.000	Employees	(12.900)	0.000
(2.947)	(63.350)	Service concession arrangements: schools	(3.114)	(60.235)
(0.158)	(4.859)	Service concession arrangements: waste	(0.157)	(4.701)
(0.115)	(0.155)	Finance lease liabilities	(0.118)	(0.037)
(4.182)	0.000	Council Tax refundable to taxpayers	(4.863)	0.000
(0.795)	0.000	Council Tax receipts in advance	(1.210)	0.000
0.000	(0.005)	Financial guarantees	0.000	(0.003)
(31.586)	(0.626)	Other entities and individuals	(33.375)	(0.564)
<b>(75.843)</b>	<b>(69.152)</b>	<b>Total Creditors</b>	<b>(89.179)</b>	<b>(65.690)</b>

## Note 21: Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Teacher's maternity pay is a short-term provision, made to reflect the changes in European legislation that allow teachers to accrue all holidays during parental leave.

The movement in these short-term provisions is detailed below:

Short-term Provisions	Teachers' maternity pay £m	Other £m	Total £m
Balance at 1 April 2022	(0.120)	(0.120)	(0.240)
Additional provisions made during the year	(0.122)	(0.130)	(0.252)
Reversal of existing provisions	0.120	0.120	0.240
<b>As at 31 March 2023</b>	<b>(0.122)</b>	<b>(0.130)</b>	<b>(0.252)</b>

A summary of the movements in the long-term provisions made by the Council is detailed below, along with an explanation of the reason for the provision:

Long-term Provisions	Holiday pay compensation £m	Insurance claims £m	Total £m
Balance at 1 April 2022	(0.445)	(4.672)	(5.117)
Additional provisions made during the year	0.000	(1.167)	(1.167)
Amounts used during the year	0.000	1.342	1.342
As at 31 March 2023	(0.445)	(4.497)	(4.942)

### Holiday pay compensation payments

The Council has received a number of claims arising from a European Court of Justice ruling in relation to holiday pay. A provision has been made to reflect the potential outcome of known claims. A contingent liability is recognised in Note 29 for potential claims that have not yet materialised.

### Insurance claims

The provision for insurance claims represents the actuarial assessment of excess costs arising from insurance claims together with identified liabilities in respect of insurance claims outstanding against Renfrewshire Council and predecessor local authorities. The Council has increased its net assessment by £1.167m on the basis of information held by the Council and notified by Glasgow City Council, the coordinating authority for the former Strathclyde Regional Council.

## Note 22: Financial Instruments

### Categories of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The term 'financial instrument' covers both financial assets and financial liabilities and includes trade payables, borrowings (for example Public Works Loan Board debt and market debt), financial guarantees, bank overdraft, trade receivables, loans receivable, cash deposits with financial institutions (some on a fixed term basis and some which are immediately available) and longer-term investments. The following categories of financial instrument are carried in the balance sheet.

As at 31 March 2022		Financial Liabilities	As at 31 March 2023	
Long-term £m	Current £m		Long-term £m	Current £m
(199.427)	(1.869)	Principal sum borrowed	(223.600)	(0.828)
0.000	(2.698)	Accrued interest	0.000	(2.770)
0.000	0.000	EIR adjustments	0.000	0.000
<b>(199.427)</b>	<b>(4.567)</b>	<b>Total Public Works Loan Board (PWLB) borrowing</b>	<b>(223.600)</b>	<b>(3.598)</b>
(20.000)	(32.916)	Principal sum borrowed	0.000	(52.916)
0.000	(0.871)	Accrued interest	0.000	(0.871)
(0.354)	(0.512)	EIR adjustments	0.000	(0.845)
<b>(20.354)</b>	<b>(34.299)</b>	<b>Total non-PWLB borrowing ("market debt")</b>	<b>0.000</b>	<b>(54.632)</b>
0.000	(53.168)	Borrowing from group entities	0.000	(35.423)
<b>(219.781)</b>	<b>(92.034)</b>	<b>Total Borrowing</b>	<b>(223.600)</b>	<b>(93.653)</b>
0.000	(43.590)	At amortised cost trade payables	0.000	(49.657)
(68.362)	(3.219)	Service Concession and Finance Lease liabilities	(64.973)	(3.388)
(0.005)	0.000	Financial guarantees	(0.003)	0.000
<b>(68.367)</b>	<b>(46.809)</b>	<b>Financial Liabilities included in Creditors</b>	<b>(64.976)</b>	<b>(53.045)</b>

As at 31 March 2022		Financial Assets	As at 31 March 2023	
Long-term £m	Current £m		Long-term £m	Current £m
		At amortised cost:		
5.001	183.499	Principal	0.000	165.000
0.000	0.084	Accrued interest	0.000	1.751
0.000	0.000	Loss allowance	0.000	0.000
4.512	0.000	At fair value through other comprehensive income - designated equity instruments	4.157	0.000
<b>9.513</b>	<b>183.583</b>	<b>Total Investments</b>	<b>4.157</b>	<b>166.751</b>
		At amortised cost:		
0.000	(9.437)	Principal	0.000	(1.461)
0.000	0.002	Accrued interest	0.000	0.012
0.000	(0.001)	Loss allowance	0.000	(0.002)
0.000	28.253	At fair value through profit or loss	0.000	13.083
<b>0.000</b>	<b>18.817</b>	<b>Total Cash and cash equivalents</b>	<b>0.000</b>	<b>11.632</b>
		At amortised cost:		
1.437	90.077	Trade receivables	1.093	78.842
5.027	0.065	Loans made for service purposes	4.986	0.057
0.913	0.000	Accrued interest	1.037	0.000
(4.411)	(19.740)	Loss allowance	(4.533)	(20.213)
<b>2.966</b>	<b>70.402</b>	<b>Financial Assets included in Debtors</b>	<b>2.583</b>	<b>58.686</b>

Loans to other entities and individuals comprise a loan to Park Lane Developments (Renfrewshire) LLP of £0.275m (2021/22 £0.275m), a loan to Kilbarchan Amateur Athletic Club of £0.075m (2021/22 £0.076), home loans of £0.335m (2021/22 £0.413m), soft loans to service users of £0.030m (2021/22 £0.030m), soft loans to employees of £0.022m (2021/22 £0.022m), social care charging order debtors of £0.785m (2021/22 £0.749m) and property charging order debtors of £0.024m (2021/22 £0.027m). Note that these balances are not principle amounts owed, rather valued at amortised cost based on a notional (effective) interest rate.

### Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for the Insurance Fund at fair value through other comprehensive income because it is a long-term strategic holding and changes in its fair value is not considered to be part of the Council's annual financial performance. The Insurance Fund is invested in the Phoenix Fund, managed on behalf of the Council by abrdn Capital Limited.

The objective of the fund is to achieve long term growth with low volatility, through a widely diversified portfolio. The fair value of the investment is £4.157m at 31 March 2023 (£4.512m as at 31 March 2022). Income from the Fund is reinvested.

### Fair value of financial instruments

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including money market funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023.

The Council's 'Fair value through other comprehensive income' assets comprise its insurance fund investments. The fair value of the insurance fund investments equates to the market value of those investments, and this valuation has been provided by the Council's investment manager, abrdn Capital Limited.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair

values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- For 'lender option borrower option' (LOBO) loans, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures. The PWLB redemption rates provide a reasonable proxy for rates and a number of market participants have used this basis when considering early redemption costs for market loans. It is likely that lenders will only exercise their options when market rates have risen above the contractual loan rate. The interest rate risk associated with the Council's LOBOs is not deemed to be significant and the potential penalties charged may make the redemption of the loans an uneconomic option.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- The fair values of finance lease assets and liabilities and of service concession (PFI) scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The fair value for each category of financial instrument is shown below, with the balance sheet carrying amount shown for comparison.

As at 31 March 2022		Financial Liabilities	Fair value level	As at 31 March 2023	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
(203.994)	(254.715)	Financial liabilities measured at amortised cost:			
(54.653)	(73.852)	Public Works Loan Board borrowing	2	(227.198)	(222.758)
		Non-PWLB borrowing (“market debt”)	2	(54.632)	(61.519)
		Other liabilities:			
(71.581)	(102.940)	Service Concession and Finance Lease liabilities	3	(95.963)	(126.783)
(0.005)	(0.005)	Financial guarantees	3	(0.003)	(0.003)
<b>(330.233)</b>	<b>(431.512)</b>	<b>Total financial liabilities for which fair value is disclosed</b>		<b>(377.796)</b>	<b>(411.063)</b>
		Financial liabilities measured at amortised cost:			
(53.168)	n/a	Borrowing from group entities		(35.423)	n/a
(43.590)	n/a	Trade payables: short-term		(49.657)	n/a
<b>(96.758)</b>		<b>Total financial liabilities for which fair value is not disclosed</b>		<b>(85.080)</b>	

As at 31 March 2022		Financial Assets	Fair value level	As at 31 March 2023	
Carrying Amount £m	Fair value £m			Carrying Amount £m	Fair value £m
25.299	25.299	Callable deposits in money market funds and ultra-short bond funds	1	6.086	6.086
2.954	2.954	Euro current account balances with the council’s banker	2	6.997	6.997
4.512	4.512	Investments in pooled funds (insurance fund)	1	4.157	4.157
<b>32.765</b>	<b>32.765</b>	<b>Total Financial assets measured at fair value</b>		<b>17.240</b>	<b>17.240</b>
188.584	187.713	Fixed term deposits with UK local authorities	2	166.751	166.751
(9.488)	(9.488)	Callable deposits with UK banks and building societies (including sterling current account balances with the Council’s banker)	2	(1.502)	(1.502)
0.052	0.052	Imprest accounts held at council establishments	2	0.051	0.051
1.592	1.707	Loans made for service purposes	3	1.546	1.681
<b>180.740</b>	<b>179.984</b>	<b>Total Financial assets measured at amortised cost</b>		<b>166.846</b>	<b>166.981</b>
<b>213.505</b>	<b>212.749</b>	<b>Total financial assets for which fair value is disclosed</b>		<b>184.086</b>	<b>184.221</b>
		Financial assets measured at amortised cost:			
1.437	n/a	Trade receivables and prepayments: long-term		1.092	n/a
70.339	n/a	Receivables and prepayments: short-term		58.631	n/a
<b>71.776</b>		<b>Total financial assets for which fair value is not disclosed</b>		<b>59.723</b>	

## Items of income, expense, gain and loss relating to financial instruments

The following items of income, expense, gain and loss relating to financial instruments are included within the lines 'Financing and investment income and expenditure' and '(Surplus)/Deficit from investments in equity instruments designated as Fair Value through Other Comprehensive Income' in the CIES.

2021/22 £m		Financial Assets			Financial liabilities at amortised cost £m	2022/23 £m
		Amortised cost £m	Elected to Fair Value through Other Comprehensive Income £m	Fair Value through Profit or Loss £m		
16.420	Interest expense	0.000	0.000	0.000	16.583	16.583
0.000	Impairment losses	0.000	0.000	0.000	0.000	0.000
0.000	Fee expense	0.000	0.000	0.000	0.000	0.000
16.420	Total expense in the Surplus / Deficit on the Provision of Services	0.000	0.000	0.000	16.583	16.583
(0.353)	Interest income	(3.605)	0.000	(0.701)	0.000	(4.306)
(0.110)	Dividend income	0.000	(0.110)	0.000	0.000	(0.110)
(0.260)	Other income	(0.196)	0.000	0.000	0.000	(0.196)
(0.723)	Total income in the Surplus/Deficit on the Provision of Services	(3.801)	(0.110)	(0.701)	0.000	(4.612)
(0.009)	Net (gain) or loss on revaluation	0.000	(0.057)	0.040	0.000	(0.017)
(0.009)	(Surplus)/Deficit on the revaluation of financial assets	0.000	(0.057)	0.040	0.000	(0.017)
15.688	Net (Gain)/Loss for the year	(3.801)	(0.167)	(0.661)	16.583	11.954

## Note 23: Nature and extent of risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council complies with CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks

associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with Scottish Government guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield.

The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

## Credit Risk

Credit risk arises from the short-term lending of surplus funds to financial institutions and local authorities, as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with other local authorities and a limited number of high-quality banks, building societies and money market funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each entity.

The Treasury Management Strategy outlines the limits placed on investments with any counterparty.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio (including accrued interest) by credit rating.

2021/22 £m	Total Investment Portfolio by Credit Rating	2022/23 £m
25.299	AAA (money market funds and and ultra-short bond funds)	6.037
0.000	AA-	0.000
0.000	A+	0.000
0.500	A	0.500
1.062	A-	1.204
188.584	UK local authorities	165.000
<b>215.445</b>	<b>Total</b>	<b>172.741</b>

The Council does not generally allow credit for customers such that, at 31 March 2023, £8.932m of sundry income debt is past its due date for payment (£8.131m as at 31 March 2022). The past due amount can be analysed by age as follows:

2021/22 £m	Sundry Income Debt Past Due	2022/23 £m
2.125	Less than three months	1.684
1.019	Three to six months	1.515
0.429	Six months to one year	0.965
4.558	More than one year	4.768
<b>8.131</b>	<b>Total</b>	<b>8.932</b>

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default, adjusted for current and forecast economic conditions. Receivables are determined to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit-impaired where they are 90 or more days past due. Receivables are written off to the Surplus or Deficit on the Provision of Services when there is no reasonable prospect of payment, or when they become prescribed; but steps are still taken to collect sums owing when information becomes available which suggests the debtor can make payment.

## Collateral

Renfrewshire Council occasionally provides loans to residents who wish to buy their homes under Right to Buy legislation. In such cases the Council takes a standard security over the property. As at 31 March 2023 the outstanding value of home loans advanced by the Council was £0.335m (£0.413m as at 31 March 2022).

## Liquidity risk

The Council's main source of borrowing is HM Treasury's Public Works Loan Board, but the Council also has loans classed as 'lender option borrower option' (LOBO). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

The Council's policy is to ensure that not more than 15% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of the principal element of borrowing is as follows:

As at 31 March 2022		Principal Borrowing Maturity Analysis	As at 31 March 2023	
£m	%		£m	%
34.785	13.68%	Less than one year*	0.828	0.30%
20.835	8.20%	Between one and two years	5.000	1.80%
10.023	3.94%	Between two and five years	5.016	1.81%
188.569	74.18%	More than five years	266.500	96.09%
<b>254.212</b>	<b>100.00%</b>	<b>Total</b>	<b>277.344</b>	<b>100.00%</b>

\*The principal maturing in less than one year exceeded the 15% target in 2021/22 due to the technical possibility that the call option on LOBO loans could have been called by the lender.

### Market risk: interest rate risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer. Changes in market rates also affect the notional 'fair value' of lending and borrowing. For example, a rise in interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council's finances:

- it is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 25% of what it borrows;
- during periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt;
- the Council takes daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings.

To illustrate the notional impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher during 2022/23, with all other variables held constant.

Interest rate risk	As at 31 March 2023 £m
Increase in interest payable on new fixed rate borrowings taken during the year	0.161
Increase in interest receivable on deposits placed during the year	(10.347)
Notional impact on the Surplus/Deficit on the Provision of Services	(10.186)
<b>Share of this impact which would be attributable to the Housing Revenue Account</b>	<b>(1.195)</b>
<i>Other changes that would have no impact on the Surplus/Deficit on the Provision of Services or Other Comprehensive Income and Expenditure:</i>	
Decrease in the fair value of fixed rate loans and deposits	0.015
Decrease in the fair value of fixed rate borrowing	52.864

The impact of a 1% fall in interest rates would be as above but with the changes being reversed.

### Market risk: price risk

The Council's Insurance Fund is invested in an externally managed fund under the powers of schedule 3 of the Local Government (Scotland) Act 1975 and section 3 of the Local Government etc. (Scotland) Act 1994. The investments are managed on behalf of the Council by abrdn Capital Limited in the Phoenix Fund. The objective of the fund is to achieve long-term growth with low volatility, through a widely diversified portfolio. The benchmark return is SONIA+2% per annum. During 2022/23 the book cost of investments increased by £0.115m (£0.110m increase during 2021/22). The investment is classified as fair value through other comprehensive income, meaning that all movements in price will impact on the gains and losses recognised in other comprehensive income and expenditure. This is an accounting requirement that has no impact on the taxpayer. To illustrate the impact of changes in share price upon the Council, an increase or fall of 5% in the general price of shares at 31 March 2023 would have resulted in a £0.071m gain or loss being recognised in Other Comprehensive Income and Expenditure for 2022/23.

### Market risk: foreign exchange risk

As at 31 March 2023 the Council had a foreign currency deposit of €7.959m with the Council's banker (€3.500m as at 31 March 2022). This sum was being held in order to mitigate the foreign exchange risk associated with a contract being entered into as part of the Glasgow and Clyde Valley City Deal programme. The sterling valuation of this deposit as at 31 March 2023, based on the euro to sterling exchange rate at that time, was £6.997m. To illustrate the impact of changes in foreign exchange rates upon the Council, a relative increase or decrease of 1% in the euro to sterling exchange rate at 31 March 2023 would have resulted in a £0.080m gain or loss being recognised in Other Comprehensive Income and Expenditure for 2022/23.

## Note 24: External audit costs

2021/22 £m	Audit Fees	2022/23 £m
0.369	Fees payable with regard to external audit services carried out by the appointed auditor for the year	0.424
0.369	Total	0.424

## Note 25: Agency services

The Council bills and collects non-domestic rates on behalf of the Scottish Government from ratepayers situated within Renfrewshire Council and East Renfrewshire Council. The Council also bills and collects, along with its own council tax, domestic water and sewerage charges on behalf of Scottish Water. In addition, the Council received a number of funding streams from the Scottish Government in 2022/23 to support third parties (individuals and businesses) impacted by the COVID-19 pandemic. The Council had no discretion over the terms of the funding and could not use it for service delivery. This means the Council acted as agent only and the grant funding received and paid out are not included in the Council's reserves, CIES or Balance Sheet. In some cases, an administration grant was awarded to the Council to facilitate these payments. This is accounted for as operational income and expenditure and not disclosed here.

2021/22 £m	Agency Services	2022/23 £m
81.663	Scottish Government - Contributions (to)/from the non-domestic rates pool	108.076
10.434	Non-domestic rates collected: East Renfrewshire	13.640
0.063	Service income from East Renfrewshire Council for collection of non-domestic rates	0.066
(10.497)	Cost of collection of Non-domestic rates from East Renfrewshire	(13.706)
32.136	Domestic water and sewerage charges collected	34.350
(32.136)	Domestic water and sewerage charges paid over to Scottish Water	(34.350)
0.637	Service income from Scottish Water for collection of domestic water and sewerage	0.637
3.318	COVID-19 PPE and Testing kits issued to external providers	0.133
(3.318)	COVID-19 PPE and Testing kits received from Scottish Government	(0.133)
8.437	Financial Hardship and Self-Isolation grants paid out	0.000
(4.372)	Financial Hardship and Self-Isolation funding received from Scottish Government as part of Revenue Support Grant	0.000
(4.065)	Financial Hardship and Self-Isolation funding received from Scottish Government (specific funding)	0.000
0.933	Additional payments to Health and Social Care staff (£500)	0.000
0.375	Additional payments to Secondary Teachers (£400)	0.000
(1.308)	Additional payments to Health and Social Care staff and Teachers funding received from Scottish Government	0.000
0.000	Cost of Living Awards paid out	9.540
0.000	Cost of Living Awards funding from the Scottish Government	(9.540)
0.000	Scottish Child Bridging Payments paid out	0.911
0.000	Scottish Child Bridging Payments funding received from the Scottish Government	(0.911)
8.122	Strategic Framework grants paid out	
(8.122)	Strategic Framework funding received from Scottish Government	0.000
5.984	Other support for businesses (including furlough support) paid out	
(5.984)	Other support for businesses (including furlough support) funding received from Scottish Government	0.000

## Note 26: Related parties

The Council's related parties are those bodies or individuals that have the potential to control or significantly influence the Council, or to be controlled or significantly influenced by the Council, or where those individuals or bodies and the Council are subject to common control. The Council is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties.

Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties.

Disclosure of this information allows readers to assess the extent to which the Council might have been

constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

## Senior Officers and Elected Members

Members of the council and senior officers have control over the Council's financial and operating policies. They have the responsibility to adhere to a Code of Conduct, requiring them to declare an interest in matters that directly or indirectly influence, or appear to influence, their judgement or decisions taken during the course of their work. The total of councillors' and senior officers' remuneration allowances paid in 2022/23 are shown in the Remuneration Report on page 26.

## Senior Officers

No senior officer holds a remunerated position outside of their Council employment. For details of Senior Officers' interests, please check the register of interests on the Council website at: [www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk) > [Your Council > Information, performance and statistics > Council structure.](#)

## Senior Elected Members

Under the Council Code of Conduct, elected members and senior officials must declare any registered interests

in any bodies where the Council itself does not have significant influence over their operations. Each member's Register of Interest is available at [Councillors - Renfrewshire Website.](#)

In 2022/23, the Council made payments to the following bodies where senior councillors have declared a non-financial interest, either through non-remunerated positions held with the organisations, or through being a member of those bodies.

Senior Councillor	Non-financial Interest / Position	Organisation	Council Spend in 2022/23 £
Lorraine Cameron	Renfrewshire Council representative	Kibble Trust	2,725,159
Michelle Campbell	Chairperson	Erskine Arts Charity	78,495
Iain Nicolson	Member	Inchinnan Development Trust	27,386
Jim Paterson	Renfrewshire Council representative	Renfrewshire Citizens' Advice Bureau	473,991

NB: This disclosure excludes group entities and trade union membership.

Some senior councillors also hold a remunerated position outwith the Council, i.e. they receive payment from other organisations for employment, or board positions. The following table details these remunerated positions and notes where the Council has made payments to any of the organisations listed.

Senior Councillor	Remunerated Position	Employer / Organisation	Council Spend in 2022/23 £
Jacqueline Cameron	Non-executive Director: 8 hours per week	Public Health Scotland	14,712
	Non-Executive Director	NHSGGC Health Board	8,984,616
Michelle Campbell	Bank nurse: casual employee	NHSGGC Health Board	8,984,616
	Constituency Support Officer: part-time employee	Gavin Newlands MP Constituency Office	0
Andy Doig	Housing Support worker: part-time employee	RCA Trust	207,389
Neill Graham	Researcher	Russell Findlay MSP Constituency Office	0
Marie McGurk	Co-Owner	Paisley Podiatry and Chiropody Centre	0
Jim Paterson	Caseworker: part-time employee	Gavin Newlands MP Constituency Office	0
Emma Rodden	Constituency Assistant: full-time employee	Tom Arthur MSP Constituency Office	0
John Shaw	Chief of Staff: full-time employee	Gavin Newlands MP Constituency Office	0

## Key Related Parties: subsidiaries and associates

The organisations set out in the group accounts note are those which the Council is considered to have control or influence over. The following entities have a significant impact on the Council's operations and have been consolidated into the group accounts:

- OneRen (formerly Renfrewshire Leisure)
- Renfrewshire Valuation Joint Board
- Paisley Museum Reimagined Ltd
- Park Lane Developments (Renfrewshire) LLP
- Strathclyde Concessionary Travel Scheme Joint Committee
- Strathclyde Partnership for Transport
- Renfrewshire Health and Social Care Integration Joint Board
- Scotland Excel
- Glasgow and the Clyde Valley Strategic Development Planning Authority
- Glasgow City Region – City Deal Cabinet
- Coats Observatory Trust
- Johnstone, Paisley and Renfrew Common Good Funds

For further details of the nature of group relationships, please refer to the Group Accounts and Notes from page 100.

## Key Related Parties: Other Public Bodies

### Scottish Government

The Scottish Government has effective control over the operations of the Council as it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, such as Council Tax and Non-Domestic Rates. Grants received from the Scottish Government are set out in the analysis in Note 3: Taxation and non-specific grant

income, and other grants received from government departments are shown in Note 5: Grant Income.

### UK Government

The UK Department of Work and Pensions administers funding for the delivery of Housing Benefit and associated costs. The total received by the Council in 2022/23 was £43.9m (£48.9m in 2021/22).

In 2022/23, the Council also received funding from the UK Home Office and Department for Levelling Up, Housing and Communities in relation to asylum and resettlement programmes amounting to £0.8m (£0.4m in 2021/22).

### Rental income

Income received from the Care Inspectorate (£0.074m) and Scotland Excel (£0.097m) relate to rental income for occupancy of part of Renfrewshire House. The property rentals were conducted under standard terms and conditions and no guarantees have been applied.

### Strathclyde Pension Fund

Strathclyde Pension Fund is the principal administrators of the post-retirement funds held on behalf of the current and former employees of the Council. Information about transactions during the year and outstanding assets and liabilities in relation to the Council's share of the Strathclyde Pension Fund can be found in Note 28.

## Note 27: Pension schemes accounted for as defined contribution schemes

Renfrewshire Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in

the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2020, which set the contribution rate payable from 1 April 2020 to 31 March 2023.

Renfrewshire Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Renfrewshire Council is unable to identify its share of the underlying assets and liabilities of the scheme. While the employee rate applied is variable, it will provide an actuarial yield of 9.6% of pensionable pay. At the last valuation a shortfall of £1.3bn was identified in the notional fund, which will be repaid by the increased rate of employers' pension contribution, effective from 1 September 2019, of 23%.

Based on the proportion of employer contributions paid in 2022/23, Renfrewshire Council's level of participation in the scheme is 3.0%. The Council paid £19.719m (£18.487m in 2021/22) for employer's contributions to the Scottish Public Pensions Agency. £0.444m of expenditure (£0.349m in 2021/22) was charged to service revenue accounts in respect of "added years" pension enhancement termination benefits, representing 0.5% of teachers' pensionable pay (0.4% in 2021/22). The estimated contribution for 2023/24 is £18.909m.

## Note 28: Defined benefit pension schemes

### 28a: Participation in pension schemes

The pension scheme for teachers (the Scottish Teachers' Superannuation Scheme) is explained in the previous note, whilst this note relates exclusively to the pension

scheme for all other employees: the Local Government Pension Scheme.

The Local Government Pension Scheme in Scotland (LGPS) is a funded, defined benefit, statutory occupational pension scheme. It is regulated by the Scottish Public Pensions Agency but is administered locally by fund administering authorities through regional pension funds. For Renfrewshire Council, the fund administering authority is Glasgow City Council and the regional pension fund is the Strathclyde Pension Fund. As a funded scheme, the Council and employees pay contributions into the fund, calculated at a level intended to balance the scheme's pension liabilities with the scheme's investment assets. The statutory nature of the fund means that the post-employment benefits are defined and set out in law. The Strathclyde Pension Fund is a multi-employer fund, and it is possible for each employer to identify its own share of the assets and liabilities of the fund on a consistent and reasonable basis.

The principal risks to the scheme are assumptions relating to longevity, inflation, and investment performance; in addition, statutory changes to the scheme. These risks are mitigated to an extent by statutory requirements limiting charges to the Council's general fund. The Council has additional liabilities for unfunded discretionary pension payments outside the main schemes such as arrangements for the award of discretionary post-employment benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made.

However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

### 28b: Transactions relating to post-employment benefits

The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions

and accounting for investment returns on any resources set aside to meet the costs. However, the charge according to statutory regulations that is required to be made against the General Fund Balance and the Housing Revenue Account Balance is based upon the employer contributions payable by the Council to the pension fund in the year. This requires an adjustment to be made in the movement in reserves statement to remove the cost (according to generally accepted accounting

practices) of post-employment benefits and replace that cost with the value of employer contributions payable to the fund in the year.

The following transactions have been made in the CIES and the General Fund Balance via the movement in reserves statement during the year:

2021/22 £m		2022/23 £m
	<b>Included within net cost of services:</b>	
70.497	Current service cost	69.403
5.123	Past service cost/(gain)	3.078
	<b>Included within Financing and Investment income and expenditure:</b>	
35.942	Interest cost	47.114
(31.035)	Expected return on scheme assets	(45.130)
<b>80.527</b>	<b>Total of Post-employment benefits charged to the Surplus/Deficit on the Provision of Services</b>	<b>74.465</b>
	<b>Included within Other Comprehensive Income and Expenditure:</b>	
(88.246)	Return on Assets excluding amounts included in net interest	71.373
(10.729)	Actuarial gains and losses arising on changes in Demographic Assumptions	(13.264)
(122.672)	Actuarial gains and losses arising on changes in Financial Assumptions	(672.239)
7.065	Actuarial gains and losses arising on changes in Other Assumptions	86.064
<b>(134.055)</b>	<b>Total of LGPS post-employment benefits charged to the CIES</b>	<b>(453.601)</b>
	<b>Movement in reserves statement:</b>	
(214.582)	Actuarial losses or (gains)	(528.066)
0.264	Effect of business combinations and disposals	0.000
80.527	Reversal of items relating to post-employment benefits debited or credited to the Surplus/Deficit on the Provision of Services	74.465
(32.522)	Employer contributions and direct payments to pensioners payable in the year	(35.716)
<b>(166.313)</b>	<b>Movement in the year on the Pension Reserve</b>	<b>(489.317)</b>

The cumulative amount of actuarial gains and losses recognised in the CIES as at 31 March 2023 is a gain of £652.915m (£124.849m gain as at 31 March 2022).

### 28c: Assets and liabilities relating to post-employment benefits

Renfrewshire Council's share of the defined benefit obligation (that is, the scheme liabilities) and of the

scheme assets in the Strathclyde Pension Fund has been assessed by Hymans Robertson LLP, the Fund's independent actuaries. The assessment indicates that, as at 31 March 2023, scheme assets exceeded the defined benefit obligation by £434.096m (£55.221m excess of obligations over assets as at 31 March 2022). The defined benefit obligation is valued on an actuarial basis using the "projected unit credit" method, which estimates the pensions that will be payable in future years (dependent on assumptions about mortality rates,

salary levels and other factors) discounted to their present value. The discount rate used at 31 March 2023 was 4.75% based on the indicative rate of return on high quality corporate bonds. Scheme assets are valued at fair value which, in the case of marketable securities, is market value using the current bid price. Where no market price is available, the fair value of scheme assets is estimated. The valuations are based on the latest formal valuation of the Strathclyde Pension Fund which was carried out as at 31 March 2020.

The common position for employers participating in the Strathclyde Pension Fund is that, based on a snapshot valuation as at 31 March 2023, a net pension asset is disclosed as a result of prevailing market conditions at that date. The net pension position of £434.096m represents a decrease in liability of £489.317m between 31 March 2022 and 31 March 2023. The net pension liability has a substantial impact on the net worth of the Council as recorded in the balance sheet.

Local government legislation provides that local authorities have an obligation to meet the expenditure

of the joint boards of which they are constituent members. As a consequence, Renfrewshire Council has additional liabilities arising from the pension scheme deficits of the Renfrewshire Valuation Joint Board. In accordance with accounting regulations, the group accounts include a share of the post-employment benefits transactions, defined benefit obligations and scheme assets of this joint board. Further information can be found in the annual report and accounts of each joint board. The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

### 28d: Movement in defined benefit obligation (scheme liabilities)

The following is a reconciliation of the 2022/23 opening and closing balances of the present value of Renfrewshire Council's share of the Strathclyde Pension Fund's defined benefit obligation (that is, scheme liabilities).

2021/22 £m		2022/23 £m
1,767.336	Balance at 1 April	1,725.861
70.497	Current service cost	69.403
5.123	Past service cost (including curtailments)	3.078
35.942	Interest cost	47.114
8.426	Member contributions	9.240
6.649	Effect of business combinations and disposals	0.000
(126.336)	Actuarial losses or (gains)	(599.439)
	<i>Losses or (gains) on curtailment</i>	
(4.605)	Estimated benefits paid: unfunded	(4.685)
(37.171)	Estimated benefits paid: other	(38.581)
<b>1,725.861</b>	<b>Balance at 31 March</b>	<b>1,211.991</b>

## 28e: Movement in scheme assets

The following is a reconciliation of the 2022/23 opening and closing balances of the fair value of Renfrewshire Council's share of the Strathclyde Pension Fund's scheme assets.

2021/22 £m		2022/23 £m
1,545.802	Balance at 1 April	1,670.640
31.035	Expected return on scheme assets	45.130
8.426	Member contributions	9.240
27.917	Employer contributions	31.031
4.605	Contributions in respect of unfunded benefits	4.685
6.385	Effect of business combinations and disposals	0.000
88.246	Actuarial (losses) or gains	(71.373)
(4.605)	Estimated benefits paid: unfunded	(4.685)
(37.171)	Estimated benefits paid: other	(38.581)
<b>1,670.640</b>	<b>Balance at 31 March</b>	<b>1,646.087</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy as provided by the administering authority. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets from 1 April 2022 to 31 March 2023 was 1.6%.

The fair value of the assets held in the scheme may be analysed as follows:

As at 31 March 2022				As at 31 March 2023		
Quoted Prices in active markets £m	Prices not quoted in active markets £m	Total £m		Quoted Prices in active markets £m	Prices not quoted in active markets £m	Total £m
367.318	0.794	368.112	Equity instruments	321.441	2.951	324.392
0.000	0.000	0.000	Debt instruments (bonds)	0.000	0.000	0.000
0.000	327.050	327.050	Private Equity	0.000	404.589	404.589
0.000	140.891	140.891	Real Estate	0.000	135.719	135.719
9.268	782.810	792.078	Investment Funds	7.090	743.114	750.204
0.000	0.000	0.000	Derivatives	0.000	(0.001)	(0.001)
41.946	0.563	42.509	Cash and cash equivalents	22.766	8.418	31.184
<b>418.532</b>	<b>1,252.108</b>	<b>1,670.640</b>	<b>Fair value of scheme assets</b>	<b>351.297</b>	<b>1,294.790</b>	<b>1,646.087</b>

## 28f: Scheme history: analysis of defined benefit obligation and scheme assets

The Council's share of the accumulated deficit or surplus in the scheme is shown below. The analysis shows the nature of various elements of the Council's share of the scheme's defined benefit:

As at 31 March 2022 £m		As at 31 March 2023 £m
(895.339)	Current employee members	(568.195)
(69.073)	Pre-local government reorganisation (1996) liabilities	(57.322)
(182.553)	Deferred pensioners	(111.002)
(488.130)	Pensioners	(401.978)
(1,635.095)	Total Present Value of the Defined Benefit Obligation - Funded liabilities	(1,138.497)
(82.127)	Retirals from Renfrewshire Council	(66.196)
(8.639)	Retirals pre-local government reorganisation (1996)	(7.298)
(90.766)	Total Present Value of the Defined Benefit Obligation - Unfunded liabilities	(73.494)
(1,725.861)	Present value of defined benefit obligation	(1,211.991)
1,670.640	Fair value of scheme assets	1,646.087
(55.221)	Net (liability)/asset arising from defined benefit obligation	434.096

### Basis for estimating assets and liabilities

The following table shows the principal assumptions used by Hymans Robertson LLP, the Fund's independent actuaries, to estimate the Council's post-employment benefits transactions for 2022/23, and the Council's share of the Strathclyde Pension Fund's defined benefit obligation (scheme liabilities) and scheme assets as at 31 March 2023:

2021/22		2022/23
2.7%	Discount rate for defined benefit obligation	4.8%
2.7%	Long-term expected rate of return on scheme assets*	2.7%
3.9%	Rate of increase in salaries	3.7%
3.2%	Rate of increase in pensions	3.0%
3.2%	Rate of inflation	3.0%
	<b>Mortality assumptions (years):</b>	
	<i>Longevity at age 65 for current pensioners:</i>	
19.6	Men	19.3
22.4	Women	22.2
	<i>Longevity at age 65 for future pensioners:</i>	
21.0	Men	20.5
24.5	Women	24.2
	<b>Take up of option to convert annual pension into retirement lump sum</b>	
50%	For Pre-April 2009 service	50%
75%	For Post-April 2009 service	75%

\*The expected rates of return are set equal to the discount rate as per IAS19 ,

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period. The limitations of methods and assumptions used are associated with any changes in market conditions that affect the net discount rate. These can have a significant effect on the value of the obligations reported.

Impact on the Defined Benefit Obligation on the Scheme	%	£m
0.1% decrease in the Real Discount	2%	22.091
1 year increase in the member life expectancy	4%	48.480
0.1% increase in the Salary Increase	0%	2.675
0.1% increase in the Pension Increase Rate	2%	19.729

In addition, a one-year increase in life expectancy is estimated to increase the Defined Benefit Obligation by 3-5%.

### Impact on the Authority's cash flows

An objective of the Fund is to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers.

The rate for employer contributions has been set at 19.3% for 2022/23 to 2023/24. The total contribution expected to be made by the Council to the Strathclyde Pension Fund in the forthcoming year to 31 March 2023 is £29.439m. The weighted average duration of the defined benefit obligation is 19 years.

## Note 29: Contingent liabilities

- i) The Council has been notified of a number of contractor claims for additional costs incurred on construction contracts. The Council disputes the claims, which may be referred for arbitration. The Council recognises a contingent liability for potential costs, which may be incurred to resolve this dispute. It is not considered practicable at this stage to estimate the financial effect.
- ii) Following two court cases, including Mrs Goodwin v Department for Education, it is expected that proposed changes to public service pension schemes will be required, to ensure that surviving same-sex spouses and civil partners receive benefits equivalent to those received by the surviving spouses of opposite-sex marriages. Strathclyde Pension Fund's actuary estimates that the potential impact may be in the range of 0.1%-0.2% of gross obligations, which equates to between £1.767m and £3.535m for the Council. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

## Note 30: Events after the balance sheet date

Events taking place after the authorised date for issue per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 31: Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following new or amended standards are adopted within the 2023/24 Code:

- IFRS 16 *Leases*
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes the following relevant standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.

None of the matters covered in the annual improvements are dealt with in detail in the 2023/24 Code; however during the Code consultation process, CIPFA/LASAAC did not envisage a significant effect on local authority financial statements.

The Code allows implementation from 1 April 2022 and there is therefore no impact on the 2022/23 accounts. There is no material impact anticipated in future years from the implementation of these standards, other than IFRS 16 *Leases*. The impact of this standard is that many long-term rented assets will now be disclosed in the Balance Sheet along with their associated liability and be subject to depreciation.

CIPFA LASAAC has since issued a formal decision to defer the implementation of IFRS 16 until 1 April 2024 (i.e., in the 2024/25 accounts), with the option to adopt earlier if local authorities wish to do so.

Renfrewshire Council will look to adopt the new standard in the 2023/24 accounts if it is deemed practical to do so at that time.

## Note 32: Accounting Policies – Renfrewshire Council

The Financial Statements for the year ended 31 March 2023 have been prepared in accordance with proper accounting practice as per section 12 of the Local

Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Council and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

### A Accruals of Expenditure and Income

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

- i) Revenue from the sale of goods or provision of services is recognised when the performance obligation relating to the transaction has been satisfied, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- ii) Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet. Works are charged as expenditure when they are completed, before which they are carried as assets under construction on the Balance Sheet.
- iii) Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument. Interest receivable and dividend income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.
- iv) Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is

recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- v) Supplier invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by 31 March 2023 or relate to services associated with the prior financial year.

## B Business Improvement District

Following the formation of the Paisley First BID company on 15 January 2015, the Council has entered into an agreement to act as the billing body for the purposes of the Planning etc. (Scotland) Act 2006 and the Regulations and is responsible for the administration, collection and recovery of the BID Levy. As the Council is acting as agent for the BID company, no transactions in relation to the BID levy or BID Revenue Account are included in the CIES with the exception of any contribution made by the Council to the BID project, the costs and income related to the collection of the BID levy or any income from the BID company in relation to services provided.

## C Cash and Cash Equivalents

Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand. Cash equivalents are defined as call accounts, money market funds and instant deposits. Fixed term deposits are not classified as cash or cash equivalents as these are held for investment purposes rather than for meeting short-term cash commitments.

## D Charges for the Use of Assets

Services are charged for the use of assets no matter how they are financed, and this charge includes a provision for depreciation where appropriate.

## E Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements but are disclosed as a note to the accounts where they are deemed material.

## F Employee Benefits

### Benefits payable during employment

All salaries and wages earned up to 31 March 2023 are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday entitlements earned by employees, but not taken before the year end and which employees may carry forward into the next financial year; along with any pay inflation agreed for the year and not yet paid.

### Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the CIES when the Council is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary redundancy. The Council is only demonstrably committed to a termination when it has a detailed formal plan for the termination, and it is without realistic possibility of withdrawal.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## Post-employment benefits

The Council participates in two formal pension schemes: the Local Government Pension Scheme which is administered by Strathclyde Pension Fund; and the Scottish Teachers' Superannuation Scheme. Liabilities for the Scottish Teachers' Superannuation Scheme cannot be identified specifically to the Council; therefore, the scheme is accounted for as a defined contributions scheme.

The Local Government Pension Scheme is accounted for as a defined benefit scheme in accordance with International Accounting Standard 19 (IAS19) (as revised in 2011). Renfrewshire Council's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve are recognised in the Balance Sheet. The CIES recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year. Liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method. Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds. Assets are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

## G Events after the Balance Sheet date

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

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

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

## H Prior Period Adjustments

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Where there has been a change in accounting policy, that change will be applied retrospectively. Where there has been a change in accounting estimate, that change will be applied prospectively. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so.

## I Financial Instruments

### Financial Assets

Financial assets are classified into three categories of valuation:

- At amortised cost;
- At fair value through other comprehensive income – designated equity instruments; and
- At fair value through profit or loss.

#### *Financial Assets Measured at Amortised Cost*

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

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES. The Council has assets such as investments and debtors which are classified as financial assets measured at amortised cost.

#### *Financial Assets Measured at Fair Value through other Comprehensive Income (FVOCI)*

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Investment income is credited to Financing and Investment Income and Expenditure in the CIES when it becomes receivable by the Council. Where an equity instrument is designated as FVOCI, changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve (an unusable reserve).

When the asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services. The Council has made an irrevocable election to designate these assets as FVOCI on the basis that they are held for non-contractual benefits, not for trading, but for strategic purposes.

#### *Financial assets measured at fair value through profit and loss*

Assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the CIES when it becomes receivable by the Council.

Assets values are based on the following principles:

- instruments with quoted market prices – the market price

- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the CIES. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

#### *Expected Credit Loss Model*

Where assets are identified as impaired as a result of an expected credit loss, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

## Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Income and Expenditure Account in the year of extinguishment. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## Financial Guarantees

Financial guarantees are recognised at fair value assessed as the probability of the guarantees being called and the likely amount payable under the guarantees.

## Loans Fund

The Council operates a Loans Fund and all loans raised are paid into the Fund. Advances are made to departments to finance capital expenditure during the year. Repayments to the Loans Fund are calculated using the annuity method.

The local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016 - loans fund accounting came into force on 1 April 2016 and replaced the statutory provisions for local authority borrowing, lending and loans funds as set out in Schedule 3 of the local Authority (Scotland) Act 1975. The regulations

contain the following provisions in respect of the loans fund:

- Regulation 12 places a duty on a local authority to maintain a loans fund, which is to be administered in accordance with the proper accounting practices and prudent financial management,
- Regulation 13 requires a local authority to make loans fund advances each year for expenditure of or lending to third parties by, the local authority which it has determined should be met from borrowing, and
- Regulation 14 requires a local authority to determine for each loans fund advance the period over which it will be repaid and the amount of each repayment. Both the period and the annual amounts must be considered by the authority to be prudent.

Interest is calculated and allocated to the CIES in accordance with Local Authorities Scotland Accounts Advisory Committee's (LASAAC) Guidance Note 2: Statement on the Calculation and Allocation of Loans Fund Interest and Expenses.

## Financial Instruments - Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability take place either in the principal market for that asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Valuation techniques used are appropriate in the circumstances and have sufficient data available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or

disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

The fair value hierarchy gives priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

## J Government Grants and other Contributions

Government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

## K Heritage Assets

The Council's heritage assets are held in the museums operated by OneRen (Paisley Museum and Art Gallery, Renfrew Town Hall and Museum, and The Secret Collection). The purpose of holding these assets according to the Museums' Statement of Purpose is "to enhance public understanding of the human and natural world, principally by the use of original objects". Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. Purchased acquisitions are recognised at cost and donated acquisitions are recognised at valuation with reference to appropriate commercial markets. Acquisitions are made in line with the approved Acquisition and Disposal Policy. The collections of heritage assets are accounted for as follows:

Art Collection	The collection includes fine, contemporary and applied art works. The collection is included in the balance sheet at market value where this is available (from external valuations provided by suitably experienced and knowledgeable experts) or insurance valuations provided by the relevant collection curator. The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
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Shawl and textile design	The museums hold a collection of approximately 1,000 Paisley-type shawls, and a considerable collection of original designs for shawl manufacture. The collection is included in the balance sheet at insurance valuation which is based on market values. The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Natural History	The collection includes vertebrate and invertebrate zoology, botany, geology and microslide collections; in addition to a library of natural history books. The collection is included in the balance sheet at insurance valuation which is based on market values. The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore no depreciation is charged.
Human History	The museums hold collections relating to social history, transport, science (including an important collection of astronomical apparatus in Coats Observatory), archaeology, arms, local archives, numismatics, photography, textiles, ethnography and Egyptology. The collection is included in the balance sheet at insurance valuation which is based on market values. However, where an external valuation or cost information is available, or a valuation may be secured at a cost which is not prohibitive relative to the value of the item, then the Council will recognise the asset in the balance sheet at this value. The assets within the collection are deemed to have indeterminate lives and a high residual value, and therefore, no depreciation is charged.

In addition to the museum collections, there are a number of public space statues, monuments, memorials, fountains and outdoor artworks at various locations throughout Renfrewshire. These assets are not generally recognised in the balance sheet. The Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets and the lack of comparable data. However, where reliable cost information can be reasonably obtained, the asset will be included in the balance sheet.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Heritage assets will occasionally be disposed of in accordance with the approved Acquisitions and Disposal Policy (a copy of which is available). Assets are only disposed of for curatorial reasons (eg the item has deteriorated to such an extent

it is no longer suitable for public display) and not with the aim of generating funds. Any proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. Expenditure incurred in preserving individual items is recognised in the CIES.

## L Intangible Assets

The Council accounts for purchased software licences as Intangible Assets. Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Items costing less than £9,000 are not treated as Intangible Assets.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life. An asset is tested for impairment whenever there is an indication that the

asset might be impaired. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## M Interests in Companies and Other Entities

The Council has material interests in two charitable companies, a limited liability partnership and Joint Boards and Committees that have the nature of subsidiaries and associates under accounting conventions, requiring it to prepare group accounts. In the Council's own single-entity accounts, these interests are not recorded as the Council has no shares in, or ownership of, any of these organisations.

Reflected in the Council's single-entity balance sheet is a 50% share in an Integration Joint Board, which is recorded as an investment.

## N Inventories

Inventories (generally consumable stock) are included in the Balance Sheet at weighted average cost. The Code requires inventories to be held at lower of cost or Net Realisable Value. Weighted average cost is used as the measure of cost.

## O Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment

Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## P Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

### The Council as Lessee

#### *Finance Leases*

Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability, and
- a finance charge (debited to the CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life.

#### *Operating Leases*

Rentals paid under operating leases are charged to the CIES. Title to the property, plant or equipment remains with the lessor.

### The Council as Lessor

#### *Finance Leases*

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Lease rentals receivable are apportioned between:

- a capital receipt for the disposal of the asset – applied to write down the Debtor (together with any premiums received); and
- finance income (credited to the CIES).

#### *Operating Leases*

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the CIES.

### Q Overheads and Central Support Costs

Where internal costs are allocated to user departments, the basis of allocation varies by originating department, for example the cost of Payroll Services may be allocated on the number of payslips per service. In many instances the allocation is time-based. Internal transactions are no longer present in the income and expenditure figures reported in the CIES.

### R Service Concession Arrangements – School Buildings and Other Facilities

The Council carries the assets used under PFI or Service Concession contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition

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

The accounting treatment of the contractual arrangements are in accordance with IFRIC12 *Service Concession Arrangements*.

### S Property, Plant and Equipment

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

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating.

The cost of assets acquired other than by purchase is deemed to be its fair value. The valuation of work-in-progress is based on cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

Plant, furniture and computer equipment costing less than £9,000 are not treated as fixed assets. This de-minimis level does not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the CIES. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH). Council dwellings are valued using a Beacon Principle (adjusted vacant possession) methodology in accordance with the Royal Institution of Chartered Surveyors (RICS) guidance;
- Vehicles, plant, furniture and equipment – depreciated replacement cost;
- Other land and buildings – fair value, determined as the market value amount that would be paid for the asset in its existing use (existing use value – EUV). Operational assets are shown at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets are shown at the lower of net current replacement cost or net realisable value.

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The effective date of any revaluation is 31 March. Valuations are undertaken by the Council Valuer who is MRICS qualified. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 - quoted prices in active markets for identical assets that the authority can access at the measurement date;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly;
- Level 3 - unobservable inputs for the asset.

## Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the

CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Disposals

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve.

## Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property of between 10 and 50 years as estimated by the Council Valuer
- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer based on useful lives of between 3 and 30 years.
- infrastructure – straight-line allocation over 40 years.

General Fund services are charged with depreciation where appropriate for the use of assets no matter how they are financed. Depreciation on the Council's non-operational assets is not charged to service revenue accounts. It is however reflected in the CIES through non-distributable costs.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Significance is determined by comparing a component's cost against the overall cost of an asset, and a component is deemed significant if its cost is 20% or more of the total asset cost. The de-minimis threshold for componentisation is £1m.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## T Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CIES. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

## U Reserves

The Council has various reserve funds. The two capital reserves arising from the system of capital accounting are the Revaluation Reserve and the Capital Adjustment Account. The former of these represents the store of gains on revaluation of fixed assets not yet realised through sales and the latter relates to amounts set aside from capital resources to meet past expenditure.

The two accounting reserves arising from the restatement of financial instruments to “fair value” are the Financial Instruments Adjustment Account and the Financial Instruments Revaluation Reserve. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending & borrowing by the Council. The Financial Instruments Revaluation Reserve is a store of gains or losses on revaluation of the investments of the Insurance Fund not yet realised through sales.

The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Council's share of actuarial gains and losses in the Strathclyde Pension Fund and the change in the Council's share of the Pension Fund net liability chargeable to the CIES.

## V Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the

Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## W Value Added Tax

Income and Expenditure excludes any amount relating to Value Added Tax (VAT), as all VAT is payable to HM Revenue & Customs and all VAT is recoverable from them.

## Note 33: Judgements in Applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a judgement has been made, this is referred to in the relevant note to the core financial statements; however, a summary of those with the most significant effect is detailed below.

Item	Judgement
Public Sector Funding	The Council has assessed that anticipated levels of local government funding over the medium term do not provide sufficient indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. This is discussed further in the Management Commentary.
Service Concession Arrangements	The Council is deemed to control the services provided under the agreement for the provision of schools. The accounting policies for PFI schemes and similar arrangements have been applied and the assets under the contract are included within Property, Plant and Equipment on the Council's Balance Sheet. Bargeddie Waste Facility is shared by a number of Scottish councils with North Lanarkshire Council taking the lead. The apportionment of costs and liabilities over the life of the facility, which was funded by a service concession agreement, has been agreed between the councils involved and the local external audit team. Note 15 provides further details.
Council acting as Agent, not Principal	'Agent' is where the Council is acting as an intermediary and 'Principal' is where the Council is acting on its own behalf. From 2020/21, the Council received funding from the Scottish Government relating to grants and subsidies in support of hardship experienced by third parties from the impact COVID-19. In many cases, the Council had no discretion over the terms of the grants awarded and any unspent grant was repaid to the Scottish Government; these have been treated as Agent transactions and excluded from the CIES, Balance Sheet and related Notes. Cashflows have, however, been included in the Cashflow Statement. CIPFA and the Local Authority (Scotland) Accounts Advisory Committee issued guidance in relation to the funding streams administered by Scottish local authorities in terms of their treatment as Agent or Principal activities and this guidance has been followed. Further detail on the sums involved can be found in Note 25.
Impairment of financial assets	In line with IFRS9: Financial Instruments, the approach to impairment of financial assets depends on the type of asset being assessed, either using a 'historic loss rate' approach, or a 'probability of default' approach, whereby historical experience of default rates across a similar class of instrument and credit rating is used to estimate 12-month expected credit losses. Further detail can be found at Note 22: Financial Instruments.
Determination of Contingent Liabilities and Provisions	A Provision is defined by the Code as a liability of uncertain timing or amount. A Contingent Liability is a possible obligation whose timing or value cannot be reliably measured and the Council makes a judgement on which is appropriate based on information available at the Balance Sheet date.

Item	Judgement
Rolling Valuation Programme	The Council employs professional valuers who are registered with the Royal Institution of Chartered Surveyors. These valuers carry out regular reviews of the value of assets reported in the Balance Sheet and any significant changes in value are processed as asset revaluations or impairments. These values are based on their professional opinion using available market information at the time of assessment. Due to the high number of assets, a rolling programme of asset valuation has been established for many years, with the aim of revaluating one fifth of the portfolio each financial year. This carries inherent risk that assets not valued in-year have been subject to material changes in value. The highest risk in this respect relates to assets valued using the Depreciated Replacement Cost (DRC) method, which for Renfrewshire Council, includes schools and leisure centres. To mitigate for this risk, a desktop exercise was undertaken for 2022/23 accounts to estimate the potential increase in value of all DRC assets not valued in-year and reflected any material adjustment required in these accounts.

## Note 34: Assumptions made about the future

The Annual Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet as at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if results differ from assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The carrying value of the net pension asset was £434.096m as at 31 March 2023 (liability of £55.2m as at 31 March 2022). Further detail can be found in Note 28: Defined Benefit Pension Schemes.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £22.0m. However, the assumptions interact in complex ways. At 31 March 2023, the Council's actuaries advised that the net pensions opening liability had increased by £86.064m as a result of estimates being corrected as a result of experience; decreased by £13.3m as a result of updating demographic assumptions; and decreased by £672.2m as a result of updating financial assumptions.
Debt Impairment	At 31 March 2023, the Council had a balance for long and short term debtors (including council tax, rent arrears and trade debtors) of £69.3m. A review of significant balances suggested that an impairment of doubtful debts of £36.7m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. Over 2022/23, the principal debt impairment increase related to Council Tax and Rents, which increased by £1.1m.	Based on experience, the bad debt provision is considered adequate; however, if collection rates were to deteriorate, a 10% increase in the amount of potential impairment losses would require an additional £3.7m to be set aside as an allowance.

## Common Good Funds

The Common Good Funds comprise land granted to a Burgh by the Crown; further grants of land and buildings, mainly in the late 19<sup>th</sup> and early 20<sup>th</sup> century by local industrialists and other landowners for the common good of the inhabitants of the Burgh; and rental income and sale proceeds from such land. The bulk of the Paisley Common Good was granted to the Burgh of Paisley by the King Charles II Charter, dated 27 and 28 July 1666, and has been administered by the Burgh and its successors since that date. The bulk of the Renfrew Common Good was granted to the Royal Burgh of Renfrew by the Queen Anne Charter, dated 7 August 1703, and again has been administered by the Burgh and its successors since that date.

### Income and expenditure statement

Income and Expenditure Statement for the Year Ending 31 March 2023	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Expenditure	0.739	0.000	2.682	3.421
Income	(0.192)	0.000	(1.622)	(1.814)
(Surplus)/Deficit for the year	0.547	0.000	1.060	1.607
(Surplus)/Deficit Brought Forward	(6.646)	(0.052)	(34.763)	(41.461)
Accumulated (Surplus)/Deficit at 31 March 2023	(6.099)	(0.052)	(33.703)	(39.854)

Income and Expenditure Statement for the Year Ending 31 March 2022	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Expenditure	0.219	0.000	0.331	0.550
Income	(0.392)	0.000	(1.839)	(2.231)
(Surplus)/Deficit for the year	(0.173)	0.000	(1.508)	(1.681)
(Surplus)/Deficit Brought Forward	(6.473)	(0.052)	(33.255)	(39.780)
Accumulated (Surplus)/Deficit at 31 March 2022	(6.646)	(0.052)	(34.763)	(41.461)

### Balance Sheet

Balance Sheet as at 31 March 2023	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Tangible Fixed Assets	0.928	0.000	13.024	13.952
Heritage Assets	0.063	0.046	0.109	0.218
Investments	4.737	0.000	18.114	22.851
Debtors	0.027	0.000	0.136	0.163
Short-term deposits	0.350	0.006	2.347	2.703
Total assets	6.105	0.052	33.730	39.887
Creditors: Amounts Falling Due Within One Year	(0.006)	0.000	(0.027)	(0.033)
<b>Net Assets</b>	<b>6.099</b>	<b>0.052</b>	<b>33.703</b>	<b>39.854</b>
Income Funds	(3.747)	(0.036)	(21.391)	(25.174)
Revaluation reserve: Investments	(0.916)	0.000	(2.999)	(3.915)
Revaluation reserve: Fixed Assets	(1.436)	(0.016)	(9.313)	(10.765)
<b>Total Reserves</b>	<b>(6.099)</b>	<b>(0.052)</b>	<b>(33.703)</b>	<b>(39.854)</b>

Balance Sheet as at 31 March 2022	Paisley £m	Johnstone £m	Renfrew £m	Total £m
Tangible Fixed Assets	1.009	0.000	12.611	13.620
Heritage Assets	0.063	0.047	0.109	0.219
Investments	5.260	0.000	20.075	25.335
Debtors	0.000	0.000	0.026	0.026
Short term deposits	0.320	0.005	2.021	2.346
<b>Total assets</b>	<b>6.652</b>	<b>0.052</b>	<b>34.842</b>	<b>41.546</b>
Creditors: Amounts Falling Due Within One Year	(0.005)	0.000	(0.080)	(0.085)
<b>Net Assets</b>	<b>6.647</b>	<b>0.052</b>	<b>34.762</b>	<b>41.461</b>
Income Funds	(3.629)	(0.036)	(20.859)	(24.524)
Revaluation reserve: Investments	(1.581)	0.000	(5.379)	(6.960)
Revaluation reserve: Other Fixed Assets	(1.437)	(0.016)	(8.524)	(9.977)
<b>Total Reserves</b>	<b>(6.647)</b>	<b>(0.052)</b>	<b>(34.762)</b>	<b>(41.461)</b>

## Accounting Policies and Note

Accounting Policies adopted for the Common Good are the same as those adopted for Renfrewshire Council except for the application of IAS 16. IAS 16 requires that assets be depreciated and that the charge for depreciation be set against and surplus in the Income and Expenditure account. In addition, IAS 16 requires any decreases in the value of assets to be recognized in the Income and Expenditure account, unless there is previous increase in the value of the asset held in the Revaluation Reserve. Conversely, any increases in the value of assets are to be recognized in the surplus or deficit in the Income and Expenditure account, to the extent that it reverses a decrease of the same asset previously recognized in the Income and Expenditure account.

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given that the Common Good is owned by the Council, these specific provisions are supplemented by the general provisions relating to the administration of local authority monies, i.e., the duty to obtain best value.

Income to the Common Good Funds is solely from investment returns (both financial investments and property rental income) and bank interest; no donations to the Funds are solicited. The only other source of income, which arises periodically, is from the sale of fixed assets.

The investment performance of the Common Good Funds is monitored regularly by Council officers and is reported bi-annually to the Investment Review Board, which is comprised of five cross-party elected members. The minutes of the Investment Review Board are submitted to the Finance, Resources and Customer Services Policy Board, whose meetings are held in public. In turn, the minutes of this Board are submitted to the full Council for ratification. Therefore, all elected members are kept informed of both the performance of the funds and any decision regarding the operation of the Funds, which would be made by the Finance, Resources and Customer Services Policy Board.

Revaluation adjustments related to investments are included in Income within the CIES and were £0.664m for Paisley Common Good and £2.380m for Renfrew Common Good.

## Housing Revenue Account

### Income and expenditure statement

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local authority housing provision in accordance with the Housing (Scotland) Act 1987. The Housing Revenue Account income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the movement on the Housing Revenue Account statement.

2021/22 £m		2022/23 £m
16.244	Repairs and maintenance	19.851
17.160	Supervision and management	14.852
26.336	Depreciation and impairment of non-current assets	27.883
0.671	Increase/(Decrease) in the allowance for bad debts	0.839
1.300	Other expenditure	3.208
<b>61.711</b>	<b>Total Expenditure</b>	<b>66.633</b>
(48.622)	Dwelling rents	(48.115)
(1.438)	Non-dwelling rents	(1.185)
(2.996)	Other income	(1.616)
<b>(53.056)</b>	<b>Total Income</b>	<b>(50.916)</b>
<b>8.655</b>	<b>Net Cost of HRA services as included in the CIES</b>	<b>15.717</b>
	<b>HRA share of the operating income and expenditure included in the CIES:</b>	
(0.006)	(Gain)/Loss on sale of HRA non-current assets	0.276
0.000	(Gain)/Loss on revaluation of investment properties	0.000
4.478	Interest payable and similar charges	4.110
(0.159)	Interest and investment income	(1.704)
0.215	Pensions interest cost and expected return on pensions assets	0.089
(7.147)	Taxation and non specific grant income	(0.402)
<b>6.036</b>	<b>Deficit for the year on HRA services</b>	<b>18.086</b>

### Movement on the Housing Revenue Account statement

This statement shows the movement in the year on the Housing Revenue Account (HRA) Balance. The surplus or deficit for the year on the HRA income and expenditure statement represents the true economic cost of providing the Council's HRA services, more details of which are shown in the HRA income and expenditure statement itself.

The adjustments between accounting basis and funding basis under regulations detail the adjustments that are made to the HRA income and expenditure, as recognised by the Council in the year in accordance with proper accounting practice, to the statutory amounts required to be charged to the HRA Balance for dwellings rent setting purposes. An analysis of these adjustments can be found in Note 6: Adjustment between accounting basis and funding basis under regulations on page 43.

2021/22 £m		2022/23 £m
(6.497)	Balance on the HRA at 1 April	(6.497)
6.036	Deficit for the year on the HRA income and expenditure statement	18.086
5.142	Adjustments between accounting basis and funding basis under statute	(6.302)
(11.178)	Adjustments to Usable Reserves permitted by accounting standards	(11.784)
(0.000)	Net (Increase)/Decrease before transfers to or from reserves	0.000
(6.497)	Balance on the HRA at 31 March	(6.497)

## Notes to the Housing Revenue Account income and expenditure statement

### The number and types of dwelling in the Council's housing stock

The Council was responsible for managing 12,216 dwellings during 2022/23 (12,216 in 2021/22). The following shows an analysis of these dwellings by type. The figures below exclude void initiative properties.

As at 31 March 2022			As at 31 March 2023		
Number	Average weekly rent	Type of dwelling	Number	Average weekly rent	
416	£64.48	One-apartment	419	£65.43	
3,685	£72.84	Two-apartment	3,665	£75.85	
5,864	£82.37	Three-apartment	5,853	£88.19	
2,040	£92.06	Four-apartment	2,065	£100.16	
211	£98.94	Five-apartment	214	£108.38	
12,216		Total	12,216		

### Other information

	Dwellings £m	Non-Dwellings £m	Total as at 31 March 2023 £m	Total as at 31 March 2022 £m
Void Rent Loss	2.638	1.673	4.311	4.118
Rental Income Arrears	4.268	0.582	4.850	4.367
Provision for uncollectable rent arrears	3.330	0.346	3.676	3.166
Corporate and Democratic Core costs			0.033	0.056

## Council Tax Income Account

The Council Tax income account shows the gross income raised from Council Taxes levied and deductions made under statute. Councils raise taxes from residents through Council Tax, which is a tax linked to property values. The Council Tax Reduction Scheme represents a discount introduced across Scotland following the abolition of Council Tax Benefits as part of the UK government's Welfare Reform programme. The resultant net income is transferred to the Council's CIES.

2021/22 £m		2022/23 £m
118.049	Gross council tax levied	123.138
(16.199)	Other discounts and reductions	(26.330)
(13.433)	Council tax reduction scheme	(13.143)
(2.476)	Write-off of uncollectable debts and allowance for impairment	(2.707)
0.523	Adjustment to previous years' community charge and council tax	(0.245)
86.464	<b>Transfer to the Comprehensive Income and Expenditure Statement</b>	<b>80.713</b>

### Calculation of the Council Tax

Dwellings are valued by the Assessor and placed within valuation bands ranging from the lowest "A" to the highest "H".

The band D Council Tax charge is calculated using the Council Tax base, and this in turn fixes the charge for each of the other bands, which are based on pre-determined proportions relative to the band D charge. The band D charge for 2022/23 was £1,315.42 (£1,315.42 in 2021/22).

2021/22 £	Council Tax Band	2022/23 £
876.95	A	903.26
1,023.10	B	1,053.79
1,169.26	C	1,204.34
1,315.42	D	1,354.88
1,728.32	E	1,780.17
2,137.56	F	2,201.69
2,576.03	G	2,653.31
3,222.78	H	3,319.46

If a property is occupied by only one person over 18, a discount of 25% is applied.

Since 15 July 2016, unoccupied and unfurnished properties have been exempted from Council Tax for the first six months. A discount of 10% is then available for the next six months and 100% additional Council Tax levy is then payable for as long as the property remains empty, although the 10% discount may be extended by a further 12 months if the property is being actively marketed for sale or let.

Certain persons are disregarded for Council Tax purposes, including students, people who are in detention and those who are severely mentally impaired. Reductions in Council Tax are available for people with disabilities.

Charges for water and sewerage services are the responsibility of Scottish Water. Renfrewshire Council collects total monies and makes a precept payment to Scottish Water on the basis of collection levels based on a pre-determined formula. The figures below exclude the water and sewerage charges.

## Calculation of the Council Tax base

The Council Tax base is the number of chargeable dwellings across all valuation bands (adjusted for dwellings where discounts apply), after providing for non-payment, expressed as an equivalent number of band D dwellings.

Band	Number of dwellings	Number of exemptions	Disabled relief	Discounts	Council Tax Reduction	Total equivalent dwellings	Ratio to Band D	2022/23 Band D equivalent	2021/22 Band D equivalent
A	13,463	2,135	8	1,925	3,616	<b>5,856</b>	0.67	<b>3,904</b>	3,899
B	25,888	1,648	77	3,268	5,562	<b>15,392</b>	0.78	<b>11,972</b>	11,958
C	15,193	518	59	1,592	1,990	<b>11,079</b>	0.89	<b>9,848</b>	9,834
D	13,263	329	45	1,194	761	<b>11,007</b>	1.00	<b>11,007</b>	10,820
E	11,599	189	73	723	439	<b>10,223</b>	1.31	<b>13,432</b>	13,319
F	6,993	77	48	303	120	<b>6,464</b>	1.63	<b>10,504</b>	10,252
G	4,223	80	19	140	50	<b>3,934</b>	1.96	<b>7,704</b>	7,491
H	208	4	0	10	2	<b>192</b>	2.45	<b>470</b>	475
	<b>90,830</b>								
								Band A dwellings subject to disabled relief	
								8	8
								Class 17 and 24 dwellings	
								73	79
								<b>Sub-total</b>	<b>68,922</b>
								<b>68,135</b>	<b>68,135</b>
								Less: Provision for non-payment and future award of discounts and reliefs	
								(4,017)	(4,675)
								<b>Council Tax Base</b>	<b>64,905</b>
								<b>63,460</b>	<b>63,460</b>

## Non-Domestic Rates Income Account

This account is an agent's statement that reflects the statutory obligation for those councils who issue bills to non-domestic rate payers to maintain a separate non-domestic rate account. The account shows the rates collected from non-domestic rate payers during the year. Any difference between the rates collected and the amount the Council is guaranteed to receive under the national pooling arrangements is adjusted via the Scottish Government's general revenue grant to the Council. Non-domestic rate income is redistributed from the national non-domestic rate pool in proportions based on the prior year mid-year income returns net of prior year adjustments. In 2012/13 the Scottish Government introduced the Business Rates Incentivisation Scheme (BRIS) which allows councils, where an agreed target income figure is exceeded, to retain 50% of the 'above target' income.

2021/22 £m		2022/23 £m
145.727	Gross rates levied	147.870
(55.765)	Reliefs and other deductions	(21.774)
(4.306)	Write-off of uncollectable debts and allowance for impairment	(3.543)
85.656	Net Non-Domestic Rates income	122.553
(0.759)	Adjustment to previous years' non-domestic rates	(1.692)
7.159	Contribution (to)/from the National Non-Domestic Rate pool	(12.785)
0.000	Non-domestic rate income retained by authority (BRIS)	0.000
92.056	Transfer to the Comprehensive Income and Expenditure Statement	108.076

### The nature and amount of each rate fixed

The non-domestic rates charge for each subject is determined by the rateable value placed upon it by the Assessor, multiplied by the rate per pound (the "rate poundage") set each year by the Scottish Government. For 2022/23 the charge was 49.0 pence in the pound, with a 1.3 pence supplement for properties with a rateable value over £51,000 and a 2.6 pence supplement for properties with a rateable value above £95,000.

Under the Small Business Bonus Scheme (SBBS) relief is available to businesses where the combined rateable value of all business premises is £35,000 or less and the rateable value of individual premises is £18,000 or less. Properties with a total rateable value up to and including £15,000 are entitled to a 100% reduction in their business rates on each individual property and properties with a rateable value of between £15,001 to £35,000 receive a 25% reduction on each individual property with a rateable value of £18,000 or less.

### Analysis of Renfrewshire Council's rateable values

Analysis of Rateable Values	2022/23 £m
Commercial	103.652
Industrial and freight transport	47.218
Education and public service	31.534
Communications	1.587
Others	101.814
Rateable Value at 1 April	285.805
Adjustments (Full Year Rateable Value)	1.440
Rateable Value at 31 March	287.245
Less: Wholly Exempt Subjects	(1.374)
Net Rateable Value at 31 March	285.871



Renfrewshire  
Council

Finance and Resources, Renfrewshire House, Cotton Street, Paisley PA1 1JB  
Telephone: 0300 300 0285 [www.renfrewshire.gov.uk](http://www.renfrewshire.gov.uk)

# RENFREWSHIRE COUNCIL

COATS OBSERVATORY TRUST FUND  
SC019454

TRUSTEES' REPORT  
AND FINANCIAL STATEMENTS  
1 APRIL 2022 to 31 MARCH 2023



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## Trustees' Report

### 1. INTRODUCTION

Renfrewshire Council acts as sole trustee for the Coats Observatory Trust Fund which has charitable status and is registered with the Office of the Scottish Charity Regulator (OSCR).

The financial statements of the Trust are included in this report:

The principal address of the Trust Fund is:

Renfrewshire Council  
Finance and Resources  
Renfrewshire House  
Cotton Street  
Paisley  
PA1 1JB

Renfrewshire Council administers the Trust Fund and separately accounts for it. Renfrewshire Council was established by the Local Government (Scotland) Act 1994 and came into being on 1 April 1996. The Council provides a wide range of public services such as education, social services, environmental services, council housing and economic regeneration.

The Trust Accounts do not form part of Renfrewshire Council's single entity balance sheet, although under s222 of the Local Government (Scotland) Act 1973, the property of the Trust "vest[s] in" the relevant local authority. However, the Trust Fund accounts are included within the group accounts of the Council. A copy of the group accounts can be obtained from the address above.

Independent Auditors:           Azets  
  Titanium 1  
  King's Inch Place  
  Renfrew  
  Glasgow  
  PA4 8WF

## **TRUSTEES**

In terms of the “Trustees” of the Trust, the guidance provided by OSCR is that those who have “general control and management” of the charity are the charity trustees. Decisions regarding the general control and management of the Trust Fund are made by the Finance, Resources and Customer Services Policy Board (FRCSPB), which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning all elected members are charity trustees

The following individuals were the Trustees of the Trust Fund in their capacity as elected members of Renfrewshire Council during the 2022/23 financial year:

Jennifer Adam	Bruce MacFarlane
Fiona Airlie-Nicolson	James MacLaren
Stephen Burns	Kenny MacLaren
Jacqueline Cameron	Mags MacLaren
Lorraine Cameron	Colin McCulloch
Michelle Campbell	Janis McDonald
Graeme Clark	Cathy McEwan
Carolann Davidson	David McGonigle
Eddie Devine	Jamie McGuire
Andy Doig	Marie McGurk
Audrey Doig	Iain McMillan
Alison Ann-Dowling	John McNaughtan
Chris Gilmour	Kevin Montgomery
Edward Grady	Sam Mullin
Gillian Graham	Will Mylet
Neill Graham	Iain Nicolson
John Gray	Jim Paterson
Anne Hannigan	Emma Rodden
John Hood	John Shaw
Lisa-Marie Hughes	Ben Smith
Robert Innes	Andy Steel
Alec Leishman	

Day to day management of the Trust Fund is delegated to the Director of Finance and Resources of Renfrewshire Council. All the trustees for the accounts are normally elected or re-elected at local government elections. By-elections are held to elect new members in the event of existing members vacating their position. New members automatically become trustees.

## **2. STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Coats Observatory Fund was inherited by the local authority in early 1963 from the Paisley Philosophical Society. The Council as Trustees own the buildings comprising the Coats Observatory. These buildings are leased to Renfrewshire Leisure Ltd for zero consideration.

## **HISTORY**

The original purpose of the Trust when it was set up was: “for the upkeep of Coats Observatory equipment”. This purpose was relevant while there were cash funds available; however these funds have been exhausted, and only the property assets remain.

## **GOVERNANCE AND MANAGEMENT**

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources has been designated as that officer in Renfrewshire Council. They manage the affairs of the Council to secure the economic, efficient and effective use of resources and safeguard its assets and those of any charitable trust it controls. Given the Trust Fund is controlled by the Council, these specific provisions are supplemented by general provisions relating to the administration of local authority monies, i.e., the duty to obtain best value.

The Director of Finance and Resources has responsibility for ensuring an effective system of internal financial control is maintained and operated. This system of internal financial control can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are recorded and properly authorised, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures and a system of delegation and accountability. The Director of Finance and Resources is responsible for keeping proper accounting records which are up to date, and which ensure that the financial statements comply with the Charities Accounts (Scotland) Regulations 2006(as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16<sup>th</sup> July 2014.

Decisions regarding the operation, assets, processes or policies of the Trust Fund are delegated by the Council to the Finance, Resources and Customer Services Policy Board (FRCSPB).

## **RISK**

The Trustees have overall responsibility for the Trust Funds’ system of internal control. This system is designed by senior management to ensure effective and efficient operation, including financial reporting and compliance with laws and regulations. The Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

## **3. FINANCIAL REVIEW**

The Trust Fund has no explicit reserves policy. The Trust Fund is not in deficit and no donations to the Fund are solicited.

#### 4. FUTURE PLANS

Given there are no cash funds remaining, nor are any anticipated, the Council will explore with OSCR the future of the charity, always considering the ongoing sustainability of the Observatory and ensuring appropriate governance arrangements remain in place.

#### CONCLUSION

The Trustees wish to thank the Renfrewshire Council officers involved in producing the Report and Financial Statements.

Signed:

Date:

Alastair MacArthur  
Director of Finance and Resources  
Renfrewshire Council

On behalf of the Trustees:

Date:

Councillor John Shaw  
Convener – Finance, Resources and Customer Services Policy Board  
Renfrewshire Council

# Independent Auditor's Report to the Trustees of Coats Observatory Trust Fund and the Accounts Commission for Scotland

The accounts are still subject to audit and the report will be available in September 2023.

## Trust Accounts Financial Statements Overview

### 1. INTRODUCTION

The following pages detail the Statement of Receipts and Payments, the Statement of Balances and relevant Notes to the Accounts, as required by the Charities Accounts (Scotland) Regulations 2006. A Cash Flow Statement is not required as the charity is classified as a small charity as defined in the Charities Statement of Recommended Practice (SORP) and therefore is exempt from producing a Cash Flow Statement.

### 2. STATEMENT OF RECEIPTS AND PAYMENTS

The Statement of Receipts and Payments provides an analysis of the incoming and outgoing cash and bank transactions for the period. If applicable, the Statement would also show any cash movements in relation to fixed assets. In the case of the Trust Fund, there have been no purchases or sales of fixed assets.

### 3. STATEMENT OF BALANCES

The Statement of Balances reconciles the cash and bank balances at the beginning and end of the financial year with the surpluses or deposits shown in the Statement of Receipts and Payments. The Statement of Balances also summarises final closing balances at the end of the period.

### 4. NOTES TO THE ACCOUNTS

Notes to the accounts expand on or explain the information contained in the Statement of Receipts and Payments and the Statement of Balances.

## Statement of Receipts and Payments for the year ended 31 March 2023

2021/22 Total £		Unrestricted £	Restricted £	2022/23 Total £
0	Total receipts	0	0	0
0	Total payments	0	0	0
<b>0</b>	<b>Surplus / (deficit) for period</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Statement of Balances as at 31 March 2023

As at 31 March 2022 Total £		Unrestricted £	Restricted £	As at 31 March 2023 Total £
	<b>Cash balances held with Renfrewshire Council</b>			
0	Opening balance	0	0	0
0	Surplus / (deficit) for period	0	0	0
<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
	<b>Other assets (at current valuation)</b>			
	<i>Land and buildings:</i>			
700,213	Coats Observatory, Paisley	0	677,143	677,143
<b>700,213</b>		<b>0</b>	<b>677,143</b>	<b>677,143</b>

Signed

Alastair MacArthur

Director of Finance and Resources

Renfrewshire Council

Date:

Signed

Councillor John Shaw

Convenor, Finance, Resources and Customer  
Services Policy Board

Renfrewshire Council

Date:

## Notes to the Financial Statements

### 1. ACCOUNTING POLICIES

#### **INTRODUCTION**

The Financial Statements for the year ended 31 March 2023 have been prepared in accordance with the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are designed to give a true and fair view of the financial performance and position of the Trust Fund and comparative figures for the previous financial year are provided. There are no significant departures from accounting standards other than that outlined specifically below.

The accounting concepts of “materiality” and “going concern” have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accounts have been prepared on a going concern basis. The going concern concept assumes that the Trustees will not significantly curtail the scale of the charities’ operations, however it is anticipated that the Observatory Fund will not continue indefinitely. This has no impact on the financial statements as the assets of the Fund comprise solely of the Observatory buildings which are independently valued.

The accounting concept of "accruals" is not relevant to these statements, which have been prepared on a receipts and payments basis.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of assets. The following accounting policies used in its preparation have been reviewed following the introduction of Financial Reporting Standard 18 “Accounting Policies” (FRS18).

#### **Fund Accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanations of the nature and purpose of each fund is included in the notes to the financial statements.

The 2021/22 comparative figures have been brought forward unchanged.

## **INCOMING/OUTGOING RESOURCES**

### ***Recognition of incoming resources***

All income is recognised and included in the Statement of Receipts and Payments (SoRP) when the money is actually received.

### ***Recognition of expenditure***

Expenditure is recognised and included in the Statement of Receipts and Payments (SoRP) when it is paid for.

### ***Charitable Activities***

Decisions regarding the way the Trust Funds' income is spent are taken by the Finance, Resources and Customer Services Policy Board, whose membership comprises 15 of the trustees of the Trust Fund.

### ***Costs of Generating Funds***

The cost of administering the Trust Fund is borne entirely by Renfrewshire Council.

### ***Governance Costs***

Governance costs, where applicable, include the:

- costs of the preparation and examination of statutory accounts;
- cost of any legal advice to trustees on governance or constitutional matters; and
- cost of administering grants.

## **ASSETS**

The Fund includes the land and buildings of Coats Observatory, Paisley. The latest valuation was carried out in 2021/22 and was based on fair value, determined as the market value that would be paid for the asset in its current use. Valuations are provided by the Council Valuer who is MRICS qualified, and are updated as a minimum every five years. The Observatory building is being depreciated on a straight-line basis over 30 years.

Renovation of the Observatory is underway as part of the Paisley Museum Re-Imagined programme of works. Future asset valuations will reflect the impact of the investment once works are complete.

## **2. ANALYSIS OF RECEIPTS/PAYMENTS**

No income was received in the year.

## **3. TRUSTEES' REMUNERATION AND EXPENSES**

Neither the trustees of the Trust Fund nor any associated person connected with them have received any remuneration for their services. Further, no directly incurred expenses were reimbursed to the trustees during the period (2022/23 nil).

## **4. RELATED PARTIES**

During the period, the Council also acted as the banker for the Trust Fund and all transactions, incoming and outgoing, are made via the Council's bank accounts. There are no outstanding balances due to or from Renfrewshire Council nor were there any cash transactions during 2022/23.



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**To: Council**

**On: 22 June 2023**

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**Report by: Director of Finance and Resources**

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**Heading: Treasury Management Annual Report for 2022/23**

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## **1. Summary**

- 1.1 It is a requirement of the Local Government Investments (Scotland) Regulations 2010 that a report outlining the treasury management activity undertaken during the year is presented to Council at the end of each financial year.
- 1.2 This report meets the requirements of these regulations, as well as the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.3 All aspects of the Treasury Policy Statement were complied with in 2022/23.

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## **2. Recommendations**

- 2.1 It is recommended that the Council approves the Treasury Management Annual Report for 2022/23.

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## **3. Review of 2022/23 Treasury Activities**

### **3.1 Treasury Portfolio Position at 31 March 2023**

The Council's external borrowing position at the beginning and end of the last financial year was as follows:

	Borrowing Position as at 31 March 2022		Borrowing Position as at 31 March 2023		Change (a) - (b)
	£ m (a)	Average Interest Rate	£ m (b)	Average Interest Rate	
<b>Long-term Borrowings</b>					
Public Work Loans Board (PWLB) Fixed Interest	201.30	3.97%	224.43	3.80%	23.13
Market Loans	52.92	4.70%	52.92	4.70%	-
<b>Total Long-term</b>	<b>254.22</b>	<b>4.13%</b>	<b>254.22</b>	<b>4.12%</b>	<b>23.13</b>
<b>Short-term Borrowings</b>					
Common Good Funds	2.35	0.11%	2.71	1.53%	0.36
Other Partner Bodies	50.82	0.11%	35.42	1.53%	(15.40)
<b>Total Short-term</b>	<b>53.17</b>	<b>0.11%</b>	<b>38.13</b>	<b>1.53%</b>	<b>(15.04)</b>
<b>Total Borrowings</b>	<b>307.39</b>	<b>3.43%</b>	<b>315.48</b>	<b>3.81%</b>	<b>8.09</b>
<b>Temporary Investments</b>	<b>215.36</b>	<b>0.18%</b>	<b>172.74</b>	<b>3.05%</b>	<b>(42.62)</b>

#### 4. Review of Borrowing and Investment Outturn for 2022/23

4.1 Overall, the Council's total external borrowings increased by £8.09m. There was an increase in borrowing through the PWLB by £25m although this was partially offset by a reduction in inter-company balances for Renfrewshire HSCP.

4.2 Temporary investments held by the Council decreased by £42.62 million. The decrease in investments is attributable to several factors, including spending through the capital programme, pay awards and HSCP COVID-19 funding returned to the Scottish Government.

#### 5. Review of Borrowing Strategy during 2022/23

5.1 The strategy for 2022/23 was approved by Council on 3 March 2022. 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.

5.2 This strategy was prudent, as borrowing rates were increasing. It also avoided a cost of carry on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost, being the difference between (higher) borrowing costs and (lower) investment returns.

5.3 Given that PWLB rates were low earlier in the year, the decision was taken to borrow £25m (at 2.79%) before interest rates increased further, as was expected. This has proven to be prudent, as the Bank of England base rate has since increased, with the current equivalent PWLB rate being 5.60% at the time of writing.

5.4 Given the changing climate and the risks inherent in economic forecasts, a cautious approach was taken during the year regarding treasury operations. The Director of Finance and Resources monitored interest rates and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- if it had been felt that there was a significant risk of a sharp FALL in long and short-term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long-term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short-term borrowing would have been considered.
- if it had been felt that there was a significant risk of a much sharper RISE in long and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central bank rates, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Fixed rate funding would have been considered whilst interest rates were lower than they were projected to be in the next few years.

## **6. Review of Investment Strategy and Investment Outturn for 2022/23**

6.1 In carrying out investment activities, the Council will have regard to the Local Government Investment (Scotland) Regulations 2010, the accompanying Scottish Government Finance Circular 5/2010 and the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (“the Treasury Management Code”). The Council’s investment priorities are:

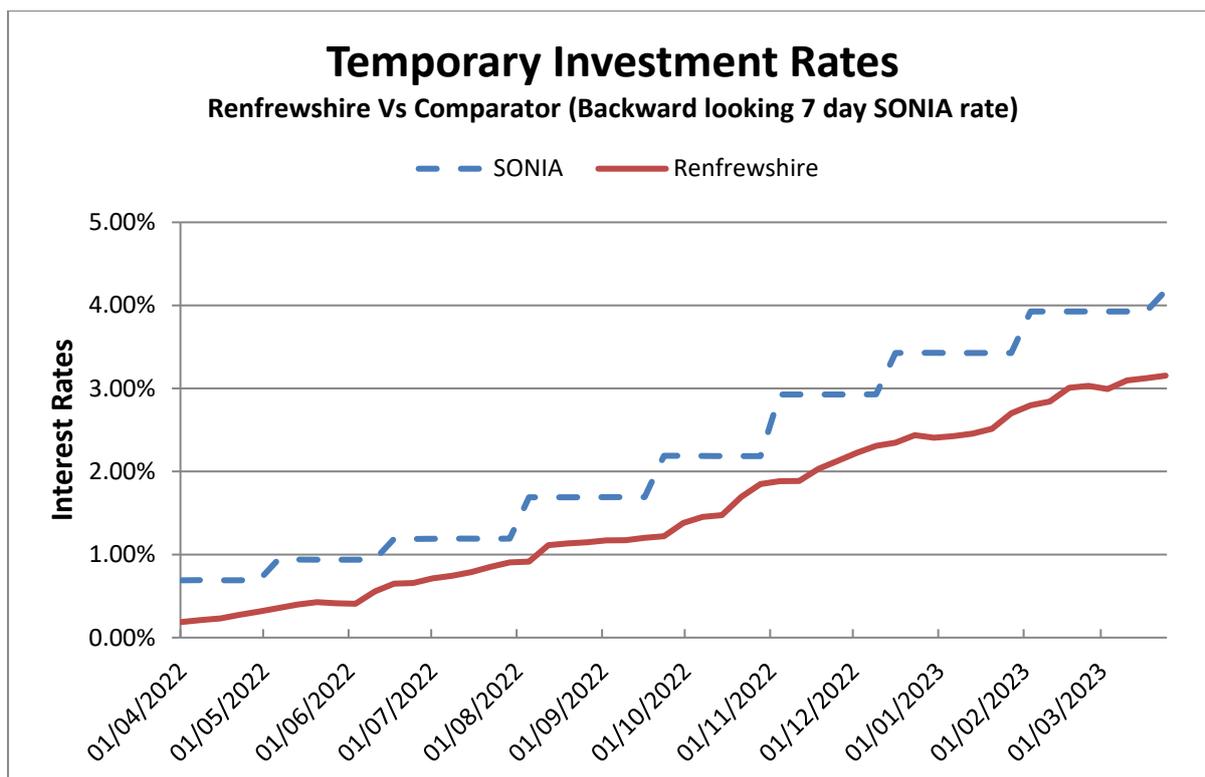
- the security of capital; and
- liquidity of its investments.

The Council’s investment policy was outlined in the Council’s Annual Investment Strategy Report 2022/23 which was approved by Council on 3 March 2022. This policy set out the Council’s approach for choosing investment categories and counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

- 6.2 The expectation for interest rates within the treasury management strategy for 2022/23 was that the Bank Rate would rise gradually throughout the year and fall back to around 1.25% by March 2025. However, due to unforeseen events surrounding the cost of living crisis and the mini budget announced in September 2022, the Bank Rate increased faster than expected, ending the year at 4.25%. The Council has seen an increase in investment returns during the year due to increased rates on short-term deposits.
- 6.3 During 2022/23, the Council only invested with institutions listed in the Council's approved Counterparty list and in the permitted investment categories. The investment activity during the year conformed to the approved strategy and the Council had no liquidity issues.
- 6.4 The table below shows interest rates achieved by the Council on its temporary investments during the year and, for comparison, the benchmark rate.

<b>Temporary investments - internally managed</b>	<b>2021/22</b>	<b>2022/23</b>
Average Investment	£236.30m	£254.90m
Actual rate of return	0.11%	1.53%
Benchmark return	0.13%	2.26%

- 6.5 The benchmark figure was higher than the actual rate of return because the Council had agreed to several fixed-term deposits before the interest rate increase was forecast. These decisions were made based on the best information available at the time. The graph below shows the trend of interest rates on investments over the course of the year.
- 6.6 The current treasury strategy remains appropriate to the Council's ongoing financial, investment and treasury requirements, and supports the Council's overall financial position, investment priorities and medium-term financial forecasts. While the refreshed strategy was recently approved in March 2023, it is continually being reviewed to ensure, as the economic and political landscape changes, and as the Council's financial strategy develops, that borrowing and investments are managed to accommodate both short to medium-term treasury requirements, and also to ensure that best value is secured from longer term investment in instruments appropriate for this purpose and consistent with the Council's risk profile.



## 7. Debt Rescheduling

7.1 While it was considered, no debt rescheduling was undertaken during the year, as the differential between PWLB new borrowing rates and premature repayment rates meant that this would have been uneconomical.

## 8. Compliance with Treasury Limits

8.1 The Prudential Code for Capital Finance in Local Authorities, which came into force on 1 April 2004, allows greater local flexibility for investment decisions that are informed and supported by a suite of performance indicators. The 2022/23 indicators were approved by Council on 3 March 2022 and an update reported to the Finance Resources and Customer Services Policy Board on 17 November 2022.

8.2 The Council's overall performance on these indicators provides a firm basis for the monitoring and control of capital investment and borrowing and for determining that it is affordable. Certain headline indicators are sub-divided per recommended best practice into two programmes: housing and non-housing.

8.3 The key performance indicators for Treasury are:

- An **Operational Boundary** for the Council's external borrowing (the upper limit for the aggregate external borrowing needed), and an **Authorised Limit** for the Council's external borrowing, being the upper limit of aggregate external borrowing that is affordable and prudent;
- A **ratio of financing costs to net revenue stream** (an affordability measure for debt repayments); and
- An **upper limit for fixed rate borrowing** maturing within the short, medium and long-term, to ensure that the Council is not exposed to a significant re-financing requirement in the short to medium term.

In addition, it is a requirement of the Council's Treasury Policy Statement that the maximum amount of long-term borrowing maturing in any one year will be no more than 15%, and the maximum amount of long-term borrowing maturing in any five-year period will be no more than 50%. The objective of these limits is to ensure that the Council is not exposed to a significant re-financing requirement over a short period when interest rates could be relatively high.

8.4 The main source of the Council's borrowing is from the Public Works Loan Board (PWLB). The borrowing rates are based on, and are determined by, the yield on UK Government bonds (gilts). The main influences on gilt yields are Bank Rate, inflation expectations, and movements in US treasury yields.

8.5 Gilt yields continued to rise in 2022/23, peaking towards the end of September 2022 and again during October 2022 following the mini budget. At 31 March 2023, all gilt yields (1-5 years) ranged between 3.41% and 4.10%, while the 10-year and 25-year yields were 3.56% and 3.92% respectively.

8.6 For PWLB rates, the various margins for borrowing are as follows: -

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

8.7 There is likely to be a gradual fall in short-dated gilt yields and PWLB rates over the next three years as the Bank Rate is forecast to fall from its expected peak this year to around 2.50% in September 2024 and remain stable until March 2025. Should inflation remain higher than expected in the short-term; however, this could delay rate reductions.

## 8.8 External Borrowing at the Year-end

The Council's aggregate external debt was contained within both the Operational Boundary and the Authorised Limit. The outturn compared to the prudential limits forecast at 15 December 2022 is as follows:

2021/22 Outturn £m		2022/23 Borrowing Limits £m	2022/23 Outturn £m
320.51	Aggregate external debt of the Council at 31 March 2022		345.16
375	Operational Boundary	462	
390	Authorised Limit	480	

## 8.9 Ratio of Financing Costs to Net Revenue Stream

This indicator is expressed as a proportion. Both the Housing and Non-housing programme were within the forecasts at 15 December 2022.

2021/22 Outturn %		2022/23 Estimated Ratio %	2022/23 Outturn %
43.13	Housing	33.44	32.53
3.11	Non-Housing	3.22	3.02

## 8.10 Fixed Rate Borrowing Maturing within the Short, Medium and Long-term

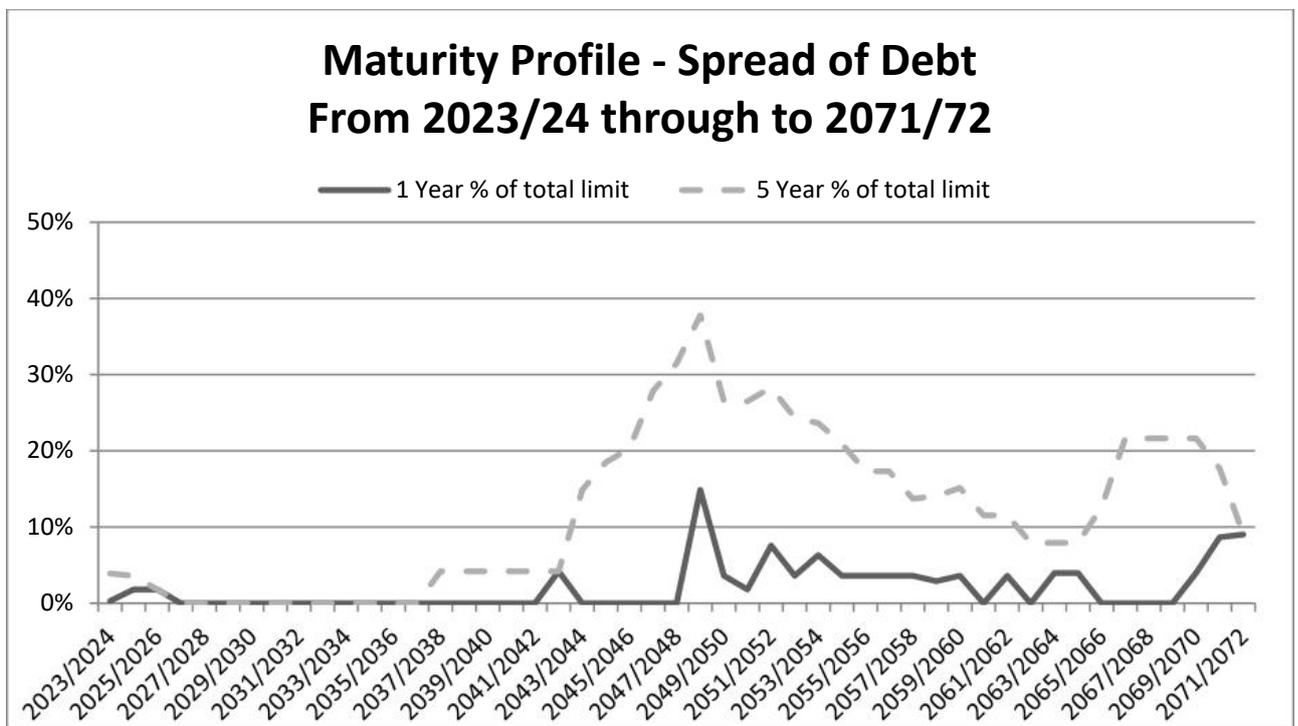
This indicator is expressed as a proportion of the total debt of the Council. The maturity profile of the Council's external debt is well within the approved limits. The outturn compared to the mid-year estimate is as follows:

2021/22 Outturn %		2022/23 Approved Upper Limits %	2022/23 Outturn %
	<b>Short-term</b>		
0.73	Under 12 months	15	0.30
	<b>Medium term</b>		
0.33	12 months and within 24 months	15	1.80
3.95	24 months and within 5 years	45	1.81
0.01	5 years and within 10 years	50	0.02
	<b>Long-term</b>		
94.98	10 years and above	100	96.07

### 8.11 Long-Term Borrowing Maturity Profile

During the financial year, the Council operated within the treasury limits set out in the Council's Treasury Policy Statement and Treasury Management Strategy Statement. The Council's debt maturity profile at 31 March 2023 was within these limits.

The table below shows the maturity profile of the Council's long-term borrowing. The heavy black line shows the debt maturing, and therefore requiring to be replaced, during each year up to 2072. The lighter broken line shows the debt maturing in the five-year period for each year up to 2064. All years are below 40% and well within our policy limits.



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## Implications of the Report

1. **Financial** – As outlined in the report.
2. **HR & Organisational Development** – None arising from this report.
3. **Community Planning** – None arising from this report.
4. **Legal** – None arising from this report.
5. **Property/Assets** – None arising from this report.
6. **Information Technology** – None arising from this report.
7. **Equality & Human Rights** – None arising from this report.
8. **Health & Safety** – None arising from this report.
9. **Procurement** – None arising from this report.
10. **Risk** – The report outlines a range of measures taken during the course of 2022/23 to manage treasury risks and the risk issues associated with investment regulations in respect of the borrowing and investment activity of the Council along with measures to manage these risks.
11. **Privacy Impact** – None arising from this report.
12. **COSLA implications** – None arising from this report.
13. **Climate risk** – None arising from this report.

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**List of Background Papers:** Non-Housing Capital Investment Programme, Prudential Framework and Treasury Management Strategy, and Capital Strategy 2022/23 – 2025/26, Council, 3 March 2022.

Treasury Management Mid-Year review 2022/23, Finance Resources and Customer Services Policy Board, 17 November 2022.

A Prudential Framework for Capital Finance – Progress Report, Council, 15 December 2022.

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**Author:** Christine McCourt, Head of Finance and Procurement





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**To: Council**

**On: 22 June 2023**

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**Report by: Director of Finance & Resources**

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**Heading: Governance Arrangements**

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**1. Summary**

- 1.1 As a matter of good practise the Council's constitutional documents are kept under review.
- 1.2 This report seeks approval of revised Standing Orders relating to Contracts and Financial Regulations, as detailed in Appendices 1 and 2 to this report.
- 1.3 In addition, the Council's Scheme of Delegated Functions has been updated to reflect minor legislative changes and the revised chief officer management arrangements as agreed at the Council meeting held on 15 December 2022 and other service reviews which have been reported to members previously.
- 1.4 The SNP group has intimated that they wish to replace Councillor Campbell on the Finance, Resources and Customer Services Policy Board and the Petitions Board with Councillor Innes.
- 1.5 The Conservative group has intimated that that they wish Councillor Leishman to replace Councillor Gray on the Education & Children's Services Policy Board.

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## 2. Recommendations

- 2.1 That the Council's revised Standing Orders Relating to Contracts, attached as Appendix 1 to this report be approved;
- 2.2 That the Council's revised Financial Regulations, attached as Appendix 2 to this report be approved;
- 2.3 That the Council notes the revised Scheme of Delegated Functions;
- 2.4 That Councillor Innes replace Councillor Campbell as a SNP group member on the Finance, Resources and Customer Services Policy Board and the Petitions Board; and
- 2.5 That Councillor Leishman replace Councillor Gray as a Conservative group member on the Education & Children's Services Policy Board.

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## 3. Background

### 3.1 Standing Orders Relating to Contracts

3.1.1 The Council's Standing Orders Relating to Contacts have been updated to reflect recent developments in management structures, legislation, and procurement best practice. The key changes are:

- A definition for Head of Corporate Governance has been added, which extends to include their nominee;
- Standing Order 14.3, which relates to the use of the negotiated procedure without prior publication of a notice, will no longer apply to lower value works contracts (i.e. those with a value of less than the Board reporting threshold which is currently £213,477);
- In Standing Order 18.1, the limit for quick quotes for works contracts has been increased to £500,000. This amended limit is in line with many other Councils. Further, where possible, a minimum of 75% of the suppliers invited to quote will be from the Renfrewshire area; and
- The Schedule 4 Guidance on grants has been updated with the new criteria on subsidies which came into effect in January of this year.

3.1.2 In addition, it is intended that Schedule 3 of the Standing Orders will shortly be updated to provide enhanced guidance for the award of contracts with a value of less than £50,000.

## 3.2 Financial Regulations

3.2.1 A comprehensive and up to date set of Financial Regulations is a key element of corporate governance, as it provides a framework for good financial management. The last revision to the Council's Financial Regulations was approved by Council on 27 September 2018. Only minor changes have been made to improve the clarity of the Financial Regulations and these are set out below:

Section	Former Wording	Updated Wording
3.4 (5)	Each year Council will consider and approve a mid-year progress report on the prudential framework for capital finance.	Each year Council will consider and approve a mid-year progress report on the treasury management strategy.
3.4 (8) second last bullet point	All transfers between services/departments must be authorised by the respective service Director, and the Director of Finance and Resources for submission to the relevant policy board for approval.	All permanent transfers between services/departments must be authorised by the respective service Director, and the Director of Finance and Resources for submission to the relevant policy board for approval. This excludes the allocation of centrally held budgets, such as pay inflation, or support costs.
3.5 (3)	The board will consider and approve a mid-year review of the treasury management strategy.	The board will monitor on at least a quarterly basis the treasury prudential indicators.
3.5 (4)	The board will consider reports from the Director of Finance and Resources on the Council's treasury management activities.	<i>[clause removed to align with new reporting requirements in the CIPFA Prudential Code for Capital Finance in Local Authorities 2021]</i>
7.1	If you need more information or help understanding these regulations, please contact the Director of Finance and Resources, Head of Finance or the Chief Auditor.	If you need more information or help understanding these regulations, please contact the Director of Finance and Resources, Head of Finance and Procurement, or the Chief Auditor.

### 3.3 Scheme of Delegated Functions

- 3.3.1 The Director of Finance & Resources has delegated authority to amend the Council's Scheme of Delegated Functions to reflect changes in job titles, reorganisations of services and vacancies in posts and to change references to any piece of legislation or related guidance where the legislation is repealed and to insert references to new pieces of legislation or guidance where the new pieces of legislation or guidance largely re-enact the provisions of repealed legislation or guidance. Section 4 – statutory appointments of officers and Section 5 – powers delegated to officers – of the Council's Scheme of Delegated Functions have been updated, in terms of this delegation, to reflect minor legislative changes and the revised chief officer management arrangements as agreed at the Council meeting held on 15 December 2022 and other service reviews which have been reported to members previously. A [link](#) to the revised Scheme is attached.
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#### Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** - none
3. **Community Planning** – none
4. **Legal** – as described in the report
5. **Property/Assets** - none.
6. **Information Technology** – none
7. **Equality & Human Rights**
  - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - none
9. **Procurement** – as detailed in the report
10. **Risk** – none
11. **Privacy Impact** – none
12. **Climate Risk** - none.
13. **Cosla Policy Position** – not applicable

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**List of Background Papers**

(a) Background Papers - None

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**Standing Orders Relating to Contracts**  
**June 2023**

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# Renfrewshire Council

## Standing Orders Relating to Contracts

### 1. Introduction

- 1.1 These standing orders are made under Section 81 of the Local Government (Scotland) Act, 1973 and shall apply to the making by the Council or on their behalf of all contracts. For the avoidance of doubt, the term “contract” includes any form of agreement, written or unwritten, to which the Council is a party which creates rights and responsibilities for any of the parties involved.
- 1.2 The standing orders are subject to any overriding requirements of:-
  - a) the Public Contracts (Scotland) Regulations 2015; the Concessions Contracts (Scotland) Regulations 2016; the Utilities Contracts (Scotland) Regulations 2016; all guidance made under and in terms of any of these Regulations; and all successor legislation or amendments to any of these Regulations (the “Procurement Regulations”);
  - b) the Procurement Reform (Scotland) Act 2014 and all regulations and guidance made under and in terms of that Act (the “Procurement Reform Rules”); and
  - c) the principles of fairness, equal treatment, non-discrimination, proportionality, and transparency (“the Principles of Procurement”).
- 1.3 All contracts let by or on behalf of the Council, regardless of whether any such contracts are otherwise exempt from the application of these standing orders, shall be subject to an obligation on the HOFAP to seek best value for the Council and to be able to demonstrate fairness, non-discrimination, equal treatment and transparency in the contract procedure chosen to all parties having an interest in that procedure.
- 1.4 No tenders shall be invited, nor any offer made or accepted, until a Contract Strategy Document, in the format approved by the HOFAP, which is currently as set out in Schedule 1, has been completed. This shall identify whether the requirements can best be met by using an existing contract or Framework Agreement, by a Collaborative Procurement, or by establishing a new contract.
- 1.5 Where there is no suitable existing contract or Framework Agreement, the HOFAP will endeavour to use a Collaborative Procurement provided it is in the best interests of the Council so to do. However, prior to using a

Collaborative Procurement, the HOFAP shall enter into a Collaboration Agreement, the terms of which shall be approved by the HOCG.

- 1.6 All contracts let by or on behalf of the Council are subject to the Council's Financial Regulations.

## **2. Interpretation**

- 2.1 For the purposes of these standing orders the following words and expressions shall have the meanings given to them in this standing order:

- a) any reference to "a signature" or "signed" includes reference to a signature or other form of formal confirmation using electronic means, such as a digital signature, encryption or other formally recognised authority for identification purposes;
- b) "electronic means" means electronic equipment for the processing (including digital compression) and storage of data which is transmitted, conveyed and received by radio, by wire, by optical means or by other electromagnetic means;
- c) "written" or "in writing" means any expression consisting of words or figures which can be read, reproduced and subsequently communicated. It may include information which is transmitted and stored by electronic means.
- d) "the Bulletin" means the bulletin produced by the Director of Finance and Resources for each cycle of board meetings advising elected members and chief officers of the exercise of delegated powers by officers and other operational matters.
- e) "Collaboration Agreement" means the agreement which sets out the roles and responsibilities of all parties participating in a Collaborative Procurement.
- f) "Collaborative Procurement" means the procurement of goods, services or works by Renfrewshire Council in collaboration with one or more Contracting Authorities, as defined by the Procurement Regulations, with the aim of achieving value for money for the Council through sharing expertise and resources and/or by securing benefits from economies of scale through combined purchasing power.
- g) "Contract Documents" means the documents to be used in any tendering procedure and where different those intended to form part of any contract following on from a tendering procedure. It includes, but is not restricted to, the SPD, the invitation to tender for or to negotiate a contract, the proposed conditions of contract, the specifications or the descriptions of the goods, services or works required by the Council and any Bills of Quantities and includes any such documents or their

equivalents issued using electronic means.

- h) “Contract Strategy Document” means the document referred to in standing order 1.4 which sets out the procurement strategy for a contract and is agreed jointly between the HOFAP and the Director of the procuring department.
- i) “Council” means the Renfrewshire Council constituted under the Local Government etc. (Scotland) Act 1994.
- j) “the CPU” means the Council’s Corporate Procurement Unit.
- k) “Director of the procuring department” means the Director or Chief Officer of the service for which the contract is required and where the contract is required for more than one service, any one or more of the relevant Directors or Chief Officers.
- l) “SPD” means the Single Procurement Document.
- m) “the Procurement Regulations” is defined in standing order 1.2 a).
- n) “Finance, Resources and Customer Services Policy Board” means the Council’s Board of that name.
- o) “the Threshold” for the purpose of these standing orders refers to the threshold under Regulation 5.(1) (c) of the Public Contracts (Scotland) Regulations 2015 (the threshold for public supply and service contracts awarded by sub-central contracting authorities). The Threshold from 1 January 2022 is £213,477 (inclusive of VAT) is but will be recalculated every second year on 1 January of that year. The next change is due on 1 January 2024. Details of the full list of thresholds applying from 1 January 2022 are set out in Schedule 2.
- p) “Health or Social Care Services” means any of the services listed in the Schedule to the Procurement (Scotland) Regulations 2016.
- q) “the HOCG” means the Council’s Head of Corporate Governance or the HOCG’s nominee.
- r) “the HOFAP” means the Council’s Head of Finance and Procurement or the HOFAP’s nominee.
- s) “Regulated Contract” means a public contract (other than a public works contract) with an estimated value equal to or greater than £50,000; or a public works contract with an estimated value equal to or greater than £2,000,000 unless the public contract or public works contract is an excluded contract under the Procurement Reform Rules.
- t) “Regulated Procurement” means (i) any procedure carried out by the Council in relation to the award of a Regulated Contract including, in

particular, the seeking of offers in relation to the contract and the selection of suppliers; and (ii) the award of a Regulated Contract by the Council.

- u) “Social and Other Specific Services” means the services listed in Schedule 3 of the Public Contracts (Scotland) Regulations 2015.
  - v) “Social Care” means the provision of care services or social work services as defined in sections 47 and 48 and schedules 12 and 13 of the Public Services Reform (Scotland) Act 2010 and the expression “Social Care Contract” shall mean a contract entered into for Social Care.
  - w) “Sustainable Procurement Duty” means the duty of that name under the Procurement Reform Rules.
- 2.2 Any reference to a Director should be taken to include a reference to the Chief Executive and a Head of Service.
- 2.3 Any reference to a statute or other legislation shall include reference to any statute or legislation amending or replacing it.
- 2.4 Any reference to a contract shall include, where the context allows, reference to a sub-contract.

### **3. Suspension, Variation and Revocation of Standing Orders**

- 3.1 These standing orders may be varied or revoked by the Council. Any variation to or revocation of the standing orders will be effective on the first working day after the conclusion of the Council meeting at which it was approved.
- 3.2 These standing orders or any part of them may be suspended by the Finance, Resources and Customer Services Policy Board in respect of any procurement exercise or contract on receiving a joint recommendation from the HOFAP and the HOCG that there are special circumstances justifying such suspension and that it is in the interests and within the powers of the Council to do so.
- 3.3 The Director of Finance and Resources shall have power to vary these standing orders but only in the following circumstances:-
- a) to reflect changes in job titles, reorganisations of departments and vacancies in posts; or
  - b) to change references to legislation where the legislation is repealed or amended and to insert references to new legislation where the new legislation largely re-enacts the provisions of the repealed or amended legislation; or

- c) to change the financial values of the thresholds where referred to in these standing orders, to implement any changes in these thresholds.
- d) to amend the Contract Strategy Document set out in Schedule 1.
- e) to amend the diagram set out in Schedule 3 illustrating the procedure to be followed where the estimated value of the proposed contract is less than £50,000.

#### **4. Financial Provisions**

No tender shall be invited or offer made or accepted unless appropriate financial provisions have been made by the Council in terms of the Council's financial regulations or funding is being provided by a third party which has been approved by the Council.

#### **5. Equalities and Prevention of Discrimination**

- 5.1 Tenderers must be asked to produce their equal opportunities policies before they may be shortlisted or recommended for an award of contract.
- 5.2 Before entering into a contract, the HOFAP shall obtain from the contractor an assurance in writing that, to the best of the contractor's knowledge and belief, the contractor has complied with all statutory requirements under the Equality Act 2010 and all previous legislation, regulations and statutory guidance relating to equality matters.
- 5.3 All contracts entered into by the Council shall contain a condition obliging the contractor to comply with all duties arising from the Equality Act 2010.

#### **6. Form of Contract**

- 6.1 Except in circumstances where the HOFAP and HOCG agree otherwise, every contract shall be:-
  - a) in the name of Renfrewshire Council;
  - b) in writing;
  - c) signed by an officer authorised by the Council to sign contracts; and
  - d) subject to the Laws of Scotland.
- 6.2 The Contract Documents in respect of all contracts shall be prepared by the CPU. Use may also be made of Contract Documents prepared by the Scottish Government; the Crown Commercial Service, or any other agency

of the UK government; Scotland Excel; other Scottish Centres of Procurement Expertise; other local authorities; and other collaborative bodies where the Council is eligible to use these Contract Documents and is permitted by the relevant body to do so. It is the HOFAP's responsibility to ensure that the Council is eligible to use the Contract Documents and that these are suitable for the contract.

- 6.3 Other than the specification of the contract requirements which shall be decided by the Director of the procuring department, any dispute between officers in the Council regarding the proper form or content of the Contract Documents or any part of them may be referred to the HOFAP, whose decision on the matter shall be final. Any disputes or queries regarding legal issues, including the extent to which the Principles of Procurement, the Procurement Regulations, the Procurement Reform Rules, and/or these standing orders apply to any contract shall be referred to the HOCG, whose decision on such issues shall be final.
- 6.4 All tender documents must clearly state that the Council is a body to whom the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004 apply. This is to ensure that contractors are aware that the Council may be required under the Act to release information to third parties that the contractor may wish to be treated as confidential.

## **7. Valuing the Contract**

- 7.1 The values stated in the standing orders are the total estimated value of the contract concerned and not the estimated annual value of the contract. Where it is likely that a supply of goods or services will be required on a continuing basis over a number of years, for example with maintenance contracts, the HOFAP shall take into account the anticipated duration of the continuing supply when estimating the value of the contract for the purposes of these standing orders. If there is any doubt about the anticipated duration of the continuing supply, the HOFAP shall base the estimate of the value of the contract on a period of 48 months.
- 7.2 It is not permitted to deliberately divide any procurement exercise or disposal into two or more contracts if the intention in doing so is to avoid the application of any financial thresholds in these standing orders the Procurement Regulations, or the Procurement Reform Rules.
- 7.3 For the avoidance of doubt, the values stated are exclusive of any Value Added Tax that may be levied.

## **8. General Powers and Duties of the HOFAP**

- 8.1 The HOFAP may transfer any power or duty under these standing orders to the Chief Executive, a Director or another Head of Service provided both

parties have agreed in writing to the transfer in advance. The HOFAP may also delegate, in writing, any power or duty under these standing orders to an appropriate officer nominated by the HOFAP.

- 8.2 The HOFAP in consultation with the HOCG may approve guidance notes on tendering procedures for any contract or type of contract let by or on behalf of the Council. Any such guidance notes once approved shall form part of these standing orders and shall be complied with from the date the guidance is issued.
- 8.3 When completing the Contract Strategy Document, referred to in standing order 1.4, the HOFAP shall ensure that duplication of tendering procedures and contracts for the same works, goods and services is avoided and shall check that there is no suitable existing contract for the works, goods or services to be acquired under the proposed contract.
- 8.4 Where a contract is subject to the Procurement Regulations, when completing the Contract Strategy Document referred to in standing order 1.4, the HOFAP shall ensure that consideration is given to whether the contract should be divided into lots. Where it is decided not to divide the contract into lots, the main reasons for that decision shall be indicated in the Contract Documents.
- 8.5 When completing the Contract Strategy Document, referred to in Standing Order 1.4, the HOFAP shall ensure that, in accordance with the Procurement Reform Rules and current Council policy, consideration is given to whether community benefit requirements should be included in the contract.

## **9. Exemptions and Special Arrangements**

- 9.1 Subject to standing order 1, there shall be exempted from the provisions of these standing orders any contract where:-
  - a) The Council is satisfied that there are special circumstances justifying exempting the contract from standing orders or any part of them.
  - b) The total estimated value of the proposed contract is less than £50,000 but the contract shall be let in accordance with the Council's Guidance on "Contracts with a Value of Less Than £50,000", published under standing order 8.2. (A diagram illustrating the procedure to be followed where the estimated value of the proposed contract is less than £50,000 is set out in Schedule 3.)
  - c) In the opinion of the Director of the procuring department, or of the Chief Executive, action is urgently required to prevent danger to life, serious risk to health or damage to property. For the avoidance of doubt, where practicable, the Director or the Chief Executive shall consult with the HOFAP before taking any action under this standing

order and any relevant requirements of the Principles of Procurement, the Procurement Regulations, and the Procurement Reform Rules shall be complied with. In all circumstances where this exemption has been used, the HOFAP shall be notified as soon as reasonably practicable following which a report will be submitted to the Finance, Resources and Customer Services Policy Board at the first available subsequent meeting detailing both the circumstances justifying use of this exemption and the action taken.

- d) It is a contract of employment. However, this exemption does not apply to contracts with employment agencies for the supply of staff.
- e) The contract comprises the conditions under which an award of grant is made by the Council. However, any such conditions shall be subject to the Council's Guidance on Grants (as set out in Schedule 4) and any question as to the extent to which these standing orders apply shall be referred to the HOCG.
- f) The contract relates to any of the functions being exercised by the bodies listed below, in which case the standing orders relating to contracts for the body letting the contract shall apply:- The bodies for the purpose of this standing order are:-
  - i) the Renfrewshire Valuation Joint Board;
  - ii) the Glasgow and Clyde Valley Strategic Development Planning Authority; and
  - iii) Scotland Excel.
- g) The contract is entered into on behalf of the Council by Strathclyde Partnership for Transport acting in their capacity as agents of the Council to secure the provision of school transport. All such contracts will be subject to the procedures of Strathclyde Partnership For Transport although, subject to the agreement of the HOFAP, the Director of Children's Services shall approve the award of all such contracts on behalf of the Council and shall, as soon as reasonably practicable after the award of the contract, submit a report to the Finance, Resources and Customer Services Policy Board and the HOFAP naming the successful tenderer, explaining the evaluation process undertaken and detailing the value of the successful tender.
- h) The contract relates to the transfer, acquisition or disposal of an interest in heritable property including a licence to occupy or use heritable property.
  - i) Where the contract relates to the appointment of junior or senior counsel. However, any such contract must be let in accordance with any relevant requirements of the Procurement Reform Rules.
  - i) Subject to any financial or other limits contained in the Council's Scheme of Delegated Functions and/or Financial Regulations, where in

a Director's opinion it is essential that the contract is entered into for the settlement of any claim or litigation raised by or against the Council; such matter to be reported in the next Bulletin.

- j) The contract is being funded by money provided by the government or a public body (including funds from the National Lottery) and the award of that money to the Council is subject to such conditions that make it impractical for the Council to comply with these standing orders in letting the contract. However, in such circumstances, any relevant requirements of the Principles of Procurement, the Procurement Regulations, and the Procurement Reform Rules shall be complied with and the Director of the procuring department shall submit a report to the Finance, Resources and Customer Services Policy Board explaining the procedure used and why these standing orders could not be complied with. The report shall be submitted in advance of the contract award unless, in the opinion of the HOFAP, the time limit for acceptance or use of the funds makes this impractical. In these circumstances the report shall be submitted to the next meeting of the Finance, Resources and Customer Services Policy Board.
  - k) The contract is for the commissioning of theatrical, musical, dramatic or other artistic performances, subject to the prior approval of the HOFAP.
  - l) The contract is for the disposal by the Council of surplus or scrap materials and equipment previously used by the Council. However, advice and guidance on any such contracts shall be obtained from the HOFAP and the HOCG.
  - m) The contract is for Social Care and either:
    - (i) a supported person has selected his or her support pursuant to Option 2 and, so far as relating to that option, Option 4, of the Social Care (Self-directed Support) (Scotland) Act 2013; or
    - (ii) the nature of the care package being arranged for a person is unique and cannot be provided for under existing Council frameworks or contracts.
- 9.2 The exemptions under standing orders 9.1 m) (i) and (ii) are subject to any requirements applying under the Procurement Reform Rules and the Chief Officer of Renfrewshire Health and Social Care Partnership in relation to adult Social Care contracts, or the Director of Children's Services in relation to children's Social Care contracts, in consultation with the HOFAP, being satisfied that the contract terms and conditions are acceptable.
- 9.3 These standing orders apply to contracts for Social and other Specific Services and contracts for Health or Social Care Services unless varied by the special arrangements set out in Schedule 5.

## 10. **Publicity for Tenders and Contracts**

10.1 The Council is under a duty to ensure that contracts it intends to award are given a degree of advertising which is sufficient to enable open competition and to meet the requirements of the principles of equal treatment, non discrimination and transparency. Contracts that are subject to the Procurement Regulations must comply with the provisions relating to advertising of contracts in these Regulations. For all other contracts the Council must put in place procedures to meet its obligations with regard to advertising those contracts. Accordingly the following procedures shall apply:-

- a) The obligation to advertise tendering opportunities for contracts in terms of this standing order applies only to contracts for supplies or services with a value of £50,000 or more and to contracts for works with a value of £213,477 or more (inclusive of VAT).
- b) Contracts to which standing order 10.1 a) applies shall be advertised using the Public Contracts website.
- c) In addition to advertising on the website referred to in standing order 10.1 b), the HOFAP may choose to advertise the contract in any other way such as in trade journals or newspapers.
- d) The HOFAP shall ensure that the Council's website contains links to the Public Contracts website.

10.2 This standing order does not apply where an exemption under contract standing order 9 applies; or use can be made of the Negotiated Procedure without Prior Publication of a Notice under contract standing order 14 ; or the contract is for Social and Other Specific Services or for Health or Social Care Services and one to which Schedule 5 applies.

## 11. **Procedures**

11.1 Where the estimated value of any contract is likely to equal or exceed the thresholds for the application of the Procurement Regulations, the HOFAP, taking advice from the HOCG where appropriate, will determine whether the Procurement Regulations apply and ensure that the various requirements of the Procurement Regulations and Principles of Procurement are followed.

11.2 Where it is established that the Procurement Regulations apply to any contract, the HOFAP will be responsible for determining the appropriate procedure to be followed in terms of those Rules and shall ensure that the contract is advertised, tendered, evaluated and awarded in compliance with those Rules. The tendering procedures under the Rules are not set out in these standing orders. The procedures in standing orders 12 to 18 inclusive may only be used where the Council is not required to use the equivalent procedures in the Procurement Regulations.

- 11.3 Any contract that is not required to follow a procedure set out in the Procurement Regulations must be let in accordance with one of the procedures set out in these standing orders and must comply with any guidance issued by the HOFAP.
- 11.4 The procedure to be used, and the reasons for selecting that procedure, shall be recorded in the Contract Strategy Document.
- 11.5 The SPD shall be used in all procedures.

## **12. Restricted Procedure**

- 12.1 In accordance with the agreed Contract Strategy Document, the HOFAP may approve the use of the restricted procedure which shall be conducted in accordance with this standing order.
- 12.2 Where the HOFAP approves the use of the restricted procedure, a notice shall be issued on the Public Contracts website. In addition the HOFAP may also publicise the contract more widely including placing the notice in one or more national newspapers circulating within Renfrewshire inviting contractors to apply to be selected to tender.
- 12.3 The notice must contain the same information as would be required under the Procurement Regulations.
- 12.4 All applicants responding to the notice issued in terms of standing order 12.2 shall be required to provide a completed SPD by the date and time stated in the notice. This date and time shall be determined by the HOFAP taking into account factors such as the complexity of the subject matter of the contract and the time needed to prepare the SPD.
- 12.5 At the same time as a notice is issued in terms of standing order 12.2, the HOFAP shall make the relevant Contract Documents available electronically.
- 12.6 No contractor may be invited to tender unless they have successfully complied with the technical and financial checks in standing order 25 and have met the criteria to be invited to tender set out in the notice and Contract Documents.
- 12.7 The HOFAP must select a sufficient number of applicants to be invited to tender to ensure genuine competition which must not in any event be fewer than five. Where fewer than five applicants express an interest, all those applicants meeting the minimum evaluation criteria, must be invited to tender.
- 12.8 The HOFAP shall send invitations to tender simultaneously to each applicant selected to tender for a contract and the invitation to tender shall

be accompanied by a link to the Contract Documents which shall have been made available under standing order 12.5.

- 12.9 The invitation to tender shall also include the final date and time for the receipt of tenders by the Council- and the criteria to be used in evaluating the tenders.

### **13. Open Procedure**

- 13.1 In accordance with the agreed Contract Strategy Document, the HOFAP may approve the use of the open procedure which shall be conducted in accordance with this standing order.
- 13.2 Where the HOFAP approves the use of the open procedure, the HOFAP shall issue a notice on the Public Contracts website. In addition, the HOFAP may also publicise the contract more widely including placing a notice in one or more newspapers circulating within Renfrewshire.
- 13.3 The notice must contain the same information as would be required under the Procurement Regulations.
- 13.4 The date and time stated in the notice by which tenders must be received must be no sooner than 5 working days from the date the notice is published.
- 13.5 At the same time as a notice is issued in terms of standing order 13.2, the HOFAP shall make the relevant Contract Documents available electronically.

### **14. Negotiated Procedure without Prior Publication of a Notice**

- 14.1 The negotiated procedure without prior publication of a notice is only available in very limited circumstances and shall only be used where it is identified as the appropriate procedure in the Contract Strategy Document.
- 14.2 The negotiated procedure without prior publication of a notice may only be used with the prior written approval of the HOFAP and the Contract Strategy Document shall include a full explanation as to why the HOFAP considered it to be appropriate to use that procedure.
- 14.3 Where the Procurement Regulations do not apply, the negotiated procedure without prior publication of a notice may only be used in the circumstances stated in the Procurement Reform Rules (Regulation 6 of the Procurement (Scotland) Regulations 2016).
- 14.4 Where the Procurement Regulations apply, the negotiated procedure without prior publication of a notice may only be used on any grounds specified in those Rules.

- 14.5 For the purposes of these standing orders the negotiated procedure without prior publication of a notice means the direct negotiations with a single contractor without competition or further competition with a view to awarding the contract to that contractor or extending an existing contract.
- 14.6 Where the negotiated procedure without prior publication of a notice has been used and the estimated value of the proposed contract is £50,000 or more but does not exceed the Threshold the contract shall be awarded on behalf of the Council by the CPU on the prior approval of the HOFAP.
- 14.7 Where the negotiated procedure without prior publication of a notice has been used and the estimated value of the proposed contract exceeds the Threshold, the contract shall be awarded on behalf of the Council by the HOCG on the prior authority of the Finance, Resources and Customer Services Policy Board.
- 14.8 In all cases where the negotiated procedure without prior publication of a notice is used, a full written record of all contacts, discussions and communications with prospective contractors shall be kept by the HOFAP.
- 14.9 A minimum of two Council officers, at least one of whom must be from the CPU and of at least Senior Procurement Specialist grade, must be present at all times during any discussions with prospective contractors.
- 14.10 The HOFAP must ensure that records of all discussions with prospective contractors are signed as such by all participants.
- 14.11 The Principles of Procurement will be observed at all times during the negotiations.

## **15 Competitive Procedure with Negotiation**

- 15.1 The HOFAP may choose to use the competitive procedure with negotiation where, in the HOFAP's view, the restricted and open procedures in these standing orders are not appropriate for a contract.
- 15.2 The competitive procedure with negotiation may only be used on one of the following grounds:
- (a) Where the needs of the Council cannot be met without adaptation of readily available solutions;
  - (b) Where the contract includes design or innovative solutions;
  - (c) Where the requirement is complex in nature, in its legal and financial make-up or because of its risks;

- (d) Where the technical specifications cannot be established with sufficient precision; or
  - (e) Where unacceptable or irregular tenders have been received following a restricted or open procedure.
- 15.3 The HOFAP shall ensure that the justification for use of the competitive procedure with negotiation is recorded in the Contract Strategy Document.
- 15.4 Where the HOFAP elects to use the competitive procedure with negotiation, the rules for such a procedure set out in the Procurement Regulations shall be followed. However, where the Procurement Regulations would not otherwise apply to the contract, the HOFAP shall determine the timescales that are to apply to the procedure taking into account factors such as the complexity of the subject matter of the contract.
- 15.5 In all cases where the competitive procedure with negotiation is used, a full written record of all contacts, discussions and communications with tenderers shall be kept by the HOFAP.
- 15.6 A minimum of two Council officers, at least one of whom must be from the CPU and of at least Senior Procurement Specialist grade, must be present at all times during any discussions with tenderers.
- 15.7 The HOFAP must ensure that records of all discussions with tenderers are signed as such by all participants.
- 15.8 The Principles of Procurement will be observed at all times during the negotiations.

## **16. Competitive Dialogue Procedure**

- 16.1 The HOFAP may choose to use the competitive dialogue procedure where, in the HOFAP's view, the restricted and open procedures in these standing orders are not appropriate for a contract.
- 16.2 The competitive dialogue procedure may only be used on one of the grounds set out in standing order 15.2.
- 16.3 The HOFAP shall ensure that the justification for use of the competitive dialogue is recorded in the Contract Strategy Document.
- 16.4 Where the HOFAP elects to use the competitive dialogue procedure the rules for such a procedure set out in the Procurement Regulations shall be followed. However, where the Procurement Regulations would not otherwise apply to the contract, the HOFAP shall determine the timescales that are to apply to the procedure taking into account factors such as the complexity of the subject matter of the contract.

- 16.5 In all cases where the competitive dialogue procedure is used, a full written record of all contacts, discussions and communications with tenderers shall be kept by the HOFAP.
- 16.6 A minimum of two Council officers, at least one of whom must be from the CPU and of at least Senior Procurement Officer grade, must be present at all times during any discussions with tenderers.
- 16.7 The HOFAP must ensure that records of all discussions with tenderers are kept and these must be signed as such by all participants.
- 16.8 The Principles of Procurement will be observed at all times during the competitive dialogue.

## **17 Innovation Partnerships**

- 17.1 The HOFAP may choose to use the innovation partnership procedure where, in the HOFAP's view, there is a need for innovative works, products or service which cannot be met by solutions already available on the market.
- 17.2 The aim of the innovation partnership will be the development of the required innovative works, products, or services and the subsequent purchase of the resulting works, supplies, or services.
- 17.3 The estimated value of the works, supplies or services must not be disproportionate in relation to the investment required for their development.
- 17.4 Where the HOFAP elects to use the innovation partnership procedure, the rules for such a procedure set out in the Procurement Regulations shall be followed. However, where the Procurement Regulations would not otherwise apply to the contract, the HOFAP shall determine the timescales that are to apply to the procedure taking into account factors such as the complexity of the subject matter of the contract.

## **18 Quick Quotes**

- 18.1 Where a contract is for works, and the estimated value is below £500,000, the HOFAP may elect to use the quick quote procedure.
- 18.2 The procedures to be followed shall be the same as those set out in paragraph 3 of Schedule 3 to these standing orders, notwithstanding that the value of the contract will be greater than £50,000.

## **19 Extensions to Existing Contracts**

- 19.1 Where the HOFAP considers that an existing contract should be extended and the option to extend is given to the Council in terms of the contract, the

HOFAP may authorise the exercise of that option on behalf of the Council provided that the value stated in the report under which approval to award the contract was granted was the estimated total value of the entire contract including any period of extension.

- 19.2 Where the contract does not make provision for the extension of the contract, the HOFAP shall not extend that contract. However, a new contract may be entered into if the use of the negotiated procedure without prior publication of a notice can be justified in terms of these standing orders in which case the procedure set out in standing order 14 shall be followed.
- 19.3 For the purposes of standing orders 19.1 and 19.2, an extension of a contract includes the option to increase the amount of supplies, services or works acquired under the contract as well as the option to increase the duration of the contract.
- 19.4 Where in terms of standing order 19.1 and 19.2, the contract does not make provision for the extension of the contract and the initial contract was not let in accordance with the Procurement Regulations, the total value of the contract including the value of any extension shall not exceed the Threshold.

## **20. Indicative Total Values of Contracts**

- 20.1 Where a contract has been advertised in accordance with the Procurement Regulations and it becomes apparent to the Director of the procuring department that the indicative total value of the contract as previously reported to the appropriate Board or the Finance, Resources and Customer Services Policy Board is likely to be exceeded, the Director shall consult with the HOFAP for advice on what action requires to be taken. The HOFAP shall determine, in particular, whether there are any implications under standing orders 19 or 34.
- 20.2 Where a contract has not been advertised under the Procurement Regulations and the increase in the value of the contract is such that the Threshold is likely to be exceeded, no further orders shall be made under the contract until the Director has obtained advice from the HOFAP on what action requires to be taken.
- 20.3 In all cases the HOFAP will determine what procedures require to be followed in terms of standing order 34 and, where the value of the contract exceeds the Threshold and the estimated net cumulative additional cost is more than the greater of £100,000 or 25% of the approved contract value, the Director shall ensure that a report on the matter is submitted to the next meeting of the Finance, Resources and Customer Services Policy Board.
- 20.4 The HOFAP shall ensure that a condition is inserted in any such contract to the effect that the indicative total value of the contract cannot be exceeded without the approval of the Finance, Resources and Customer Services

Policy Board or the Director of the procuring service department where the contract has been awarded in terms of standing order 27.3.

## **21. E-Procurement**

- 21.1 This standing order shall apply to any tendering procedure (including for the avoidance of doubt a mini-competition under a framework arrangement) or contract entered into using electronic means.
- 21.2 Unless in exceptional circumstances the HOFAP has agreed otherwise, all procurement exercises or negotiated procedures shall be conducted by electronic means (“e-procurement”), using a system approved by the Council;
- 21.3 The HOFAP must consider whether it is appropriate to impose any specific requirements regarding verification and authentication of the tender submission and the signature of the person making that submission. Any such requirements must be stated in the Contract Documents.
- 21.4 No tender submitted using electronic means will be considered unless it is received in the format requested and prior to the deadline for the receipt of tenders as stated in the Contract Documents and is submitted via the Council approved electronic tender system.
- 21.5 The HOFAP shall ensure that each tender is kept unopened in a single secure electronic mailbox that cannot be opened before the deadline for the receipt of tenders.
- 21.6 The HOFAP shall ensure that insofar as is reasonably practicable the system used does not allow the identity of the contractor submitting the tender to be revealed prior to the tender being opened after the deadline for the receipt of tenders.
- 21.7 The HOFAP shall ensure that for each procurement exercise the system used shall keep and, if required, produce a record showing the time and date of receipt of all tenders received.
- 21.8 The system used must not allow any tenders sent to the wrong address to be received.
- 21.9 Late tenders must be clearly identified as such by the system and shall be recorded as rejected on the system with the tenderer being notified to this effect.
- 21.10 Any questions as to whether a tender is late shall be determined by the HOFAP in consultation with the HOCG.

- 21.11 The HOFAP shall extend the deadline for submission of tenders:
- i) where additional relevant information, although requested by a potential tenderer in good time, is not supplied at least six days before the deadline; or
  - ii) where significant changes are made to the Contract Documents.
- 21.12 The HOFAP may also elect to extend the deadline for submission of tenders where it is considered appropriate to do so.
- 21.13 Where the deadline for submission of tenders is extended by the HOFAP in terms of standing orders 21.11 or 21.12 above, the HOFAP shall notify all potential tenderers of the extension and any tenderers who have already submitted tenders shall be given the opportunity to re-submit their tenders.
- 21.14 This standing order shall also apply to the receipt and custody of tenders for sub-contracts let using electronic means to be performed by nominated sub-contractors.

## **22 Opening of Tenders**

- 22.1 All tenders for a procurement exercise shall be opened immediately one after the other during one session.
- 22.2 A minimum of two officers, one of whom to be an officer of the CPU, shall be present when tenders are opened. The officers present shall complete and sign the record prepared by the HOFAP to show who opened the tenders and who witnessed the process.
- 22.3 The Convenor and Depute Convener of the Finance and Resources Policy Board shall be invited by the HOFAP to each tendering opening session where the estimated value of the contract exceeds the Threshold.
- 22.4 The HOFAP shall keep a record showing the particulars of each tender received; the date and time these tenders were opened; and who was present when these tenders were opened.

## **23 Electronic Auctions**

- 23.1 For the purpose of these standing orders, the expression “electronic auction” means:- A repetitive process involving an electronic device for the presentation of new prices, revised downwards, and/or new values concerning certain elements of tenders, which occurs after an initial full evaluation of the tenders, enabling them to be ranked using automatic evaluation methods.

- 23.2 The HOFAP may authorise the carrying out of an electronic auction where satisfied that it is in the interests of the Council to do so and that the electronic auction is in accordance with the Procurement Regulations.
- 23.3 The HOFAP may only authorise the carrying out of an electronic auction where he/she is satisfied that the likely benefit of an electronic auction will outweigh the costs of undertaking the electronic auction.
- 23.4 An electronic auction may only be carried out where the possibility of the use of an electronic auction has been stated in the approved Contract Strategy Document and subsequent Contract Documents issued to contractors and, where the Procurement Regulations apply, in the contract notice.
- 23.5 For the avoidance of doubt, an electronic auction may be used where previous stages of a tendering procedure have not been undertaken using electronic means.
- 23.6 Before the HOFAP may proceed with an electronic auction, a full initial evaluation of the tenders shall have been made in accordance with the award criteria. All tenderers who have submitted admissible tenders shall be invited simultaneously by electronic means to submit new prices and/or new values.
- 23.7 Throughout each phase of an electronic auction the HOFAP shall instantaneously communicate to all tenderers involved at least sufficient information to enable them to ascertain their relative rankings at any moment. The HOFAP may also, at any time, announce the number of participants in that electronic auction. In no case, however, may the HOFAP disclose the identities of the tenderers during any phase of an electronic auction.
- 23.8 Prior to the commencement of any electronic auction, the HOFAP shall intimate to all tenderers involved the date and time fixed for the carrying out of the electronic auction and the proposed duration of the electronic auction together with any proposals for the extension of the duration of the electronic auction.
- 23.9 Any electronic auction will be subject to such additional procedural requirements as the HOFAP considers necessary.

#### **24. Submission of In-house Tenders**

Where the Council has invited one of its own in-house services to tender, the other contractors who have been invited to tender shall be advised of this fact as soon as reasonably practicable after it becomes known. In such circumstances, all necessary steps shall be taken to ensure that the principles of fairness, equal treatment, non discrimination and transparency are adhered to.

## **25. Technical and Financial Checks**

- 25.1 No tenderer may be awarded a contract for the supply of goods, materials or services or the execution of works unless following a review of the proposed contractor, the HOFAP is satisfied:-
- (a) in conjunction with the Director of the procuring department as to the technical capability of the proposed contractor; and
  - (b) in conjunction with the Director of Finance and Resources as to the financial standing of the proposed contractor.
- 25.2 The financial standing of proposed contractors shall be assessed using the most up to date Financial Appraisal Guidelines approved by the Director of Finance and Resources.
- 25.3 It shall not be necessary to review the financial standing of proposed contractors where:-
- (a) the HOFAP has ascertained that the estimated aggregate value of the contract and all other current contracts between the Council and the proposed contractor is £100,000 or below; or
  - (b) it has been reviewed in the preceding 12 months from the date of invitation to tender.
- 25.4 Assessment of a tenderer's technical capacity shall include a determination by the HOFAP as to whether:
- (a) the tenderer meets the selection criteria; and
  - (b) any exclusion grounds under the Procurement Reform Rules, or where appropriate the Procurement Regulations, apply to the tenderer.
- 25.5 The assessment under standing order 25.4 shall be based initially on the SPD submitted by the tenderer but, at any moment during the procedure, the HOFAP may require the tenderer to submit all or any of the supporting documents where the HOFAP considers this is necessary to ensure the proper conduct of the procedure.
- 25.6 Where a procedure requires a shortlist of participants to be prepared, before a participant may be included on the shortlist the HOFAP shall:-
- (a) verify that the participant whom he/she intends to shortlist meets all relevant criteria; and
  - (b) require the participant to submit such means of proof and supporting documents that the HOFAP considers to be necessary.

- 25.7 Before preparing any report to seek approval to award a contract, except a contract which is a direct award under a framework, the HOFAP shall:-
- (a) verify that the participant who is the proposed contractor meets all relevant criteria; and
  - (b) require the participant who is the proposed contractor to submit such means of proof and supporting documents that the HOFAP considers to be necessary.
- 25.8 Where the HOFAP is unable to verify that a participant meets all relevant criteria, or where a participant fails to submit such means of proof and supporting documents as required by the HOFAP in terms of this standing order 25, the participant shall be excluded from the procedure.
- 25.9 The HOFAP shall keep a record showing the results of each check of the technical capacity and financial standing of proposed contractors.

## **26. Checking of Tenders & Post Tender Negotiations**

- 26.1 The HOFAP shall arrange for all tenders to be checked by suitably experienced and/or qualified staff, taking account of the subject matter of the tender and shall, if required by standing order 27.4, prepare and submit a written report in respect of all the tenders received in a form that complies with Schedule 6 to the Finance, Resources and Customer Services Policy Board and containing a specific recommendation as to the acceptance of the successful tender or tenders and the reasons therefor.
- 26.2 Where the HOFAP considers that a tender may be abnormally low, the procedures in the Procurement Regulations and, where applicable, the procedures prescribed by the HOFAP shall be followed.
- 26.3 Once the evaluation of tenders has been completed, with the prior written agreement of the Director of the procuring department, the HOFAP may instruct members of CPU staff to enter into post tender negotiations. Post tender negotiations shall only be used in circumstances where the HOFAP has identified a tenderer who has submitted the best price or the most economically advantageous tender to the Council for a contract or part of a contract and is satisfied that there is scope for improvement in the offer received and that such negotiations will be in the best interests of securing value for money or improved terms and conditions for the Council. Post tender negotiations may only be used with that tenderer so identified. The post tender negotiations shall not be used to put other tenderers at a disadvantage or to distort competition.
- 26.4 Where it is considered possible that post tender negotiations might apply, a clear indication will be given to prospective contractors in the instructions to tenderers that post tender negotiations might be considered.

- 26.5 Between the last date and time for the receipt of tenders and the date on which a decision is taken as to which, if any, tender is to be accepted, the HOFAP may instruct members of the CPU staff to contact a tenderer in respect of any contract in cases where such contact may be necessary to validate or clarify the terms of the tender or to effect any necessary adjustments but for no other purpose.
- 26.6 Notwithstanding the other terms of this standing order 26, where examination of the tenders reveals obvious errors or discrepancies which would affect the tender figures, these errors will be dealt with in the following manner:-
- (a) Any obvious arithmetical errors will be rectified by the appropriate officer checking the tenders and the amount of tender shall be held to be the amount of the documents so rectified and the tenderer informed in writing of the corrected amount.
  - (b) Where there is an obvious and genuine error in rates occurring, the tenderer will be given the opportunity of either confirming that they agree to their tender being considered with the error remaining or withdrawing their tender. This procedure must be undertaken in writing. Should the tenderer decide to withdraw their tender, it will not be considered for acceptance. The tenderer must not be given the opportunity to submit an amended tender.
- 26.7 A full written record shall be kept by the HOFAP of all contracts where post tender negotiations have been used and the written record will be retained with the original tender. The written record will include the justification for authorising post tender negotiations, the nature of the negotiations undertaken, the outcome of such negotiations and shall detail any additional terms agreed by the Council.

## **27. Acceptance and Giving Reasons for Decisions**

- 27.1 Where the Council wishes to award a contract following a procurement exercise involving more than one tenderer, the Council shall award the contract to the tenderer that has submitted the most economically advantageous tender based on an evaluation by the HOFAP of the criteria set out in the Contract Documents.
- 27.2 The HOFAP shall in relation to any contract awarded following the evaluation of criteria set out in the Contract Documents, keep a written record showing the assessment of each valid tender against those criteria. The written record shall demonstrate why the successful tender was evaluated as being the most economically advantageous.
- 27.3 In the case of contracts where the value is £50,000 or more but does not exceed the Threshold, the CPU staff who conducted the tendering procedure shall submit a report incorporating the details set out in Schedule

6, to the HOFAP and the Director of the procuring department for approval. If the HOFAP and the Director of the procuring department approve the report and accept its recommendations, the HOFAP shall accept the successful tenders on behalf of the Council.

- 27.4 In respect of contracts where the estimated value exceeds the EU Threshold, the successful tenders shall be accepted on behalf of the Council by the HOCG on the prior authority of the Finance, Resources and Customer Services Policy Board.
- 27.5 The HOFAP may terminate any procedure at any time up to the award of the contract where instructed to do so by the Director of the procuring department or in any other circumstances where the HOFAP believes that justification exists for that course of action. Where a procedure is terminated, all tenderers shall be informed by the HOFAP of the decision in writing as soon as reasonably practicable.
- 27.6 In accordance with the Procurement Reform Rules, where a participant is excluded from a procedure at any stage before submitting a tender, the HOFAP shall notify the participant in writing and provide reasons as soon as reasonably practicable.
- 27.7 All tenderers shall be informed in writing of the success or otherwise of their tender as soon as is reasonably practicable after the approval of the successful tender and shall be provided with reasons in accordance with the applicable EU Procurement Rules or Procurement Reform Rules. Except in the case of letters issued to successful tenderers by the HOCG in terms of standing order 27.4, the HOFAP shall be responsible for writing to tenderers.
- 27.8 Except in the case of letters issued to successful tenderers by the HOCG in terms of standing order 27.4, where e-procurement has been used, the communication with tenderers in terms of standing order 27.7 above will be undertaken using the Council's e-procurement system.
- 27.9 Where authority has been granted by the Finance, Resources and Customer Services Policy Board under standing order 27.4 for the acceptance of the successful tenders, the decision will be subject to the Council's call-in procedures as follows:-
- (a) the Finance, Resources and Customer Services Policy Board's decision shall be delivered in writing to the members of the Council's leadership board within two working days following the meeting of the Finance, Resources and Customer Services Policy Board, and, subject to standing order 27.9 (b) below, the decision shall not be implemented, and, accordingly no communications under standing order 27.7 shall be issued, until the expiry of a further five working days.
- (b) Until the expiry of the call-in period referred to in standing order 27.9 (a) above, members of the leadership board shall be entitled to submit a notice

to require that the decision of the Finance, Resources and Customer Services Policy Board be not implemented. Such a notice shall be in writing and shall specify the reason why the decision should not be implemented, either in terms of the correctness of the decision or because of the importance or impact of the decision on the Council. If the notice is signed by a majority of the members of the leadership board, and delivered to the HOCG prior to the expiry of the period of five working days referred to in standing order 27.8 (a) above, the decision which has been subject to the notice, together with the relevant reports, shall be submitted to the next meeting of the leadership board for consideration. The leadership board, shall be entitled to either (a) confirm the decision, in which case it will be implemented, or (b) refer the matter to the next meeting of the Council for determination, or (c) remit the matter to the Finance, Resources and Customer Services Policy Board for further consideration.

- 27.10 Where the Procurement Regulations apply and authority has been granted by the Finance, Resources and Customer Services Policy Board under standing order 27.4 for the acceptance of the successful tenders, no tender shall be accepted until the date when the mandatory standstill period in terms of those Rules has expired and the HOFAP and the HOCG are satisfied that no valid challenge has been received to the contract award decision.

The mandatory standstill period is a period of at least 10 calendar days between the date of dispatch of the letters issued in accordance with the Procurement Regulations under standing order 27.7 and the date when it is proposed to enter into the contract.

- 27.11 Where, during the mandatory standstill period referred to in standing order 27.10 a valid challenge is made to the contract award decision, the HOFAP, in consultation with the HOCG, shall prepare a report for the next meeting of the Finance, Resources and Customer Services Policy Board setting out the nature of the challenge made and an explanation as to why the challenge is valid. The report shall also make a recommendation regarding the award of the contract or if the contract cannot be awarded, what further procedure, if any, is required.
- 27.12 All tender reports to the Finance, Resources and Customer Services Policy Board shall contain a confirmation from the HOFAP that these contract standing orders have been properly observed and shall comply with the tender report format in Schedule 6.
- 27.13 This standing order shall also apply to any contracts initiated by a call-off from a framework agreement. However, where, and to the extent that, the HOFAP considers it appropriate, prior approval for such contracts may be requested at the same time that the establishment of, or participation in, the framework agreement is being recommended to the Finance, Resources and Customer Services Policy Board.

## **28. Nomination of Sub-Contractor**

Where a contract provides for the nomination of a sub-contractor, the appointment of a nominated sub-contractor shall comply with these standing orders.

## **29. Framework Agreements**

29.1 Where the HOFAP wishes to establish a Framework Agreement (“Framework”) to provide for agreement on the terms for future contracts for the purchase by the Council of goods, services and works, the following requirements shall be complied with:-

- (a) Where the Procurement Regulations apply, the HOFAP shall establish the Framework in accordance with those Rules.
- (b) In all other circumstances:-
  - i. The suppliers to be invited to tender will be selected from those who have responded to a notice.
  - ii. The notice shall be published in accordance with standing order 10.
  - iii. The notice shall mention:-
    - A) that the Council wishes to establish a Framework;
    - B) a description of the goods, service or works which are to be purchased under the Framework;
    - C) a period being not less than 10 days from the date of publication of the Notice, within which prospective participants may apply to be sent the tender documents; and
    - D) a closing date for expressions of interest to be submitted to the Council.
  - iv. at least five suppliers shall be invited to tender. If fewer than five tenderers apply to participate in the Framework, all of those tenderers meeting the selection criteria shall be invited to participate.
- (c) Where a Framework is to be established, the Contract Documents must contain the procedures to be used for the award of contracts under the Framework.
- (d) The establishment of the Framework shall comply with standing order 27.

- 29.2 Where a Framework has been established in accordance with standing order 29.1 the HOFAP may award a contract under the Framework without being required to seek further competition amongst the contractors on the Framework. However, the contract must be awarded in accordance with the terms and procedures for award of contracts laid down in the Framework and in compliance with standing order 27.
- 29.3 Where a Framework has been established but it does not lay down all of the terms of a proposed contract including, for example, where a new item can legitimately be added to the Framework, the HOFAP shall hold a mini competition procedure under the Framework in accordance with standing order 29.4 below.
- 29.4 Any mini-competition procedure in terms of standing order 29.3 shall be conducted in accordance with the procedures laid down in the Framework and the following:-
- a) every contractor on the Framework capable of performing the contract shall be issued with an invitation to take part in the mini competition. All invitations shall be issued at the same time;
  - b) the invitations shall specify the closing date and time for submission of tenders under the mini competition procedure. The time limit fixed for the return of tenders shall take into account factors such as the complexity of the subject matter of the contract and the time needed to prepare a tender, but, in any event, shall be not less than 4 working days from the date the invitations are issued;
  - c) each tender shall be kept confidential until the expiry of the time limit for the receipt of tenders;
  - d) any award of contract shall be made to the contractor or contractors who submitted the best tender or tenders on the basis of the award criteria specified in the Contract Documents based on the Framework documents; and
  - e) any award of contract following a mini competition procedure shall comply with standing order 27.
- 29.5 The HOFAP may elect to enter into contracts (whether through a call-off or by the acceptance of a tender following a mini-competition) under an existing Framework that has been properly constituted by the Scottish Government; the Crown Commercial Service, or any other agency of the UK government; Scotland Excel; other Scottish Centres of Procurement Expertise; other local authorities; and other collaborative bodies where the Council is eligible to use these Frameworks and is permitted by the relevant body to do so.. Any such contracts must be entered into in accordance with the conditions applicable to the relevant Framework and in compliance with standing order 27.

- 29.6 Where a Regulated Contract is awarded following a call-off or mini-competition under a Framework, the HOFAP shall publish an award notice on the Public Contracts website.
- 29.7 Where, in order to participate in an existing Framework of the type described in standing order 29.5 above, the Council is required to enter into a participation agreement or other similar agreement regulating the use of the Framework by the Council, the HOFAP shall have the authority to enter into the agreement on behalf of the Council, subject to the prior agreement of the HOCG.
- 29.8 Standing order 29.7 shall not apply where any fees or charges are payable by the Council to enable participation in an existing Framework of the type described in standing order 29.5 above. In such circumstances, prior approval of the Finance, Resources and Customer Services Policy Board is required before any participation agreement, or other similar agreement, may be entered into.
- 29.9 In all cases where a participation agreement, or other similar agreement, has been entered into, this shall be reported by the HOFAP to the Bulletin as soon as practicable.

### **30 Dynamic Purchasing Systems**

- 30.1 The HOFAP may elect to establish and use a Dynamic Purchasing System (“DPS”) if satisfied that:
- (a) it is in the interests of the Council to do so;
  - (b) the DPS will only be used for commonly used purchases the characteristics of which, as generally available on the open market, meet the Council’s requirements; and
  - (c) the costs of the DPS will not outweigh the likely benefits of using the DPS.
- 30.2 Any DPS established under this standing order shall be operated as a completely electronic process and, throughout its period of validity, shall be open for the admission of any suppliers who meet the selection criteria set by the HOFAP.
- 30.3 Where the HOFAP elects to establish and use a DPS, the rules for such a procedure set out in the Procurement Regulations shall be followed.

### **31 Concessions**

- 31.1 Where the Council intends to grant a services concession contract or a works concession contract ("concession"), the HOFAP shall be responsible for determining a best estimate of the financial value of the concession which shall be in accordance with the Procurement Regulations, if applicable.
- 31.2 Based on the best estimate of the financial value of the concession, the HOFAP shall determine the procedures that require to be followed in terms of these standing orders and, where applicable, the Procurement Regulations.

## **32. Design Contests**

- 32.1 Where the HOFAP considers it appropriate to do so a design contest may be held, which shall be a competitive procedure whereby plans and designs are invited under predetermined rules in terms of which the successful entry selected is awarded a contract.
- 32.2 Where a design contest is to be held, a notice shall be placed on the Public Contracts Scotland portal by the HOFAP in terms of standing order 10.1 (b) and in addition, may be placed in one or more national newspapers circulating in the Renfrewshire area and also in such Trade Journals as the HOFAP may consider necessary. The notice shall state:-
- (a) that a design contest is being held;
  - (b) a description of the project;
  - (c) the place where a prospective competitor may obtain a copy of the rules; and
  - (d) the date not less than 14 days from the date of the publication of the notice by which the prospective competitor must intimate, in writing, their interest in being involved in the contest.
- 32.3 After the expiry of the period specified in the notice, invitations to tender shall be sent to at least three persons selected by the Director. If fewer than three persons have applied and are considered suitable by the HOFAP, then invitations to tender shall be sent to all suitable persons.
- Where only one suitable applicant has applied the Director shall decide either to abandon the contest or to negotiate with the sole suitable applicant for the award of the contract using the Negotiated Procedure without Prior Publication of a Notice in standing order 14.
- 32.4 The prior approval of the Finance, Resources and Customer Services Policy Board is required before a design contest in terms of this standing order is commenced.

- 32.5 For the purposes of these standing orders a design contest means a competition in which the Council:-
- (a) invites the entry of plans and designs;
  - (b) establishes rules for the competition under which the plans or designs will be judged by a jury;
  - (c) may award prizes; and
  - (d) is enabled to acquire the use or ownership of plans or designs selected by the jury.

### **33. Specification of Standards**

Where there is a recognised British, European or International Standard applicable to any contract which is current at the date of tender, the Contract Documents shall require that the goods, materials or services to be used or supplied and all workmanship shall at least meet the requirement of that standard.

### **34. Assignment, Sub-Contracting, Termination and Modification**

- 34.1 In every contract, there shall be a provision whereby the contractor shall be prohibited from transferring or assigning to any person or persons whatever, any portion of the contract without the prior written consent of the Council. The HOFAP, in consultation with the HOCG and the Director of the procuring department shall have the power to consent on behalf of the Council to the assignment of a contract.
- 34.2 The sub-contracting of any part of a contract except to the extent permitted in writing by the HOFAP, in consultation with the HOCG shall be prohibited.
- 34.3 The HOFAP may exercise any power on behalf of the Council to terminate any contract or part of a contract or to terminate the Council's participation in a Framework Agreement or to agree to vary or amend the terms of any contract but only following consultation with the Director of the procuring department and the HOCG and subject to them all being satisfied that it is reasonable and in the interests of the Council to exercise that power.
- 34.4 Where it is proposed to modify a contract or framework, the HOFAP, taking advice from the HOCG where appropriate, shall determine whether the proposed modification would require a new procurement procedure. For the avoidance of doubt, modification includes any changes to the scope; terms and conditions; value; or parties to the contract or framework.

34.5 Where the HOFAP determines that a modification would not require a new procurement procedure, the procedures under standing order 20 shall be followed.

**35. Liquidated and Ascertained Damages**

Where the Director of the procuring department and the HOFAP deem it to be appropriate following consideration of the risks involved, the HOFAP shall ensure that the contract provides for liquidated and ascertained damages. The amount to be specified in each such contract shall be determined by the HOFAP and the Director concerned.

**36. Prevention of Collusion and Corrupt or Illegal Practices**

In every written contract a clause shall be inserted to secure that the Council shall be entitled to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation if the contractor or the contractor's representative (whether with or without the knowledge of the contractor), shall have practised collusion in tendering for the contract or any other contract with the Council or shall have employed any corrupt or illegal practices either in the obtaining or performance of the contract or any other contract with the Council.

**37. Health and Safety**

No contract to which these standing orders apply will be accepted unless the contractor satisfies the Council that the contractor is operating health and safety policies which conform to current government legislation.

**38. Schedule of Rates Contracts**

In every works contract which is a schedule of rates contract, following discussion with the CPU and prior to invitations to tender being issued, the Director of the procuring department shall fix an indicative total value for the contract. The relevant indicative total value shall be set out in any report to the Finance, Resources and Customer Services Policy Board.

**39. Sustainable Procurement**

39.1 The Council is committed to sustainable procurement and the HOFAP shall be responsible for ensuring that the Council fulfils its Sustainable Procurement Duty.

39.2 The HOFAP shall , ensure that the Sustainable Procurement Duty is considered in the development of every Contract Strategy Document for a

Regulated Procurement, taking into account how the Regulated Procurement can

- a) improve the economic, social and environmental wellbeing of the Renfrewshire area;
- b) facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the Regulated Procurement; and
- c) promote innovation.

39.3 Where improvements in terms of standing order 39.2 a) have been identified in a Contract Strategy Document, the HOFAP shall ensure that the Regulated Procurement is carried out with a view to securing such improvements.

#### **40. Consultants**

40.1 It shall be a condition of the engagement of the services of any consultant that:-

- a) they shall comply with these contract standing orders as though they were officers of the Council.
- b) that at any time during the performance of the contract the consultant shall, on a request by the Director of the procuring department, produce all records maintained by them in relation to the contract and on completion of the contract transmit all such records to the appropriate Director, if so required.

40.2 All contracts for consultancy services must set out clear output targets for performance by the consultant under the contract.

40.3 In relation to all contracts for consultancy services, the original Contract Documents shall, after checking, be lodged with the HOFAP.

#### **41. Records and Registers**

41.1 The HOFAP shall maintain a contracts register in accordance with the Procurement Reform Rules

41.2 Where these standing orders require that records or registers are kept, the approval of the HOCG shall be obtained prior to making arrangements for the disposal of any such records or registers.

41.3 The contracts register kept in accordance with standing order 41.1 is to be regarded as a permanent record of the Council and is not to be destroyed or disposed of.

**42. Procurement Strategy and Annual Report**

- 42.1 In accordance with the Procurement Reform Rules, the HOFAP shall prepare and publish a procurement strategy setting out how the Council intends to carry out Regulated Procurements in the next financial year.
- 42.2 Where the Council's procurement strategy for the current financial year requires to be reviewed, the HOFAP shall make such revisions as are considered appropriate and publish the revised strategy.
- 42 .3 The HOFAP shall prepare and publish an annual procurement report on the Council's Regulated Procurement activities in relation any financial year as soon as reasonably practicable after the end of that financial year.



# Schedule 1

## CONTRACT STRATEGY TEMPLATE WITH GUIDANCE

**CONTRACT NAME:**

**CONTRACT REF: RC-CPU-**

**Period:**

**Value:**

### Executive Summary

Consideration should be given to the following when completing the executive summary:

Brief synopsis of what is detailed in the report (no new information should be detailed here)

Key Findings,

Benchmarking and opportunities, options considered,

Recommendations and key actions,

Benefits, Justification and projected savings,

Key risks and resource implications.

**CPU Lead Contact Details: Insert details**

Strategy Approval		
<b><u>Endorsed by SCCM</u></b>	<b><u>Signed by Head of Service/Director of Service</u></b>	<b><u>Signed by Head of Finance and Procurement</u></b>
Date:	Date:	Date:

**Zone A – Development**

Description of requirement	
Associated Outcomes	•
• Council Objective this supports	•
• Status of requirement	
• Service requesting procurement exercise	
• Financials	Allocated budget (cost centres/account codes), other funding considerations  Budget: Account Code: Cost Centre:
• Project Plan	•
• Strategic Planning & Policy Lead/Input	•
• Influencing factors	• <b><u>PESTLEE Analysis</u></b>  Political  Social Demographic  Technological  Legal  Environmental  • Ethical
• Spend Analysis	Not applicable as this is a new requirement covering one-off spend.
Opportunities	<b><u>Collaboration</u></b>

	<p><b><u>Outsourcing</u></b></p> <p><b><u>Insourcing</u></b></p>
<ul style="list-style-type: none"> <li>• Supply Market Status, Analysis and Risks</li> <li>•</li> </ul>	
<ul style="list-style-type: none"> <li>• Sustainability/CB Considerations</li> <li>•</li> </ul>	

**Zone B – Tender**

Type of Contract									
Procurement Regulations applicable to this exercise	Council Standing Orders Relating to Contracts and applicable Regulations								
Options Appraisal	Procurement Process to be adopted and why? (Benefits/Risks and Comparisons to others)								
Length of Proposed Contract Period	Length of Proposed Contract Period and any potential extension options								
Stakeholders	<ul style="list-style-type: none"> <li>• (name and job title)</li> <li>• (name and job title)</li> <li>• (name and job title)</li> </ul>								
Evaluation Panel	<ul style="list-style-type: none"> <li>• (name and job title)</li> <li>• (name and job title)</li> <li>• (name and job title)</li> </ul>								
SPD Considerations	<p>Standard Statements that are deemed applicable. Insert table below.</p> <table border="1"> <tr> <td>1. Instructions</td> <td rowspan="7">Standard questions which do not require alteration</td> </tr> <tr> <td>2. Part I. Information concerning the procurement procedure and the public body</td> </tr> <tr> <td>3. Part II. Information concerning the bidder.</td> </tr> <tr> <td>A: Information about the bidder.</td> </tr> <tr> <td>B: Information about representatives of the bidder</td> </tr> <tr> <td>C: Information about reliance on the capacities of other entities</td> </tr> <tr> <td>D: Information concerning subcontractors on whose capacity the bidder does not rely</td> </tr> </table>	1. Instructions	Standard questions which do not require alteration	2. Part I. Information concerning the procurement procedure and the public body	3. Part II. Information concerning the bidder.	A: Information about the bidder.	B: Information about representatives of the bidder	C: Information about reliance on the capacities of other entities	D: Information concerning subcontractors on whose capacity the bidder does not rely
1. Instructions	Standard questions which do not require alteration								
2. Part I. Information concerning the procurement procedure and the public body									
3. Part II. Information concerning the bidder.									
A: Information about the bidder.									
B: Information about representatives of the bidder									
C: Information about reliance on the capacities of other entities									
D: Information concerning subcontractors on whose capacity the bidder does not rely									

	4. Part III. Exclusion criteria:	
	A: Grounds relating to criminal convictions.	
	B: Grounds relating to the payment of taxes or social security contributions.	
	C: Blacklisting.	
	D: Grounds relating to insolvency, conflicts of interests or professional misconduct.	
	5. Part IV. Selection criteria	
	A: Suitability.	Note any professional or trade registers or memberships that are required?
	B: Economic and financial standing.	Turnover? Ratios? Insurance? Any other elements relevant?
	C: Technical and professional ability.	References? Technical bodies? SCM systems? Qualifications? Plant/tools? Samples? Certificates?
	D: Quality assurance schemes and environmental management standards.	Quality Management Procedures? H&S?
E: Global indication for all selection criteria.	NOT USED	
6. Part V. Reduction of the number of qualified candidates.	NOT USED	
7. Part VI. Concluding Statements	Standard questions which do not require alteration	
Scoring Methodology (%)	<b>Price/Quality %.</b> <b>Questions?</b> <b>Show breakdown for CB &amp; FWP where applicable.</b>	
Community Benefit Approach	<ul style="list-style-type: none"> <li><b>Mandatory, Evaluated or Voluntary. If CB Outcome Menu used. Note any engagement with CB Forum</b></li> </ul>	
H&S Level	<ul style="list-style-type: none"> <li><b>Note which level of health and safety questionnaire that H&amp;S have advised to use.</b></li> </ul>	
Insurance Level	<ul style="list-style-type: none"> <li><b>Note the Insurance levels you have been advised to use from the Risk Manager</b></li> </ul>	
Information Governance	<ul style="list-style-type: none"> <li><b>Note your Data Protection considerations and conclusion. Contact Mark Conroy for further assistance.</b></li> </ul>	
Cyber Security Considerations	<ul style="list-style-type: none"> <li><b>Note any cyber security considerations relevant to this contract.</b></li> </ul>	
Planned Savings	<ul style="list-style-type: none"> <li><b>Detail any planned savings</b></li> </ul>	
P2P Considerations	<ul style="list-style-type: none"> <li><b>Note payment system and catalogue considerations.</b></li> </ul>	
Risks	<ul style="list-style-type: none"> <li><b>Refer to risk register in appendix section.</b></li> </ul>	

### **Zone C – Contract**

CSM	Considerations: lead CSM and segmentation analysis and outcome. <a href="https://www.procurementjourney.scot/route-3/route-3-contract-supplier-management-planning-governance">https://www.procurementjourney.scot/route-3/route-3-contract-supplier-management-planning-governance</a>
Planned KPI's/SLA's	Insert any planned KPI's or SLA's
Communication Implementation Plan	General overview of communication plan.
Exit Strategy	Refer to appendix.

### **Appendices**

1. Project Plan	<ul style="list-style-type: none"><li>This details the full project plan for the renewal of the Contract.</li></ul>
2. Implementation Plan	<ul style="list-style-type: none"><li>This details the planned activity for the implementation of this Contract.</li></ul>
3. Risk Register	<ul style="list-style-type: none"><li>This holds the identified risks that have been identified and that require management during the lifecycle of this procurement exercise and framework/contract life.</li></ul>
4. Exit Strategy	<ul style="list-style-type: none"><li>This details the planned exit strategy for when this framework/contract comes to an end on expiry (or sooner if required).</li></ul>

**APPENDIX 1 – PROJECT PLAN**

<b>Key Milestone</b>	<b>Planned Start Date</b>	<b>Anticipated Completion Date</b>
Project Start / Risk Register ( <i>Appendix B</i> )		
Market Analysis/Scope		
Contract Strategy Completion Date		
Specification Deadline		
Stakeholder Consultation ( <i>e.g Insurance, H&amp;S Levels and Legal</i> )		
Advertisement & Tender Issue Date		
Tender Return Date		
Evaluation & Clarification Completion Date		
CAR/PSC Papers due for Approval by Stakeholders		
PSC Date (if applicable)		
Contract Award Letter and Notice Published		
Implementation Plan		
Contract Start Date		
Supplier on Site Date ( if applicable)		
Contract Completion Date		

**APPENDIX 2 – IMPLEMENTATION PLAN**

**Contract Title:**

**Award letter dated :**

**Commencement Date :**

**Cross Functional Project Team :**

<b>Ref No</b>	<b>Activity / Milestone</b>	<b>Responsible Owner</b>	<b>Key Staff required to input to the activity</b>	<b>Start Date</b>	<b>Completion Date</b>	<b>Dependencies</b>	<b>Cost (if appropriate)</b>	<b>Relevant Risks (risk register reference numbers)</b>	<b>RAG</b>
01									
02									
03									
04									

**APPENDIX 3 – RISK REGISTER**

Contract -

**Risk Register**

Award letter dated : : Duration :  
Commencement Date :



**Key**

**Probability/Impact**

- Very Low 1
- Low 2
- Potential 3
- Likely 4
- High 5

P - Probability

I - Impact

E - Effect

**STATUS**

Open

Closed

R ef	Dat e Rai sed	Risk	OWN ER	P	I	E	Mitigating Actions	P	I	E	Status
1											
2											
3											

**CONTRACT DETAILS**

<b>Contract Title</b>	
-----------------------	--

<b>APPENDIX 4 – EXIT STRATEGY</b>	
<b>Tender Document No</b>	
<b>CPU Lead Officer</b>	
<b>Date Created</b>	
<b>BRIEF DESCRIPTION OF THE NEED FOR EXIT PLAN</b>	
<b>ITEMS TO BE HANDED OVER</b>	

<b>Key activities and milestone completion dates</b>	
Contract start date	
Optional Extensions	
Contract duration review(s)	
Contract exit strategy implementation meeting with supplier	
Contract review meeting with internal stakeholders	
Contract review meeting with supplier	
Other key dates, for example data hand over, staff transfer, IPR	
Contract handover to Council / new supplier commencement	
Contract end date	



## Schedule 2

### Thresholds under the Procurement Regulations applicable to the Council from 1 January 2022 (all figures are inclusive of VAT)

#### Public Contracts

SUPPLIES	£213,477
SERVICES	£213,477
DESIGN	£213,477
WORKS	£5,336,937
SOCIAL AND OTHER SPECIFIC SERVICES	£663,540

Concession Contracts £5,336,937

#### Utilities Contracts

SUPPLIES	£426,955
SERVICES	£426,955
DESIGN	£426,955
WORKS	£5,336,937

Thresholds will next be reviewed– 1 January 2024



## Schedule 3



Renfrewshire Council

**GUIDANCE NOTE  
MINIMUM PROCEDURE FOR PLACING ALL CONTRACTS WITH A VALUE OF  
LESS THAN £50,000**

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<a href="#">2. Contracts between £0 and £24,999.99 (ex VAT)</a>	48
<a href="#">3. Quick Quote (£25,000 - £49,999.99 ex VAT)</a>	49
<a href="#">4. Negotiated Procedure</a>	50
<a href="#">5. Extension to Existing Contracts</a>	51
<a href="#">Appendix A</a>	<b>Error! Bookmark not defined.</b>
<a href="#">Appendix A-1</a>	<b>Error! Bookmark not defined.</b>
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## 1. Introduction

- 1.1. This guidance note details the Council's procedures for placing contracts with a total estimated value of less than £50,000, exclusive of VAT but only where no contract exists. Note that the use of existing contracts is mandatory.
- 1.2. Where the Council has a Framework Agreement already in place covering the subject matter of the contract, the contract must be awarded in terms of that Framework Agreement; consult with CPU.
- 1.3. This defines the minimum requirement for any such procurement exercise. However, the HOFAP may decide to follow the Council's Standing Orders relating to Contracts for any contract, regardless of its value.
- 1.4. Expressions used in this Guidance shall have the same meaning as that given to them in the Council's Standing Orders Relating to Contracts, unless this guidance provides a different meaning.

## 2. Contracts between £0 and £24,999.99 (ex VAT)

- 2.1. The following procedures are to be adhered to, subject to the commodity and value of the procurement exercise being undertaken.
- 2.2. Values are not to be deliberately disaggregated to avoid the rules and to bring the expenditure under the thresholds. CPU will carry out random checks.
- 2.3. The HOFAP and/or Director is to seek Best Value for the Council and where applicable, must be able to clearly demonstrate transparency, non discrimination and equal treatment within the chosen tender process and in the award of a contract.
- 2.4. The corporate Purchasing Card (PCard) is to be used as the preferred payment mechanism for all spend under £2000.

### Supplies/Services/Works (excluding professional consultancy)

Title	Threshold	Procedure
Best Value	£0 - £1,999.99 (ex VAT)	Low value tenders can be undertaken at council officers' discretion. A written quotation is not required provided that Best Value principles are observed.
RFQ	£2,000 - £24,999.99 (ex VAT)	Request for Quote (RFQ) carried out by council officers 1. 3 written quotations (including email) from competent suppliers; 2. Where only one supplier exists, see <a href="#">paragraph 4.2</a> below; 3. Where contracts are considered high risk and/or

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		legally complex, consult with CPU; 4. Suppliers to be given at least seven working days to respond; 5. RFQ response to include details of the supplier and the price quoted; 6. Written quotations to be retained for a minimum period of 12 months.
--	--	---

**Professional Consultancy**

Title	Threshold	Procedure
See separate "Guidance for the use of Consultants" on Renfo.		

See "procurement process flowchart" at [Appendix A](#).

**3. Quick Quote (£25,000 - £49,999.99 ex VAT for Goods and Services; £25,000 - £500,000 ex VAT for Works)**

- 3.1 Quick quotes are to be carried out by CPU.
- 3.2 The appropriate client/service department is to complete a "Quotation Request" at [Appendix B](#) and forward to the relevant CPU Strategic and Commercial Category Manager for action.
- 3.3 CPU shall invite a minimum of four (4) suppliers to quote, (of which a minimum of 75% should be local suppliers from the Renfrewshire area) where possible, using the "Quick Quote" facility on the Public Contracts Scotland (PCS) web portal ([www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk)), and utilising the guidance provided in the Procurement Journey as best practice.
- 3.4 Suppliers shall be selected from those registered for that category on the PCS web portal and the selection shall not be restricted to existing suppliers.
- 3.5 Where there are fewer than four (4) suppliers registered, CPU shall carry out a proportionate level of research to encourage new suppliers to register on PCS. Failing that, all qualifying suppliers will be invited to submit quotations. In the event that there is only one qualifying supplier, CPU shall use the negotiated procedure in terms of [paragraph 4](#) below.
- 3.6 A written specification shall be prepared by the appropriate client/service department, which must contain sufficient detail to enable the supplier to determine what is expected in terms of performance of the contract and to enable the Council to monitor the quality of that performance.
- 3.7 As a minimum the specification will incorporate:-
  - 3.7.1 a clear description of what the supplier will be expected to provide under the contract;
  - 3.7.2 information about how the Council will pay for what is to be provided under the contract;

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- 3.7.3 details of the level of service to be provided under the contract, including, but not restricted to, timescales for delivery or performance and any performance measures set by the Council;
  - 3.7.4 the evaluation criteria to be used for the award of the contract;
  - 3.7.5 the terms and conditions applicable to the contract;
  - 3.7.6 the appropriate level of insurance.
- 3.8 The timescale permitted for the return of quotations must be sufficient to allow all of those invited the same opportunity to respond.
- 3.9 Once the evaluation process has been completed, CPU shall obtain sign off where appropriate, from the Director, or authorised representative, using the “Contract Authorisation report” at [Appendix C](#), before issuing award letters to suppliers.
- 3.10 Any contract shall be awarded to the supplier/s who has submitted the Most Economically Advantageous Tender (MEAT), taking into account the price offered and the supplier’s response to any quality or other criteria set by the Council.
- 3.11 CPU shall be responsible for writing to the supplier(s) to inform them of the outcome of the quotation.
- 3.12 The contract award is to be published on [www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk)

#### **4. Negotiated Procedure**

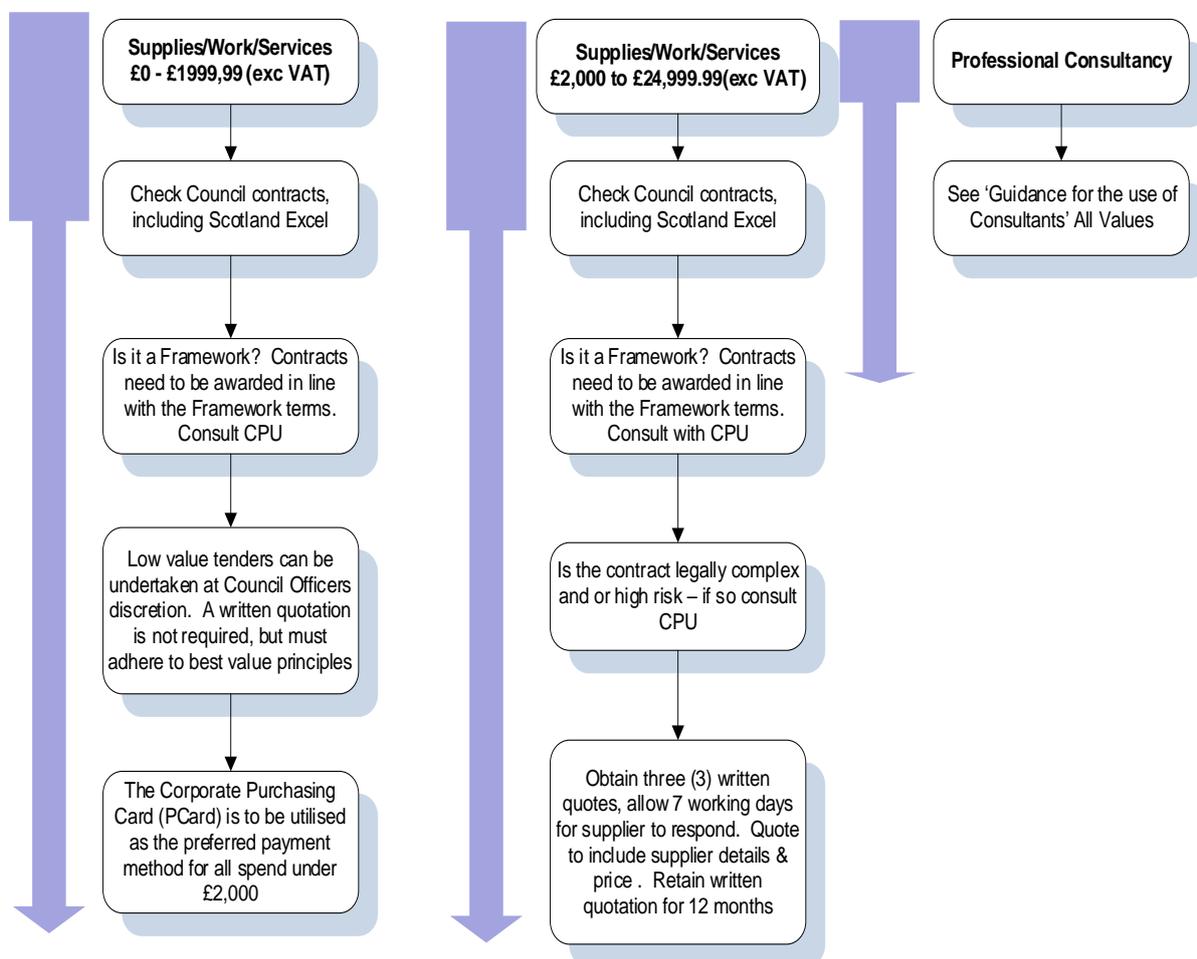
- 4.1 The HOFAP may use the negotiated procedure, but only where the following limited grounds apply:-
- 4.1.1 where as a result of the invitation of competitive tenders, no valid offer or only one valid offer complying with specification has been received; provided always that no significant changes are made to the tender documents that were previously issued; or
  - 4.1.2 where the HOFAP is satisfied that the requirement of the contract is unique or, after research, only one suitable source of supply can be identified; or
  - 4.1.3 where the HOFAP is satisfied that for reasons of technical complexity or compatibility or for reasons connected to the protection of exclusive rights, subsequent deliveries of equipment or goods or the provision of services require to be purchased from the original supplier; or
  - 4.1.4 where in the case of a supply contract, the goods to be purchased or hired are to be manufactured purely for the purpose of research, experiment, study or development, but not when the goods are to be purchased or hired to establish their commercial viability or to recover their research and development costs; or

- 4.1.5 when (but only if strictly necessary) for reasons of extreme urgency brought about by events unforeseeable by and not attributable to the Council, it is not possible to comply with the procedures in paragraphs 2 and 3; or
  - 4.1.6 where in the case of a services or a supply contract, in the opinion of the HOFAP it is in the interests of the Council to take advantage of particularly advantageous bargain available for a very short period of time at a price considerably lower than normal market prices; or
  - 4.1.7 where pending the letting of a contract (“the main contract”) it is necessary to award a short term contract to cover the period up to the commencement of the main contract. However, the short term contract shall be for a period of no more than six months and shall not exceed £50,000 for the duration of the full contract.
- 4.2 For contracts having a value of less than £25,000 (see [paragraph 2.4](#) above), the Director is free to use the negotiated procedure where to do so is in the interests of the Council and represents Best Value.
- 4.3 In all cases where negotiated procedures have been used in terms of this paragraph 4, a full written record of all contacts, discussions and communications with prospective suppliers shall be kept by CPU or the Director, together with a full explanation as to why it was considered it to be appropriate to use the negotiated procedure.

## **5. Extension to Existing Contracts**

- 5.1 Where the Director considers that an existing contract should be extended and the option to extend is given to the Council in terms of the contract, the HOFAP may authorise the exercise of that option on behalf of the Council. For the avoidance of doubt, where the contract does not make provision for the extension of the contract, the HOFAP shall not extend that contract unless the use of the negotiated procedure can be justified in terms of this Guidance and the procedure in [paragraph 4](#) of this Guidance and, where appropriate, standing order 12 of the Council’s Contract Standing Orders have been followed.
- 5.2 For the purposes of paragraph 5.1 of the Council’s Contract Standing Orders an extension of a contract includes the option to increase the amount of supplies, services or works acquired under the contract as well as the option to increase the duration of the contact.

### Renfrewshire Council Procurement Process To be carried out by Service/Client Department



*Appendix B*

### Quotation Request Form Spend below £49,999.99

**SECTION ONE:**

1.1 DEPARTMENT DETAILS	
Contract Name	

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Requesting department			
Requesting contact	Print Name: Signature:		
Date created		Latest date for commencement of contract	
Estimated value of requirement		Budget amount	
For I.T purchases only	Departments must discuss I.T. requirements with I.T. department to ensure compatibility with current I.T. systems		
<b>1.2 AUTHORISATION</b>			
Department authorised signature (Grade N or above)	Print Name: Signature:		
CPU authorised signature (Grade K or above)	Print Name: Signature:		

**SECTION TWO:**

<b>2.1 CURRENT SITUATION</b>			
New requirement / Based on existing contract Circle as appropriate. New Requirement			
If based on an existing contract N/A			
Purchase order number			
Historical spend	Annual Spend: Total Spend:		
Period of the original contract		Name of current contractor	

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**SECTION THREE:**

**1 REQUIREMENT**

Please provide a full specification, including quantity, description, delivery required and delivery address along with any special requirements/conditions relating to this quotation exercise.

Please provide a proposal for the evaluation criteria.

**3.2 KNOWN CONTRACTORS**

Please provide details of known contractors that should be encouraged to register on Public Contracts Scotland. Details should also be provided of known local (within the Renfrewshire area) contractors.

Please note that CPU shall invite a minimum of four (4) suppliers to quote, (of which 75% should be local suppliers from the Renfrewshire area) where possible.

A different group of potential suppliers should be selected where possible if the requirement is a recurring or similar.

Reasons should be stated below if local suppliers are not appropriate or available and/or why different potential suppliers have not been selected.

**SECTION FOUR:**

**4.1 CONTRACT MANAGEMENT**

Once the tender/quotation exercise has been completed the client department must manage the contract which shall include raising of orders and co-ordinating the payment of invoices.

Nominated client department  
contract manager

Nominated client  
department contact  
details

Phone:  
Email:

## Contract Authorisation Report

To: **Enter Name of Director**  
**Director of Enter Name of Dept**

On: **Date**

### Joint Report by Chief Executive Services and (Enter Dept)

Subject: **Enter tender description**

#### 1. Summary

1.1 *Should include: An outline of the purpose of the contract, state the reasons for tender, links to any National programmes, "A Commodity Strategy was approved by ..... on .../.../.... " State if Supplies, Works or Services. Programme Reference should also be included where appropriate.*

#### 2. Recommendations

2.1 State: The Supplier(s) you wish to award the contract/framework to, Contract number, contract name, contract value and start and end date. Include extension timeframe of contract if applicable.

#### 3. Background

3.1 Summary: What Process was used eg Quick Quote, where the contract was advertised. If Crown Commercial Services was used, what process was followed thereafter. Were Mini tenders used? Was it an E-auction? Where the restricted process has been used, the report should provide details of the selection process i.e. numbers of expressions of interest, how many ITPs were returned and how many ITTs were issued. Also, state the number of companies to whom ITTs were issued but who failed to submit a bid.

3.2 PCS Compliance: Confirm any above GPA Threshold legislative routes that were followed, what the GPA threshold for the Goods, Works or Services being purchased is and the timescales involved. Are Schedule 3, Social Care services a factor?

3.3 Standing Order Compliance: state the specific clauses that are being acting upon.

3.4 Tender Information: Give details on the evaluation. This should include the number of bids received, the number of compliant / non compliant bids (if non compliant – state why). Use the table below to detail the scoring (Add further rows where more than price and quality were assessed), financial position of winning tenderer and pricing for all bids. Where the lowest bid

was not accepted state why. When declaring pricing information in the table below please remember that commercially sensitive information such as labour rates should not be disclosed.

	Supplier A	Supplier B	Supplier C	Supplier D	Supplier E
Price					
Quality					
Delivery					
Total					

- 3.5 Financial: Give detail on the original budget and state the savings against the budget or existing unit cost/benchmark.
- 3.6 Programme reference, where appropriate. e.g. Is the tender part of a Capital programme that has required prior board approval?
- 3.7 Commercial Specifics: Give detail on any bonding arrangements. e.g. Bonds, parent company guarantees, retentions, Insurances.
- 3.8 Where applicable: Statutory approvals obtained. e.g. has appropriate Planning permission been obtained. Are there any other permissions that should be considered?
- 3.9 Where applicable: Council ownership or equivalent of site or buildings.
- 3.10 Where applicable: Conclusions, discussion where necessary. If community benefits will not be delivered state why these were not sought/achieved.

*Enter appendix/reference text here – if none, then delete this sentence*

**\*To be signed for all spend between £50,000 to GPA Threshold**

This report has been authorised by:

**Director or Head of Service**

*Enter Name*

and

**Category Manager**

*Enter Name*

Signed:

**\*To be signed for all spend between £25,000 to £50,000**

This report has been authorised by:

CSOs June 2023

**Authorised Signatory** *(Note: an authorised signatory is an individual who has the delegated authority to approve the spend from the respective service department and is listed on the RC authorised signatory database)*

and

**Category Manager**  
**Enter Name**

**Sign:**

***\*Delete box as appropriate***

***(Author: enter details - an appropriate name and telephone number/e-mail address should be included so that the officer specified will be able to be contacted in relation to the report and to receive a copy of the action note following the meeting).***

## **Schedule 4**

### Guidance on Grants

#### What is a grant?

A “grant” is a donation paid by the Council to an organisation to be used for a specified purpose which the Council wishes to support to help meet the Council’s strategic objectives and benefit the community.

In effect, a grant is a gift of financial assistance from the Council with conditions attached. The attached conditions must be either grant conditions approved by the Council or grant conditions required to be included by an organisation providing funding for the purpose of the grant. Whereas these conditions impose limits and instructions on how the grant may be used, they do not set out the precise details of any services to be provided nor do they prescribe how the specified purpose will be achieved. Grants are different from loans in that there is no expectation that any part of the grant will be repaid provided the conditions of grant are complied with. If the conditions are breached, the Council’s only remedy is to demand that the grant be repaid.

#### What procedures require to be followed when a grant is being provided?

The Council has approved grant conditions and procedures for grants. No grant shall be paid unless these procedures are followed and a binding agreement is in place setting out conditions that apply to the grant. Any questions regarding these procedures and terms and conditions must be referred to legal services.

#### Do the Procurement Regulations apply to grants?

There are some circumstances in which a grant might be viewed as a public services contract for the purposes of the Procurement Regulations. The Procurement Regulations set out the detailed procedural rules that apply to the purchase of works, services and supplies by the Council. Under the rules, a “public services contract” is defined as “a contract, in writing, for consideration (whatever the nature of the consideration) under which a contracting authority engages a person to provide

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services". Therefore, these rules do not apply to straightforward grants. However, distinguishing between contracts, to which the rules would apply, and grants, to which they do not, is often difficult, for example, where the Council directs what, or how, services are to be provided or derives any benefit from them. Where there is any doubt, advice must be obtained from legal services.

### What about Subsidies?

Even where the Procurement Regulations do not apply, the rules on subsidies are an important consideration. These are a complex set of rules which prohibit subsidies being paid by public bodies, such as the Council, which could confer any unfair advantage on an organisation or distort competition. An example would be where the council gives a sum of money to only one of a number of local organisations who provide a service to the community, without there being any competition for that funding. The other organisations could claim that there has been an unfair subsidy paid to the organisation that was given the grant because they too could have provided the service if they had been given the opportunity.

There are some limited exceptions and financial limits below which funding is not considered to be a subsidy but, broadly, for a grant to be classed as a subsidy, the following criteria require to be met:-

- It is given by a public authority. This can be at any level – central, devolved, regional or local government or a public body;
- It makes a contribution (this could be a financial or an in kind contribution) to an enterprise, conferring an economic advantage that is not available on market terms. Examples of a contribution are grants, loans at below market rate, or a loan guarantee at below market rate or allowing a company to use publicly owned office space rent free. An enterprise is anyone who puts goods or services on a market. An enterprise could be a government department or a charity if they are acting commercially;
- is specific, i.e. it benefits one or more enterprises over one or more other enterprises with respect to the production of goods or services, and
  - It has, or is capable of having, an effect on competition or investment within the UK, or on trade or investment between the UK and another country or territory. The latter can be trade with any World Trade Organisation member or, more specifically, between the UK and a country with whom it has a Free Trade Agreement. For example, if the subsidy is going towards a good or a service which is traded between the UK and the EU this could affect trade

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between the EU and the UK. (Please note that you are not being asked whether the subsidy could harm trade but merely whether there could be some sort of effect.)

A breach of the subsidy rules could have serious consequences for the Council. Therefore, any concerns about whether a grant could be considered a subsidy must be referred to legal services.

Is a competitive process needed where neither the Procurement Regulations nor the rules on Subsidies apply?

In some circumstances, such as where only limited funding is available or if applicants for grant funding have similar purposes, a competitive application process may be appropriate to determine how funding should be allocated whether or not the Procurement Regulations or the rules on subsidies apply.

As it is a public body, the Council has certain duties when dealing with grants. It must act in a fair, transparent and consistent manner and all potential grant recipients must be treated equally.

## Schedule 5

### **Special Arrangements for Contracts for Social and Other Specific Services and for Health or Social Care Services**

Unless varied by the special arrangements set out in this Schedule 5, the foregoing standing orders apply to contracts for Social and Other Specific Services and contracts for Health or Social Care Services. The special arrangements are as follows:

A. Procedures for the Award of Contracts for Social and Other Specific Services

A.1 Where a contract is for Social and Other Specific Services and the estimated value of the contract is equal to or greater than the threshold for Social and Other Specific Services, the HOFAP shall follow the relevant procedures for such services set out in the Procurement Regulations and the Procurement Reform Rules.

B. Procedures for the Award of Contracts for Health or Social Care Services

B.1 Where a contract is for Health or Social Care Services and the estimated value of the contract is less than the threshold for Social and Other Specific Services, instead of using the procedures set out in the foregoing standing orders, the HOFAP may elect to follow the procedures set out in the Procurement Reform Rules. In such circumstances, the HOFAP in conjunction with the Chief Officer of Renfrewshire Health and Social Care Partnership in relation to contracts for services for adults, or the HOFAP in conjunction with the Director of Children's Services in relation to contracts for services for children, may decide, that offers shall not be sought for example where:

- (a) it can be demonstrated that the contract is of no interest to service providers in other EU member states; and/or
- (b) the total sum to be paid under the contract is so low that service providers located in other EU member states would not be interested in bidding for the contract; and/or
- (c) the service is of such a specialised nature that no cross-border market of suitable service providers exists; and/or
- (d) advertising the contract would result in the loss of a linked service; and/or

(e) the services required by a service user can best be provided by the service user's existing service provider.

- B.2 Where a decision is taken under paragraph B.1 above that offers shall not be sought, the HOFAP and the Chief Officer of Renfrewshire Health and Social Care Partnership in relation to contracts for services for adults or the HOFAP and the Director of Children's Services in relation to contracts for services for children Social Care contracts shall agree if and how the contract shall be advertised.
- B.3 Where a decision is taken under paragraph B.2 above not to advertise the contract, the Negotiated Procedure without Prior Publication of a Notice set out in standing order 14 shall be followed.

C. Guidance from the Scottish Government

- C.1 Subject to standing order 9.3, contracts for Health or Social Care Services shall be procured in accordance with the Scottish Government's Guidance on the Procurement Reform (Scotland) Act 2014 and Guidance on the Procurement of Care and Support Services 2016 (Best-Practice) issued under Scottish Procurement Policy Note SPPN 7/2016(as such may be amended or replaced).
- C.2 In the event of any conflict between these standing orders and the Guidance referred to in paragraph C.1 above, the Guidance shall prevail.
- C.3 Any legal issues arising from the Guidance referred to in paragraph C.1 above shall be referred to the HOCG in accordance with standing order 6.3.

D. SCSWIS and other Mandatory Registration

- D.1 All Contractors providing Health or Social Care services to the Council must be registered with Social Care and Social Work Improvement Scotland (SCSWIS) (commonly known as the Care Inspectorate) and/or any other regulatory bodies relevant to the service provided.

E. Review of Decisions

- E.1 Any decision taken under paragraph B.1 or B.2 shall be reviewed at regular intervals by the HOFAP and the Chief Officer of Renfrewshire Health and Social Care Partnership in relation to adult Social Care contracts or the HOFAP and the Director of Children's Services in relation to children's Social Care contracts.

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## Schedule 6

**Note: Officers must download and use the current approved version of the Board Report from Renfo**

Report to: **Finance, Resources and Customer Services Policy Board**

On: **Select date here.**

By: **Enter name and title here.**

Concerning: **Enter description here.**

### I. List of Background Papers

(1) **Background Paper 1 or delete row if not used**

The foregoing background papers will be retained within Enter department name for inspection by the public for the prescribed period of four years.

The contact officer within the department is **Enter contact name and title.**

### II. Consultation Checklist

Implications	None	Minor	Significant	Officer Consulted
Financial	✓			
IT	✓			
Legal			✓	Must Consult Legal
HR and Organisational Development	✓			
Property	✓			
Health and Safety	✓			
Equal Opportunities	✓			
Procurement			✓	Must Consult CPU
Risk	✓			
Other Departments	✓			
Community/Council Plan	✓			

The appropriate officers within the relevant departments have been consulted and have approved the contents of the report for their own interest.

III. The following Community Planning Partners have been consulted in the preparation of this report.

Partner Organisation	Officer Consulted

IV. The following forums have been/are to be\* consulted on the contents of this report:  
disability, ethnic minorities, carers, elderly, youth, tenants \*

V. An equality impact assessment has been carried out/is not required\* in terms of the Council's scheme.

VI. This report has been authorised for inclusion in the agenda of the above meeting by:  
**Enter name of Director or Head of Service** and **Enter name of Convenor (Convenor)**  
Signed

\* delete as appropriate

## Renfrewshire Council

To: Finance, Resources and Customer Services Policy Board

On: Enter date of Sub Committee meeting

Joint Report  
by  
Enter submitted by names (CPU & Dept)

### Contract Authorisation Report

#### 1. Summary

- 1.1 Should include: An outline of the purpose of the contract, state the reasons for tender, links to any National programmes, "A Commodity Strategy was approved by ..... on ..././...." State if Supplies Works or Services. Programme Reference should also be included where appropriate.

#### 2. Recommendations

- 2.1 State: The Supplier(s) you wish to award the contract/ framework to, Contract number, contract name, contract value and start and end date. Include extension timeframe of contract if applicable.

#### 3. Background

- 3.1 Summary : What Process was used (Open, Restricted, Negotiated.), where the contract was advertised. If a framework was used, if so what process was followed thereafter. Were Mini tenders used? Was it an E-auction? Where the restricted process has been used, the report should provide details of the selection process i.e. numbers of expressions of interest, how many PQQs were returned and how many ITTs were issued. Also, state the number of companies to whom ITTs were issued but who failed to submit a bid.
- 3.2 EU Compliance : Confirm any EU legislative routes that were followed, what the EU threshold for the Goods Works or Services being purchased and the timescales involved. Are Part B services a factor?
- 3.3 Standing Order Compliance: state the specific clauses that are being acted upon.
- 3.4 Tender Information: Give details on the evaluation. This should include the number of bids received, the number of compliant / non compliant bids (if non-compliant – state why). Use the table below to detail the scoring (Add further rows where more than price and quality were assessed), Financial position of winning tenderer and pricing for all bids. Where the lowest bid

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was not accepted state why. When declaring pricing information in the table below please remember that commercially sensitive information such as labour rates should not be disclosed.

	Supplier A	Supplier B	Supplier C	Supplier D	Supplier E
Price					
Quality					
Total					

- 3.5 Financial: Give detail on original budget and state the savings against the budget or existing unit cost/benchmark.
- 3.6 Programme reference, where appropriate. e.g. Is the tender part of a Capital programme that has required prior board approval?
- 3.7 Commercial Specifics: Give detail on any bonding arrangements. e.g. Bonds, parent company guarantees, retentions, Insurances.
- 3.8 Where applicable: Statutory approvals obtained. e.g. has appropriate Planning permission been obtained. Are there any other permissions that should be considered?
- 3.9 Where applicable: Council ownership or equivalent of site or buildings.
- 3.10 Where applicable: Conclusions discussion where necessary If community benefits will not be delivered state why these were not sought/achieved.

## Implications of this report

1. **Financial Implications**  
– Savings and details of the Financial Appraisal on the winning bidder
2. **HR and Organisational Development**  
– e.g. TUPE
3. **Community Plan/Council Plan Implications**  
Enter any detail concerning SME bids at this stage. e.g. partnering arrangements with SMEs and winning bidder. Also detail any positive outcome from community benefit clauses included in the tender.
  - Wealthier and Fairer Smarter - Enter description
  - Healthier - Enter description

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Safer and Stronger - Enter description

Greener - Enter description

Developing our Organisation - Enter description

**4. Legal Implications**

– This should be covered in the Background section in detail but in particular the risk of challenge should be covered here.

**5. Property Implications**

– Enter description

**6. Corporate services Implications**

– If the tender relates to a purchase that will impact IT strategy. i.e. Software purchases that require hosting and server space

**7. Equal Opportunities Implications**

*(Please select the statement applicable to the recommendations contained within this board report and delete remaining statements)*

(a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website. (Report author to arrange this).

(b) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. Some negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. Mitigating actions are detailed in section XXX of this report. A full copy of the Equality Impact Assessment undertaken is available from the report author. Following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored. (Report author to arrange this).

The results of the assessment will be published on the Council's website

- (c) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. Some negative impacts on equality groups or potential for infringement of individuals' human rights have been identified and not all can be fully mitigated. Despite the potential for adverse impact it is believed that it is reasonable and proportionate to take the action recommended in the report and a full explanation for this decision is contained within section XXXX of this report.

In addition mitigating actions that have been identified are detailed in section YYY of this report. A full copy of the Equality Impact Assessment undertaken is available from the report author. Following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored.

The results of the assessment will be published on the Council's website. (Report author to arrange this).

**8. Health and Safety Implications**

– Enter description

**9. Procurement Implications**

– Enter description

**10. Risk Implications**

– Enter description

- 11. Privacy Impact** – enter details – reference *should be made to the corporate Privacy Impact Assessments (PIAs) procedure that PIAs should be conducted, by all Services, in circumstances where policies and decisions have implications for the use of personal and/or sensitive personal information held by the Council. Advice is available from the Principal Information Officer*

---

**List of background papers**

- (a) Background Paper 1 (delete row if not used or add further rows if required or state 'none')

The foregoing background papers will be retained within (*Enter service name*) for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is (*enter contact name, title, telephone number, and e-mail address*)

*The inclusion of background papers is based on a legislative requirement. Background papers are those which the officer responsible for the report considers*

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*contain information upon which the report was based and which that officer has relied upon to a material extent in preparing the report.*

*The only things which are exempted are published works and documents which contain exempt information or confidential information. The officer responsible for the report must prepare a list of background papers. That list and a copy of all the documents on the list then requires to be kept open for inspection by the public for a period of four years from the date of the meeting.*

---

Enter reference text here (author: Enter name / phone number of author here.)

## **Appendix 1**

- delete page / section if not required



# Renfrewshire Council

## Financial Regulations

June 2023

# Contents

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# 1 What the Regulations Cover

- 1.1 Under section 95 of the Local Government (Scotland) Act 1973, all local authorities in Scotland must have adequate systems and controls in place to make sure that their finances are handled properly. They must also appoint an appropriate officer with the full responsibility for monitoring how they do so.
- 1.2 These Financial Regulations set out the responsibilities of the Director of Finance and Resources, who has been appointed as the 'proper officer', for the purposes of section 95 of the 1973 Act, along with the responsibilities of the Chief Executive, directors and other authorised people.
- 1.3 These Financial Regulations will be administered through those delegations set out in the Council's scheme of delegation.
- 1.4 These regulations also set out the responsibilities of the Council, Policy Boards and the Audit, Risk and Scrutiny Board for the Council's financial affairs.
- 1.5 Directors will make sure that all relevant employees are aware of these regulations and that they follow them at all times. Where any part of the Council's budget is managed through a partnership body, the relevant partnership lead will ensure that all relevant persons are aware of and follow these regulations.
- 1.6 All actions that affect the Council's finances should only be carried out by properly authorised persons. Directors will make sure that there is a proper system in place for authorising transactions. Directors will follow the processes approved by the Director of Finance and Resources for setting and recording financial delegations to authorised persons.
- 1.7 Directors and other authorised persons will make sure that the Council only commits to expenditure (spending) that it is legally able to commit to. Where this is not clear, the authorised person will consult the Head of Corporate Governance before committing to any expenditure. Also, the legality of expenditure relating to new service developments, contributions to other organisations and responses to new emergency situations will be confirmed before the Council commits to any related expenditure.
- 1.8 If you believe that anyone has broken, or may break, these regulations, you must report this immediately to the Director of Finance and Resources, (or, if more appropriate, to the Chief Executive or the Head of Corporate Governance), who will decide on what action to take.
- 1.9 Directors and other authorised persons will make sure that all spending within capital and revenue estimates meets relevant accounting rules. They will contact the Director of Finance and Resources if they need assistance to decide what is capital and what is revenue or regarding the relevant accounting standards.
- 1.10 The regulations will be interpreted and put into practice in a way which takes account of the obligations in the Council's Standing Orders Relating to Contracts.

## 2 Corporate Governance

- 2.1 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the Council. The basic principles of corporate governance are as follows.

**Openness** Anyone with an interest in our affairs should have confidence in the decision-making and management processes and the individuals involved in them. This confidence is gained through openness in our affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.

**Integrity** There should be honesty, selflessness, objectivity and high standards of conduct in how we manage the Council's funds and affairs. Integrity depends on the effectiveness of the control framework and on the personal standards and professionalism of members and employees.

**Accountability** There needs to be a clear understanding by everyone involved in the Council's affairs of their roles and responsibilities. There should also be a process which provides appropriate independent examination of the decisions and actions of those involved in the Council's affairs, including how Council funds and performance are managed.

- 2.2 These Financial Regulations, supported by Financial Codes, practice notes and other guidance, are an essential part of the corporate governance of the Council.

## 3 Council and Board Responsibilities

- 3.1 The Council and its policy boards will continuously work to secure best value, in how the Council uses its resources.
- 3.2 The Finance, Resources and Customer Services Policy Board will be responsible for monitoring the Council's overall financial and budgetary arrangements. However, other policy boards have responsibilities relating to financial and budgetary management for service areas within the remits of those policy boards.
- 3.3 The Director of Finance and Resources (in consultation with the Chief Executive and other directors, as appropriate) will advise the Leadership Board and all policy boards on the financial implications of the boards' activities.

## 3.4 Council

- 1 Council will consider and approve all capital plans and estimates. No capital expenditure can be authorised unless:
  - it has been provided for in approved capital estimates; or
  - it is within the officer's delegated authority.
- 2 Council will consider and approve all revenue plans and estimates. No revenue expenditure can be authorised unless:
  - it has been provided for in approved revenue estimates; or
  - it is within the delegated authority of the officer to act in an emergency.
- 3 Each year Council will consider and set the council tax and council house rent levels.
- 4 Each year Council will consider and approve the prudential framework for capital finance for the forthcoming three-year period, and the treasury management strategy statement for the next financial year. The prudential framework for capital finance, and the treasury management strategy statement, require the Council to set prudential and treasury management indicators for the following three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The treasury management strategy statement will incorporate each year an annual investment strategy, which will include a list of "permitted investments" for approval by the Council.
- 5 Each year Council will consider and approve a mid-year progress report on the treasury management strategy.
- 6 Each year Council will consider and approve, for the financial year just ended, a treasury management annual report.
- 7 The Director of Finance and Resources will provide each member of the Council with a copy of the Revenue Estimates together with statements of their effect on the council's finances, council tax and council house rent levels at least five working days before the meeting of the Council at which these matters will be considered.
- 8 Council will consider and approve the framework for transferring money from one budget to another. The framework will be as follows:
  - the transfer must not alter a Council policy without the prior approval of the relevant policy board (e.g. to reinstate an item deleted by the Council during budget considerations).
  - the transfer must be in line with any approved policy for the delegated

management of resources, including schools.

- Each Director shall nominate appropriate individuals with authority to authorise allowable transfers.
  - Directors and their nominated individuals may transfer sums between the subjective budget headings within a service division to enable budget management throughout the financial year (temporary transfers).
  - Permanent transfers between subjective budget headings within a service division must be approved by the service Director in consultation with the Director of Finance and Resources.
  - Transfers between objective budget headings (service divisions within a department), up to a maximum of £100,000, can only be done by Service Directors, in consultation with the Director of Finance and Resources.
  - Transfers between divisions of the same service/department in excess of £100,000 must be authorised by the service Director, and the Director of Finance and Resources for submission to the relevant policy board for approval.
  - All permanent transfers between services/departments must be authorised by the respective service Director, and the Director of Finance and Resources for submission to the relevant policy board for approval. This excludes the allocation of centrally held budgets, such as pay inflation, or support costs.
  - Transfers between budget lines up to a maximum of £100,000 in budgets allocated to approved Council projects, must be authorised by the Chair of the relevant Project Board following consultation with the members of that Board and the Director of Finance and Resources. All such transfers in excess of £100,000 shall require the prior approval of the relevant policy Board.
- 9 Council will consider and approve requests for extra (supplementary) estimates where the request has not already been considered by the relevant boards.
- 10 Council will consider and approve any alterations to the Financial Regulations.

### 3.5 Finance, Resources and Customer Services Policy Board

- 1 The board will monitor the overall financial performance of the Council's services and in relation to the approved capital and revenue budgets.
- 2 The board will have oversight and monitor the financial performance of all Council services.
- 3 The board will monitor on at least a quarterly basis the treasury prudential indicators.
- 4 The board will consider and approve the arrangements for authorising all loan, leasing and investment documents if the Director of Finance and Resources (or

delegated officers) are not authorised to do so.

- 5 The board will approve the management and investment policies (through the Investment Review Board) for common good funds (the funds which are held for the benefit of the local community) and will receive reports from the Investment Review Board on the performance of common good investments.
- 6 The board will approve expenditure from common good funds and will make sure that payments are made in line with Council policies and conditions.
- 7 The Director of Finance and Resources will report to the board with details of any significant changes in the Council's tax affairs.
- 8 The board will consider and approve the Council's insurance arrangements.
- 9 The board will approve and oversee matters relating to allowances for members, in line with national guidance.
- 10 The board will monitor how the Council manages its debts. It will also consider reports from the Director of Finance and Resources on the Council's performance with regards to collecting debt and will agree any amounts over £10,000 to be written off (cancelled).
- 11 The board will approve and oversee the Council's procurement arrangements.
- 12 The board will consider contract variances and explanations where the estimated net cumulative additional cost is more than £100,000 or 25% of the approved contract sum (whichever is greater).

### 3.6 Audit, Risk and Scrutiny Board

- 1 To act as the Council's Audit Committee.
- 2 The board will consider reports by our external auditors, including reports on the audited annual accounts and put recommendations forward to the Council.
- 3 The board will approve the internal audit charter and the annual internal audit plans prepared by the Chief Auditor. The board will also consider reports from the Chief Auditor on the internal audit activity, and will monitor the progress of the plan, including considering the Chief Auditor's annual report.
- 4 The board will consider the annual governance statement for inclusion in the annual accounts.
- 5 The board will approve the risk management policy and strategy, approve corporate, strategic, and service and 'business as usual' risks and ensure the effectiveness of the risk management arrangements through consideration of the

annual risk management report.

### 3.7 Other Relevant Board

- 1 The board will consider budget monitoring reports from the Director of Finance and Resources, in consultation with the relevant director. The reports will include explanations for any significant variances (differences) from budget targets and will approve any actions needed to bring the financial performance within approved limits.
- 2 The board will consider reports from the relevant Director where the Council has committed itself to essential expenditure but:
  - there is no money set aside in the budget for it; and
  - there is no money elsewhere within the service to pay for it.

It will also agree any actions needed to bring the financial performance within approved limits.
- 3 The board will consider requests for transferring revenue and capital budget resources more than £100,000.
- 4 The board will consider requests for extra (supplementary) estimates to the approved capital and revenue plans.
- 5 The board will make sure that all financial matters within the Standing Orders Relating to Contracts for the services within its area of responsibility are followed.
- 6 The board will consider reports from the relevant Director for writing off stock adjustments of more than £5,000.
- 7 The board will approve reports from the relevant Director to amend charges for goods and services within its area of responsibility.
- 8 The board will approve grant applications being made by the Council within its area of responsibility.
- 9 The board will monitor the arrangements for paying grants, contributions or subscriptions for services within its area of responsibility and will make sure these are made in line with the Council's policies and conditions.
- 10 The board will monitor the arrangements for the provision of soft loans (that is, loans with preferential interest rates) or financial guarantees to related parties.

## 4 The Framework for Financial Administration

- 4.1 The Financial Regulations set out the responsibilities of members and senior officers within the context of our political management framework. The Financial Regulations

may only be amended by Council.

- 4.2 The Director of Finance and Resources (as the 'proper officer' for handling our financial affairs) will monitor how the Financial Regulations work within the Council and will provide directors with a written framework which governs our financial affairs. The framework will be made up of the following.

**Financial Codes** These codes will cover all relevant aspects of financial administration. The Director of Finance and Resources will have the delegated authority (in consultation with the Chief Executive and the Head of Corporate Governance) to alter the Financial Codes, except for any matters which are covered by the Financial Regulations where approval as set out in 4.1 will be needed.

**Practice Notes** These practice notes will provide employees with detailed guidance and advice on specific procedures that they must follow. Any practice notes issued will need the approval of the Director of Finance and Resources or other authorised person.

- 4.3 All Financial Codes and practice notes issued in terms of these Financial Regulations have the same status and authority as if they were part of these Financial Regulations.

## 5 Reviewing the Financial Regulations

- 5.1 Council may change or withdraw these Financial Regulations. If so, this will come into force from the first working day after the end of the Council meeting at which the change or withdrawal was approved, unless another future date is approved.

## 6 Legal Advice

- 6.1 The Head of Corporate Governance will provide legal advice regarding these Financial Regulations when needed.

## 7 More Information

- 7.1 If you need more information or help understanding these regulations, please contact the Director of Finance and Resources, Head of Finance and Procurement, or the Chief Auditor.





**To:** Council

**On:** 22 June 2023

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**Report by:** Director of Finance and Resources

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**Heading:** Statutory Review of Polling Places and Polling Districts

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## **1. Summary**

- 1.1 In terms of the Representation of the People Act 1983, as amended, local authorities are required to divide their area into polling districts for the purposes of parliamentary and other elections and to designate polling places for these polling districts and keep them under review.
  - 1.2 The Electoral Registration and Administration Act 2013 further amended the Representation of the People Act 1983 by introducing a statutory duty for all polling districts and polling places to be reviewed by the end of January 2015 and at least every 5 years thereafter.
  - 1.3 The current polling arrangements following the previous statutory review were approved by Council on 5 December 2019, for use in all elections thereafter in the period to the next review.
  - 1.4 This report sets out the process for conducting the next statutory review. Although this review does not require to be concluded until December 2024, all Council polling places will be assessed over the summer 2023 to ensure they are suitable in terms of the provisions of the Election Act 2022 and it would therefore follow that the review of polling places coincide with these assessments.
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## **2. Recommendations**

- 2.1 That the Council note the content of this report.
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## **3. Background**

- 3.1 The Representation of the People Act 1983 as amended by the Electoral Registration and Administration Act 2013, introduced a duty for all polling districts and polling places to be reviewed by the end of January 2015 and at least five yearly thereafter.
- 3.2 In Renfrewshire the current polling arrangements were approved by Council on 5 December 2019, for use in all elections thereafter in the period to the next review. A copy of that approved Polling Plan is attached as Appendix 1 hereto.
- 3.3 Members should note that contingency polling arrangements were put in place for the last two elections which took place during the COVID pandemic. For these elections polling places were assessed to ensure that they could accommodate one-way systems, social distancing and other COVID-related risk mitigations. In these circumstances a number of polling places were temporarily replaced for more suitable venues on the polling plans for those elections only. The Polling Plan approved in 2019 remains the Council's Polling Plan until the conclusion of this Review and the approval of a new Polling Plan.
- 3.4 Although the review is conducted on the basis of UK Parliamentary constituencies it is intended that the revised Polling Plan will align with the Scottish Parliamentary constituency boundaries and Council Ward boundaries, thus avoiding the necessity for differing polling plans for different types of election.
- 3.5 It should be noted that the existing Scottish Parliamentary constituency boundaries for Paisley, Renfrewshire North and West, and Renfrewshire South include parts of East Renfrewshire and Inverclyde Councils' areas. These Councils will review the polling districts and polling places for these areas as part of their own authorities' statutory reviews.
- 3.6 It should also be noted that, as set out in the report on the 2023 Review of UK Parliament Constituencies by The Boundary Commission for Scotland submitted to the meeting of Council held on 15 December 2022, it has been proposed that significant areas in Wards 10 and 11 be included in a new Inverclyde and Bridge of Weir UK Parliamentary constituency; that part of Glasgow City Council's Ward 4 in Cardonald be included within the boundaries of a proposed new Paisley and Renfrewshire North constituency and that a new Paisley and Renfrewshire South constituency be created. Regardless of the outcome of the 2023 Review, this Council will only review the polling districts and polling places which already fall within the

Renfrewshire area. It should be noted that some of the Boundary Commission’s proposals may result in the creation of a small number of new polling districts and will result in the renaming of a number of existing polling districts.

3.7 The timetable for the conduct of the review here in Renfrewshire will be as follows:

1	Notice Published	1 June 2023
2	Representations by interested parties sought by	1 August 2023
3	Council will consider a report on the initial proposals on	28 September 2023
4	The Council, having considered all representations received, will produce draft proposals for public consultation by	2 October 2023
5	Further comments/suggestions on these proposals must be received by	1 December 2023
6	Final proposals, having regard to any comments/suggestions received will be considered by Council on	14 December 2023

3.8 In accordance with the timetable, public notice was given on 1 June 2023 of the Council’s intention to undertake the review and inviting preliminary comments on the existing polling arrangements.

3.9 The public notice has been given by advertisement on the Council’s Website, at Renfrewshire House, in local libraries, and at Renfrew and Johnstone Town Halls, and maps and documents showing the current polling arrangements will be available for public inspection.

3.10 In addition, individual notices have been given to Councillors, community councils, Renfrewshire Access Panel and Capability Scotland, for their interest.

3.11 A report will be brought to Council on 28 September 2023 setting out the comments received during this initial period of consultation. Recommendations will be made for the content of a draft Polling Plan for further consultation as set in the table above.

3.12 A copy of the current number of electors in each existing polling district as at April 2023 is attached at Appendix 2 hereto.

### Implications of the Report

1. **Financial** - *none*.
2. **HR & Organisational Development** – *none*

3. **Community/Council Planning** – *none*
  4. **Legal** – *none*
  5. **Property/Assets** - *the current Polling Plan involves the use of various council properties and consultation will take place with the appropriate officers as part of review.*
  6. **Information Technology** - *none*
  7. **Equality & Human Rights** -
    - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website. (Report author to arrange this).
  8. **Health & Safety** - *the premises currently used as polling places have been inspected and appropriate arrangements and/or adaptations have been made as necessary to obviate risk to staff and voters.*
  9. **Procurement** - *none*
  10. **Risk** – *n/a*
  11. **Privacy Impact** - *none*
  12. **Cosla Policy Position** – *none*
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### List of Background Papers

(a)

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## FINAL POLLING PLAN

### PAISLEY AND RENFREWSHIRE NORTH

District	Place name	Estimated Stations for this district	Council Ward Number
NN01	Renfrew Town Hall & Museum, Renfrew Cross, Renfrew, PA4 8PF	2	1
NN02	Kirklandneuk Community Centre, Ness Road, Renfrew, PA4 9DE	2	1
NN03	Renfrew Town Hall & Museum, Renfrew Cross, Renfrew, PA4 8PF	4	1
NN04	McMaster Centre, Robertson Park, Donaldson Drive, Renfrew, PA4 8LX	3	1
NN05	King George V Sports Pavilion, Dean Park Road, Renfrew, PA4 0AN	4	1
NN06	St James' Primary School, 10 Brown Street, Renfrew, PA4 8HL	2	1
NN07	Gallowhill Community Centre, 210 Netherhill Road, Paisley, PA3 4SF	2	2
NN08	Glynhill Hotel, 169 Paisley Road, Renfrew, PA4 8XB	2	2
NN09	Arkleston Primary School, 125 Cockels Loan, Renfrew, PA4 0EL	2	2
NN10	Newmains Primary School, 8a Lang Avenue, Renfrew, PA4 0DA	2	2
NN11	St James' Primary School, 10 Brown Street, Renfrew, PA4 8HL	1	2
NN12	St Catherine's Primary School, 28a Brabloch Crescent, Paisley, PA3 4RG	2	2
NN13	Beechwood Community Centre, 26 Shortroods Road, Paisley, PA3 2NT	1	4
NN14	Houston and Killellan Church Halls, Main Street, Houston	4	10
NN15	Cargill Hall, Lintwhite Crescent, Bridge of Weir PA11 3LJ	4	11
NN16	Langbank Village Centre, 51 Middlepenny Road, Langbank, PA14 6XB	1	11
NN17	New polling district initially at Bishopton Community Centre and then at Dargavel Primary School, Bishopton	To be assessed - between 3 and 8 polling stations	11
NN18	Bishopton Community Centre, Gledstane Rd, Bishopton PA7 5AU	6	11
NN19	Bishopton Community Centre, Gledstane Rd, Bishopton PA7 5AU	1	11
NN20	Inchinnan Primary School, 96 Old Greenock Road, Inchinnan PA4 9PH	2	12
NN21	Erskine Baptist Church, Park Hill, Erskine PA8 7HE	3	12
NN22	St Anne's Primary School, 97 Park Drive, Erskine PA8 7AL	5	12
NN23	Bargarran Primary School, 4 Barrhill Road, Erskine PA8 6BX	5	12
NP01	Williamsburgh Primary School, Lacy Street, Paisley, PA1 1QF	3	3
NP02	Ralston Community Sports Centre, Penilee Road, Paisley PA1 1AX	2	3
NP03	Ralston Community Centre, 6 Allanton Avenue, Paisley PA1 3BL	2	3
NP04	Beechwood Community Centre, 26 Shortroods Road, Paisley, PA3 2NT	3	4
NP05	Disability Resource Centre, Love Street, Paisley, PA3 2EA	1	4
NP06	St Ninian's Church, 85 Blackstoun Road, Paisley PA3 1NR	3	4
NP07	Elderslie Village Hall, Stoddard Square, Elderslie, PA5 9AS	1	8
NP08	St Ninian's Church, 85 Blackstoun Road, Paisley PA3 1NR	1	8
NS01	Tweedie Hall, Ardlamont Square, Linwood PA3 3DE	4	10
NS02	Linwood Parish Church, Blackwood Avenue, Linwood PA3 3PY	4	10
NS03	Brookfield Village Hall, 45 Woodside Road, Brookfield PA5 8UB (Registers SS16 & SS17 allocated to this station)	1	10

District	Place name	Estimated Stations for this district	Council Ward Number
NS04	Houston and Killellan Church Halls, Main Street, Houston	3	10

**PAISLEY AND RENFREWSHIRE SOUTH**

District	Place name	Estimated Stations for this district	Council Ward Number
SN01	Cargill Hall, Lintwhite Crescent, Bridge of Weir, PA11 3LJ	1	11
SP01	Williamsburgh Primary School, Lacy Street, Paisley, PA1 1QF	3	3
SP02	Martyrs Church Hall, King Street, Paisley, PA1 2LS	3	4
SP03	St Mary's Primary School, 4 Maxwellton Road, Paisley, PA1 2RJ	2	4
SP04	St Charles Church Hall, 5 Union Street, Paisley, PA2 6DU	2	4
SP05	St Ninian's Church, 85 Blackstoun Road, Paisley PA3 1NR	1	4
SP06	West End Community Centre, 5A Underwood Lane, Paisley, PA1 2SL	1	4
SP07	St Andrew's Academy, 125 Barrhead Road, Paisley, PA2 7LG	2	5
SP08	Hunterhill Community Centre, Blackford Road, Paisley, PA2 7EN	1	5
SP09	Paisley Marriage Suite, Renfrewshire House, Cotton Street, Paisley, PA1 1BU	2	5
SP10	Todholm Primary School, 260 Lochfield Road, Paisley, PA2 7JE	3	5
SP11	South End Action Centre, Stock Street, Paisley PA2 6NL	1	5
SP12	Williamsburgh Primary School, Lacy Street, Paisley, PA1 1QF	3	5
SP13	Glenburn Community Centre, 30 Fairway Avenue, Paisley, PA2 8DX	2	6
SP14	Glenburn Resource Centre, 19 Donaldswood Road, Paisley, PA2 8EA	2	6
SP15	Bushes Primary School, , Grampian Avenue, Paisley PA2 8DW	3	6
SP16	Lylesland Church, 123 Rowan Street, Paisley, PA2 6RZ	4	6
SP17	St Charles Church Hall, 5 Union Street, Paisley, PA2 6DU	2	6
SP18	Brediland Community Centre, 30 Cardell Road, Paisley, PA2 9AF	2	7
SP19	Brediland Primary School, Achray Drive, Paisley PA2 9DJ	2	7
SP20	Foxbar Rivers Community Building, Spey Avenue, Paisley, PA2 0PA	2	7
SP21	Heriot Primary School, 10 Heriot Avenue, Paisley PA2 0DS	2	7
SP22	Foxbar Community Centre, 30 Amochrie Road, Paisley PA2 0LB	2	7
SP23	Langcraigs Primary School, 245 Glenfield Road, Paisley PA2 8QE	2	7
SS01	Elderslie Village Hall, Stoddard Square, Elderslie, PA5 9AS	5	8
SS02	Johnstone Castle Community Centre, Pine Crescent, Johnstone PA5 0BX	3	8
SS03	St David's Primary School, West Johnstone Shared Campus, Beith Road, Johnstone, PA5 0BB	2	8
SS04	Cochrane Castle Community Centre, 1 Burns Drive, Johnstone PA5 0HJ	1	8
SS05	Fordbank Primary School, 23B Teviot Terrace, Johnstone PA5 0NP	1	8
SS06	Spateston Bowling Club, Spateston Road, Johnstone PA5 0SX	3	8
SS07	Thorn Primary School, 4A Thorn Brae, Johnstone PA5 8HE	1	8

<b>District</b>	<b>Place name</b>	<b>Estimated Stations for this district</b>	<b>Council Ward Number</b>
SS08	Howwood Village Hall, 10 Station Road, Howwood PA9 1BB	3	9
SS09	St Margaret's Church Hall, 49 Graham Street, Johnstone PA5 8RA	2	9
SS10	Johnstone Town Hall, 25 Church St, Johnstone PA5 8EG	2	9
SS11	Thorn Primary School, 4A Thorn Brae, Johnstone PA5 8HE	2	9
SS12	McKillop Institute, 2 Main Street, Lochwinnoch PA12 4AJ	3	9
SS13	Kilbarchan Scout Hall, Barn Green, Kilbarchan PA10 2HG	3	9
SS14	Linwood Parish Church (nb currently no electors)	1	10
SS15	Brookfield Village Hall, 43 Woodside Rd, Brookfield, Johnstone PA5 8UB	1	10
SS16	Brookfield Village Hall, 43 Woodside Rd, Brookfield, Johnstone PA5 8UB	1	10



# ELECTORATE PER POLLING DISTRICT AS AT 1 APRIL 2023

Appendix 2

## PAISLEY AND RENFREWSHIRE NORTH

District	Place name	Estimated Stations for this district	Council Ward Number	Scottish Parliamentary Constituency	Electorate
NN01	Renfrew Town Hall & Museum, Renfrew Cross, Renfrew, PA4 8PF	2	1	Renfrewshire North & West	1548
NN02	Kirklandneuk Community Centre, Ness Road, Renfrew, PA4 9DE	2	1	Renfrewshire North & West	972
NN03	Renfrew Town Hall & Museum, Renfrew Cross, Renfrew, PA4 8PF	4	1	Renfrewshire North & West	3696
NN04	McMaster Centre, Robertson Park, Donaldson Drive, Renfrew, PA4 8LX	3	1	Renfrewshire North & West	2130
NN05	King George V Sports Pavilion, Dean Park Road, Renfrew, PA4 0AN	4	1	Renfrewshire North & West	3112
NN06	St James' Primary School, 10 Brown Street, Renfrew, PA4 8HL	2	1	Renfrewshire North & West	1487
NN07	Gallowhill Community Centre, 210 Netherhill Road, Paisley, PA3 4SF	2	2	Renfrewshire North & West	1781
NN08	Glynhill Hotel, 169 Paisley Road, Renfrew, PA4 8XB	2	2	Renfrewshire North & West	1534
NN09	Arkleston Primary School, 125 Cockels Loan, Renfrew, PA4 0EL	2	2	Renfrewshire North & West	1236
NN10	Newmains Primary School, 8a Lang Avenue, Renfrew, PA4 0DA	2	2	Renfrewshire North & West	1470
NN11	St James' Primary School, 10 Brown Street, Renfrew, PA4 8HL	1	2	Renfrewshire North & West	932
NN12	St Catherine's Primary School, 28a Brabloch Crescent, Paisley, PA3 4RG	2	2	Renfrewshire North & West	1879
NN13	Beechwood Community Centre, 26 Shortroods Road, Paisley, PA3 2NT	1	4	Renfrewshire North & West	2452
NN14	Houston and Killellan Church Halls, Main Street, Houston	4	10	Renfrewshire North & West	2681
NN15	Cargill Hall, Lintwhite Crescent, Bridge of Weir PA11 3LJ	4	11	Renfrewshire North & West	3921
NN16	Langbank Village Centre, 51 Middlepenny Road, Langbank, PA14 6XB	1	11	Renfrewshire North & West	877
NN17	New polling district initially at Bishopton Community Centre and then at Dargavel Primary School, Bishopton	5	11	Renfrewshire North & West	3961

District	Place name	Estimated Stations for this district	Council Ward Number	Scottish Parliamentary Constituency	Electorate
NN18	Bishopton Community Centre, Gledstane Rd, Bishopton PA7 5AU	6	11	Renfrewshire North & West	3816
NN19	Bishopton Community Centre, Gledstane Rd, Bishopton PA7 5AU	1	11	Renfrewshire North & West	285
NN20	Inchinnan Primary School, 96 Old Greenock Road, Inchinnan PA4 9PH	2	12	Renfrewshire North & West	1609
NN21	Erskine Baptist Church, Park Hill, Erskine PA8 7HE	3	12	Renfrewshire North & West	2215
NN22	St Anne's Primary School, 97 Park Drive, Erskine PA8 7AL	5	12	Renfrewshire North & West	4346
NN23	Bargarran Primary School, 4 Barrhill Road, Erskine PA8 6BX	5	12	Renfrewshire North & West	4488
NP01	Williamsburgh Primary School, Lacy Street, Paisley, PA1 1QF	3	3	Paisley	2421
NP02	Ralston Community Sports Centre, Penilee Road, Paisley PA1 1AX	2	3	Paisley	1808
NP03	Ralston Community Centre, 6 Allanton Avenue, Paisley PA1 3BL	2	3	Paisley	1679
NP04	Beechwood Community Centre, 26 Shortroods Road, Paisley, PA3 2NT	3	4	Paisley	2452
NP05	Disability Resource Centre, Love Street, Paisley, PA3 2EA	1	4	Paisley	997
NP06	St Ninian's Church, 85 Blackstoun Road, Paisley PA3 1NR	3	4	Paisley	2312
NP07	Elderslie Village Hall, Stoddard Square, Elderslie, PA5 9AS	1	8	Paisley	473
NP08	St Ninian's Church, 85 Blackstoun Road, Paisley PA3 1NR	1	8	Paisley	538
NS01	Tweedie Hall, Ardlamont Square, Linwood PA3 3DE	4	10	Renfrewshire South	3027
NS02	Linwood Parish Church, Blackwood Avenue, Linwood PA3 3PY	4	10	Renfrewshire South	3267
NS03	Brookfield Village Hall, 45 Woodside Road, Brookfield PA5 8UB (Registers SS16 & SS17 allocated to this station)	1	10	Renfrewshire South	1039
NS04	Houston and Killellan Church Halls, Main Street, Houston	3	10	Renfrewshire South	2347

District	Place name	Estimated Stations for this district	Council Ward Number	Scottish Parliamentary Constituency	Electorate
<b><u>PAISLEY AND RENFREWSHIRE SOUTH</u></b>					
District	Place name	Estimated Stations for this district	Council Ward Number	Scottish Parliamentary Constituency	Electorate
SN01	Cargill Hall, Lintwhite Crescent, Bridge of Weir, PA11 3LJ	1	11	Renfrewshire North & West	8
SP01	Williamsburgh Primary School, Lacy Street, Paisley, PA1 1QF	3	3	Paisley	2691
SP02	Paisley West Church (formerly Martyrs Church Hall), King Street, Paisley, PA1 2LS	3	4	Paisley	2029
SP03	St Mary's Primary School, 4 Maxwellton Road, Paisley, PA1 2RJ	2	4	Paisley	2082
SP04	St Charles Church Hall, 5 Union Street, Paisley, PA2 6DU	2	4	Paisley	1828
SP05	St Ninian's Church, 85 Blackstoun Road, Paisley PA3 1NR	1	4	Paisley	295
SP06	West End Community Centre, 5A Underwood Lane, Paisley, PA1 2SL	1	4	Paisley	712
SP07	St Andrew's Academy, 125 Barrhead Road, Paisley, PA2 7LG	2	5	Paisley	1126
SP08	Hunterhill Community Centre, Blackford Road, Paisley, PA2 7EN	1	5	Paisley	1062
SP09	Paisley Marriage Suite, Renfrewshire House, Cotton Street, Paisley, PA1 1BU	2	5	Paisley	1140
SP10	Todholm Primary School, 260 Lochfield Road, Paisley, PA2 7JE	3	5	Paisley	3007
SP11	South End Action Centre, Stock Street, Paisley PA2 6NL	1	5	Paisley	1492
SP12	Williamsburgh Primary School, Lacy Street, Paisley, PA1 1QF	3	5	Paisley	1713
SP13	Glenburn Community Centre, 30 Fairway Avenue, Paisley, PA2 8DX	2	6	Paisley	1303
SP14	Glenburn Resource Centre, 19 Donaldswood Road, Paisley, PA2 8EA	2	6	Paisley	1467

<b>District</b>	<b>Place name</b>	<b>Estimated Stations for this district</b>	<b>Council Ward Number</b>	<b>Scottish Parliamentary Constituency</b>	<b>Electorate</b>
SP15	Bushes Primary School, , Grampian Avenue, Paisley PA2 8DW	3	6	Paisley	2780
SP16	South Church (formerly Martyrs Church), 123 Rowan Street, Paisley, PA2 6RZ	4	6	Paisley	2270
SP17	St Charles Church Hall, 5 Union Street, Paisley, PA2 6DU	2	6	Paisley	1312
SP18	Brediland Community Centre, 30 Cardell Road, Paisley, PA2 9AF	2	7	Paisley	1317
SP19	Brediland Primary School, Achray Drive, Paisley PA2 9DJ	2	7	Paisley	3425
SP20	Foxbar Rivers Community Building, Spey Avenue, Paisley, PA2 0PA	2	7	Paisley	1101
SP21	Heriot Primary School, 10 Heriot Avenue, Paisley PA2 0DS	2	7	Paisley	1826
SP22	Foxbar Community Centre, 30 Amochrie Road, Paisley PA2 0LB	2	7	Paisley	1877
SP23	Langcraigs Primary School, 245 Glenfield Road, Paisley PA2 8QE	2	7	Paisley	1934
SS01	Elderslie Village Hall, Stoddard Square, Elderslie, PA5 9AS	5	8	Renfrewshire South	2925
SS02	Johnstone Castle Community Centre, Pine Crescent, Johnstone PA5 0BX	3	8	Renfrewshire South	2434
SS03	St David's Primary School, West Johnstone Shared Campus, Beith Road, Johnstone, PA5 0BB	2	8	Renfrewshire South	1211
SS04	Cochrane Castle Community Centre, 1 Burns Drive, Johnstone PA5 0HJ	1	8	Renfrewshire South	760
SS05	Fordbank Primary School, 23B Teviot Terrace, Johnstone PA5 0NP	1	8	Renfrewshire South	915
SS06	Spateston Bowling Club, Spateston Road, Johnstone PA5 0SX	3	8	Renfrewshire South	1785
SS07	Thorn Primary School, 4A Thorn Brae, Johnstone PA5 8HE	1	8	Renfrewshire South	609
SS08	Howwood Village Hall, 10 Station Road, Howwood PA9 1BB	3	9	Renfrewshire South	1620

<b>District</b>	<b>Place name</b>	<b>Estimated Stations for this district</b>	<b>Council Ward Number</b>	<b>Scottish Parliamentary Constituency</b>	<b>Electorate</b>
SS09	St Margaret's Church Hall, 49 Graham Street, Johnstone PA5 8RA	2	9	Renfrewshire South	1609
SS10	Johnstone Town Hall, 25 Church St, Johnstone PA5 8EG	2	9	Renfrewshire South	1618
SS11	Thorn Primary School, 4A Thorn Brae, Johnstone PA5 8HE	2	9	Renfrewshire South	1212
SS12	McKillop Institute, 2 Main Street, Lochwinnoch PA12 4AJ	3	9	Renfrewshire South	2543
SS13	Kilbarchan Scout Hall, Barn Green, Kilbarchan PA10 2HG	3	9	Renfrewshire South	2908
SS14	Linwood Parish Church (nb currently no electors)	1	10	Renfrewshire South	
SS15	Brookfield Village Hall, 43 Woodside Rd, Brookfield, Johnstone PA5 8UB	1	10	Renfrewshire South	
SS16	Brookfield Village Hall, 43 Woodside Rd, Brookfield, Johnstone PA5 8UB	1	10	Renfrewshire South	





**To: Council**

**On: 22 June 2023**

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**Report by: Chief Executive**

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**Heading: Second Review of Scottish Parliament Boundaries – Publication of Provisional Proposals for Constituencies**

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## **1. Summary**

- 1.1 Boundaries Scotland has published its Provisional Proposals for Scottish Parliament constituencies and invited comments on those Initial Proposals no later than 17 June 2023.
  - 1.2 A response was issued on behalf of the Returning Officer within the required deadline. The response is attached as an appendix to this report. Boundaries Scotland has indicated that provided an initial response was submitted to them by the specified deadline, they would be willing to accept a final response from the Council by 22 June once it had been considered at the Council meeting.
  - 1.3 The report seeks approval of the response and advises that there will at least one further round of consultation in 2023 with further consultations being carried out in 2025 and a final report submitted to Scottish Ministers by 1 May 2025. The new boundaries will be effective at the next Scottish Parliament election, expected in May 2026.
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## **2. Recommendations**

Council is asked to:

- 2.1 Approve the response issued by the Returning Officer, which forms the appendix to this report, as also being a response on behalf of the Council to Boundaries Scotland's 2023 Second Review of Scottish Parliament Boundaries – Publication of Provisional Proposals - Constituencies;
  - 2.2 note that there will be at least one further consultation on the Review during 2023 with further consultations being carried out in 2025 and a final report submitted to Scottish Ministers by 1 May 2025; and
  - 2.3 note that the new boundaries will be effective at the next Scottish Parliament election, expected in May 2026.
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### 3. **Background**

- 3.1 Boundaries Scotland has published its Initial Proposals for the 2023 Review of Scottish Parliament Constituencies and invited comments concerning those proposals to be submitted by 17 June 2023.
  - 3.2 A copy of the consultation was issued to all elected members on 17 May 2023 and the consultation was also included on the Council's website.
  - 3.3 Scotland has 73 Scottish Parliament constituencies for the 2023 Review. Three constituencies, the Western Isles, Orkney Islands and Shetland Islands are protected by legislation and will not be subject to change.
  - 3.4 In the proposals 21 constituencies are totally unchanged; one constituency retains its boundaries but with a new name; 26 constituencies have minor changes to boundaries but retain their existing names; and 25 constituencies have both new names and new boundaries.
  - 3.7 Boundaries Scotland's Initial Proposals are available through the following link  
<https://www.consult.boundaries.scot/>
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### 4. **Renfrewshire Constituencies**

- 4.1 At present Renfrewshire Council administers elections for three Scottish Parliament constituencies. These are Paisley, Renfrewshire North and West and Renfrewshire South.

- 4.2 In terms of Boundaries Scotland's provisional proposals, Renfrewshire would retain responsibility for three constituencies. However, those proposed constituencies differ significantly from the existing constituencies.
- 4.3 It is proposed that the former Paisley constituency be renamed the Paisley and Renfrew (Burgh Constituency). As suggested by the new name, Renfrew and Gallowhill have been incorporated into the new constituency. However, Ferguslie, Castlehead, Shortroods and Millarston (Ward 4 Paisley Northwest) have been included in the new Renfrewshire West Constituency.
- 4.4 Under the proposals the Renfrewshire South Constituency has retained its name but the boundaries would change significantly. Linwood, Elderslie, Houston and the majority of Ward 8 (Johnstone South and Elderslie) have been incorporated into the new Renfrewshire West constituency. While the Renfrewshire South constituency previously contained an element of the East Renfrewshire Council area, namely Barrhead, Neilston and Uplawmoor, the new constituency would extend significantly eastwards and would stretch from Lochwinnoch in the west to Newton Mearns and Eaglesham in the east.
- 4.5 Under the proposals the former Renfrewshire North and West Constituency would be renamed as the Renfrewshire West Constituency. This new constituency would include Ward 4 (Paisley Northwest) and Ward 8 (Johnstone South and Elderslie). Inverclyde's Ward 1, which includes Kilmacolm and Quarrier's Village would move to a new Inverclyde Constituency. Therefore, the new Renfrewshire West Constituency would fall entirely within the Renfrewshire Council area.

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## 5. Response to the Provisional Proposals

- 5.1 The response on behalf of the Returning Officer, forming the appendix of this report, was submitted on 17 June 2023 to meet Boundaries Scotland's deadline. Boundaries Scotland agreed to accept a final response from the Council by 22 June 2023 to enable it to be considered at the Council meeting today.
- 5.2 The response highlights a number of points including:-
- The relocation of the Paisley Northwest Ward to the new Renfrewshire West Constituency

- The splitting of Johnstone between the Renfrewshire South and Renfrewshire West Constituencies
- The extension Eastwards of the Renfrewshire South constituency resulting in a very disparate area stretching from Lochwinnoch to Newton Mearns and Eaglesham in the East incorporating parts of Johnstone.

5.3 Depending on responses to this consultation stage, Boundaries Scotland may hold a further one month consultation on Revised Recommendations for constituencies later in 2023 and may also need to hold a number of local inquiries. Boundaries Scotland may also consult on Further Recommendations for constituencies in 2024. A consultation on proposals for Scottish Parliament regions is expected to take place in 2024 and Final Recommendations will be submitted to the Scottish Parliament in 2025. Members will be kept updated on developments throughout this process.

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## Implications of the Report

**1. Financial** – None.

**2. HR & Organisational Development** – None.

**3. Community/Council Planning** – None.

**4. Legal** – As detailed in the report.

**5. Property/Assets** – None.

**6. Information Technology** – None

**7. Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

**8. Health & Safety** – None

**9. Risk** – None.

**10. Privacy Impact** – None

**11. Cosla Policy Position** – None.

**12. Climate Risk – None.**

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**List of Background Papers – None**

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**Author:** Dave Low, Democratic Services Manager

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**List of Background Papers**

- (a) Second Review of Scottish Parliament Boundaries – Publication of Provisional Proposals for Constituencies



## **The Second Review of Scottish Parliament Boundaries**

### **Provisional Proposals for Constituencies**

#### **1. Introduction**

This response is issued on behalf of the Returning Officer for the Renfrewshire Council Area. This response will also be considered by Renfrewshire Council at its meeting on 22 June and may be adopted as the response of the Council on that date.

It is noted that the existing Scottish Parliament boundaries have remained unchanged since 2011 and were used in the 2011, 2016 and 2021 Scottish Parliament elections. It is recognised that a review is necessary and that this may result in changes to the constituencies which are administered by the Returning Officer for the Renfrewshire Council Area.

It is also noted that potentially there will be two further public consultations on the constituency proposals and potentially a further two consultations on the region proposals, with Boundaries Scotland's final recommendations being submitted by 1 May 2025.

Therefore, this response concentrates on the overall approach being taken in the Commission's Initial Proposals although, due to the issues being related, there is also comment on the details of the constituency boundaries for those constituencies administered by Renfrewshire.

The Commission is asked to note that the Returning Officer objects to the proposals made under this review in so far as they affect the constituencies administered by the RO, and also neighbouring constituencies within the existing West Scotland Region.

#### **2. Constituency Design Approach**

One main area of concern regarding the Initial Proposals is the "constituency design approach" set out in the consultation document.

Renfrewshire is included in a grouping with East Renfrewshire and Inverclyde and Glasgow City Councils, and the proposals have resulted in twelve constituencies wholly within these Council areas. It then sets out that this grouping will lose one seat.

The logic for this approach is difficult to understand. It has no basis in the legislative position, or the rules set out for such a review.

It also wholly ignores the potential impact on the Regional review.

By starting with this grouping, the Commission has in effect predetermined the outcome of the review without any regard to the rules that apply to the review; a seat must be lost from this grouping. This is irrespective of whether there are any geographical considerations apply (rule 3) or local ties (rule 4). Such an approach not only risks illogical results (as will be demonstrated below) but is open to challenge.

It also creates a situation whereby only electors within these seats covered by these four Councils are at risk of moving their regional area while wholly excluding electors within the rest of the West Scotland Region.

There is no justification given by the Commission for this approach and it does not stand up to close scrutiny when the results are considered.

The constituencies themselves have been designed without due regard to the maintenance of local ties.

### **3. Factors Considered**

The main area of concern regarding the Provisional Proposals relates to the “Factors we consider” set out in the consultation document. Most of the principles themselves are welcomed, specifically the maintenance of local ties and special geographical circumstances. However, this response to the consultation highlights the extent to which these factors appeared to have been ignored by the Commission in the conduct of this review.

Dealing firstly with Rule 1, regard is to be had to the local government area boundaries.

While it could be suggested that the changes suggested in the Renfrewshire Area could be seen to be addressing this point, the grouping of the four councils has not eased any matters here, and indeed could be said to make matters significantly worse.

Under the existing arrangements the Returning Officer is responsible for three constituencies, two of which take in small areas of Inverclyde and East Renfrewshire (Renfrewshire North and West, and Renfrewshire South). However, those areas do have substantial local connections with the remainder of the constituencies in which they are included and are well understood by the electors within them.

Overall, within the four councils which the commission has sought to group, under existing arrangements, there are two constituencies which straddle local government areas...namely the two set out above.

Under the new proposals there are still two seats which will straddle local government areas; Renfrewshire South and Glasgow Priesthill and Giffnock. So the new proposals do nothing to enhance the position under rule 1. It would appear that they are driven entirely to deal with quota issues under rule 2.

Indeed, these proposals are significantly worse than the existing arrangements. While the existing arrangements recognise local ties (as set out above), the new arrangements see the East Renfrewshire Council Area split in two. It would appear that there is no seat which would naturally fall to be administered by the Returning officer for East Renfrewshire.

While that will be a matter entirely for the RO for East Renfrewshire, the RO for the Renfrewshire area will not accept any suggestion that seats that are predominately comprised of Renfrewshire Council electors should be administered by any other RO.

Moving on to Rule 2 and electorate quota, it appears that the electorate in Glasgow is driving changes that are seriously to the detriment of electors in Renfrewshire.

We note that the figures the Commission will work with are from September 2022 and that no regard will be had to any changes (either up or down) after that date. At the time of writing this response the RO does not hold figures as at Sept 22 for the five constituencies covered by Renfrewshire, Inverclyde and East Renfrewshire. However, it is noted that the electorate in those five constituencies, as at the last Scottish Parliament Elections, amounted to 279,012. That would give a constituency average of 55,802. That is significantly above the electorate figures proposed for a number of the constituencies under the new proposals.

Accordingly, it is clear that very minor boundary changes within that grouping of five constituencies could easily deal with any perceived quota issues within that area. Indeed, it is submitted that even within the three Renfrewshire constituencies, changes could be made to balance the electoral quotas to acceptable levels, leaving Inverclyde and East Renfrewshire otherwise unchanged.

It is the grouping with Glasgow which is resulting in the numbers issues that are driving the failure to observe rules 3 and 4.

There is no reason for Glasgow to be grouped with those three councils. Indeed, it could as easily be grouped with any other council in the West Scotland Region that bounds it.

By taking this approach, the Commission has tied its hand and reached the illogical suggestions that it has.

Even if there were quota issues with the Renfrewshire, Inverclyde and East Renfrewshire areas (which is denied), the approach taken by the Commission has entirely ignored and excluded possible solutions involving other neighbouring local authority areas e.g. Skelmorlie with Inverclyde or Beith with Renfrewshire.

When moving on to consider rules 3 & 4, it is clear, as set out above, that the existing proposals appear to have ignored these when arriving at the results which are proposed. These is best illustrated by looking at the proposed new constituencies:-

**(a) Paisley and Renfrew (Burgh Constituency)**

In relation to the new proposed Paisley and Renfrew (Burgh Constituency) it is noted that the constituency has both a new name and new boundaries. It is further noted that the new boundaries will result in an increase in electorate from 55,866 to 63,856, well over the quota figure of 59,902.

The largest Paisley Council Ward - Ward 4 Paisley Northwest – has been excluded from this new constituency which appears to be very much at odds with the both the ‘special geographical circumstances’ and ‘maintenance of local ties’ factors. This ward extends into the very centre of Paisley. For example Paisley’s Royal Alexandra Hospital lies within Ward 4. There appears to be very little logic in excluding Ward 4 from the Paisley and Renfrew Constituency other than to balance numbers.

**(b) Renfrewshire West Constituency (County Constituency)**

In relation to the Renfrewshire West Constituency (County Constituency) it is noted that the constituency has both a new name and new boundaries. It is further noted that the new boundaries will result in an increase in electorate from 56,326 to 61,690, over the quota figure of 59,902.

While most of the major town of Johnstone has been included in this constituency, a large part of the West of the town has been included in the proposed Renfrewshire South constituency by splitting Ward 8. Again, very little consideration appears to have been given to maintaining local ties in Johnstone. This appears to have been driven by numbers rather than any consideration of local ties.

**(c) Renfrewshire South Constituency (County Constituency)**

In relation to the Renfrewshire South Constituency (County Constituency) it is noted that the constituency has new boundaries. It is further noted that the new boundaries will result in an increase in electorate from 52,886 to 61,996, over the quota figure of 59,902.

It is recognised that the Renfrewshire South Constituency has always included an element of East Renfrewshire, namely East Renfrewshire Wards 1 and 2. However, as set out above, those areas do have substantial local connections with the remainder of the constituency in which they are included and are well understood by the electors within them.

The proposal to extend the proposed constituency from Lochwinnoch in the west to Newton Mearns and Eaglesham in the east, results in a long narrow corridor with little regard to local authority areas, the maintenance of local ties or any inconvenience caused by the alteration of existing boundaries.

There is no local connection whatsoever between Newton Mearns and the areas to the west of the proposed constituency.

The “shape and accessibility of a constituency” has been entirely ignored. This can be demonstrated by the fact that a journey by car from Eaglesham to Lochwinnoch would cross at least five other proposed constituency boundaries (Glasgow Priesthill and Giffnock; Glasgow Cardonald and Pollock; Glasgow Central and Govan; Paisley and Renfrew; and Renfrewshire West). By public transport the situation would be just as bad. It is difficult to imagine that this would be the situation anywhere else in Scotland under the review proposals.

The existing Renfrewshire North and West Constituency has far closer ties, both in terms of community and communications, with Inverclyde’s Ward 1 than Johnstone West or Lochwinnoch have with Newton Mearns or Eaglesham.

It is hoped that you will consider these comments on the Provisional Proposals and take them into account when producing revised proposals next year.

Mark Conaghan

Head of Corporate Governance and Depute Returning Officer

