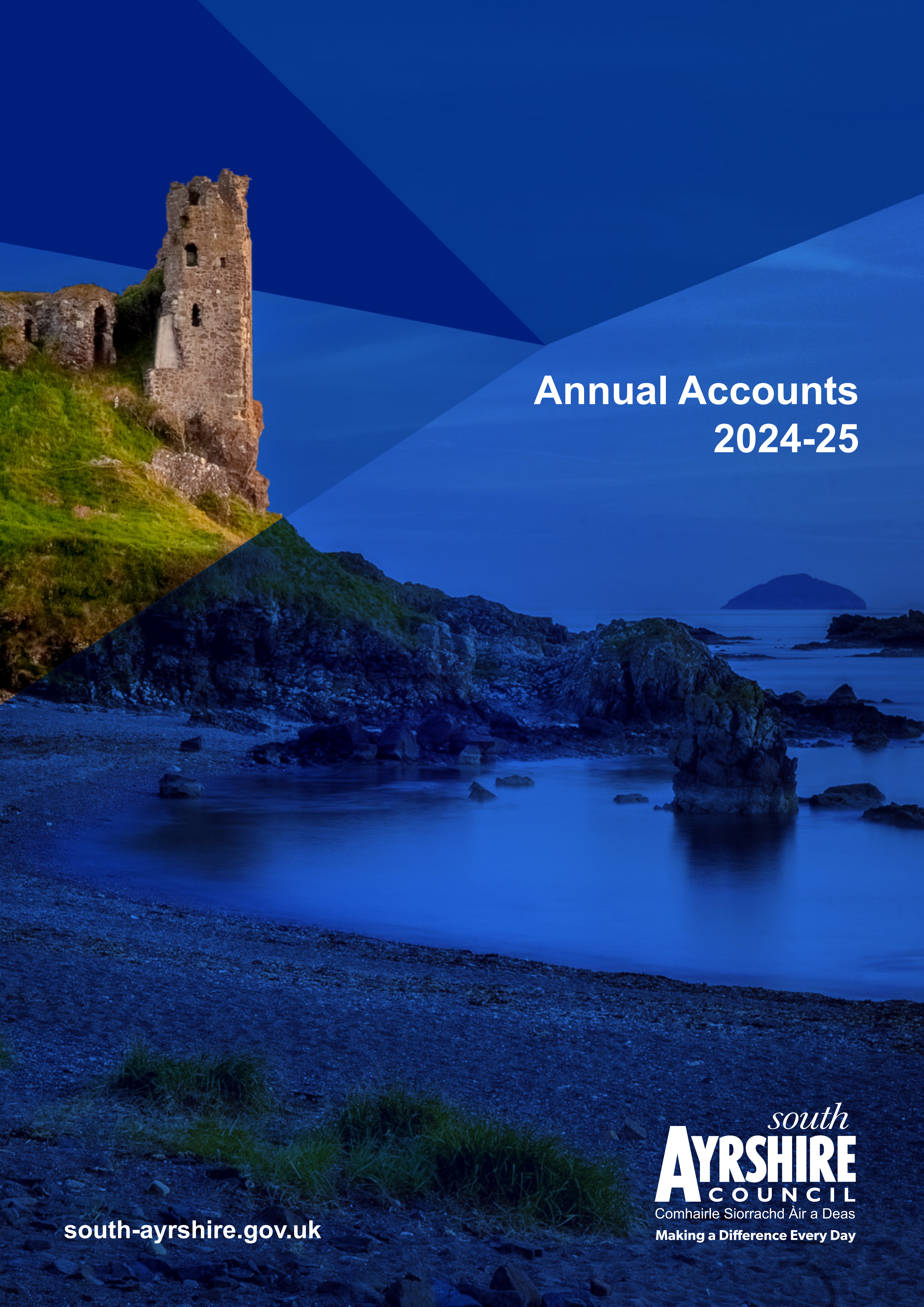

Annual Accounts 2024-25

south AYRSHIRE COUNCIL
Comhairle Siorrachd Àir a Deas
Making a Difference Every Day

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South Ayrshire Council 2024-25 Annual Accounts

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Section 1: Management Commentary

Welcome to South Ayrshire Council's Annual Accounts for the financial year ended 31 March 2025.

The accounts will provide you with important and useful information about our administration, financial management and performance in the financial year 2024-25.

South Ayrshire is home to over 112,000 people and encompasses the towns of Troon, Prestwick, Ayr, Maybole and Girvan, and their surrounding villages. The area is rich in heritage, with welcoming people, beautiful scenery, and has a wide range of attractions suitable for all ages.

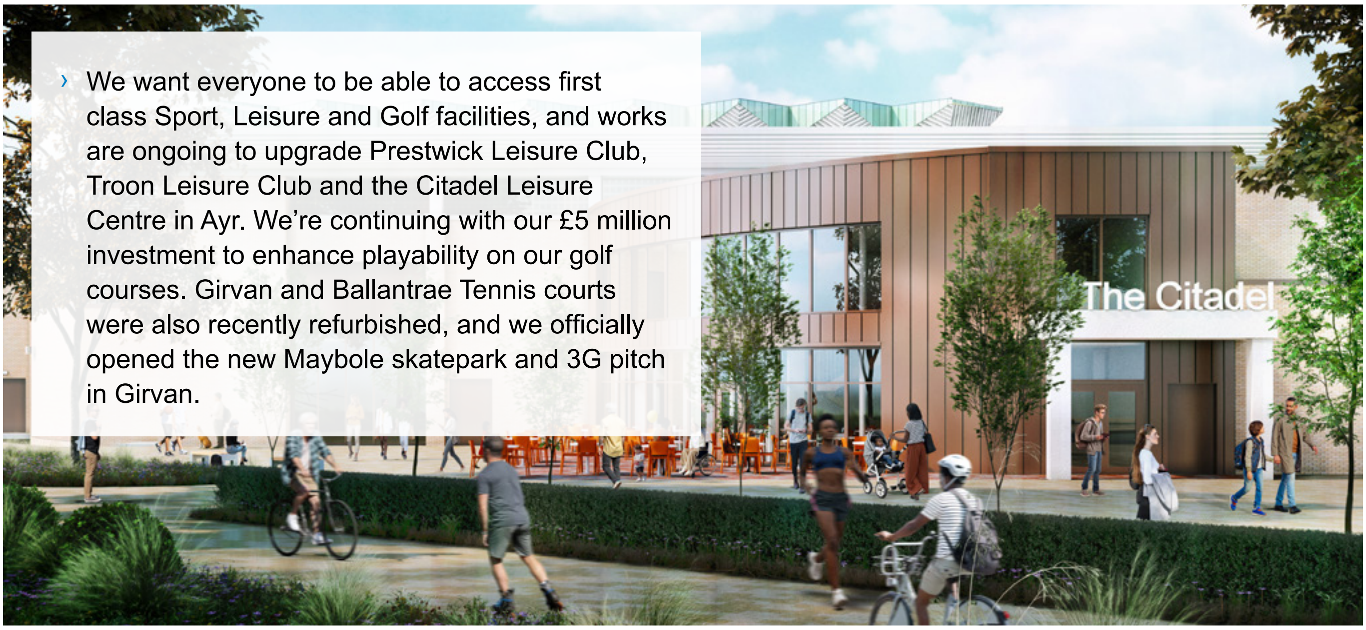
The Council is the main provider of essential services and facilities in the area. Our dedicated and hardworking staff go above and beyond to make a difference every day and ensure that we provide high-quality services that meet the needs of our residents.

Our Council Plan 2023-28 outlines our key priorities and objectives over this time frame. We have strong ambitions for an economic and sustainable future where people choose South Ayrshire as a place to live, work, visit, and invest in, and the plan sets out how we are working to achieve this. You can read more about our Council Plan on page 5

Cllr Brian Connolly
Leader of South Ayrshire Council

Highlights of 2024-25 include:

- We continued to make improvements in all eight wards in South Ayrshire through our Ward Capital Projects programme. This demonstrates our ongoing commitment to enhancing our spaces and places and promoting civic and community pride in the area. More information on projects in the programme can be found here.
- We're committed to making South Ayrshire a destination of choice and providing a wide range of public events to suit all audiences. The second International Ayr Show – Festival of Flight in September 2024 brought over 260,000 people to the area to enjoy the three-day festival. Some other events we supported include our annual Communities Fun Day in May, Summer Fayre with Armed Forces and Pipes in the Park in June, and Festive Family Fun Day in November. We also provided funding to support external events, such as the Carrick Lowland Gathering and the Festival of Ballantrae.
- Transforming our town centres is a key priority, and plans are ongoing to regenerate some of our outlying towns, such as Girvan and Maybole, and we're investing in Burns Statue Square in Ayr to upgrade the gateway into Ayr Town Centre. Plans are also ongoing to repurpose the former Hourstons building into a mixed use 'care village' development.



- We want everyone to be able to access first class Sport, Leisure and Golf facilities, and works are ongoing to upgrade Prestwick Leisure Club, Troon Leisure Club and the Citadel Leisure Centre in Ayr. We're continuing with our £5 million investment to enhance playability on our golf courses. Girvan and Ballantrae Tennis courts were also recently refurbished, and we officially opened the new Maybole skatepark and 3G pitch in Girvan.

Six of our beaches were once again recognised for their fantastic amenities, including being clean, well-managed and sustainable. Ayr, Maidens, Prestwick, Girvan, Barassie and Troon South Beach each received a prestigious Scotland's Beach Award, and our green spaces at Belleisle Park, Ayr; Fullarton Estate, Troon; Newton Park, Ayr; Orchard Gardens and Knockcushan Gardens, Girvan each won a Green Flag Award.

Providing affordable housing options for our residents is a priority, and our housing developments at Mainholm in Ayr and St Ninian's in Prestwick were handed over this year. Work is currently ongoing at the Riverside housing development to provide 75 homes in the heart of Ayr.

Plans for the new Girvan Primary School are well underway, and we're making improvements to the exterior of Troon Primary School, demonstrating our commitment to modernising our schools and education facilities. Maybole Community Campus was officially opened last year, and over the next decade we will invest around sixty million pounds modernising our schools and educational facilities. We're also expanding our free school meals provision.

We launched our 'Every Learner, Every Day' campaign last year, which is aimed at getting children and young people to appreciate all that school has to offer, and attendance is already up across all year groups.

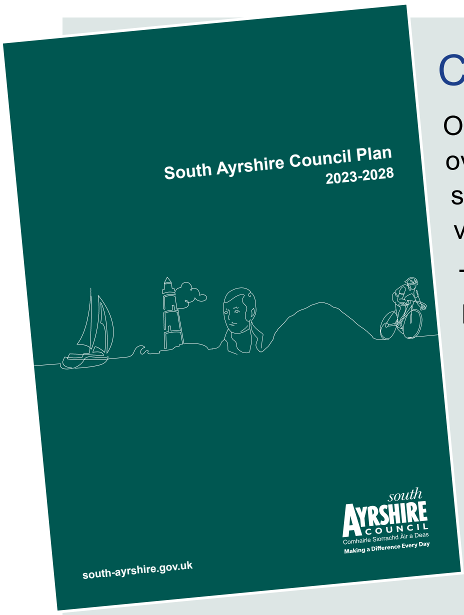
- We were ranked first place in Scotland once again for positive school leaver destinations, with an exceptional 98.7% of pupils across South Ayrshire moving on to a positive destination, compared to the national average of 95.7%.
- We continued to support local businesses with our involvement in the Scotland Loves Local South Ayrshire gift card scheme, and supported the introduction of a digital e-card to make shopping local even easier for residents and visitors.
- Our Information and Advice Team helped South Ayrshire residents to access £6.6 million in verified benefits, helping people to sustain tenancies, maximise their income, support financial inclusion and reduce child poverty.

More information can be found by visiting our **website**. We also regularly share information on our social media channels **Facebook**, **Instagram** and **LinkedIn**.

Plans for 2026 and Beyond

The last few years have focused on building on the foundations for change that we established through our Council Plan, and the clear vision and direction we have about where we want to be.

From our budget consultation, we took on board the feedback that people are willing to pay more to protect and maintain essential services – allowing us to focus our resources where they are needed most and where they will make the biggest difference. In doing so, we have been able to fund new initiatives that will help reduce inequalities and make a real difference for people and places, especially the most vulnerable in our communities.



Council Plan 2023-28

Our Council Plan 2023-28 outlines our key priorities, objectives and ambitions over the next few years. We have strong ambitions for an economic and sustainable future where people choose South Ayrshire as a place to live, work, visit, and invest in, and the plan sets out how we will achieve this.

The three overarching priorities of the plan are Spaces and Places; Live, Work, Learn; and Civic and Community Pride.

Under each of these priorities sit outcomes that outline what we want to achieve. These outcomes include a focus on quality education and lifelong learning; supporting local businesses; ensuring everyone has opportunities to take part in play, sport and recreation; and encouraging tourism and increased visitor numbers.

You can find out more about our Council Plan by visiting our website: www.south-ayrshire.gov.uk/council-plans

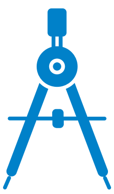
To tie in with the priorities of the Council Plan, we're also:

Investing £107.2 million in the South Ayrshire Health and Social Care Partnership, an increase of almost 6%

Investing £26.1 million over the next 12 years to improve the road network in South Ayrshire.

Investing an additional £16 million in Ayr Town Centre to improve Burns Statue Square.

Allocating £344.5 million to Capital Investment projects that will benefit our communities over the next 12 years.



Improving attainment in our schools, with **£2.6 millon for education**

South Ayrshire Overview

Between 2021 and 2043 the population of South Ayshire is projected to decrease from 112,450 to 105,191. This is a decrease of 6.9% which compares to a projected increase of 1.7% for Scotland as a whole.

112,450 POPULATION → **105,191** POPULATION

15.3% under 16
(National average 16.6%)

58.6% of the population are working age (16-64) compared with **63.8%** Nationally

26.1% 65+
(National average 19.6%)

11.9% 75+
(National average 8.7%)

By 2043 it's estimated the number of people 75+ years will have increased by 35% from **13,664** people in 2021 to **21,040**

In 2021, South Ayrshire had the 4th highest dependency ratio in Scotland

South Ayrshire has 7 datazones in the top 5% most deprived vigintile

In 2022, there were 56,453 dwellings in South Ayrshire.
95.5% were occupied dwellings which is slightly less than national rate of **95.7%**

About The Council

Elected Members

INDEPENDENT **10**
CONSERVATIVE **6**
SNP **5**
LABOUR **5**
ALBA **1**
VACANCY **1**

Staff

5022 full-time equivalent
(as at 31 March 2025)

Elected Member vacancy: One Elected Member vacancy exists in Ward 3: Ayr North following the sudden passing of Councillor Mark Dixon on 22 July 2025. A By-Election will be held on 16 October.

70.1% Ayr, Prestwick and Troon

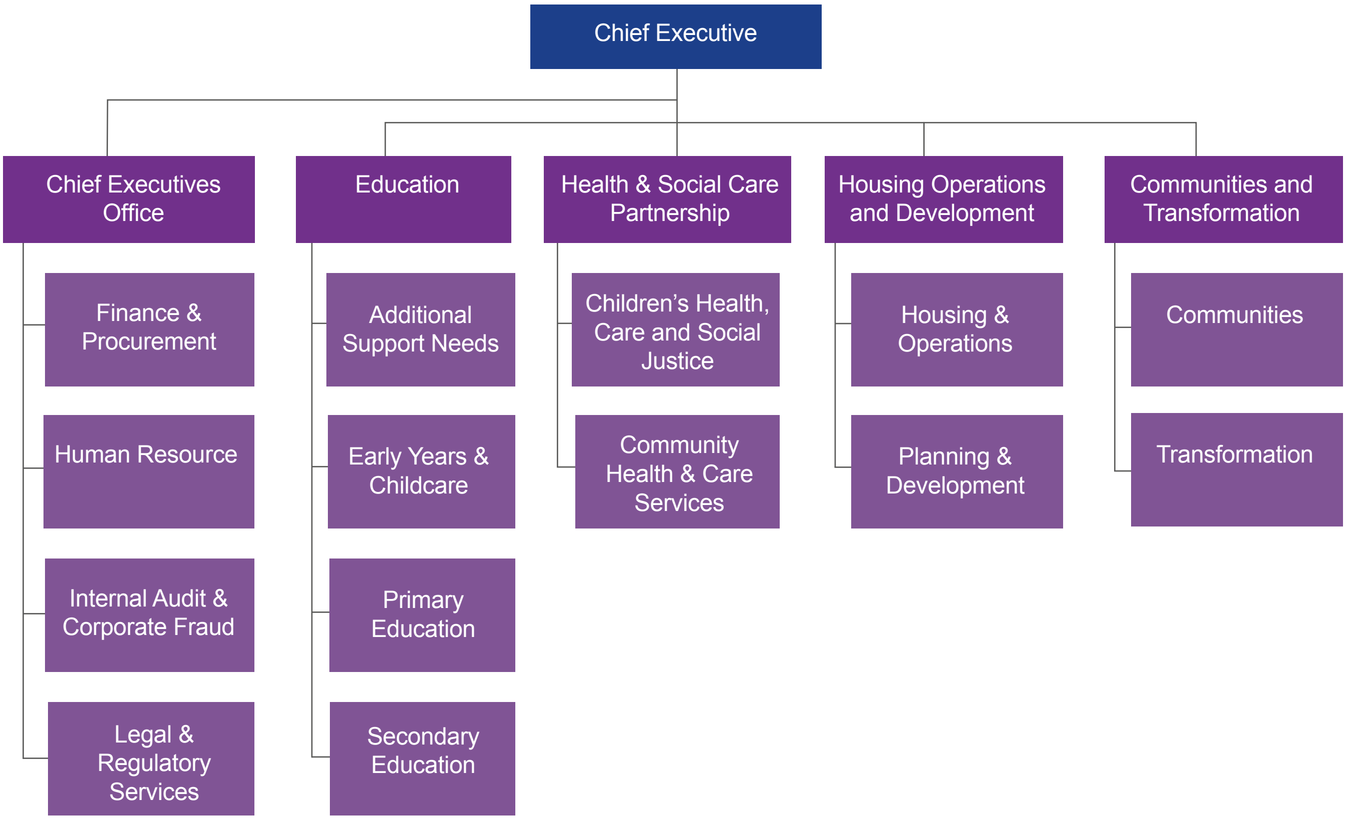
29.9% Girvan, Maybole, rural Kyle and Carrick

(Source: National Records of Scotland, Small Area Population Estimates 2021)

TROON
PRESTWICK
AYR
MAYBOLE
GIRVAN

Our Council Structure

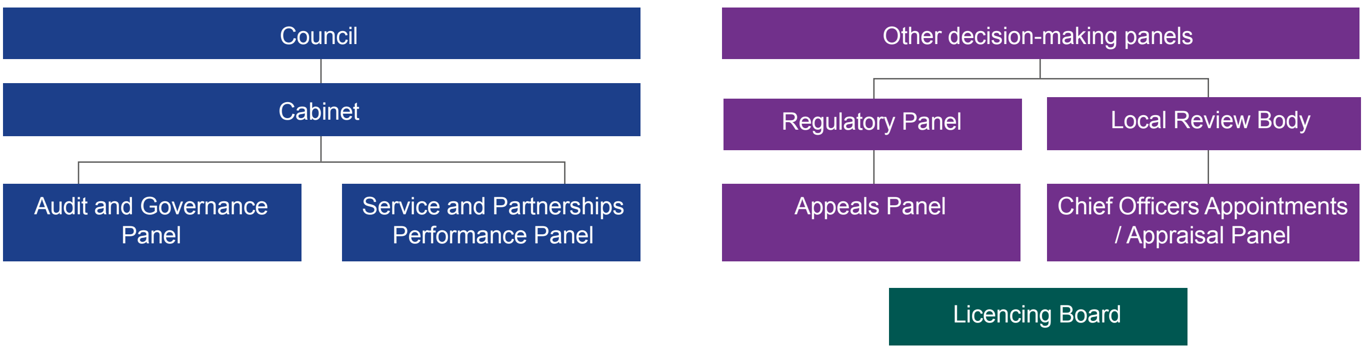
The Council approved the report ‘Shaping Our Future Council’ in March 2024 which included an enhanced leadership and management structure designed to improve the leadership capacity required to drive sustainable change. The structure below was in place throughout 2024-25.



Political decision-making structure

The Council approved it’s most recent political decision making structure in March 2023.

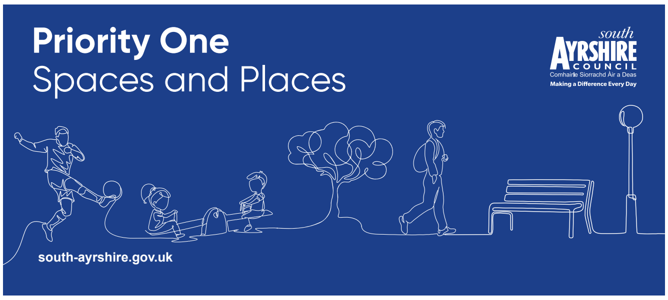
The Political decision-making structure is shown below.

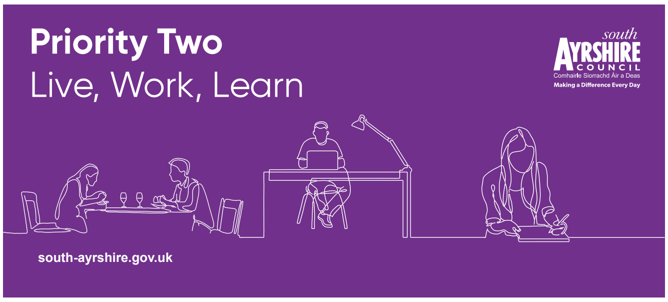


The Cabinet remains the main decision-making body of the council and decisions of the Cabinet may be subject of a “Call In” for further scrutiny to the Audit and Governance Panel.

Strategic Direction

The Council Plan (2023-2028) was agreed by Council in March 2023, and sets out the Council's framework for achieving key strategic outcomes based on three priority areas:





The Council's priorities and outcomes place an emphasis on the connection between our places and the wellbeing of our communities and environment. The place-based approach recognises that every area has a different blend of physical, social, and economic characteristics that influence each other and aims to address complex problems that no service alone can solve. The priorities provide a common framework aimed at promoting a shared understanding that encourages services and partners to work collaboratively to achieve improved outcomes and wellbeing for our communities.

A further priority – Efficient and Effective Enabling Services is included in our reporting to capture the work of our support services. The plan has been in place for two years and performance against the plan has been scrutinised by the Corporate Leadership Team and the Service and Partnership Performance Panel on alternate quarters. Overall, progress toward the priorities is good, with a summary of quarter 4 performance below:

Priority Area	Actions	On track/ Completed	Off track/Not yet started/ Re-assess due date	Overall health
Priority One: Spaces and Places	21	8 on track and 5 completed	• 8 - re-assess due date	
Priority Two: Live, Work and Learn	16	2 on track and 10 completed	• 4 - reassess due date	
Priority Three: Civic and Community Pride	9	3 on track and 4 completed	• 2 - re-assess due date	
Efficient and Effective Enabling Services	9	2 on track and 6 completed	• 1 - re-assess due date	
Total number of actions	**55**	**15 on track and 25 completed**	**15 re-assess due date**	

Detailed progress reports from quarter 2 and quarter 4 can be accessed online. Year 3 actions were considered by Cabinet in June 2025 and will be reported quarterly throughout 2025-26.

Performance against other Councils 2023-24

The Local Government Benchmarking Framework is a high-level benchmarking tool which allows local authorities to compare their performance across a wide range of key service areas such education, environmental services and adult social care. The framework is based on overall service groupings which cover the major public-facing services provided to local communities and the support services necessary to do that.

While a useful tool for beginning conversations around performance, the Improvement Service highlight that the LGBF data should not be considered in isolation but rather be used as starting point for more in-depth scrutiny of performance.

As highlighted in the Audit Scotland Best Value Assurance Report published in October 2021, it was recommended that targets are set to improve performance. Targets allow significant variations in performance to be identified and acted upon. However, targets should not be looked at in isolation as they are only one aspect of performance and do not show whether specific outcomes have been achieved. All actions supporting the new Council Plan 2023-28 are required to set a target and a completion date.

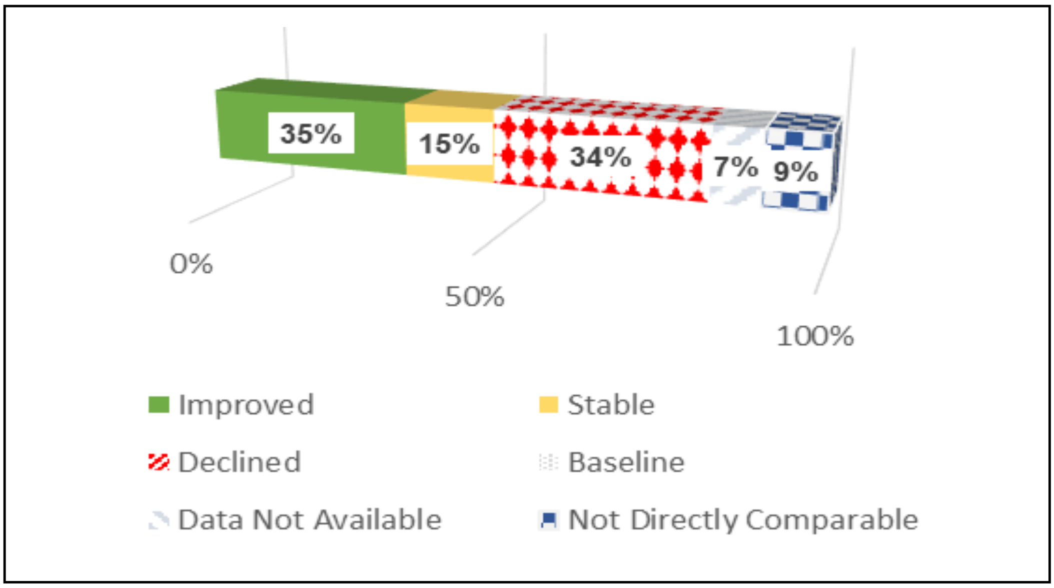
In March 2024, data packs were created and distributed to relevant Service Leads/Lead Officers with responsibility for reporting on LGBF indicators. Each data pack contained information on:

- South Ayrshire's individual performance over three and five years;
- South Ayrshire's performance in relation to our Family Group and National average over three and five years;
- The performance of our Family Group for the current year for which data is available; and
- An abbreviated commentary on the performance of the indicator nationally.

In 2025, the data packs have been revised and updated to reflect the Accounts Commission Statutory Performance Information Direction 2024 and now include information on:

- South Ayrshire's individual year on year performance and from the base year of 2018-19 or 2021-22 where comparison with 2018-19 is not possible:
- Longitudinal information on our performance with comparison to national and family group data which highlights the potential impact of Covid on the statistics: and
- Heat maps which show our Family Group Ranking from the base year.

Overall the year-on-year draft performance data suggests that 50% of indicators have improved or are stable, 34% of indicators have declined and there are 8% of indicators where data is not available and 9% have data which is not directly comparable as highlighted in the following graph.



To allow members with an opportunity for more extensive scrutiny of the LGBF data, supplementary data (presented by theme and indicator) will be presented to members of the Service and Partnership Performance Panel in 2025. Information on the individual indicators contained in the report can be found at [Committee Agendas, Papers and Minutes]

Financial Statements

The financial statements for 2024-25 and associated notes are set out on pages 42 to 85 and incorporate financial and other information required by the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Significant Accounting Policies in Section 7 of the Accounts explains the basis for the recognition, measurement and disclosure of transactions and other events in the Annual Accounts, to ensure that they present a 'true and fair view' of the Council's financial performance. An explanation of each of the financial statements which follow, and their purpose, is shown at the top of each statement.

Financial Strategy

As is the case across all local authorities, this Council faces significant financial challenges due to the increased inflationary environment and will be required to operate within even tighter fiscal constraints for the foreseeable future alongside which the continuing difficult national economic outlook and increased demand for services is increasing the pressure on Council activity. The Council's current Medium Term Financial Plan (MTFP) was published in December 2024 and then updated in February 2025 as part of the 2025-26 budget setting process.

The purpose of the MTFP is to provide a clear understanding of the expected resources that will be available in the short and medium term to deliver Council Priorities. It plays a vital part of decision-making and forms the basis of the Council's stewardship over taxpayers' funds. The February update to the MTFP indicated a potential cumulative budget gap of £26.3 million over the remaining four years of the plan.

The next update to the MTFP is due in November 2025.

Financial Performance

Financial Performance Monitoring

Financial information is a key element of the Council's performance management framework with regular reporting to the Council's Cabinet. The Council's General Fund financial performance is presented in the Annual Accounts that follow this management commentary. The Comprehensive Income and Expenditure account Statement (CIES) on Page 42 sets out the Council's funding and spending in accordance with accounting requirements which is different to the way we report performance internally. The Expenditure and Funding Analysis (EFA) on page 47 provides the link between the budget management reports and the CIES.

General Fund Revenue

The General Fund is funded by Government Grant, Council Tax Revenues and draws from accumulated reserves. The analysis below shows how the resources were used during 2024-25.

Gov. Grant: & NDR Income £284.771m

Council Tax £67.940m

Draw from Council reserves £5.875m

Total Funds received in year £358.586m

Total Resources £358.032m spent on:

Transfer to Reserves £0.555m

Chief Executive's	Health & Social Care Partnership	Education	Housing, Operations & Development	Strategic Change & Communities	Other Corporate items
£17.992m	£102.409m	£151.004m	£56.798m	£33.641m	(£3.812m)

The performance of actual spend against budget for each Service area is shown in the tables opposite with an explanation of the main variance also provided. Further detail on service out-turns can be found in the Budget Management report submitted to Cabinet on 17th June 2025 and can be found at [Committee Agendas, Papers and Minutes.]

Outturn information 2024-25				
Directorate/Service	**Final Annual Budget**	**Actual outturn**	**Variance Favourable/ (adverse)**	**Variance analysis**
	£'000	**£'000**	**£'000**	
Chief Executive's Office	19,801	17,992	1,809	Primarily due to delays in filling vacant posts.
Education	151,567	151,004	563	Primarily due to underspends in the whole Family Wellbeing Fund, Pupil Equity Funding and a Public Sector reform pilot project, all of which is being carried forward to 2025-26.
Housing, Operations and Development	56,812	56,798	14	Primarily due to overspends in Ayrshire Roads Alliance costs, offset by underspends attributable to delays in filling vacancy posts, property cost and third party payments spread across the rest of the directorate.
Housing Revenue Account	-	(1,944)	1,944	Due to delays in filling vacant posts and underspends in the costs of repairs to Council houses.
Communities and Transformation	32,959	33,641	(682)	Due to delays in filling vacant posts and over recoveries in income, offset by the impairment of abortive capital spend.
Social Care: Provision of Services	102,409	102,409	0	On line after the transfer of the in year underspend to the Integrated Joint Board accumulated reserves.
Miscellaneous Services	(5,687)	(3,813)	(1,874)	Due to an overspend in Loan Charges, reflecting higher interest rates being encountered on borrowing.
Council Tax	(67,588)	(67,940)	352	Actual in year collections were slightly higher than target for the year which resulted in an overall over recovery in income.
Government Funding	(284,398)	(284,771)	373	Additional income relates to Non Domestic Rate retained incentive scheme income.
Use of Balances	(5,875)	(5,875)	0	
Net Cost of Service	**0**	**(2,499)**	**2,499**	

The annual revised budget is the final budget at 31 March 2025 detailed in the budget management report submitted to Cabinet on the 17th June 2025 following in year updates as a result of additional government funding allocations, budget movements and allocations from earmarked balances. The initial 2024-25 revenue budget was approved by Council on 29 February 2024.

Actual net service expenditure as a percentage of budget

The Comprehensive Income and Expenditure Statement (CIES) sets out our funding and spending in line with accounting requirements which is different to the way we report financial performance internally. The Expenditure and Funding Analysis (EFA) provides a link between our budget management reports and the figures in the CIES. The table below provides a link between our management reporting to the first column of the EFA on page 47 which in turn links to the CIES on page 42.

Building the EFA						
Directorate/Service	**Actual outturn (page 12)**	**Amounts not included in net cost of Services**	**Net Expenditure chargeable to the General Fund and HRA balances**		**EFA Segment**	**EFA Column 1 (page 47)**
	£'000	**£'000**	**£'000**			**£'000**
Chief Executive's Office	17,992	(2,724)	15,268		Chief Executive's Office	15,268
Education	151,004	(15,023)	135,981		Education	135,981
Housing, Operations and Development	56,798	(8,436)	48,362		Housing, Operations and Development	48,362
Housing Revenue Account	(1,944)	(4,579)	(6,523)		Housing Revenue Account	(6,523)
Communities and Transformation	33,641	(9,683)	23,958		Strategic Change and Communities	23,958
Social Care: Provision of Services	102,409	(2,811)	99,598		Social Care: Contribution to IJB	108,676
					Social Care: Provision of Services	(9,078)
Miscellaneous Services	(3,813)	20,071	16,258		Miscellaneous Services	16,258
Council Tax	(67,940)	67,940	0			**332,902**
Government Funding	(284,771)	284,771	0			
Use of Balances	(5,875)	5,875	0			
Net Cost of Service	**(2,499)**	**335,401**	**332,902**			

Accumulated General Fund Reserves

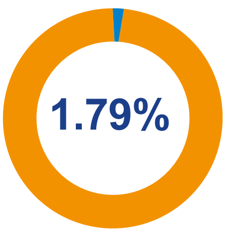
The Council holds General Fund balances to meet contingencies and for specific initiatives. Within the General Fund, certain balances are earmarked to be held for specific purposes, for example - efficiency and improvements or for workforce change purposes. The Council brought forward accumulated reserves of £28.591 million from 2023-24 and the movement during the year on this balance, agreed as part of the original 2024-25 budget and through decisions taken during the year, was as follows:

Opening balance	£28.591m
Drawn from reserves during the year	(£5.876m)
2024-25 surplus	£0.555m
Closing balance carried forward	£23.270m

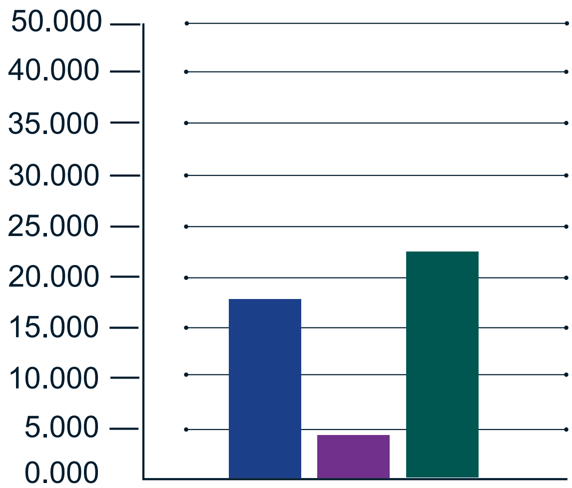
The chart below shows a breakdown of the £23.270 million accumulated reserves held at the end of 2024-25 between committed and uncommitted funds.

2024-25

Key:
- Committed funds
- Uncommitted funds
- Total accumulated reserves



Uncommitted funds as a percentage of annual budgeted expenditure



Total General Fund Reserves
£23.270m

Further detail on the reserve balances held can be found in Note 6 on page 53 and in the 2024-25 General Service Budget Management Out-turn report which can be found at: [Committee Agendas, Papers and Minutes]

The South Ayrshire HSCP is holding its own reserves of £11.100 million (inclusive of a share of Lead partnership reserves), £10.503 million of general earmarking of funds for use in future years and £0.597 million of a general unallocated reserve. The reserves held by the partnership are not included with the Council's £23.270 million shown above.

The Council keeps its level of balances under review and, as per the approved Council Financial Strategy, aims to maintain an uncommitted balance of generally between 2% and 4%, but as a minimum at least 2% of annual running costs. As noted above uncommitted reserves held sits at 1.79% which is below the desired level. The Council has already agreed to contribute £3.928 million to uncommitted reserves as part of the 2025-26 budget thereby increasing uncommitted reserves above the minimum desired 2% level.

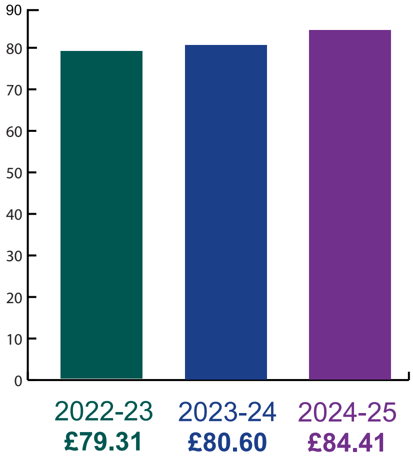
Housing Revenue Account

In addition to Government funding, Non-Domestic Rates and Council Tax income, the Council also receives income each year from Council house rents. There is a legal requirement for Councils to maintain a Housing Revenue Account (HRA) – separate from all other Council services – for all housing stock held by the Council. All spending and income related to Council house rented accommodation must be included in the HRA.

This income can only be used to meet the costs of delivering a housing service for our tenants in South Ayrshire. This includes managing the housing service, day-to-day repairs and larger investment through the modernisation of our properties.

Income

Average weekly rent (£)

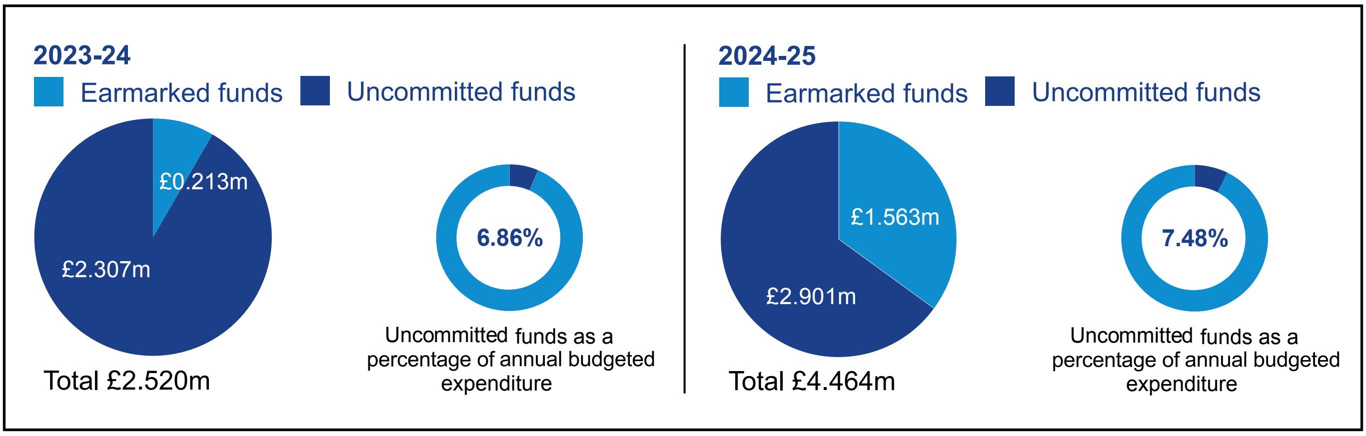


The Council continues to make ongoing capital investment in its' housing stock to improve and maintain properties in line with the Scottish Housing Quality Standard and the Energy Efficiency Standards for Social Housing. Levels of investment are informed through assumptions contained in the Housing Revenue Account (HRA) Business Plan and the HRA Capital and Revenue budget is approved annually by Council, taking account of identified investment and the approved Strategic Housing Investment Plan.

A review of the HRA Business Plan was undertaken during 2023-24 and further consultation took place with tenants during November/December 2023 on rent setting options. At a Special Meeting of South Ayrshire Council on 17th January 2024, the Council approved a rent increase of 4.5% each year for the 3-year period from 2024-25 – 2026-27.

In 2024-25, gross rent arrears were £1.240 million, this was a decrease on £1.372 million in 2023-24. The Council's performance remains strong in comparison to other Scottish Local Authorities. Despite the reduction in gross rent arrears, the recovery of income and provision of support to households has remains a challenging area of work. In 2024-25, the Council continued to utilise the Tenant Hardship Grants to support tenants in hardship to sustain their tenancy and prevent homelessness. During 2024-25 a total of 131 grants were awarded awards totaling £0.064 million.

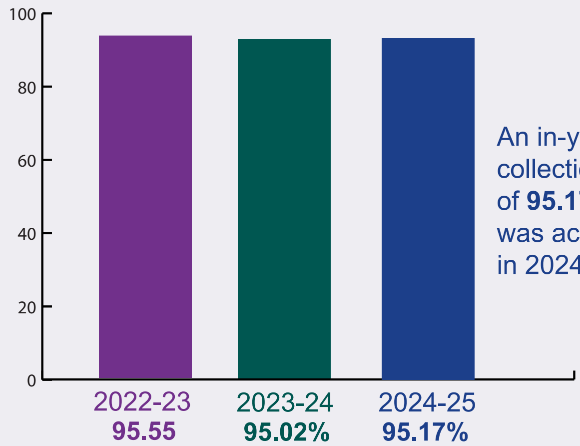
The challenges in income collection, the cost-of-living pressures, and the increased roll out of Universal Credit, including the migration of Housing Benefit cases to Universal Credit continue to be factors influencing performance in the management of rent arrears and recovery of rental income. This activity is closely scrutinised within the Housing Service and a range of mitigations and actions to manage rent arrears. Officers continue to actively reach out to households at early stages to provide advice, information, and support to tenants in managing their ongoing rent obligations and making affordable repayment arrangements for arrears.



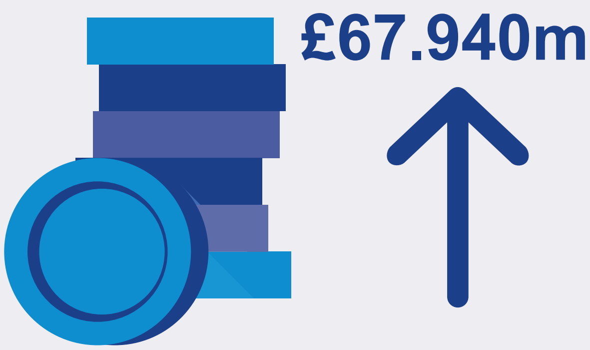
Further detail on the reserve balances held can be found in the 2024-25 HRA Budget Management Out-turn report which can be found at: [Committee Agendas, Papers and Minutes](#).

Council Tax Collections

In-year Collection Rate (%)



An in-year collection rate of **95.17%** was achieved in 2024-25

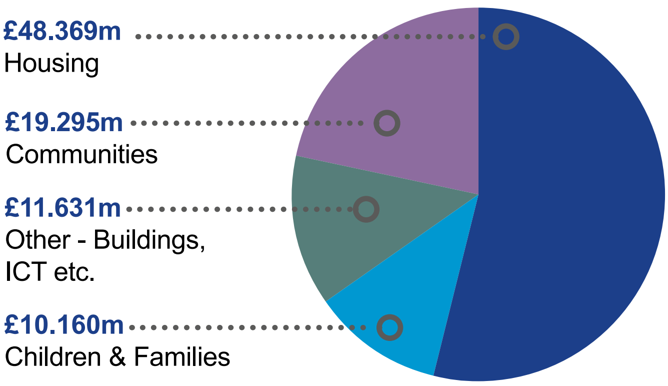


Actual Council Tax collected during 2024-25. This equated to **20%** of the overall funding required to meet net expenditure for the year 2024-25.

Capital Expenditure and Income

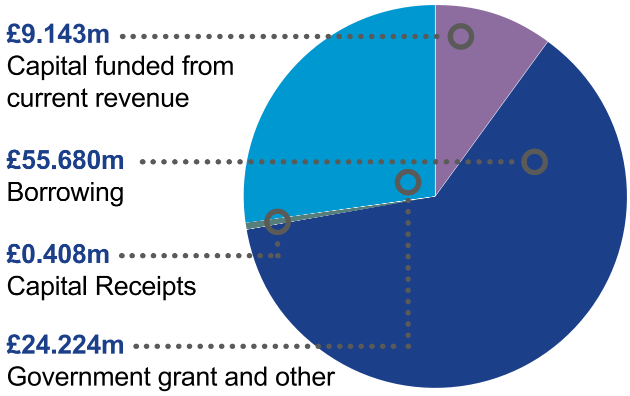
The Prudential Code for Capital Finance in Local Authorities governs the level of capital expenditure taking into account affordability and sustainability. The Council continued to make significant capital investment in schools, roads, leisure, ICT, housing and other capital projects during 2024-25 and spent in total £89.455 million during the year. The funding of this spend was financed through government grants and other contributions, capital receipts from the sale of assets, capital financed from current revenue sources and borrowing. The charts below show the breakdown of both spend and financing of the programme.

Expenditure



Total: £89.455m

Income



Total: £89.455m

Capital Investment 2024-25

During 2024-25, growth in the Scottish construction sector slowed as a result of price rises. The increases in Employer's National Insurance are also likely to lead to increased tender costs going forward.

Lack of capacity in the supply chain is a continued concern, with an ageing workforce, and insufficient apprenticeship recruitment, which leads to higher prices.

The BCIS (Building Cost Information Service) Quarterly Report indicates that tender prices have increased by 2.3% in the past year in Scotland.

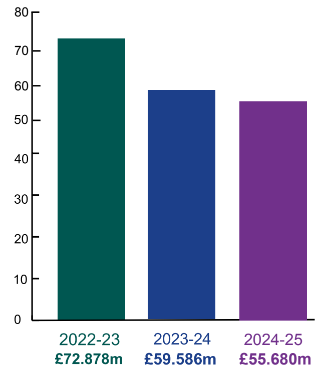
Treasury Management Activity

The Annual Treasury Management and Investment Strategy applicable for the 2024-25 financial year was approved by Council on 6 March 2024. The 2024-25 Strategy can be found at Committee Agendas, Papers and Minutes

The Strategy provides the detailed information and narrative on the authority's capital investment plans, treasury management activity (borrowing and investments), prudential indicators and the loans fund liabilities. Where capital investment is financed from borrowing, it is required to be prudent, affordable and sustainable.

New 2024-25 Borrowing

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 is for capital investment purposes and is either sourced from the use of internal cash balances held (internal borrowing) or comes from the Public Works Loan Board (PWLB), a Government-sponsored body set up with the primary purpose of lending to UK local authorities. Borrowing for capital investment purposes is paid for by charging a proportion of the cost along with interest each year to the revenue account over the life of the asset.



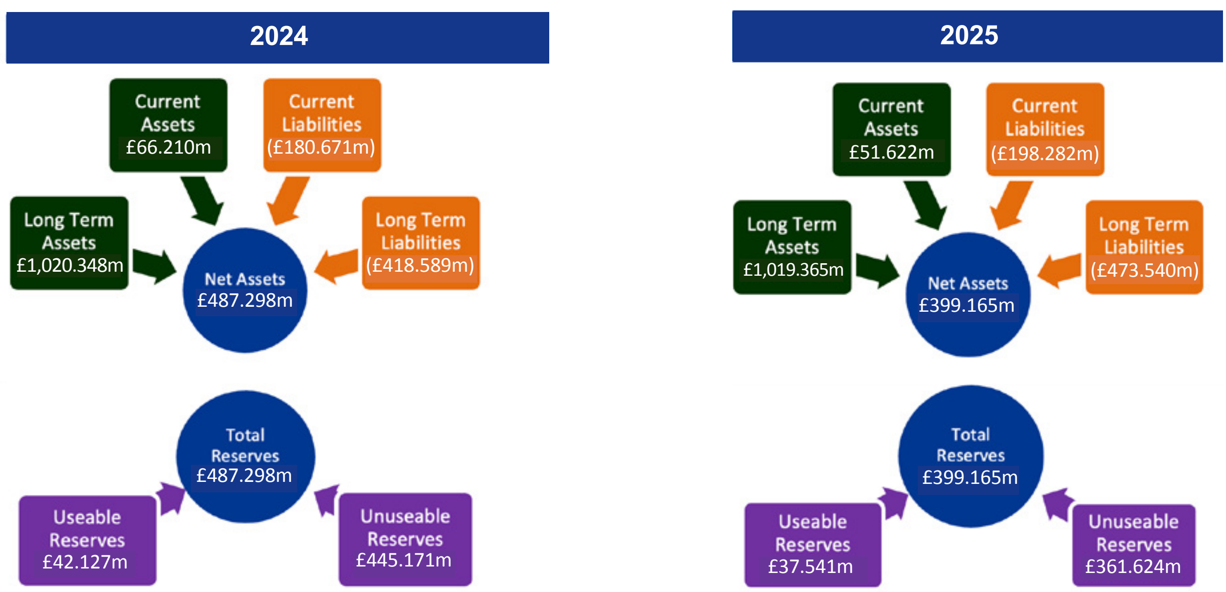
The 2024-25 Treasury and Investment annual report, which compares the actual performance against the plan was considered by the Audit and Governance Panel on 25 June 2025 and remitted to Council for approval. The key Treasury Management indicators drawn from that report are noted below:

Indicator	2023-24	2024-25	Comment
Capital Financing Requirement	£534.409m	£623.441m	External debt levels remain lower than the CFR which reflect the Council's strategy to fund part of its capital expenditure using internal funds resulting in an under borrowed position.
Gross External Debt levels	£475.683m	£560.873m	
(Over) / Under borrowed	£58.726m	£62.568m	
Ratio of Financing Costs to Net Revenue Stream - General Fund	5.23%	5.79%	These two ratios complement the assurances of borrowing only being for capital purposes with an indication of the scale of financing costs compared with the level of funding available to the Council.
Ratio of Financing Costs to Net Revenue Stream - HRA	12.36%	20.44%	

Note the 2023-24 comparator information shown above has been revised to include the impact of the newly introduced IFRS16 standard.

Balance Sheet

The Balance Sheet on page 45 summarises the Council's assets and liabilities at 31 March 2025. The Balance Sheet brings together Long-term assets, Current assets, Current liabilities and Long-term liabilities resulting in total Net Assets of £399.165 million for 2025 and shows how the Net Asset position is funded by Useable and Unusable reserves.



Additional Information

Pension Fund

The Council is required to disclose its share of Strathclyde Pension Fund's assets and liabilities, both current and future. The disclosure information is provided to the Council by the Pension Fund actuaries following their annual valuation of the Fund. Formal valuations take place every three years, with the latest formal valuation applicable for 2024-25 having taken place on 31 March 2023. The disclosure requirements for pension benefits under IAS19 are detailed at Note 27.

The appointed actuary assessed the Council's share of Strathclyde Pension Fund as a net asset of £420.667 million as at 31 March 2025 (2023-24: £305.635 million) which was subsequently reduced to £nil by the application of an asset ceiling adjustment, following consideration of the level of pension fund asset actuarial valuations at a national level. However, the valuation excludes the valuation of unfunded pension obligations, the present value of which has been assessed as a liability of £21.776 million. Accordingly, the overall pension valuation in the Balance Sheet as at 31 March 2025 is a net liability of £21.776 million.

The valuation is only applicable at the Balance Sheet date and fluctuates on a daily basis, primarily due to its reliance on stock market movements.

Public Private Partnership

The Council previously entered into a Public Private Partnership (PPP) agreement with Education for Ayrshire (e4a) for the construction and operation of two new secondary and three new primary schools, together with an annex to an existing secondary school. The first unitary charge payment relating to these schools was made during 2007-2008. During 2017-18 and then in 2019-20 the Council took occupation of the New Ayr Academy and New Queen Margaret Academy respectively, both of which were constructed via a Design, Build, Finance and Maintain contract, commonly referred to as DBFM through the Schools for the Future Programme. This form of contract is similar to the existing PPP contract except responsibility for most janitation and cleaning etc. remains with the Council.

In accordance with Finance Circular 10/2022, the Council has applied a permitted PPP Service Concession Arrangement (SCA) flexibility in financial year 2022-23 on a retrospective annuity basis to the three SCA's currently in place . The flexibility being applied is consistent with current Council Loans Fund arrangements and is considered prudent, sustainable, and affordable over the life of the asset.

Group Accounts

The Council has an interest in a number of other organisations and is therefore required to prepare Group Accounts. The Group Accounts are included separately in the Council's core statements and consolidate the results of the Council with its share of the results of two subsidiaries and four associates. The inclusion of the subsidiaries and associates in the Group Balance Sheet increases both the net assets and reserves by £48.118 million (£49.637 million in 2023-24), representing the Council's share of the net assets in these entities.

Common Good and Trust Funds

The Council administers a Common Good Fund which comprises five distinct sub-funds, Ayr, Prestwick, Troon, Maybole and Girvan. The Council controls 100% of the fund and administers it for the interest and benefit of the people in the aforementioned areas. All expenditure is met from annual income or reserves. Details of income and expenditure accounts and balance sheets can be found on page 111 of these accounts.

The Council also administers several Trust Funds, some of which are registered charities. Details of income and expenditure accounts and balance sheets can be found on page 113 of these accounts.

Separate annual accounts and a Trustees' Annual Report have been prepared for the charitable trusts. These are subject to separate external audit and are available on the Council's website.

International Financial Reporting Standard 16 (IFRS16)

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset of £15.960 million and a lease liability are now included on the balance sheet from 1 April 2024.

With effect from 1 April 2024, IFRS 16 also applies to service concession arrangements i.e. Public-Private Partnerships (PPP) and similar schemes. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase balance sheet assets by £33.636 million, with an equal increase in finance lease liabilities as at 31 March 2025.

Thereafter, given that PPP assets are treated in the same way as other Property, Plant and Equipment (PPE) assets and are held at a current value basis and are subject to regular valuation, the increase to the asset balance referred to above on transition is an increase to the historic cost of the asset, which has resulted in a value for the asset that exceeds the current valuation. It has been necessary to write the asset back down to its confirmed most recent valuation amount by making a revaluation adjustment. This adjustment has been matched by a reduction in the revaluation gains previously accumulated in the revaluation reserve for the assets.

Further information on the application of IFRS 16 can be found in Notes 24 and 25 to the core statements.

Outlook and Key Risks

Financial Outlook

The Council published its most recent Medium Term Financial Plan (MTFP) in December 2024.

The purpose of the MTFP, is to provide a clear understanding of the expected resources that will be available in the short and medium term to deliver Council Priorities. It plays a vital part of decision-making and forms the basis of the Council's stewardship over taxpayers' funds.

As is the case across all local authorities, the Council faces significant financial challenges due to the increased inflationary environment and will be required to operate within even tighter fiscal constraints for the foreseeable future alongside which the continuing difficult national economic outlook and increased demand for services is increasing the pressure on Council activity.

The primary source of funding for the delivery of Council Services is the Scottish Government through the allocation of Aggregate External Finance (General Revenue Grant and Non-Domestic Rates income) which accounts for approximately 80% of the Council's funding. The expectation is that future Scottish Government funding will be severely limited or more likely flatlined. This means that current service provision will become unaffordable within the estimated funding envelope, therefore decisions are required to increase income through other means (council tax or fees and charges) or to contract council service provision by reducing or ceasing certain non-priority service provision areas.

Contained within the MTFP is a budget strategy that sets out the key principles to ensure a robust and strategic approach to financial planning is progressed. This Budget Strategy will be key to ensuring that the achievement of the Council's Strategic Priorities identified in the new Council Plan are confined within the resources available to support the delivery of key outcomes.

The years through to 2030 (the end of the latest MTFP time-frame) will be challenging financially, given the available funding anticipated. Managing the financial pressures whilst seeking to deliver the Council's priorities will be difficult and will require a comprehensive review of the revenue budget, planned costs and performance as well as a review of the capital plans and aspirations in order to ensure that the Council remains financially resilient.

Strategic Change Programme

The Council's Strategic Change Programme was established in 2021 to develop and deliver business change projects across the Council.

In March 2024 the Council approved a revised strategic approach to Shaping Our Future Council. This work is led by the Director of Education and Depute Chief Executive and will involve strategic leadership support within the Corporate Policy, Strategy and Performance Team and the Transformation service.

As part of this decision, Council also approved the establishment of a Transformation Board chaired by the Chief Executive as the officer ultimately responsible for the transformation of the Council. Membership of the Board comprises Chief Officers of the Council.

The Board focuses its work around four key areas of strategic change.

Key Area 1: Our Workforce Key Area 2: Our Technology

Key Area 3: Our Asset Key Area 4: Our Delivery Model

In order to support this activity, as part of the budget setting process for 2024-25, the Council agreed to contribute £5 million of funding to establish a new Transformation Fund in recognition that the design, development and implementation of change activity may require upfront investment to enable the realisation of benefits.

Benefits trackers for each funded project will clearly demonstrate cashable and noncashable benefits, target dates and how benefits will be measured.

Regular benefits realisation updates and reports on live and completed projects will be monitored by the Transformation Board.

Transformation activity is regularly reported to the Service Partnership and Performance Panel for scrutiny by Members. The latest report presented in March 2025 can be found at Committee Agendas, Papers and Minutes.

Climate Change

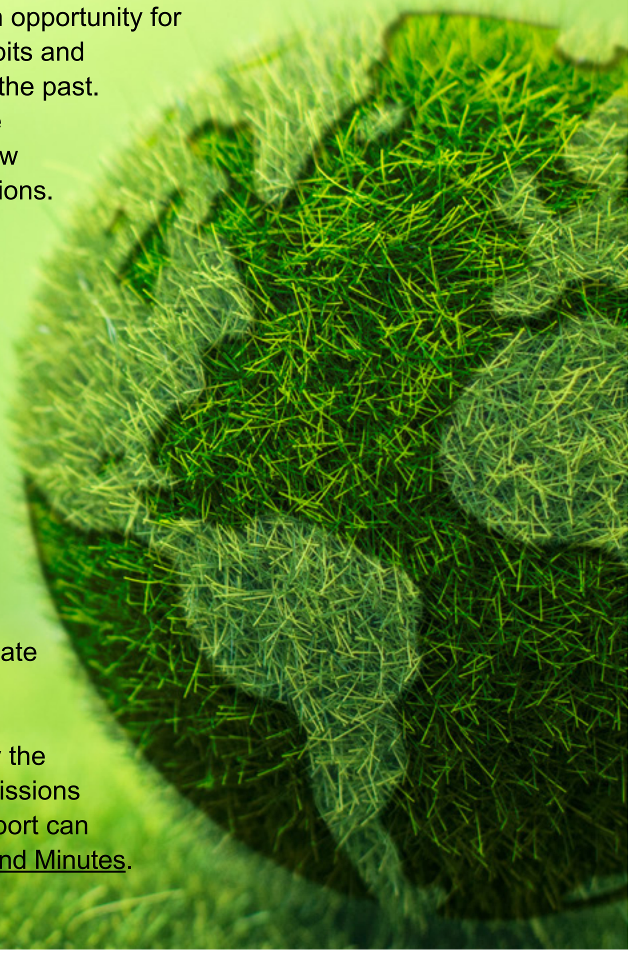
In June 2019, South Ayrshire Council adopted its first Sustainable Development and Climate Change Strategy. The strategy set out the Council's overall goal for sustainable development and climate change that: 'People in South Ayrshire enjoy a good quality of life while working to reduce greenhouse gas emissions to avoid the worst effects of climate change and build resilience to adapt to its impacts'.

In October 2020 South Ayrshire Council adopted stretching targets for the reduction of the organisation's greenhouse gas emissions, with the aim of delivering against the council's public sector climate change duties as well as its moral and ethical obligations in this area. At the same time the council also committed to make a green recovery from Covid-19. This commitment intends to ensure that the disruption brought by the pandemic is harnessed as an opportunity for positive change while leaving the negative behaviours, habits and impacts of both the pre Covid-19 era and the pandemic in the past. By moving forward in ways which build and develop on the positives we will be best placed to deliver a resilient and low carbon future with a focus on wellbeing and future generations.

Climate change has been identified as a strategic risk and as such features in the Council's Strategic Risk Register as one of the six strategic risks classified within the Protection Theme.

In February 2025, the council approved its fourth carbon budget for the period 2024-25. The carbon budget sets carbon emission targets for each directorate within the council, with the aim of reducing these in line with its carbon emissions target reduction.

Each year, in line with the Climate Change (Scotland) Act 2009, the Council reports on and makes available publicly via submission to the Scottish Government its Annual Climate Duty Report. The report covers a variety of information on climate change activity, governance arrangements and emissions data. The most recent report was considered by the Cabinet in November 2024 and reported a reduction in emissions of 47.1 percent from 2014-15 baseline information. The report can be found at can be found at Committee Agendas, Papers and Minutes.



Key Risks

The top risks for the Council are set out in our Strategic Risk Register which is reviewed and updated by the Council's Corporate Leadership Team (CLT). The Strategic Risk Register is regularly presented to the Audit and Governance Panel for review and scrutiny and thereafter presented to Cabinet for approval. The register contains sixteen strategic risks broken down across three risk themes; Governance, Protection and Resources.

The Strategic Risk Register was updated during 2024-25 to ensure that any new and emerging risks were recognised and mitigating actions identified.

The information overleaf summarises the top strategic risk under each risk theme facing the Council, as determined during 2024-25, alongside the mitigating actions.

In addition to the key risks shown overleaf a further significant risk is recognised in terms of Local Government funding and the significant budget gaps identified in the Financial Strategy section on Page 10. Further details to maintain our financial sustainability will be presented in the updated Medium Term Financial Plan to be brought to Cabinet in the coming months.

Risk theme	Governance	Protection	Resources
Risk title	External factors	Financial Inclusion	Financial Constraints
Potential risk	A range of external factors out with the Council's control such as the pandemic, Brexit, Ukraine, cost of living crisis, industrial action, disruptive weather or other, may adversely impact on the ability to fulfil Council objectives and deliver critical services.	Significant risk that the cost of living crisis, rising inflation and the current economic climate is having a detrimental impact on the local community, both public and employees.	There is a risk that current, planned or expected levels of service cannot be delivered due to limited or reducing funding.
Potential effect	Requirement to re-allocate resources, failure to deliver services to an acceptable level or drive desired improvements. Restrictions on budget, reputational damage.	Specific low-income groups are hardest hit. Current crisis is bringing unaccustomed hardships to groups who have previously managed financially. Impact on lowest paid Council staff.	Failure to deliver key services or meet change in service demands.
Mitigations	1. Continued Horizon scanning to anticipate and respond to risks. 2. Watching brief and continual discussion on funding requirements for any unanticipated emergencies. 3. Dissemination of information to officers and members around CoSLA and Chartered Institute of Public Finance and Accounting (CIPFA). 4. The Ayrshire Civil Contingencies Team (ACCT) supports the Ayrshire Local Resilience Partnership (ALRP). Chief Executive attends Strategic ALRP. 5. The Level of Interaction between Health / Councils and partners has increased and allows for more efficient collaboration in emergency planning. The HSCP Risk and Resilience Forum is well established. 6. 24/7 on call service in place via Civil Contingencies to respond to, and coordinate, Council emergency response to major incidents. 7. Staffing and resourcing arrangements are in place to support those individuals and families arriving in South Ayrshire from Ukraine.	1. Withdrawal of the National Insurance increase. 2. Increasing the Scottish Child Payment to £25 per week from 14 November 2022 3. Winter Heating Payments paid. 4. Rent Freeze Bill - 'Protecting Tenants during Cost-of-Living Crisis Bill' temporary powers to protect tenants and landlords. 5. 'One stop shop'website to help those struggling financially. 6. The Community Planning Partnership has a Financial Inclusion Strategic Delivery Group who provide direction, identify any gaps in support and direct resources to areas of most need and demand. 7. A Member Officer Working Group for the Cost-of-Living Crisis has been established.	1. Annual 2024/25 budget pre pared and approved in February 2024. 2. Council agreed a programme of future activity as part of the 2024-25 budget proposals to commence immediately following approval of the budget in order to address the significant budget gaps ex pected in the medium term. 3. £5m Transformation Fund established in February 2024 as part of the budget setting process. With a Transforma tion team being set up within the newly established Com munities and Transformation Directorate in March 2024 to oversee change activity the Council. 4. Maintain pressure on Scottish Government to agree settlements which reflect Local Authority needs through participation in CoSLA groups. 5. Updated five-year Medium Term Financial Plan approved by Council in December 2024 (next update due December 2025) 6. Annual Treasury Management Strategy prepared and ap proved by Council March 2025. Details credit and counterparty risk. 7. Treasury Management Practices (TMP's) updated annually to reflect Treasury risk such as credit and coun terparty risk management, liquidity risk management, interest rate risk management and exchange rate risk management.

A full copy of the Strategic Risk Register presented the Audit and Governance Panel in March 2025 can be found at: Committee Agendas, Papers and Minutes.

Acknowledgement

We would like to acknowledge the significant effort of all the staff across the Council, who contributed to the preparation of the Annual Accounts and to the budget managers and support staff whose financial stewardship contributed to the financial position at 31 March 2025.

More information

Our website holds more information on our strategies, plans, policies and our performance and spending which can be found by accessing the link below.
south-ayrshire.gov.uk

Councillor Brian Connolly

Councillor Brian Connolly
Leader of the Council
24 September 2025

Cleland Sneddon

Cleland Sneddon
Chief Executive
24 September 2025

Tim Baulk

Tim Baulk BA Acc CPFA
Chief Financial Officer
24 September 2025

Section 2: Statement of Responsibilities

This statement sets out the respective responsibilities of the Council and the Chief Financial Officer (as the Council's Section 95 Officer) for the Annual Accounts.

The Council's responsibilities

The Council is required to:

- plan for the proper administration of its financial affairs and to ensure that the proper officer of the Council has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). For South Ayrshire Council that officer is the Chief Financial Officer.
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Audit and Governance Panel at its meeting on 24 September 2025.

Councillor Brian Connolly

Councillor Brian Connolly
Leader of the Council
24 September 2025

The Chief Financial Officer's responsibilities

The Chief Financial Officer, as Section 95 Officer, is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (*The Code*).

In preparing these Annual Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with legislation; and
- complied with the Code of Practice (in so far as it is compatible with legislation).

The Chief Financial Officer has also:

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

I certify that the Annual Accounts statements give a "true and fair view" of the financial position of the Council at the reporting date and the transactions of South Ayrshire Council and its group for the year ended 31 March 2025.

Tim Baulk

Tim Baulk BA Acc CPFA
Chief Financial Officer
24 September 2025

Section 3: Annual Governance Statement

This statement sets out the framework within which the Council has put in place proper arrangements (known as the governance framework), for the governance of the Council's affairs thereby facilitating the effective exercise of its functions, ensuring that appropriate arrangements are in place for the management of risk and that appropriate systems of internal financial control are in place.

Scope of Responsibility

South Ayrshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 2003 to plan to secure Best Value, through continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, effectiveness, the need to meet the equal opportunity requirements, and contributing to the achievement of sustainable development.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. 2021-22 was the first full year of compliance with the CIPFA Financial Management Code 2019 (FM Code). The FM Code provides guidance for good and sustainable financial management in local authorities to provide assurance that authorities are managing resources effectively. We have assessed our compliance and are satisfied that our governance and related processes meet the requirements of the Code. A copy of the Council's Framework is available on our website at https://www.south-ayrshire.gov.uk/article/40259/Delivering-Good-Governance and can also be obtained from the Service Lead – Democratic Governance, South Ayrshire Council, County Buildings, Wellington Square, Ayr, KA7 1DR.

The Council complies with the requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government 2016". The Council's Chief Financial Officer (Section 95 Officer) has overall responsibility for the Council's financial arrangements and is professionally qualified and suitably experienced to lead the Council's finance function and to direct finance staff.

The Council complies with the requirements of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. Appropriate policies, strategies and procedures are in place to effectively manage the risk of fraud and corruption. In addition, a Corporate Fraud Team is in place which reports to the Chief Internal Auditor and is responsible for proactively and reactively investigating all types of corporate fraud against the Council.

The Council complies with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). The Council's Chief Internal Auditor has responsibility for the Council's Internal Audit function and is professionally qualified and suitably experienced to lead and direct the Council's Internal Audit staff.

Elected Members and Officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. The Audit and Governance Panel, which acts as the Council's Audit Committee, operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

The Audit and Governance Panel performs a scrutiny role in relation to the application of PSIAS and regularly monitors the performance of the Council's Internal Audit service. The Council's Chief Internal Auditor has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of conformance with the PSIAS. In line with the Public Sector Internal Audit Standards (PSIAS) there is a requirement for the internal audit function to be independently reviewed once every five-years. This review was undertaken in 2023/24 and the findings were reported to the Audit and Governance Panel in May 2024. The report noted a high level of compliance with the PSIAS, and all improvement actions arising from this review were full implemented by the due date.

This statement explains how the Council has complied with the Framework and meets the requirements of The Local Authority Accounts (Scotland) Regulations 2014 which requires all relevant bodies to prepare an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

Any system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, objectives and outcomes and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, objectives, and outcomes, to evaluate the likelihood and potential impact of those risks being realised; and to manage them efficiently, effectively, and economically.

The governance framework has been in place at South Ayrshire Council for the year ended 31 March 2025 and up to the date of approval of this statement of accounts.

The Governance Framework

The Council's Framework is built around seven principles and twenty-one sub principles that set out the key building blocks of good governance. These are allocated to lead officers who review and assess the effectiveness of the arrangements that are in place within South Ayrshire Council.

	Core Principle	Sub-principles
A	**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**	Behaving with integrity
		Demonstrating strong commitment to ethical values
		Respecting the rule of law
B	**Ensuring openness and comprehensive stakeholder engagement**	Openness
		Engaging comprehensively with institutional stakeholders
		Engaging with individual citizens and service users effectively
C	**Defining outcomes in terms of sustainable economic, social, and environmental benefits**	Defining outcomes
		Sustainable economic, social, and environmental benefits
D	**Determining the actions necessary to optimise the achievement of the intended outcomes**	Determining actions
		Planning actions
		Optimising achievement of intended outcomes
E	**Developing the Council's capacity, including the capability of its leadership and the individuals within it**	Developing the Council's capacity
		Developing the capability of the Council's leadership
F	**Managing risks and performance through robust internal control and strong public financial management**	Managing risk
		Managing performance
		Robust internal control
		Managing data
		Strong public financial management
G	**Implementing good practices in transparency, reporting, and audit to deliver effective accountability**	Implementing good practice in transparency
		Implementing good practices in reporting
		Assurance and effective accountability

Internal Financial Control

The Council's system of internal controls is based on a framework of regular management information, financial regulations, administrative procedures management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council.

In particular the system includes:

- comprehensive budgeting systems.
- regular reviews of periodic and annual financial reports which indicate financial performance against forecasts and targets.
- clearly defined capital expenditure guidelines; and
- formal project management disciplines, as appropriate.

The system of financial control can only ever provide reasonable and not absolute assurance, that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud or breaches of laws or regulations. Accordingly, the Council is continually seeking to improve the effectiveness of its system of internal controls.

The main objectives of the Council's internal control systems are:

- to ensure adherence to management policies and directives in order to achieve the organisation's objectives.
- to safeguard assets.
- to ensure relevance, reliability, and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- to ensure compliance with statutory regulations.

The system of financial control is reviewed to ensure continued effectiveness of the work of managers in the Council.

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In 2024-25, the Internal Audit section operated in accordance with United Kingdom Public Sector Internal Audit Standards (PSIAS). The requirements under PSIAS represent best practice and are mandatory.

The Chief Internal Auditor prepares an annual internal audit plan which outlines the programme of work to be undertaken. The plan is developed utilising a risk-based methodology and considers the requirement placed upon the Chief Internal Auditor to deliver an annual internal audit opinion. The plan needs to be flexible to reflect the changing risks and priorities of the organisation. The plan, and any material changes to the plan during the year, is approved by the Audit and Governance Panel. The annual assurance statement from the Chief Internal Auditor for the 2024-2025 financial year presented to the Audit and Governance Panel on 25 June 2025 states "overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2025". The assurance statement noted that there were two investigations ongoing but that no significant control weakness has been identified from the audit work complete to date. One of those investigations has since concluded and although control weaknesses were identified and improvement actions raised, these are restricted to a limited aspect of the Council's operations and do not impact on the overall level of assurance. Regarding the remaining ongoing investigation, no significant control weaknesses have been identified to date. Accordingly, the opinion of the Chief Internal Auditor remains that "overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2025".

Internal Audit reports are brought to the attention of management, including system weaknesses and/or non-compliance with expected controls, together with agreed action plans. It is management's responsibility to ensure that due consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. This includes management taking remedial action where appropriate or accepting that there may be a level of risk exposure if the weaknesses identified are not addressed for operational reasons.

Internal Audit is required to ensure that appropriate arrangements are made to determine whether action has been taken on Internal Audit recommendations or that management has understood and assumed the risk of not acting. Matters arising from internal audit work are reported to all Members, Chief Executive, Chief Financial Officer (as Section 95 Officer), Chief Governance Officer (as Monitoring Officer) and external audit.

Internal Audit use a system of common definitions in internal audit engagement opinions, as set out by CIPFA in their guidance of April 2020. Definitions are broadly in line with those already used. This aids the reader of the report in understanding control weaknesses. 'Substantial assurance' is where a sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited; 'Reasonable assurance' is where there is a generally sound system of governance, risk management and control in place. 'Limited assurance' is where significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. 'No assurance' is where immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area audited. Of the twenty-one reviews completed for South Ayrshire Council by Internal Audit during 2024-2025, eight resulted in 'substantial assurance', eleven resulted in 'reasonable assurance' and two resulted in 'limited assurance'. Management have continued to react positively to all audit reports and have agreed to 88 percent of audit recommendations raised in 2024-25 in order to enhance internal controls and to minimise the risks associated with audit findings. Management have accepted the risk in the areas where audit recommendations were not accepted.

Regarding the entities incorporated in the Group Accounts, the Council is not aware of any weaknesses within their internal control systems and has placed reliance on the individual Statements of Internal Financial Control where appropriate.

Review of Effectiveness

The 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 is informed by the work of the lead officers within the Council who have responsibility for the development and maintenance of the governance environment, Internal Audit's Annual Statement on the Adequacy of Internal Controls, and also by comments made by the external auditor and other review agencies and inspectorates.

Relating this, a year-end assessment against each of the 21 sub principles within the Council's Framework has been undertaken and signed off by the respective Service Leads / Chief Officers. These assessments were scrutinised by the Audit and Governance Panel in June 2025, ahead of formal consideration of the Council's unaudited Annual Accounts also in June 2025 as agreed with the Council's external auditor.

2024-25 Assessments of each aspect in the Delivering Good Governance Framework					
Behaving with integrity	▶	Sustainable economic, social, and environmental benefits	▲	Managing performance	▶
Demonstrating strong commitment to ethical values	▶	Determining actions	▶	Robust internal control	▶
Respecting the rule of law	▶	Planning actions	▶	Managing data	▶
Openness	▶	Optimising achievement of intended outcomes	▶	Strong public financial management	▲
Engaging comprehensively with institutional stakeholders	▶	Developing the Council's capacity	▶	Implementing good practice in transparency	▶
Engaging with individual citizens and service users effectively	▲	Developing the capability of the Council's leadership	▶	Implementing good practices in reporting	▲
Defining outcomes	▲	Managing risk	▲	Assurance and effective accountability	▶
Key: ▶	Effective	▲	Effective but scope for improvement	●	Requiring improvement

This assessment shows fifteen aspects are assessed as 'Effective' and six as effective but with scope for improvement.

Review of 2024-2025 Planned Improvement Actions

The following improvement actions were identified in the 2024-2025 Annual Governance Statement and progress is shown against each action in the table below. Three of these actions have rolled over to the 2025-2026 Improvement Action Programme:

Core Principle	2024-2025 Improvement Action	Progress
Ensuring openness and stakeholder engagement	Governance through reporting by Officers to ensure consultation data and findings are published	The annual log of consultations has been published on the website by Thriving Communities. (implemented)
	Review of formal operational agreements in place with Partnerships	A review of the agreement governing the Health and Social Care Partnership is being taken across the three partnerships during 2024/2025. The agreements for Ayrshire Roads Alliance and the South Carrick Partnership were reviewed and found fit currently for their purposes. (not fully implemented)
Defining outcomes in terms of sustainable, economic, social and environmental benefits	Revision of the Council's Land and Property Asset Management Plan	Asset Management Plan (Land and Buildings) approved at Council 12th December 2024. Requested to be made public to webmaster 19th December 2024. (implemented)
Determining the actions necessary to optimise the achievement of intended outcomes	Review of the Health and Social Care Partnership Adult Mental Health Strategy	The South Ayrshire Integration Joint Board at its meeting on 11th December 2024, approved the refreshed Live Well: Adult Mental Health and Wellbeing Strategy and its accompanying Delivery Plan for the period 2024-2034. It sets out key strategic themes that were identified through the vast range of engagement activities that took place during the development process (implemented)

Developing the Council's capacity, including the capability of its leadership and the individuals within it	Revision and updating of Role Profiles for Elected Members	This action has been carried forward to the 2025/2026 Improvement Action Plan. (not fully implemented)
Managing risks and performance	The new Enterprise Resource Planning system will facilitate both the adoption of good practice and further improvement in financial management and control	Significant progress has been made since implementation in April 2023 in understanding the process requirements of all aspects of Oracle Fusion and overcoming the associated teething problems. Although some teething issues remain, officers across all services but particularly in Finance, Procurement and ICT have learned a considerable amount about the system and the processes and controls required to facilitate its operation. This understanding is critical in order to develop and utilise the system in the most effective way possible, in order to support ongoing and continued improvement in financial management across the organisation. (not fully implemented)

Other 2024-2025 Governance Developments

- A rolling programme of **Elected member training** continues to be provided including regular Elected Member Briefings. Members on decision making panels such as the Regulatory Panel, Local Review Body (LRB) and Licensing Board receive training and briefings on the legal aspects of their decision making. Statutory training for a new member of the Licensing Board was arranged in August 2024. Chair's training for a new Chair of the Regulatory Panels (Licensing and Planning) and the LRB was also provided in October 2024. CLT has agreed that senior management can now attend member briefings.

- **Communications relating to Council meetings** - a new system has been introduced to prompt panel report authors to contact the Communications Team with information at the earliest possible time to ensure press releases and wider communications are drafted and agreed in advance of, or to align with panel dates as appropriate. Communication relating to council meetings is also discussed at ELT and at pre-Cabinet meetings. Our Communications Strategy reinforces the responsibility of Service Leads to take a strategic approach to communications, ensuring service owned campaigns and plans are in place, and that information is shared timeously with the Communications Team. A Communications Module forms part of the Council's new Leadership Development Programme and this reinforces the responsibilities of Service Leads and Coordinators.

- The Council has clear arrangements in place to support good governance and accountability. The Council's **Performance Management Framework** incorporates the Council Plan, Local Government Benchmarking Framework (LGBF), the Local Outcomes Improvement Plan (LOIP), and self-evaluation. This framework ensures regular monitoring of progress against local and national objectives, trends over time, performance against benchmarks, family groups, and comparative data. Members and senior officers continue to use performance management information as part of a consistent and well-managed approach to both scrutiny and reporting. Improvements in performance management and scrutiny are continuing to lead to a greater level of change and improvement.

- The **Service and Partnerships Performance Panel** continues to be effective at demonstrating the use of performance management information, data and local government benchmarking as part of the scrutiny process as part of the wider service planning process (including progress against the Council Plan 2023-2028 – Quarter 2 and Quarter 4 updates).

- **Senior Officers/Service Leads** develop plans with clear targets that are based around the Council priorities with quarterly reporting to Service and Partnerships Performance Panel and the Council's Leadership Team. In 2024, Service Leads data packs were created and distributed to relevant Service Leads/Lead Officers with responsibility for reporting on LGBF indicators. Each data pack contained information on:
  - South Ayrshire's individual performance over three and five years;
  - South Ayrshire's performance in relation to our Family Group and National average over three and five years;
  - The performance of our Family Group for the current year for which data is available; and

- An abbreviated commentary on the performance of the indicator nationally.

- **Self-Evaluation** - following approval to adopt the Public Service Improvement Framework (PSIF) which has supported the development of a CLT Improvement Plan and has supported the development of Service Improvement Plans, Housing Services was the first service to participate in the full PSIF process incorporating the checklist (October to December 2024). South Ayrshire Community Planning Partnership participated in the national Community Planning Self-Assessment process during October/November 2024.

- **Public Performance Reporting** - we continue to improve how we publicly report on the Council's performance as part of our statutory duty to make performance information available for our citizens and communities.

- Our **Service (re) Design Process** is now in place. CLT will co-ordinate this process, which will be influenced by Directorate priorities, Service Plans and the impact of recent reviews.

- Preparation for the development of a new **Corporate Workforce Plan** has included the creation of a Strategic Workforce Group (led by the Chief Executive).

- **Participatory Budgeting** (PB) spend for 2024/2025 will be reported to Service and Partnerships Performance Panel in August 2025.

- During 2024/2025, the Council participated in an **Audit Scotland Thematic Review of Transformation**, and this was reported to Audit and Governance in March 2025. The report drew out a number of key messages including: the council has made substantial budgetary savings in recent years whilst still achieving improved service performance; the Council has not evidenced the impact of previous transformation programmes; the new Transformation Board provides the strategic integration and ownership of the council's transformation plans; there are strong governance arrangements in place to facilitate the effective oversight of these plans and the council has demonstrated a more collegiate approach across its senior leadership to deliver the transformational change needed; the council should ensure its plans are sufficiently ambitious to credibly respond to its financial challenges; and the council, alongside the Community Planning Partnership, has engaged an external consultant, Mutual Ventures, to support service redesign across South Ayrshire. This aims to shift from a service focused approach to one that is person centric, with an emphasis on removing duplication, empowering the third sector, and enhancing outcomes for citizens.

- The Council recently reviewed its Transformation Programme to focus on projects that help support the financial sustainability of the Council by prioritising those initiatives that will realise cashable benefits. This was in response to the findings of the Audit Scotland Thematic Review of Transformation in 2025 which identified a need to strengthen the link between transformation work and the Council's medium-term financial strategy. Regular benefits reporting to Elected Members is now in place via a Transformation Reporting and Scrutiny Schedule and reports set out the extent to which transformation projects will realise savings and income generation to support the budget deficit and aid medium to long-term financial planning. Quarterly updates are provided to the Transformation Board and the Transformation Delivery Group provides monthly scrutiny on the delivery of transformation projects and benefits proposals. Transformation governance arrangements were highlighted as an area of good practice within the 2025 audit report, as well as a more collegiate approach to transformation between officers and Elected Members. A series of Members' briefings are taking place to prepare for the 2026/27 budget, including an overview of how the transformation programme will support the budget gap.

- In September 2024, Cabinet agreed to fully implement a new **Integrated Impact Assessment** (IIA) process following a test phase (this new process replaces the previous Equality Impact Assessment process). The IIA considers our legal requirements in terms of the Public Sector Equality Duty and Fairer Scotland duty but also incorporates children's rights; sustainability, climate change and biodiversity; health and wellbeing; impact on older people; rural communities; the impact of trauma; and our commitment to The Promise. Where an IIA has been completed, an IIA Summary Report is produced and attached to panel papers. The IIA Summary Reports highlights all impacts whether positive, negative, no impact or areas requiring further consideration. Where an impact assessment is made of negative, or an area requires further consideration, a supporting mitigation must be identified.

- During 2024/25 Thriving Communities launched **Your Area Your Voice Your Choice**. This consul platform is designed to assist with Participatory Budgeting and grant applications.

- In late 2024, CLT requested that our approach to **Options Appraisal** be reconsidered, updated and improved following feedback from Members and advice from the Improvement Service and Audit Scotland. The new process has now been implemented with changes made to panel papers under the options appraisal section. These changes came into effect from 1st March 2025 and comprise a requirement to include information on the options being presented and why the proposed option is preferred, and if an option appraisal has not been carried out, details as to why. Members briefings were carried out in February 2025 and workshop sessions for relevant staff carried out between February and March 2025.

- A new **Local Outcomes Improvement Plan 2024-2029 (LOIP)** was approved by South Ayrshire Community Planning Board in April 2024 following a lengthy development and consultation phase. This is supported by a Community Planning Partnership Performance Framework and a number of LOIP action plans have been agreed to take forward key priority areas for year one of the LOIP (2024-2025). The LOIP Annual Progress Report 2024 closed off our previous LOIP (2017-2024 refreshed 2019).

2025-2026 Improvement Actions

	Core Principle	Improvement Action
B	**Ensuring openness**	Refresh Community Engagement Strategy where required.
C	**Defining outcomes**	Update Asset Management Plan (Land and Property)
D	**Determining the actions**	Complete the review of Ayrshire Regional Strategy by South Ayrshire Council Officers
F	**Managing risks and performance**	Review and update Risk Management Strategy to take into account any changes including structure changes (albeit the risk management principles and methodology are still current).
G	**Deliver effective accountability**	Development and delivery of a targeted training programme to address knowledge gaps in elements of P2P process, including coding and order status maintenance.
		Introduce updated evaluation procedures for this Framework.

Assurance

Subject to the above, and on the basis of the assurance provided, we consider the governance and internal control environment operating during 2024-2025 provides reasonable and objective assurance that any significant risk impacting on our principal objectives will be identified and actions taken to avoid or mitigate their impact. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Councillor Brian Connolly

Councillor Brian Connolly
Leader of the Council
24 September 2025

Cleland Sneddon

Cleland Sneddon
Chief Executive
24 September 2025

Section 4: Remuneration Report

The Remuneration Report provides details of the local authority's remuneration policy for senior councillors and senior employees and details of any role the local authority has in determining the remuneration policy for any local authority subsidiary body. Notable changes occurred after 31 March 2025 affecting senior councillors and senior employees. Councillor Martin Dowey resigned as Leader of the Council on 14 May 2025, following which Councillor Brian Connolly was elected as Leader of the Council on 23 May 2025. Chief Executive Mike Newall resigned on 30 June 2025, following a period of absence during which Lyndsay McRoberts assumed Acting Chief Executive on 9 June 2025. Following the approval of interim Chief Executive arrangements, Cleland Sneddon assumed the role of Chief Executive on 14 July 2025 until the appointment of a permanent successor.

Introduction

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 1985 (as amended by the Local Authority Accounts (Scotland) Regulations 2014). These Regulations require various disclosures about the remuneration and pension benefits of senior councillors and senior employees.

For completeness, the disclosure requirements under paragraph 3.4.4.1(5) (6) and 3.4.5.1 (1) of *The Code* have been included in separate tables for remuneration paid to councillors, remuneration of senior employees and remuneration of officers in excess of £50,000.

All information disclosed in the tables in this Remuneration Report will be audited by Audit Scotland (unless where it is stated that the information is not subject to audit). All other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

Arrangements for remuneration

South Ayrshire Council sets the remuneration levels for Senior Councillors and Senior Officers. Its role is to ensure the application and implementation of fair and equitable systems for pay and performance management within the guidelines of and as determined by the Scottish Ministers and the Scottish Government. In reaching its decisions, the Council has regard to the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities, the Council's policies for the improvement of the delivery of local public services and the funds available to the Council.

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). Various amendments have been made since that time and the salaries payable to members were cited under the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2023 and came into force on 1 April 2023, updated regulations will be available from 1st April 2025. The regulations provide for the grading of Councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Provost, Senior Councillors or Councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. The total remuneration that may be paid to the Leader and the Provost is set out in the regulations.

When determining the level of remuneration for councillors, the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). In accordance with the regulations South Ayrshire Council may have 1 Leader, 1 Provost and up to 14 Senior Councillors. The regulations set out the maximum that the Council may pay as remuneration of Senior Councillors. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary grade within these maximum limits. In 2024-25 South Ayrshire Council had the following posts: 1 Leader, 1 Provost and 13 Senior Councillors. The regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become councillor members of the pension scheme. All allowances and expenses paid to elected members follow policies and procedures and are reviewed regularly to ensure continued relevance and compliance with legislation.

The remuneration of senior employees is set by reference to national arrangements. Industrial Relations Circular 11-23b sets the salary for the Chief Executive of South Ayrshire Council. South Ayrshire Council does not pay bonuses or performance related pay. Chief Officers are eligible to join the Local Government Pension Scheme (LGPS).

Remuneration

The following tables provide details of the remuneration of the Council's Senior Councillors and Senior Employees.

The term *remuneration* means gross salary, fees & allowances, taxable expenses, and compensation for loss of employment. Amounts presented are on an accrual's basis. It excludes pension contributions paid by the Council. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure.

The annual return of councillors' salaries and total expenses paid for 2024-2025 is available on the Council's website by following the link: [Members Salaries & Expenses 2024-2025.]

a) Remuneration of Senior Councillors and Chair of Joint Boards (subject to audit)

Name	Post title	2024-2025 Gross salary & allowances	Total Expenses	Total Remuneration	2023-2024 Total Remuneration
		£	£	£	£
M Dowey	Leader of the Council	42,698	29	42,727	40,265
I Campbell	Provost	32,024	1,503	33,527	31,973
K Bell	Councillor/Senior Councillor (1) (Note 1)	13,599	622	14,221	24,294
I Cavana	Senior Councillor (1)	25,853	99	25,952	24,573
A Clark	Senior Councillor (2)	28,870	2,578	31,448	30,863
B Connolly	Senior Councillor (2)	28,870	828	29,698	28,147
C Cullen	Senior Councillor (1)/Councillor (Note 2)	7,720	32	7,752	
I Davis	Senior Councillor (2)	28,870	30	28,900	27,065
J Dettbarn	Senior Councillor (1)	25,853	30	25,883	23,341
M Dixon	Chair of Ayrshire Valuation Joint Board (Note 3)	4,462	881	5,343	
S Ferry	Councillor/Senior Councillor (2) (Note 4)	11,073	30	11,103	27,065
W Grant	Senior Councillor (2)/Senior Councillor (1) (Note 5)	27,713	1,808	29,521	
H Hunter	Senior Councillor (2)/Chair of AVJB) (Note 6)	15,937	706	16,643	
M Kilbride	Senior Councillor (2)	28,870	30	28,900	27,067
M Kilpatrick	Senior Councillor (1)	25,853	31	25,884	24,416
A Lamont	Senior Councillor (1)/Councillor (Note 7)	12,254	921	13,175	
L Lyons	Councillor/Senior Councillor (2) (Note 8)	11,073	30	11,103	20,144
R Pollock	Senior Councillor (2)	28,870	30	28,900	27,065
P Saxton	Councillor/Senior Councillor (1) (Note 9)	18,062	650	18,712	25,987
B Shields	Senior Councillor (2)	28,870	30	28,900	27,121
		447,394	**10,898**	**458,292**	**409,386**

There were no non-cash expenses & benefits-in-kind paid during 2024-25 or 2023-24.

Note 1 Denotes K Bell is no longer in the position of Senior Councillor (1) from 10th October 2024 (1 FTE Senior Councillor £25,853.
Note 2 Denotes that C Cullen was appointed Senior Councillor (1) from 12th December 2024 (1 FTE Senior Councillor £25,853).
Note 3 Denotes that M Dixon was appointed Chair of Ayrshire Joint Valuation Board (AVJB) from 28th January 2025 remuneration received £922.
Note 4 Denotes that S Ferry is no longer in the position of Senior Councillor (2) from 19th August 2024 (1 FTE Senior Councillor Portfolio Holder £28,870).
Note 5 Denotes W Grant was appointed Senior Councillor (2) from 19th August 2024 (1 FTE Senior Councillor Portfolio Holder £28,870).

Note 6 Denotes H Hunter was appointed Senior Councillor (2) from 19th August 2024 (1 FTE Senior Councillor Portfolio Holder £28,870). Previous post was Chair of AJVB for which he received remuneration of £3,614 for the financial year 2024/25.
Note 7 Denotes A Lamont was appointed Senior Councillor (1) from 10th October 2024 (1 FTE Senior Councillor £25,853).
Note 8 Denotes L Lyons is no longer in the position of Senior Councillor (2) from 19th August 2024 (1 FTE Senior Councillor Portfolio Holder £28,870).
Note 9 Denotes P Saxon is no longer in the position of Senior Councillor (1) from 12th December 2024(1 FTE Senior Councillor £25,853).

Note:

Full post title and responsibilities relating to each councillor can be found in the Members' Allowances and Expenses Paid 2024-25 Annual Return which is available on the Council's website.
The post of Senior Councillor (2) carries responsibilities of portfolio holder and Senior Councillor (1) carries responsibilities of Panel Chair and Depute Provost.

Total remuneration is presented on an accrual's basis. There are no taxable expenses or compensation for loss of office payments associated with the above posts.

b) Remuneration paid to Councillors (subject to audit)

The Council paid the following salaries and expenses to all councillors (including the Senior Councillors above) during the year.

	2024-2025	2023-2024
	£	£
Salaries	714,912	667,676
Expenses	12,558	15,368
	727,470	**683,044**

The annual return of councillors' salaries and expenses for 2024-2025 is compiled under Scottish Local Authority Remuneration Committee (SLARC) guidance for public records whereas the Remuneration Report is compiled under a Scottish Statutory Instrument (SSI) which results in a minor difference.

c) Remuneration of senior employees (subject to audit)

	Year ended 31 March 2025		2023-2024
Name & post	**Gross salary & allowances £**	**Total Remuneration £**	**Total Remuneration £**
M Newall - Chief Executive (Note 1)	161,677	161,677	134,726
T Eltringham - Director of Health & Social Care Partnership	138,177	138,177	133,376
K Braidwood - Director of Housing, Operations & Development (Note 2)	125,091	125,091	11,801
L McRoberts - Depute Chief Executive & Director of Education	139,427	139,427	125,456
J Bradley - Director of Communities & Transformation	124,841	124,841	120,504
T Baulk - Chief Financial Officer	107,239	107,239	98,684
C Caves - Chief Governance Officer	106,674	106,674	98,684
W Wesson - Chief HR Officer	101,641	101,641	72,464
C McGhee - Chief Internal Auditor	66,467	66,467	64,133
	1,071,234	1,071,234	**859,828**

Note 1 M Newall commenced role of Chief Executive on 1st November 2023 (23/24 1 FTE £154,609).
Note 2 K Braidwood commenced employment with South Ayrshire Council on 26th February 2024 (23/24 1 FTE £120,502).

Figures above include the following election fees: 2024-25 M Newall £1,500, K Braidwood £250, L McRoberts £1,250, C Caves £1,000 and W Wesson £250.

Total remuneration is presented on an accrual's basis. The senior employees in the table above include any Council employee who has responsibility for management of the Council to the extent that the person has power to direct or control the major activities of the Council (including activities involving the expenditure of money) or reports directly to the Chief Executive, during the year to which the report relates, whether solely or collectively with other persons. There were no Taxable expenses or non-cash expenses & benefits in kind made during 2024-25.

d) Officers' remuneration (subject to audit)

The Council's employees receiving more than £50,000 remuneration for the year, excluding pension contributions, were remunerated within the following bandings:

Remuneration Bands	Number of Employees 2024-2025	Number of Employees 2023-2024
£50,000 - £54,999	266	237
£55,000 - £59,999	165	157
£60,000 - £64,999	117	70
£65,000 - £69,999	69	81
£70,000 - £74,999	47	29
£75,000 - £79,999	18	15
£80,000 - £84,999	14	7
£85,000 - £89,999	2	2
£90,000 - £94,999	3	2
£95,000 - £99,999	2	11
£100,000 - £104,999	9	-
£105,000 - £109,999	2	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	2	2
£125,000 - £129,999	-	-
£130,000 - £134,999	-	2
£135,000 - £139,999	2	-
£140,000 - £144,999	-	-
£145,000 - £149,999	-	-
£150,000 - £154,999	-	-
£155,000 - £159,000	-	-
£160,000 - £164,999	1	-
	719	615

Pension benefits

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS). The term *pension benefits* cover in-year pension contributions for the employee or councillor by the Council and the named person's accrued pension benefits at the reporting date.

Councillors' and employees' pension benefits are based on a career average revalued earnings scheme and is for benefits earned after 6 April 2015. Pension benefits are built up in a year or part year ending 31 March at a rate of 1/49th of the actual pensionable pay received in that scheme year and added to the member's pension account. The pension account is adjusted annually in line with the cost of living as currently measured by the Consumer Price Index.

The scheme's normal retirement age for both councillors and employees are the same as their state pension age with a minimum age of 65.

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 contribution rates were set at 6% for all non-manual employees.

The tiers and members' contribution rate for 2024-25 were as follows:

Full time pay	**Contribution rate 2024-2025**
On earnings up to £27,000	5.50%
On earnings above £27,001 and up to £33,000	7.25%
On earnings above £33,001 and up to £45,300	8.50%
On earnings above £45,301 and up to £60,400	9.50%
On earnings above £60,401	12.00%

Full time pay	**Contribution rate 2023-2024**
On earnings up to £23,000	5.50%
On earnings above £23,001 and up to £28,100	7.25%
On earnings above £28,101 and up to £38,600	8.50%
On earnings above £38,601 and up to £51,400	9.50%
On earnings above £51,401	12.00%

If a person works part-time the contribution is based on the actual pensionable pay earned. This includes earnings of additional hours up to the post's full-time hours.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service and not just their current employment.

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 HMRC. The accrual rate guarantees a pension account based on 1/49th of actual pensionable salary received and years of pensionable service (prior to 2015 the actual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service; prior to 2009 the actual rate guaranteed based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a 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.

a) Pension benefits of senior councillors (subject to audit)

The pension entitlements for senior councillors for the year to 31 March 2025 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year.

		In-year pension contributions			Accrued pension benefits	
Name	**Post title**	**For year to 31 March 2025** £	**For year to 31 March 2024** £		**As at 31 March 2025** **£000**	**Difference from 31 March 2024** **£000**
M Dowey	Leader of the Council	2,254	6,843	Pension	5	1
				Lump sum	-	-
I Campbell	Provost	2,246	5,824	Pension	5	1
				Lump sum	-	-
K Bell	Councillor/Senior Councillor (1) (Note 1)	884	4,702	Pension	2	1
				Lump sum	-	-
A Clark	Senior Councillor (2)	2,012	5,218	Pension	7	1
				Lump sum	-	-
B Connolly	Senior Councillor (2)	1,426	4,073	Pension	7	1
				Lump sum	-	-
C Cullen	Senior Councillor (1)/Councillor (Note 2)	502	-	Pension	3	3
				Lump sum	-	-
I Davis	Senior Councillor (2)	2,012	5,218	Pension	4	1
				Lump sum	-	-
J Dettbarn	Senior Councillor (1)	1,813	4,498	Pension	4	-
				Lump sum	-	-
S Ferry	Councillor/Senior Councillor (2) (Note 3)	715	5,218	Pension	2	1
				Lump sum	-	-
W Grant	Senior Councillor (2)/Senior Councillor (1) (Note 4)	1,183	-	Pension	11	4
				Lump sum	-	-
M Kilbride	Senior Councillor (2)	1,915	5,201	Pension	2	1
				Lump sum	-	-
M Kilpatrick	Senior Councillor (1)	-	1,878	Pension	-	-12
				Lump sum	-	-2
A Lamont	Senior Councillor (1)/Councillor (Note 5)	797	-	Pension	1	1
				Lump sum	-	-
L Lyons	Councillor/Senior Councillor (2) (Note 6)	715	3,882	Pension	4	1
				Lump sum	-	-
R Pollock	Senior Councillor (2)	2,012	5,218	Pension	4	1
				Lump sum	-	-
P Saxton	Councillor/Senior Councillor (1) (Note 7)	1,174	4,702	Pension	10	1
				Lump sum	2	-
R Shields	Senior Councillor (2)	2,012	5,218	Pension	2	1
				Lump sum	-	-
		23,672	**67,693**		**75**	**6**

Note – the above table details the councillors previously listed in table a) "Remuneration of Senior Councillors" who are also members of the council pension scheme.

Note 1 Denotes K Bell is no longer in the position of Senior Councillor (1) from 10th October 2024.
Note 2 Denotes that C Cullen was appointed Senior Councillor (1) from 12th December 2024.
Note 3 Denotes that S Ferry is no longer in the position of Senior Councillor (2) from 19th August 2024.
Note 4 Denotes W Grant was appointed Senior Councillor (2) from 19th August 2024.
Note 5 Denotes A Lamont was appointed Senior Councillor (1) from 10th October 2024.
Note 6 Denotes L Lyons is no longer in the position of Senior Councillor (2) from 19th August 2024.
Note 7 Denotes P Saxon is no longer in the position of Senior Councillor(1) from 12th December 2024.

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

b) Pension benefits of senior employees (subject to audit)

The pension entitlements of senior employees for the year to 31 March 2025 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

Name	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2025	For year to 31 March 2024		As at 31 March 2025	Difference from 31 March 2024
	£	£		£000	£000
M Newall - Chief Executive (Note 1)	10,411	26,002	Pension	91	6
			Lump Sum	158	5
T Eltringham – Director of Health & Social Care Partnership	9,664	25,742	Pension	85	6
			Lump Sum	126	4
K Braidwood - Director of Housing, Operations & Development (Note 2)	8,732	2,278	Pension	77	77
			Lump Sum	138	138
L McRoberts - Depute Chief Executive & Director of Education	8,969	22,998	Pension	8	3
			Lump Sum	-	-
J Bradley - Director of Communities & Transformation	8,732	23,257	Pension	50	4
			Lump Sum	51	2
T Baulk - Chief Financial Officer	6,954	18,466	Pension	57	6
			Lump Sum	75	6
C Caves - Chief Governance Officer	7,525	19,046	Pension	33	4
			Lump Sum	13	1
W Wesson – Chief HR Adviser	6,382	13,233	Pension	37	9
			Lump Sum	40	12
C McGhee – Chief Internal Auditor	4,463	12,378	Pension	27	3
			Lump Sum	32	3
	71,832	**163,400**		**1,098**	**289**

Note 1 M Newall commenced role of Chief Executive on 1st November 2023 (23/24 1 FTE £120,502).
Note 2 K Braidwood commenced employment with South Ayrshire Council on 26th February 2024 (23/24 1 FTE £120,502)

Exit packages of employees (subject to audit)

The table below sets out the number and costs of exit packages for both 2024-2025 and 2023-2024 financial years. The in-year costs include redundancy, pay in lieu of notice, pension strain costs and compensatory lump sums. The table also includes notional values for Compensatory Added Years (CAY) pension payments, which represents the estimated present value of all future payments until death. This value is based on pension providers' actuarial assumptions on pensioner longevity and other factors. As such, these figures are subject to change and will not reflect actual costs incurred. Exit packages exclude any costs in relation to ill health retirements.

Exit package cost band (including special payments)	2024-2025 Number of exit packages	2024-2025 Cost	2024-2025 Notional CAY cost	2023-2024 Number of exit packages	2023-2024 Cost	2023-2024 Notional CAY cost
		£	£		£	£
£0 - £20,000	2	23,187	-	2	22,456	-
£20,001 - £40,000	-	-	-	5	128,594	-
£40,001 - £60,000	-	-	-	1	41,447	-
£60,001 - £80,000	1	62,048	-	1	64,737	-
£80,001 - £100,000	-	-	-	1	89,559	-
£100,001+	-	-	-	1	68,522	49,084
Total	**3**	**85,235**	**-**	**11**	**415,315**	**49,084**

There were no compulsory redundancies during 2024-2025 or 2023-2024.

Trade union facility time (not subject to audit)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017 and require the Council to collate and publish the following information:

The number of employees during 24/25 who were relevant union officials were 43 which equates to 41.74 full time equivalents (FTE)**.**

Percentage of working hours spent by the relevant union officials on Trade Union facility time	FTE
0%	
1 – 50%	41.74
51 – 99%	
100%	

Percentage of total pay spent on trade union facility time and of total time spent on paid trade union activities.

Based on the above information, the percentage of the Council's total pay spent on Trade Union facility time is estimated at 0.01%. Approximately 32% of total paid Trade Union facility time is spent on Trade Union activities, as defined by section 170 (1)(b) of the Trade Union and Labour Relations (Consolidation) Act 1992.

Councillor Brian Connolly

Councillor Brian Connolly
Leader of the Council
24 September 2025

Cleland Sneddon

Cleland Sneddon
Chief Executive
24 September 2025

Section 5: Core Financial Statements

I) Comprehensive Income and Expenditure Statement for the year ended 31 March 2025

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis. Comparator year 2023-24 is restated to reflect changes in the management structure approved by Council in March 2024.

2023-2024 (Restated)					2024-2025				
Council			Group			Council			Group
Expend	Income	Net	Net			Expend	Income	Net	Net
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
41,315	(24,924)	16,391	16,391	Chief Executive's Office		40,793	(24,489)	16,304	16,304
150,592	(25,058)	125,534	125,534	Education		165,694	(14,846)	150,848	150,848
78,237	(13,352)	64,885	64,678	Housing, Operations and Development		72,819	(16,472)	56,347	56,190
34,347	(34,356)	(9)	(9)	Housing Revenue Account		34,656	(36,195)	(1,539)	(1,539)
45,273	(13,665)	31,608	31,359	Communities and Transformation		53,360	(17,231)	36,129	35,880
102,112	-	102,112	102,112	Social Care: Contribution to IJB		108,676	-	108,676	108,676
127,026	(132,917)	(5,891)	(5,891)	Social Care: Provision of Services		129,879	(136,146)	(6,267)	(6,267)
6,149	(1,203)	4,946	4,920	Miscellaneous Services		7,523	(190)	7,333	7,313
-	-	-	145	Common Good Funds		-	-	-	542
585,051	**(245,475)**	**339,576**	**339,239**	**Cost of services**		**613,400**	**(245,569)**	**367,831**	**367,947**
		6,139	6,139	Loss on disposal of non-current assets				4,392	4,392
				Gain on lease recognition (IFRS16)				(1,287)	(1,287)
				Financing and investment income and expenditure:					
		22,481	22,481	Interest payable and similar charges				25,231	25,231
		(1,955)	(1,955)	Interest and investment income			*Note 10*	(2,517)	(2,517)
		(1,062)	(1,062)	Net interest on the Net Defined Pension liability			*Note 27*	1,492	1,492
		-	(563)	Share of (surplus)/ deficit on provision of services by associates				-	1,602
		(349,331)	(349,331)	**Taxation and non-specific grant income**			*Note 21*	(376,018)	(376,018)
		15,848	**14,948**	**Deficit on the provision of services**				**19,124**	**20,842**
		(70,097)	(70,097)	(Surplus)/Deficit on the revaluation of Non-Current Assets				85,626	85,626
		(38)	(38)	(Surplus)/Deficit on financial assets measured at fair value				(24)	(24)
		22,489	22,489	Remeasurements of the Net Defined Pension benefit liability/(asset)			*Note 27*	(16,593)	(16,593)
		-	1,275	Share of other comprehensive income and expenditure of associates				-	(199)
		(47,646)	**(46,371)**	**Other comprehensive expenditure/ (income)**				**69,009**	**68,810**
		(31,798)	**(31,423)**	**Total comprehensive expenditure/(income)**				**88,133**	**89,652**

II) Movement in Reserves Statement for the year ended 31 March 2025

This statement shows the movement in the year on the different reserves held by the Council, analysed into "Usable Reserves" (i.e., those that can be applied to fund expenditure or reduce local taxation) and "Unusable Reserves". The 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 *Comprehensive Income and Expenditure Statement*. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase or Decrease before Transfers to Earmarked Reserves shows the statutory General Fund Balance before any discretionary transfers to and from the earmarked reserves of the Council. The Group element of the statement below provides details of the Council's share of the results of two subsidiaries and four associates. Separate notes to the Group are contained in section eleven of the accounts on pages 108 to 110.

2024-2025				**Council Reserves**					**Share of Group**	**Total Group Reserve**
	General fund balance	Housing revenue account balance	Capital grants unapplied account	Other Statutory Funds	Capital fund	**Total usable reserve**	**Unusable reserves**	**Total Council reserves**	Usable and unusable	**Usable and unusable**
	£'000	£'000	£'000	£'000	£'000	**£'000**	**£'000**	**£'000**	£'000	**£'000**
Balance at 31 March 2024	28,591	2,520	9,701	1,171	144	**42,127**	**445,171**	**487,298**	49,637	**536,935**
Movement in reserves during 2024-2025										
(Deficit)/ surplus on the provision of services	(24,545)	5,421	-	-	-	**(19,124)**	-	**(19,124)**	(1,718)	**(20,842)**
Other comprehensive income and expenditure	-	-	-	-	-	**-**	**(69,009)**	**(69,009)**	199	(68,810)
Total comprehensive income and expenditure	(24,545)	5,421	-	-	-	**(19,124)**	**(69,009)**	**(88,133)**	(1,519)	**(89,652)**
Adjustments between accounting basis and funding basis (Note 5)	19,278	(3,477)	(887)	(376)	-	**14,538**	**(14,538)**	**-**	-	**-**
Net increase/ (decrease) before transfers	(5,267)	1,944	(887)	(376)	-	**(4,586)**	**(83,547)**	**(88,133)**	(1,519)	**(89,652)**
Transfers to/from earmarked reserves (Note 6)	(54)	-	-	50	4	**-**	**-**	**-**	-	**-**
Increase/ (decrease) in 2024-2025	(5,321)	1,944	(887)	(326)	4	**(4,586)**	**(83,547)**	**(88,133)**	(1,519)	**(89,652)**
Balance at 31 March 2025	23,270	4,464	8,814	845	148	**37,541**	**361,624**	**399,165**	48,118	**447,283**

2023-2024				Council Reserves					Share of Group	Total Group Reserve
	General fund balance	Housing revenue account balance	Capital grants unapplied account	Other Statutory funds	Capital fund	**Total usable reserve**	**Unusable reserves**	**Total Council reserves**	Usable and unusable	**Usable and unusable**
	£'000	£'000	£'000	£'000	£'000	**£'000**	**£'000**	**£'000**	£'000	**£'000**
Balance at 31 March 2023	47,744	3,279	9,478	1,159	138	**61,798**	**393,702**	**455,500**	50,012	**505,512**
Movement in reserves during 2023-2024										
(Deficit)surplus on the provision of services	(21,818)	5,970	-	-	-	**(15,848)**	-	**(15,848)**	900	**(14,948)**
Other comprehensive income and expenditure	-	-	-	-	-	**-**	**47,646**	**47,646**	(1,275)	**46,371**
Total comprehensive income and expenditure	(21,818)	5,970	-	-	-	**(15,848)**	**47,646**	**31,798**	(375)	**31,423**
Adjustments between accounting basis and funding basis (Note 5)	(1,255)	(6,729)	223	(38)	3,976	**(3,823)**	**3,823**	**-**	-	**-**
Net increase/ (decrease) before transfers	(23,073)	(759)	223	(38)	3,976	**(19,671)**	**51,469**	**31,798**	(375)	**31,423**
Transfers to/from earmarked reserves (Note 6)	3,920	-	-	50	(3,970)	**-**	**-**	**-**	-	**-**
Increase/ (decrease) in 2023-2024	(19,153)	(759)	223	12	6	**(19,671)**	**51,469**	**31,798**	(375)	**31,423**
Balance at 31 March 2024	28,591	2,520	9,701	1,171	144	**42,127**	**445,171**	**487,298**	49,637	**536,935**

III) Balance Sheet as at 31 March 2025

The Balance Sheet is a snapshot of the value at the reporting date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) of the Council are matched by the reserves held. Reserves are reported in two categories: (i) usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use; and (ii) unusable reserves, i.e., those reserves that the Council is not able to use to provide services. These include reserves that hold unrealised gains or losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the *Movement in Reserves Statement* line "Adjustments between accounting basis and funding basis".

2023-2024				**2024-2025**	
Council £'000	**Group £'000**		*Note*	**Council £'000**	**Group £'000**
997,553	1,011,818	Property, plant, and equipment	*7*	995,442	1,007,328
6,161	6,161	Heritage assets	*8*	6,241	6,241
15,566	15,566	Intangible assets	*9*	16,592	16,592
1,068	1,068	Long-term investments	*10*	1,090	1,090
1,020,348	**1,034,613**	**Long-term assets**		**1,019,365**	**1,031,251**
5,066	5,066	Short-term investments	*10*	-	-
756	756	Assets held for sale	*14*	516	516
673	675	Inventories	*11*	680	682
42,604	42,606	Short-term debtors	*12*	38,593	38,595
17,111	17,111	Cash and cash equivalents	*13*	11,833	11,833
66,210	**66,214**	**Current assets**		**51,622**	**51,626**
(85,125)	(85,125)	Short-term borrowing	*10*	(106,174)	(106,174)
(88,104)	(88,216)	Short-term creditors	*15*	(80,408)	(80,508)
(1,507)	(1,527)	Short-term provisions	*16*	(1,314)	(1,334)
(5,935)	(4,860)	Other short-term liabilities	*17*	(10,386)	(6,892)
(180,671)	**(179,728)**	**Current liabilities**		**(198,282)**	**(194,908)**
(864)	(864)	Long-term provisions	*16*	(466)	(466)
-	34,455	Investments in associates/joint ventures		-	32,884
(308,635)	(308,635)	Long-term borrowing	*10*	(334,139)	(334,139)
(2,319)	(2,319)	Other long-term liabilities (finance leases)	*24*	(9,453)	(9,453)
(25,037)	(25,037)	Other long-term liabilities (pensions)	*27*	(21,776)	(21,776)
(81,734)	(81,764)	Other long-term liabilities	*10*	(107,706)	(107,736)
(418,589)	**(384,164)**	**Long-term liabilities**		**(473,540)**	**(440,686)**
487,298	**536,935**	**Net assets**		**399,165**	**447,283**
42,127	42,127	Usable reserves	*6*	37,541	37,541
445,171	445,171	Unusable reserves	*18*	361,624	361,624
-	49,637	Group reserves		-	48,118
487,298	**536,935**	**Total reserves**		**399,165**	**447,283**

The unaudited Annual Accounts were issued on 26 June 2025. The audited Annual Accounts were authorised for issue on 24 September 2025.

Tim Baulk

Tim Baulk BA Acc CPFA
Chief Financial Officer
24 September 2025

IV) Cash Flow Statement for the year ended 31 March 2025

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

2023-2024				2024-2025	
Council	Group			Council	Group
£'000	£'000		*Note*	£'000	£'000
15,848	**14,948**	**Deficit on the provision of services**		**19,124**	**20,842**
		Adjustments to deficit on the provision of services for non-cash movements:			
(27,072)	(27,072)	Depreciation of property, plant, and equipment	*7*	(34,815)	(34,815)
(8,627)	(8,627)	Impairment of property, plant, and equipment		(5,657)	(5,657)
(2,162)	(2,162)	Amortisation of intangible assets	*9*	(3,565)	(3,565)
(14,664)	(14,919)	(Increase)/ decrease in creditors		8,732	10,320
1,827	1,827	Increase/ (decrease) in debtors		(4,360)	(4,360)
(47)	(47)	Increase/ (decrease) in inventories	*11*	7	7
658	658	Movement in pension asset/liability	*5*	(13,332)	(13,332)
(6,787)	(6,787)	Carrying amount of non-current assets sold		(4,800)	(4,800)
(508)	(508)	Other non-cash items		(2,678)	(2,678)
(57,382)	(57,637)			(60,468)	(58,880)
		Adjustment for items included in the deficit on the provision of services that are investing or financing activities			
(25,000)	(24,437)	Net (increase)/ decrease in short term investments		(5,000)	(6,602)
649	649	Proceeds from sale of non-current assets		408	408
26,377	26,377	Capital grants received		23,307	23,307
2,026	2,589			18,715	17,113
(39,508)	**(40,100)**	**Net cash flows used in operating activities**		**(22,629)**	**(20,925)**
		Investing activities			
96,251	96,251	Purchase of non-current assets		93,860	93,860
(649)	(649)	Proceeds from sale of non-current assets		(408)	(408)
(31,632)	(31,040)	Other receipts from investing activities		(23,560)	(25,264)
63,970	64,562			69,892	68,188
		Financing activities			
(34,627)	(34,627)	Cash receipts from short-term and long-term borrowing		(46,563)	(46,563)
3,927	3,927	Cash payments for the reduction of outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts		3,976	3,976
(247)	(247)	Other receipts/payments for financing activities		602	602
(30,947)	(30,947)			(41.985)	(41,985)
33,023	**33,615**	**Net cash flows from Investing and Financing activities**		**27,907**	**26,203**
(6,485)	**(6,485)**	**Net decrease/(increase) in cash and cash equivalents**		**5,278**	**5,278**
(10,626)	(10,626)	Cash and cash equivalents at the beginning of the reporting period		(17,111)	(17,111)
(17,111)	**(17,111)**	**Cash and cash equivalents at the end of the reporting period**	*13*	**(11,833)**	**(11,833)**

Section 6: Notes to the Core Financial Statements

Note 1: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the annual expenditure is used and funded from resources (government grants, rents, council tax and business 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. Comparator year 2023-24 is restated to reflect changes in the management structure approved by Council in March 2024.

2023-2024 (Restated)				2024-2025		
Net Expenditure Chargeable to the General Fund and HRA Balances £'000	**Adjustments between the Funding and Accounting Basis £'000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £'000**		**Net Expenditure Chargeable to the General Fund and HRA Balances £'000**	**Adjustments between the Funding and Accounting Basis £'000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £'000**
16,380	11	16,391	Chief Executive's Office	15,268	1,036	16,304
120,976	4,558	125,534	Education	135,981	14,867	150,848
51,857	13,028	64,885	Housing, Operations and Development	48,362	7,985	56,347
(2,120)	2,111	(9)	Housing Revenue Account	(6,523)	4,984	(1,539)
25,294	6,314	31,608	Communities and Transformation	23,958	12,171	36,129
102,112	-	102,112	Social Care: Contribution to IJB	108,676	-	108,676
(5,715)	(176)	(5,891)	Social Care: Provision of Services	(9,078)	2,811	(6,267)
13,082	(8,136)	4,946	Miscellaneous Services	16,258	(8,925)	7,333
321,866	**17,710**	**339,576**	**Net Cost of Services**	**332,902**	**34,929**	**367,831**
(298,034)	(25,694)	(323,728)	Other Income and Expenditure	(329,579)	(19,128)	(348,707)
23,832	**(7.984)**	**15,848**		**3,323**	**15,801**	**19,124**

Total £'000		**General Fund £'000**	**HRA £'000**	**Total £'000**
51,023	**Opening General Fund and HRA balance**	**28,591**	**2,520**	**31,111**
(23,832)	**Less/Plus (deficit)/surplus on General Fund and HRA balance in the year**	**(5,267)**	**1,944**	**(3,323)**
3,920	**Transfer from earmarked reserves**	**(54)**	**-**	**(54)**
31,111	**Closing General Fund and HRA balance as of 31 March**	**23,270**	**4,464**	**27,734**

The following table provides a reconciliation of the main adjustments to the Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2024-2025	**Adjustments for capital purposes (Note 1)**	**Net changes for the pensions adjustment (Note 2)**	**Other differences (Note 3)**	**Total adjustments**
	£'000	**£'000**	**£'000**	**£'000**
Chief Executive's Office	89	939	8	1,036
Education	12,915	1,789	163	14,867
Housing, Operations and Development	5,771	2,198	16	7,985
Housing Revenue Account	4,639	342	3	4,984
Communities and Transformation	10,745	1,414	12	12,171
Social Care: Contribution to IJB	-	-	-	-
Social Care: Provision of Services	-	2,761	50	2,811
Miscellaneous Services	(11,324)	2,397	2	(8,925)
Net cost of services	**22,835**	**11,840**	**254**	**34,929**
Other Income and Expenditure from the Expenditure and Funding Analysis	(20,202)	1,492	(418)	(19,128)
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement	**2,633**	**13,332**	**(164)**	**15,801**

2023-2024 (Restated)	**Adjustments for capital purposes (Note 1)**	**Net changes for the pensions adjustment (Note 2)**	**Other differences (Note 3)**	**Total adjustments**
	£'000	**£'000**	**£'000**	**£'000**
Chief Executive's Strategic Office	89	(1)	(76)	12
Education	4,711	(3)	(150)	4,558
Housing, Operations and Development	13,216	(3)	(186)	13,027
Housing Revenue Account	2,121	12	(22)	2,111
Communities and Transformation	6,425	(2)	(109)	6,314
Social Care: Contribution to IJB	-	-	-	-
Social Care: Provision of Services	-	(3)	(173)	(176)
Miscellaneous Services	(8,540)	404	-	(8,136)
Net cost of services	**18,022**	**404**	**(716)**	**17,710**
Other Income and Expenditure from the Expenditure and Funding Analysis	(24,214)	(1,062)	(418)	(25,694)
Difference between the General Fund surplus or deficit and Comprehensive Income and Expenditure Statement	**(6,192)**	**(658)**	**(1,134)**	**(7,984)**

Note 1: Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from that receivable in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2: Net Change for the Pensions Adjustments

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

For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Note 3: Other differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

Expenditure and income analysed by nature

The authority's expenditure and income are analysed as follows:

	2024-2025 £'000	2023-2024 £'000
Expenditure		
Employee benefit expenses	251,696	237,345
Other service expenses	319,159	308,783
Depreciation, amortisation and impairment	44,037	37,861
Interest payments	25,231	22,481
(Gain) or Loss on the disposal of assets	3,105	6,139
Total Expenditure	**643,228**	**612,609**
Income		
Fees, charges and other service income	(245,569)	(245,475)
Interest & investment income	(2,517)	(1,955)
Income from Council Tax, non-domestic rates	(114,388)	(114,537)
Government grants and contributions	(261,630)	(234,794)
Total Income	**(624,104)**	**(596,761)**
Deficit on the provision of services	**19,124**	**15,848**

Note 2: Reconciliation of Adjustments Between Accounting Basis and Funding Basis shown in the Expenditure and Funding Analysis (EFA) with those shown in the Movement in Reserves Statement (MiRS)

	2024-2025 £'000	2023-2024 £'000
Adjustments between Accounting Basis and Funding Basis per EFA	15,801	(7,984)
Application of receipts to finance capital expenditure	(1,643)	(118)
Transfer of capital receipts from revenue to reserves	380	4,279
Adjustments between Accounting Basis and Funding Basis per MiRS	**14,538**	**(3,823)**

Note 3: Material items of expenditure and income

Where material items of expenditure and income are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) or disclosed in other notes, *The Code* requires a disclosure of the nature and amount of these items. Material items of expenditure and income are detailed below:

	2024-2025 £'000	**2023-2024 (restated) £'000**
Housing Benefit/ Discretionary Housing Payments paid	23,295	24,380
Housing Benefit/ Discretionary Housing funding received	(21,721)	(22,679)

Note 4: Events after the Balance Sheet date

The audited Annual Accounts were authorised for issue on 24 September 2025.

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date the Annual Accounts are authorised for issue. There are two distinct types: those that existed at the Balance Sheet date where the accounts should be adjusted to reflect these (an adjusting event); and those which arose after the Balance Sheet date which require disclosure in the notes to the accounts if material (a non-adjusting event). There are no such events to report for 2024-25.

Note 5: Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the usable reserves that the adjustments are made against.

General Fund

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Council are met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account balance

The Housing Revenue Account balance reflects the statutory obligation to maintain a revenue account for local authority housing provision in accordance with the Housing (Scotland) Act 1987. It contains the balance of income and expenditure as defined by the Act that is available to fund future expenditure in connection with the Council's landlord function.

Capital Grants Unapplied Account

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions, that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

Repairs and Renewals Fund

The Repairs & Renewals Fund is used to assist with abnormal repairs and maintenance to Council assets and holds contributions received from the general fund for this purpose. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

2024-2025

	General Fund balance £'000	Housing revenue account balance £'000	Capital grants unapplied account £'000	Repairs & renewals fund £'000	Capital fund £'000	Net movement £'000
Adjustments primarily involving the capital grants unapplied account:						
Application of grants to capital financing transferred to the capital adjustment account	-	-	1,267	376	-	**(1,643)**
Adjustments primarily involving the capital adjustment account: *Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:*						
Charges for depreciation and impairment of non-current assets	(27,993)	(12,479)	-	-	-	**40,472**
Amortisation of intangible assets	(3,565)	-	-	-	-	**3,565**
Capital grants and contributions applied	14,725	8,581	(380)	-	-	**(22,926)**
Net gain or (loss) on sale of non-current assets	(4,215)	(176)	-	-	-	**4,391**
Net gain or (loss) on recognition of leases (IFRS16)	1,287					**(1,287)**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	12,170	2,443	-	-	-	**(14,613)**
Statutory Repayment of Debt (PFI) retrospective flexibility adjustment	-	-	-	-	-	**-**
Capital expenditure charged against the general fund and HRA balances	1,192	5,397	-	-	-	**(6,589)**
Adjustments primarily involving the financial instruments adjustment account: Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	318	100	-	-	-	**(418)**
Adjustments primarily involving the employee benefit statutory mitigation account: Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(251)	(3)	-	-	-	**254**
Adjustments primarily involving the pensions reserve: Reversal of items in relation to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 28)	(12,946)	(386)	-	-	-	**13,332**
Total adjustments	**(19,278)**	**3,477**	**887**	**376**	**-**	**14,538**

Figures for 2023-2024 are provided in an additional table below for the purposes of comparison.

2023-2024	General Fund balance £'000	Housing revenue account balance £'000	Capital grants unapplied account £'000	Repairs & renewals fund £'000	Capital fund £'000	Net movement £'000
Adjustments primarily involving the capital grants unapplied account:						
Application of grants to capital financing transferred to the capital adjustment account	-	-	80	38	-	**(118)**
Adjustments primarily involving the capital adjustment account: *Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:*						
Charges for depreciation and impairment of non-current assets	(24,394)	(11,305)	-	-	-	**35,699**
Amortisation of intangible assets	(2,162)	-	-	-	-	**2,162**
Capital grants and contributions applied	20,388	9,966	(303)	-	(3,976)	**(26,075)**
Net gain or (loss) on sale of non-current assets	(4,894)	(1,245)	-	-	-	**6,139**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	8,111	1,674	-	-	-	**(9,785)**
Statutory Repayment of Debt (PFI) retrospective flexibility adjustment	-	-				**-**
Capital expenditure charged against the general fund and HRA balances	2,542	7,510	-	-	-	**(10,052)**
Adjustments primarily involving the financial instruments adjustment account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	331	87	-	-	-	**(418)**
Adjustments primarily involving the employee benefit statutory mitigation account:						
Amount by which employees' remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements.	695	22	-	-	-	**(717)**
Adjustments primarily involving the pensions reserve:						
Reversal of items in relation to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 28)	638	20	-	-	-	**(658)**
Total adjustments	**1,255**	**6,729**	**(223)**	**38**	**(3,976)**	**(3,823)**

Note 6: Movement in Useable Reserves and Transfers to or from other Statutory Reserves

Movement in useable reserves - This note details the movement during the year on all useable reserves held by the Council on 31 March 2025, along with the purpose of each fund held.

Reserve:	31 March 2024	Movements during the year	31 March 2025	Purpose
	£000	£000	£000	
General Fund balance uncommitted	4,443	361	4,804	This balance represents 1.79% of future budgeted expenditure.
Affordable Housing	1,854	(131)	1,723	Contributes towards the provision of new build social housing.
Transformation Fund (includes former Efficiency & Improvement Fund)	1,163	3,972	5,135	Used to provide short-term enabling funding to promote and support service redesign.
Workforce Change Fund	5,515	(66)	5,449	Used to meet the severance and other employee related costs arising from any Council's workforce service redesign measures.
Earmarked Funds				
Civil Contingency	124	-	124	Various projects for which funds have been identified prior to March 2025 but where spending plans exist in future years.
Employability reserve	100	(100)	-	
Invest in South Ayrshire	200	(200)	-	
Ayrshire Growth Deal - PMO	122	(83)	39	
Community Hall fund	573	(73)	500	
Directorate Earmarking	2,616	(57)	2,559	
Corporate Support - Capacity Issues	226	(226)	-	
Levelling Up - additional capacity	125	(125)	-	
Golf Strategy - health and safety issues	157	(157)	-	
Station Hotel - Encapsulation costs	306	(306)	-	
PPP Reserve commitment to 2024/25 to 2026/27 budgets	9,000	(7,000)	2,000	
Inflation reserve	41	(41)	-	
Ash Tree Die back	312	(79)	233	
Financial Inclusion (formerly Covid-19)	1,714	(1,010)	704	
General Fund Balance	28,591	(5,321)	23,270	

Reserve (continued):	31 March 2024	Movements during the year	31 March 2025	Purpose
	£000	£000	£000	
Housing Revenue Account	2,520	1,944	4,464	£1.563m is earmarked to fund specific capital and revenue projects in future years leaving an uncommitted balance of £2.901m to be held as a contingency for unexpected or emergency situations.
Housing Revenue Account Balance	2,520	1,944	4,464	

Other Reserves

Capital grants unapplied	9,701	(887)	8,814	Records amounts that have been credited to the Comprehensive Income and Expenditure Statement but not yet applied to fund capital expenditure.
Capital fund	144	4	148	Used for financing capital expenditure and the repayment of the principal of loans.
Repair and renewals fund	1,171	(326)	845	Used to assist with abnormal repairs and maintenance to Council properties where these arise in an emergency and where there is no mainline budget available, or where the use of the fund is planned as part of the budget process. It may also be used to facilitate asset improvement and savings/ efficiencies.
Other Reserves Balance	11,016	(1,209)	9,807	
Total Useable Reserves	**42,127**	**(4,586)**	**37,541**	**Total Useable Reserves per the Movement in Reserves Statement on Page 43**

Transfer to or from other statutory reserves - This note sets out the amounts set aside from the General Fund in statutory reserves established under Schedule 3 of the Local Government (Scotland) Act 1975 to provide financing for future expenditure plans and the amounts transferred back to meet General Fund expenditure in 2024-2025. Figures for 2023-2024 are provided in an additional table below for the purposes of comparison.

2024-2025	**General Fund Balance**	**Repairs and Renewals Fund**	**Capital Fund**
	£'000	**£''000**	**£'000**
Contribution to Repair and Renewal Fund from General Fund	50	(50)	-
Contribution from Capital Fund to General Fund	4	-	(4)
Total adjustments	**54**	**(50)**	**(4)**

2023-2024	**General Fund Balance**	**Repairs and Renewals Fund**	**Capital Fund**
	£'000	**£'000**	**£'000**
Contribution to Repair and Renewal Fund from General Fund	50	(50)	-
Contribution to Capital Fund from General Fund	(3,970)	-	3,970
Total adjustments	**(3,920)**	**(50)**	**3,970**

Note 7: Property, Plant and Equipment

This note details the movement in Property, Plant and Equipment (PPE) during 2024-25. The valuation bases, useful lives and depreciation methods used are disclosed below.

2024-2025

	Council Dwellings	Other Land & Buildings	Schools PPP Assets	Vehicles, Plant & Equipment	Community Assets	Surplus Assets not for Sale	Assets Under Construction	Right of Use	Total PPE
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation									
At 1 April 2024	**324,881**	**392,626**	**163,529**	**43,267**	**574**	**1,677**	**55,852**	**8,871**	**991,277**
Additions in year	30,493	9,452	1,926	2,074	1,130	576	32,338	7,089	**85,078**
Disposals in year		(3,866)	-	(21,638)	-	(25)	(3,511)	-	**(29,040)**
Revaluation adjustments to revaluation reserve	(88,109)	(327)	-	(2,935)	(7)	(52)	-	-	**(91,430)**
Revaluation adjustments to CIES	-	(5,128)	-	-	(178)	33	-	-	**(5,273)**
Other reclassifications*	29,321	633	14	760	10	100	(33,477)	-	**(2,639)**
At 31 March 2025	**296,586**	**393,390**	**165,469**	**21,528**	**1,529**	**2,309**	**51,202**	**15,960**	**947,973**
Depreciation and impairment									
At 1 April 2024	**21,032**	**4,766**	**444**	**34,402**	**-**	**8**	**819**	**-**	**61,471**
Depreciation charge for the year	12,317	9,691	3,671	3,104	-	101	-	3,118	**32,002**
Depreciation/Impairment written to revaluation reserve	(33,349)	(1,127)	-	(4,956)	-	(9)	-	-	**(39,441)**
Impairment losses to CIES	-	(1,089)	-	-	-	(82)	3,829	-	**2,658**
On disposals	-	(325)	-	(21,638)	-	(2)	(819)	-	**(22,784)**
Other reclassifications	-	(81)	-	61	-	2	-	-	**(18)**
At 31 March 2025	**0**	**11,835**	**4,115**	**10,973**	**0**	**18**	**3,829**	**3,118**	**33,888**
Net book value at 31 March 2025	**296,586**	**381,555**	**161,354**	**10,555**	**1,529**	**2,291**	**47,373**	**12,842**	**914,085**
Nature of asset holding									
Owned	296,586	379,317	-	10,555	1,529	2,291	47,373	-	**737,651**
Finance lease	-	2,238	-	-	-	-	-	12,842	**15,080**
PPP	-	-	161,354	-	-	-	-	-	**161,354**
	296,586	**381,555**	**161,354**	**10,555**	**1,529**	**2,291**	**47,373**	**12,842**	**914,085**

Schools PPP Assets - IFRS16 implications - The three Council PPP schemes have been remeasured by a combined total of £33.636 million, with an equal increase in finance lease liabilities (See Note 10 - Financial Instruments) as at 31 March 2025. Thereafter, given that PPP assets are treated in the same way as other Property, Plant and Equipment (PPE) assets and are held at a current value basis and are subject to regular valuation, the increase to the asset balance referred to above on transition is an increase to the historic cost of the asset, which has resulted in a value for the asset that exceeds the current valuation. It has been necessary to write the asset back down to its confirmed most recent valuation amount by making a revaluation adjustment. This adjustment has been matched by a reduction in the revaluation gains previously accumulated in the revaluation reserve for the assets. Further detail is provided in Note 25.

Right of Use Asset - The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset £15.960m and a lease liability are now included on the balance sheet from 1 April 2024.

2023-2024

	Council Dwellings	Other Land & Buildings	Schools PPP Assets	Vehicles, Plant & Equipment	Community Assets	Surplus Assets not for Sale	Assets Under Construction	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2023	**295,076**	**311,613**	**120,193**	**41,800**	**2,816**	**1,672**	**83,957**	**857,127**
Additions in year	19,115	22,673	1,695	1,255	1,615	-	38,786	**85,139**
Disposals in year	(1,244)	(4,954)	-	-	-	-	(605)	**(6,803)**
Revaluation adjustments to revaluation reserve	-	29,855	34,912	(44)	111	20	-	**64,854**
Revaluation adjustments to CIES	354	(7,994)	6,704	-	(6,509)	(955)	-	**(8,400)**
Other reclassifications*	11,580	41,433	25	256	2,541	940	(66,286)	**(9,511)**
At 31 March 2024	**324,881**	**392,626**	**163,529**	**43,267**	**574**	**1,677**	**55,852**	**982,406**
Depreciation and impairment								
At 1 April 2023	**10,077**	**2,996**	**-**	**30,974**	**-**	**-**	**604**	**44,651**
Depreciation charge for the year	10,868	7,096	3,005	3,477	-	11	-	**24,457**
Depreciation/Impairment written to revaluation reserve	-	(2,596)	(2,570)	(2)	(43)	17	-	**(5,194)**
Impairment losses to CIES	-	(2,020)	-	-	(97)	4	819	**(1,294)**
On disposals	(30)	(219)	-	-	-	-	(604)	**(853)**
Other reclassifications	117	(491)	9	(47)	140	(25)	-	**(297)**
At 31 March 2024	**21,032**	**4,766**	**444**	**34,402**	**-**	**7**	**819**	**61,470**
Net book value at 31 March 2024	**303,849**	**387,860**	**163,085**	**8,865**	**574**	**1,670**	**55,033**	**920,936**
Nature of asset holding								
Owned	303,849	385,462	-	8,865	574	1,670	55,033	**755,453**
Finance lease	-	2,398	-	-	-	-	-	**2,398**
PPP	-	-	163,085	-	-	-	-	**163,085**
	303,849	**387,860**	**163,085**	**8,865**	**574**	**1,670**	**55,033**	**920,936**

Infrastructure Assets (Note 1 below)

2023-24 £'000		2024-25 £'000
71,326	**Net book value at 31 March 2024**	**76,617**
7,382	Expenditure	6,231
525	Reclassifications	1,323
(2,616)	Depreciation	(2,814)
76,617	**Net book value at 31 March 2025**	**81,357**
920,936	Other PPE Assets (tables above)	914,085
997,553	**Total Property Plant and Equipment assets**	**995,442**

Note 1 - Infrastructure asset values have been disclosed in accordance with the Scottish Government's Finance Circular 9/2022 Statutory Override - Accounting for Infrastructure Assets. The council has applied both statutory overrides set out in the circular which are as follows:

- For accounting periods commencing from 1 April 2021 until 31 March 2025, a local authority is not required to report the gross carrying amount and accumulated depreciation for infrastructure assets.
- For the accounting periods from 1 April 2010 to 31 March 2025, the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be accounted for as a nil amount, and no subsequent adjustment can be made to the carrying amount of the asset with respect to that part.

Depreciation

As highlighted in Significant Accounting Policies, note 31 Section 7 to these accounts on pages 86 to 98 under "Property, plant and equipment", depreciation is provided for all assets with a determinable life on a straight-line basis inclusive of the year of acquisition. The period for each applicable category is shown in the table below:

Category	***Sub-category***	***Useful life (years)***	***Valuer***	***Basis of Valuation***	***Date of last valuation***
Schools' PPP assets	~	40	Estates Co-ordinator	Current Value	Valued on a 5-year rolling programme.
Other land and buildings	Buildings	Up to 40	Estates Co-ordinator/ External valuer	Current Value / Fair Value / Historic Cost	As above
	Land	Up to 999	Estates Co-ordinator	Current Value / Fair Value / Historic Cost	As above
	Specialised buildings	10 to 40	Estates Co-ordinator	Current Value	As above
Council dwellings	~	19-23	DVS Property Specialists	Existing Use Value – Social Housing 'Beacon Principle' (EUVSH)	31-Mar-22
Vehicles	~	0 to 7	Transport Manager	Net Realisable Value (NRV)	Not Applicable
Equipment	~	5 to 20	Not applicable	Current Value/Historical Cost	As above
Infrastructure assets	~	Up to 40	Not applicable	Historical Cost	Not Applicable
Assets under construction	~	Up to 99	Not applicable	Historical Cost	Not Applicable
Community assets	~	99 to 999	Not applicable	Current value/Historical Cost	As above
Right of Use	~	Up to 99	Not applicable	Current Value	Valued on a 5-year rolling programme

Revaluation programme

The Council's programme for the revaluation of property, plant, and equipment, ensures all such assets required to be measured at fair value are re-valued at least every five years. The measurement basis used for determining the gross carrying amount, the valuers and the significant assumptions applied in estimating the fair values are disclosed separately in Significant Accounting Policies, Note 31 Section 7 to these accounts on pages 86 to 98 under "Property, plant and equipment". Traditionally each year the land and buildings of a different class were revalued within this rolling programme approach. This can lead to significant movements in value between valuations of some classes of large assets only subject to revaluation every five years.

In 2024-25, revaluation information obtained from those assets revalued during the year has been considered as evidence to determine if a material change has occurred that should be applied across all assets within the category. If it is considered that a material change has occurred, then the movement is applied to similar assets within the same category to ensure that the carrying amount of assets held in the balance sheet is not materially misstated. A materiality threshold of 2% for each asset category has been set for 2024-25.

Where a material change had been determined then all assets not valued during the year within the given category have been adjusted to reflect the current value.   This reduces the likelihood of uneven valuation movements arising in a given year.

Net Book Values are analysed by year of valuation below:

	Council Dwellings £000	Other Land and Buildings £000	Schools PPP Assets £000	Vehicles, Plant and Equipment £000	Community Assets £000	Surplus Assets £000	Total £000
Carried at historic cost	-	4,628	-	7,828	-	-	12,456
Valued at current value as at:							
31 March 2025	296,586	43,985	-	2,727	12	608	343,918
31 March 2024	-	198,112	161,354	-	1,517	1,507	362,490
31 March 2023	-	111,350	-	-	-	173	111,523
31 March 2022	-	17,508	-	-	-	-	17,508
31 March 2021	-	5,972	-	-	-	3	5,975
Total cost or valuation	**296,586**	**381,555**	**161,354**	**10,555**	**1,529**	**2,291**	**853,870**

Commitments under capital contracts

The Council approved capital investment programmes for General Services and Housing for 2025-2026 for construction or enhancement of property, plant, and equipment, as outlined in the table below.

	General Services	Housing	2025-26 Total	2024-25 Total
Expenditure	**£'000**	**£'000**	**£'000**	**£'000**
Capital investment	86,237	58,056	144,293	166,959
	86,237	**58,056**	**144,293**	**166,959**
Sources of finance				
Prudential borrowing	73,056	47,570	120,626	123,331
Capital grants, contributions, and other receipts	13,181	7,260	20,441	41,830
Capital funded from current revenue	-	3,226	3,226	1,798
	86,237	**58,056**	**144,293**	**166,959**

Note 8: Heritage assets

Valuation	Fine Arts	Other Heritage Assets	Civic Regalia	Total Heritage Assets
	£'000	**£'000**	**£'000**	**£'000**
1 April 2023	2,205	3,777	192	6,174
31 March 2024	**2,167**	**3,802**	**192**	**6,161**
1 April 2024	2,167	3,802	192	6,161
Additions	-	80	-	80
31 March 2025	**2,167**	**3,882**	**192**	**6,241**

Fine arts and other heritage assets

The Council's collection of fine arts is reported on the Balance Sheet at insurance valuation, which is based on market values. Additionally, individual collections are reviewed periodically to ensure the adequacy of the valuation. Details of the most recent valuations conducted on the above assets are as follows:

Lyon and Turnball 22 December 2021
Christie's 5 January 2022

Civic regalia and other civil effects

The civic regalia and other civic effects are reported in the Balance Sheet at a replacement cost insurance valuation by external valuers. Details of most recent valuations conducted on the above are as follows:

Lyon and Turnball 22 December 2021

The most recent valuation conducted during 2021-22 included a significant proportion of higher value heritage assets. Given the relative value of heritage assets, we consider this to be a reasonable approach.

Note 9: Intangible assets

The Council accounts for its software and licences financed through the capital investment programme as intangible assets and are shown at cost. The asset is amortised over the economic life of the software and licenses, assessed as either five or seven years on a straight-line basis.

There have been no changes to the estimated useful life of any intangible assets during the year; there have been no revaluations, disposals of intangible assets and no charges for impairment have been made.

The movement on intangible asset balances during the year is as follows:

	31 March 2025	31 March 2024
	£'000	**£'000**
Balance at start of year:		
Gross carrying amounts	25,638	15,400
Accumulated amortisation	(10,072)	(7,909)
Net carrying amount at start of year	**15,566**	**7,491**
Purchases	4,037	3,614
Disposal/Derecognition	(4,760)	-
Reclassifications*	554	6,623
Amortisation for the period	(3,565)	(2,162)
Amortisation written out on disposal/derecognition	4,760	-
Net carrying amount at end of the year	**16,592**	**15,566**
Comprising:		
Gross carrying amounts	25,469	25,638
Accumulated amortisation	(8,877)	(10,072)
	16,592	**15,566**

*Net reclassifications from Assets Under Construction to Intangible assets.

Note 10: Financial instruments

Categories of financial instrument

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets

	Non-Current				Current			
	Investments		**Debtors**		**Investments**		**Debtors**	
	31 March 2025	**31 March 2024**	**31 March 2025**	**31 March 2024**	**31 March 2025**	**31 March 2024**	**31 March 2025**	**31 March 2024**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Amortised Cost	247	249	-	-	-	5,066	38,593	42,604
Fair value through other comprehensive income - other	843	819	-	-	-	-	-	-
Total financial assets	1,090	1,068	-	-	-	5,066	38,593	42,604
Non-financial assets	-	-	-	-	-	-	-	-
Total	**1,090**	**1,068**	**-**	**-**	**-**	**5,066**	**38,593**	**42,604**

Financial Liabilities	**Non-Current**				**Current**			
	Borrowings		**Creditors**		**Borrowings**		**Creditors**	
	31 March 2025	**31 March 2024**	**31 March 2025**	**31 March 2024**	**31 March 2025**	**31 March 2024**	**31 March 2025**	**31 March 2024**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Amortised Cost Note *1**	(334,139)	(308,635)	-	-	(106,174)	(85,125)	(80,408)	(88,104)
Total financial liabilities	(334,139)	(308,635)	-	-	(106,174)	(85,125)	(80,408)	(88,104)
Finance lease liabilities	(2,164)	(2,319)	-	-	(155)	(150)	-	-
Right of Use Liabilities *Note 2**	(7,289)	-	-	-	(3,500)	-	-	-
PPP	(107,706)	(81,734)	-	-	(5,795)	(3,827)	-	-
Total Non-financial liabilities	(117,159)	(84,053)	-	-	(9,451)	(3,977)	-	-
Total	**(451,298)**	**(392,688)**	**-**	**-**	**(115,624)**	**(89,102)**	**(80,408)**	**(88,104)**

**Note 1*

- *Under accounting requirements, the carrying value of the financial instrument value is shown in the Balance Sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest.*
- *Accrued interest is not required for instruments measured at Effective Interest Rate (EIR), as this adjustment covers a full year's interest.*
- *Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument adjusted for the amortisation of any premiums or discounts reflected in the purchase price.*

**Note 2*

- *Right of Use liabilities have been added per the new CIPFA regulations for leases (IFRS16), which have been adopted as at 1st April 2024.*

Income, expense, gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2024-2025		2023-2024	
	(Surplus)/deficit on the provision of services	Other comprehensive income and expenditure	(Surplus)/deficit on the provision of services	Other comprehensive income and expenditure
	£'000	£'000	£'000	£'000
Net (gains)/losses on:				
Financial assets measured at amortised cost	(2,517)	-	(1,955)	-
Financial assets measured at fair value through other comprehensive income	-	(24)	-	(38)
Financial liabilities measured at amortised cost	25,232	-	22,481	-
Impairment losses (including reversals of impairment losses or impairment gains) on financial instruments	-	-	-	-
Total net losses/(gains)	**22,715**	**(24)**	**20,526**	**(38)**
Interest revenue:				
Financial assets measured at amortised cost	(2,517)	-	(1,955)	-
Financial assets measured at fair value through other comprehensive income	-	(24)	-	(38)
Impairment losses (including reversals of impairment losses or impairment gains) on financial instruments	-	-	-	-
	(2,517)	**(24)**	**(1,955)**	**(38)**
Interest expense	**25,232**	**-**	**22,481**	**-**

Fair values of assets and liabilities

Except for the financial assets carried at fair value, all other financial assets and liabilities represented by amortised cost and long-term debtors and creditors are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instrument using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures (Table 1).
- As an alternative, applying premature redemption rates have also been applied to highlight the impact of the alternative fair value valuation (Table 2).
- For non PWLB loans payable prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide their fair value.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Fair value of financial assets and financial liabilities

As of 31 March 2025, the fair values of financial assets and financial liabilities are calculated as follows:

Table 1	31 March 2025		31 March 2024	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Liabilities	**£'000**	**£'000**	**£'000**	**£'000**
PWLB	281,651	213,425	241,476	188,462
LOBO (Option)	28,470	23,747	28,551	26,327
Market Debt	55,113	53,991	49,783	48,794
Short Term Borrowing	74,278	74,278	73,138	73,138
Sub Total Borrowing	**439,512**	**365,441**	**392,948**	**336,721**
PPP Liability	113,501	113,501	85,561	90,911
Short Term Finance Lease Liability	155	155	150	150
Long Term Finance Lease Liability	2,164	2,164	2,319	2,319
Right of Use Lease – Short Term	3,500	3,500		
Right of Use Lease – Long Term	7,289	7,289		
Short Term Creditors	80,408	80,408	88,104	88,104
	207,017	**207,017**	**176,134**	**181,484**
EIR Accounting Entry	**802**	802	**812**	812
Total Liabilities	**647,331**	**573,259**	**569,894**	**519,017**

The fair values calculated using premature redemption rates are calculated as follows:

Table 2	31 March 2025		31 March 2024	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Liabilities	**£'000**	**£'000**	**£'000**	**£'000**
PWLB	281,651	236,200	241,476	214,169
LOBO (Option)	28,470	32,079	28,551	32,280
Market Debt	55,113	55,310	49,783	50,076
Short Term Borrowing	74,278	74,278	73,138	73,138
Sub Total Borrowing	**439,512**	**397,867**	**392,948**	**369,663**
PPP Liability	113,501	113,501	85,561	97,938
Short Term Finance Lease Liability	155	155	150	150
Long Term Finance Lease Liability	2,164	2,164	2,319	2,319
Right of Use Lease – Short Term	3,500	3,500		
Right of Use Lease – Long Term	7,289	7,289		
Short Term Creditors	80,408	80,408	88,104	88,104
	207,018	**207,018**	**176,134**	**188,511**
EIR Accounting Entry	**802**	**802**	**812**	**812**
Total Liabilities	**647,331**	**605,686**	**569,894**	**558,986**

The fair value of the liabilities is less than the carrying amount because the Council's portfolio of loans includes several fixed rate loans with varying interest rates compared to similar loans in the market at the Balance Sheet date.

The fair value of PWLB loans of £213.425m (using new loan rate) measures the economic effect of the terms agreed with PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with PWLB, against what would be paid if the loans were at prevailing market rates.

The fair values of financial assets are calculated as follows:

Table 3	31 March 2025		31 March 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	**£'000**	**£'000**	**£'000**	**£'000**
Long term investments	1,090	1,079	1,068	1,040
Investments	-	-	5,066	5,066
Current asset debtors	38,593	38,593	42,604	42,604
	39,683	**39,672**	**48,738**	**48,710**

The fair value of the assets is less than the carrying amount because the Council's portfolio of loans includes several fixed rate investments with varying interest rates compared to similar investments in the market at the Balance Sheet date.

Note 11: Inventories

	Consumable Stores		Maintenance Materials		Property Acquired or Constructed for Sale		Total	
As at 31 March,	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance outstanding at start of year	263	326	352	344	58	50	673	720
Purchases	1,487	1,802	1,636	1,601	2,031	1,941	5,154	5,344
Recognised as an expense in year	(1,495)	(1,865)	(1,609)	(1,593)	(2,021)	(1,932)	(5,125)	(5,390)
Written off balances	(20)	-	-	-	-	(1)	(20)	(1)
Reversals of write-offs in previous years	(2)	-	-	-	-	-	(2)	-
Balance outstanding at year end	**233**	**263**	**379**	**352**	**68**	**58**	**680**	**673**

Note 12: Debtors

	2024-2025	2023-2024
	£'000	**£'000**
Trade receivables	28,140	26,595
Prepayments	1,787	4,360
Council Tax*	5,816	5,357
Non-Domestic Rates*	2,825	2,289
Other receivable amounts	25	4,003
Total	**38,593**	**42,604**

* Amounts for local taxation (Council Tax and Non-Domestic Rates) are past due but not impaired.

Note 13: Cash and cash equivalents

The balance of cash and cash equivalents is made up of the following components. Except for Imprest accounts held at council establishments, the balances in all the categories listed below are used together to manage the Council's overall cash balances on a day-to-day basis.

	2024-2025	2023-2024
	£'000	£'000
Cash held by the authority	49	48
Bank current accounts	(2,378)	(4,321)
Short term/Callable deposits held with UK banks	14,162	21,384
Total cash and cash equivalents	**11,833**	**17,111**

Note 14: Assets held for sale

	2024-2025	2023-2024
	£'000	£'000
Balance outstanding at start of year	756	641
Derecognised/disposed	(355)	-
Revaluation increases/(losses)	115	-
Reclassified as Held for Sale	-	115
Balance outstanding at year end	**516**	**756**

Note 15: Creditors

	2024-2025	2023-2024
	£'000	£'000
Trade Creditors	70,030	70,253
Other payable amounts	10,378	17,851
Total	**80,408**	**88,104**

Note 16: Provisions

	Enterprise/ Housing	Community Provisions	Short-term Provisions	Employee Provisions	Insurance Provisions	Other Provisions	Long-term Provisions	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2024	**857**	**650**	**1,507**	**283**	**83**	**498**	**864**	**2,371**
Additions to/(reduction in) provisions in 2024/25	62	17	**79**	-	(1)	(140)	**(141)**	**(62)**
Amounts applied in 2024/25	(160)	(226)	**(386)**	(194)	(63)	-	**(257)**	**(643)**
Reclassified from Creditors	(512)	626	**114**	-	-	-	**-**	**114**
Balance as at 31 March 2025	**247**	**1,067**	**1,314**	**89**	**19**	**358**	**466**	**1,780**

The Council has made a provision in respect of several potential claims outstanding on 31 March 2025, including for employee-related claims, the Council's share of the former Strathclyde Regional Council's insurance claims and other potential claims against the Council.

The information usually required by International Accounting Standard 37 (Provisions, Contingent Liabilities and Contingent Assets) is not disclosed in respect of these provisions on the grounds that it can be expected to seriously prejudice the outcome of any proceedings. Provisions are also held in relation to outstanding commitments for enterprise grants and grants to voluntary organisations. Payments in relation to provisions are expected to be made over the next 12 - 24 months.

Note 17: Other short-term liabilities

	31 March 2025 £'000	31 March 2024 £'000
Public Private Partnership (PPP)	5,795	3,827
Amounts owed to Common Good	51	1,075
Amounts owed to Trusts and others	884	883
Finance Lease	155	150
Right of Use Lease	3,501	-
	10,386	**5,935**

Note 18: Unusable reserves

Summary of year-end balances

The total for Unusable Reserves in the Balance Sheet is made up of the following reserves:

	2024-2025 £'000	2023-2024 £'000
Revaluation reserve	125,967	216,729
Capital adjustment account	272,665	268,899
Financial Instrument adjustment account	(9,313)	(9,731)
Financial instruments measured at fair value reserve	803	779
Pension reserve	(21,776)	(25,037)
Employee statutory mitigation account	(6,722)	(6,468)
	361,624	**445,171**

Revaluation Reserve

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

- Re-valued 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 reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account:

	2024-2025 £'000	2023-2024 £'000
Balance on 1 April	**216,729**	**150,372**
Upward revaluation of assets	5,463	76,329
Downward valuation of assets and impairment losses not charged to the deficit on the provision of services	(91,090)	(6,231)
Surplus on revaluation of non-current assets not posted to the surplus/(deficit) on the provision of services	**(85,627)**	**70,098**
Difference between fair value depreciation and historical cost depreciation	(3,735)	(2,104)
Accumulated gains on assets sold or scrapped	(1,400)	(1,637)
Amount written off to the Capital Adjustment Account	**(5,135)**	**(3,741)**
Balance on 31 March	**125,967**	**216,729**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements of accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. Note 6 on page 53 details the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2024-2025 £'000	2023-2024 £'000
Balance on 1 April	**268,899**	**263,129**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
Charges for depreciation and impairment of non-current assets	(40,472)	(35,699)
Amortisation of intangible assets	(3,565)	(2,162)
Amounts of non-current assets written off on disposal or sale as part of the (loss) on disposal to the CIES	(4,391)	(6,138)
Adjusting amounts written out of the revaluation reserve	5,135	3,741
Net written out amount of the cost of non-current assets consumed in the year	(43,293)	(40,258)
Capital financing applied in the year:		
Capital grants and contributions credited to the CIES that have been applied to capital financing	22,926	26,081
Application of grants to capital financing from the capital grants unapplied account/repairs and renewals fund	1,644	896
Statutory provision for the financing of capital investment charged against the general fund and HRA balances	15,900	9,785
Capital expenditure charged against the general fund and HRA balances	6,589	9,266
Balance on 31 March	**272,665**	**268,899**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	**(9,731)**	**(10,149)**
Proportion of premiums incurred in previous financial years to be charged against the general fund balance in accordance with statutory requirements	407	407
Fair value effective interest rate adjustment in line with statutory requirements	11	11
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement	**418**	**418**
Balance at 31 March	**(9,313)**	**(9,731)**

Financial Assets Measured at Fair Value

The Financial Assets Measured at Fair Value Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- disposed of and the gains are realised.

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	**779**	**741**
(Downward)/upward revaluation of investments	24	38
Balance at 31 March	**803**	**779**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer contributions to pension funds or eventually pays any pensions for which it is directly responsible. For the current financial year, the overall pension asset of £420.667m has been adjusted for the asset ceiling calculation required by IAS19/IFRIC 14 – The limit on a Defined Benefit Asset, Minimum Funding Requirements, and their interaction, resulting in a revised pension liability of £21.776m shown in the table below.

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	**(25,037)**	**(3,206)**
Re-measurement of the net defined benefit asset	459,036	308,183
Asset ceiling adjustment	(442,443)	(330,672)
Reversal of items relating to retirement benefits debited or credited to the deficit on the provision of services in the Comprehensive Income and Expenditure Statement	(24,543)	(22,652)
Employer's pension contributions and direct payments	11,211	23,310
Balance at 31 March	**(21,776)**	**(25,037)**

Employee Statutory Mitigation Account

The Employee Statutory Mitigation Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward on 31 March.

	2024-2025 £'000	2023-2024 £'000
Balance at 1 April	**(6,468)**	**(7,185)**
Settlement or cancellation of accrual made at the end of the preceding year	6,468	7,185
Amounts accrued at the end of the current year	(6,722)	(6,468)
Balance at 31 March	**(6,722)**	**(6,468)**

Note 19: Agency services

The Council billed and collected domestic water and sewerage charges on behalf of Scottish Water with its own Council Tax. During 2024-2025 the Council collected £24.741m (£22.569m 2023-2024) and paid over £24.289m (£22.132m 2023-2024) and received £0.452m (£0.437m 2023-2024) for providing this service.

The Council also bills and collects Non-Domestic Rates on behalf of the Scottish Government. During 2024-2025 the Council billed £50.578m (£46.973m 2023-2024) on their behalf and received £46.075m (£47.708m 2023-2024) in income from the Non-Domestic Rates Pool.

Note 20: External audit cost

The Council has incurred costs of £0.352m in 2024-2025 in respect of fees payable regarding external audit services carried out under the Code of Practice (£0.346m 2023-2024).

Note 21: Grant income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024-2025:

	31 March 2025	31 March 2024 (Restated)
Credited to taxation and non-specific grant income	**£'000**	**£'000**
General revenue grant	238,324	204,441
Receipted capital income	23,307	30,353
Non-domestic rates income	46,448	47,708
Council tax income	67,939	66,829
Total	**376,018**	**349,331**

	31 March 2025	31 March 2024
Credited to services	**£'000**	**£'000**
Covid-19	288	187
Department of Work and Pensions	22,185	22,738
Education	15,610	23,137
Education Maintenance Allowance	264	291
Electric Vehicles	23	-
Health Authorities	334	140
Leader/Local Development Strategy	1,095	1,162
Modern Apprentices	103	128
Other Grants and Contributions	9,438	7,058
Police	30	30
Private Sector Housing Grants	586	586
Roads	221	-
Social Work	21,295	26,323
Zero Waste	18	-
Total	**71,490**	**81,780**

Note 22: Related parties

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

Scottish Government – has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g., council tax bills, housing benefits). Details of grants received from the Scottish Government are included in Note 21 above.

Members of the Council - Members of the Council have direct control over the Council's financial and operating policies. The total members' allowances paid in 2024-2025 are shown in the Remuneration Report. During 2024-2025 works and services to the value of £3.020m were commissioned from Ayr Ark, the Energy

Agency, and Regency. Martin Kilbride, Councillor has declared an interest as an employee for Regency on a zero hours contract and Director of Ayrshire Energy Agency. Hugh Hunter, Councillor has declared an interest as chair of Management Committee and Chair of Board of Trustees of Ayr Ark. Contracts were entered into in full compliance with the Council's standing orders. There were no material balances outstanding as of 31 March 2025.

During 2024-2025, The Ayr Ark received funding of £16,000 from the Whole Family Wellbeing Fund, to provide mentoring services in school to P7 children with neurodiverse conditions and to provide a weekly service at Ayr Ark for young people, aged 11-18, with autism wherein on Member of the Council has an interest (Nil in 2023-24). Detail of the transaction during 2024-25 are available by emailing CFTenquires@south-ayrshire.gov.uk.

Officers of the Council - During 2024-2025 the Director of Housing, Operations and Development declared an interest in Freeport Scotland Ltd as a Director. Freeport Scotland is a joint venture by a number of prominent organisations both within Ayrshire and beyond. The Council has a 37% share in the company. The Council did not receive any lease income during 2024-2025 and there was no management fee received during 2024-2025.

In addition, the Director of Housing Operation and Development and B Shareholders (Public Sector Shareholders) were appointed as Public Sector Directors of Hub Southwest Scotland Ltd which is a Company established by the Scottish Government as a development partner to deliver Public Sector Infrastructure. The Council did not receive any payment in respect of this appointment. During 2024-2025 works and services to the value of £27.734m was commissioned from the HUB Southwest Scotland Ltd (2023-2024 £39.562m). No material balances were outstanding on this contract as of 31 March 2025.

Total remuneration paid to senior officers is shown in the Remuneration Report Section 4 at page 35. No remuneration was paid to the Council as a result of these appointments.

South Ayrshire Integration Joint Board – The South Ayrshire Integration Joint Board was established on 1 April 2015 as a partnership between South Ayrshire Council and NHS Ayrshire and Arran Health Board and is responsible for planning and overseeing the delivery of a full range of community health and social work/social care services, including those for older people, adults, children and families, people in the Criminal Justice System and allied health professions. In the year 2024-2025 the following South Ayrshire Council financial transactions were made with South Ayrshire Integration Joint Board relating to the integrated and social care functions:

	2024-2025 £'000	**2023-2024 £'000**
Contribution made to South Ayrshire Integration Joint Board	109,346	102,753
Commissioning income received from South Ayrshire Integration Joint Board	128,309	117,327

Other public bodies – the Council has substantial interests in other public bodies, details of which are disclosed in the Group Balance Sheet. In addition, the Council received grants and income from NHS Ayrshire & Arran of £19.158m during 2024-2025 (£23.889m in 2023-2024).

Assisted organisations – the Council provided funding to organisations including Grants to Voluntary Organisations, Rural Communities Fund, and funding for Business Advice, which are all made up of small donations to small organisations, none of which exceeded 50% of those organisations' total funding. No material balances were outstanding on these contracts as of 31 March 2025.

Ayr Renaissance LLP - established by the Council as a separate arm's length Limited Liability Partnership, with the purpose of regenerating Ayr Town Centre. It has two members, namely the Council (which is entitled to 99.999% share of profits) and SAC (LLP Nominees) Limited, a nominee company wholly owned by the Council. The contribution from the Council to the LLP's running costs for the year ended 31 March 2025 was £0.001m (2023-2024: £0.004m). No material balances were outstanding as of 31 March 2025 or 31 March 2024. The LLP is expected to be wound up during 2025-2026.

Administration of Trust Funds - The Council have responsibility for the administration and decision making of various trusts where the Councillors have sole control.

The Councillors and Officers of the Council also exert significant influence in the administration and decision making of several trusts where the Councillors do not have sole control. For further details please see Section 13 Trust Funds.

Note 23: Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement in the CFR during the year is analysed in the second part of the table.

	31 March 2025 £'000	31 March 2024 £'000
Opening capital financing requirement	**534,412**	**484,611**
Capital investment		
Property, plant, and equipment	85,418	92,864
Intangible assets	4,037	3,614
Right of Use Asset/PPP remeasurement recognised in year	46,974	-
	136,429	96,478
Sources of finance		
Capital Receipts	(408)	(649)
Government grant and other contributions	(21,950)	(26,191)
Capital funded from current revenue	(9,143)	(10,052)
Repayment of PPP/finance lease	(4,667)	(3,927)
Repayment of Right Of Use lease	(4,418)	-
Loans fund principal repayments	(8,840)	(7,935)
Application of PPP in year flexibility	2,026	2,077
Closing capital financing requirement	**623,441**	**534,412**
Explanation of movements during the year		
Increase in the underlying need to borrow	50,449	53,728
(Decrease) in finance lease obligations	(150)	(145)
Increases in PPP finance lease obligation	27,941	(3,782)
Increase in Right of Use lease obligation	10,789	-
Increase in capital financing requirement	**89,029**	**49,801**

Note 24: Leases

Authority as lessee - Finance leases

The Council has entered into a number of contracts for miscellaneous equipment under finance leases.

The assets acquired under these leases are carried as property, plant, and equipment in the Balance Sheet at the following net book values:

	31 March 2025 £'000	31 March 2024 £'000
Property, plant, and equipment	**2,238**	**2,398**

The Council is committed to making minimum payments under these lease arrangements, comprising settlement of the long-term liability for the interest in the property, plant and equipment acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2025	31 March 2024
	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	155	150
Non-Current	2,164	2,319
Finance costs payable in future years	567	620
Minimum lease payments	**2,886**	**3,089**

The minimum lease payments will be payable over the following periods:

	Minimum lease payments		Finance lease liabilities	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000
No later than one year	200	199	155	150
Later than one year and not later than five years	798	798	672	650
Later than five years	1,888	2,092	1,489	1,669
	2,886	**3,089**	**2,316**	**2,469**

Authority as lessee - Operating leases

Leases that do not meet the definition of a finance lease are accounted for as operating leases.

Rental payments, net of benefits received, under operating leases are charged to the relevant service on a straight-line basis over the life of the lease.

The Council adopted IFRS16 from 1 April 2024. Properties and other vehicles, plant and equipment that fall under the scope of IFRS16 have now been reclassified as right of use assets on the balance sheet. The disclosures below relate to low value (below £10,000 assets) and leases that have less than 12 months to run.

	31 March 2025	31 March 2024
	£'000	£'000
No later than one year	29	1,265
Later than one year and not later than five years	27	1,516
	56	**2,781**

The expenditure charged to the service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases are:

	31 March 2025	31 March 2024
	£'000	£'000
Minimum lease payments	1,386	1,705
	1,386	**1,705**

Authority as lessor - Finance leases

The Council has not entered into any finance lease arrangements.

Authority as lessor - Operating leases

The Council has granted commercial leases for properties to various tenants on a variety of lease terms. These arrangements are accounted for as operating leases. The minimum lease payments receivable under non-cancellable leases in future years are shown in the table below. (These figures do not include rents that are contingent upon events taking place after the lease was entered into, such as adjustments following rent reviews).

	31 March 2025 £'000	31 March 2024 £'000
No later than one year	884	877
Later than one year and not later than five years	1,636	1,164
Later than five years	11,416	10,681
	13,936	**12,722**

Authority as lessee – Right of Use Assets

The Council adopted IFRS16 from 1 April 2024, to recognise all right of use assets. IFRS16 will mean that the majority of leases where the Council acts as lessee will come onto the balance sheet and lessor accounting is effectively unchanged. Right of use assets and lease liabilities will have been calculated as if IFRS16 had always applied but recognised in 2024-25 and not by adjusting prior year figures.

A weighted average incremental borrowing rate of 3.99% has been applied to lease liabilities as at 1 April 2024.

The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset and future rents as a liability), a right of use asset and a lease liability are now on the balance sheet as at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

As a lessee, the Council has previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS16, the Council recognises right of use assets and lease liabilities for most leases.

The Council has decided to apply recognition exemptions to short-term leases and has elected not to recognise right of use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	31 March 2025 £000
Value at 1 April	8,871
Additions during year	5,050
Principal repaid in year	(3,132)
Value at 31 March	**10,789**
Other land and buildings	5,469
Vehicles, plant and equipment	5,320
Value at 31 March	**10,789**
Analysed by:	
Current	3,500
Non-Current	7,289
	10,789
Lease liabilities	
Within one year	2,258
Between 2 and 5 years	4,986
Over 5 years	3,545
Total liabilities	**10,789**

Amount charged to the Council Comprehensive Income and Expenditure amounted to £0.370m interest expense on the lease liabilities in 2024-25.

Note 25: Public private partnerships and similar contracts

The Council previously entered into a Public Private Partnership (PPP) agreement with Education for Ayrshire (e4a) for the construction and operation of two new secondary and three new primary schools, together with an annex to an existing secondary school. The first unitary charge payment relating to part-year costs for two primary schools and the annex to the secondary school, was made during 2007-2008. The final unitary charge payment will be made in 2039-2040, at which time the schools will transfer to Council ownership with a guarantee of no major maintenance requirements for a five-year period. All the schools were completed during 2009-2010.

Scotland`s Schools for the Future Programme was established in 2009 to manage the replacement or upgrading of a programme of schools in collaboration between all 32 local authorities in Scotland and the Scottish Government. During 2017-2018 and then in 2019-2020 the Council took occupation of the New Ayr Academy and New Queen Margaret Academy respectively, both of which were constructed via a Design, Build, Finance and Maintain contract, commonly referred to as DBFM through the Schools for the Future Programme. This form of contract is similar to the existing PPP contract except responsibility for most janitation and cleaning etc. remains with the Council. The first unitary charge payment for Ayr Academy relating to the part-year costs for the secondary school, was made during 2017-2018. The final unitary charge payment will be made in 2042-2043. The first unitary charge payment for Queen Margaret Academy relating to the part-year costs for the secondary school, was made during 2019-2020. The final unitary charge payment will be made in 2044-2045. Once the final unitary charges are made for both schools, the schools will transfer to Council ownership.

Property, plant, and equipment

The assets used to provide services at the schools are recognised on the Council's Balance Sheet. Movements in value over the year are detailed in the analysis of the movement in Note 7 Property, plant, and equipment.

Remaining payments under the agreements

The Council makes an agreed payment each year, which is increased each year by inflation and can be reduced if the provider fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the original PPP contract, the new Ayr Academy and new Queen Margaret academy contract on 31 March 2025 (assuming an average inflation rate of 2.50% and excluding any estimation of availability and performance deductions) are as follows:

	Payment of services	Reimbursement of capital expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable within one year	8,180	3,896	8,333	**20,409**
Payable within two to five years	37,972	15,421	31,541	**84,934**
Payable within six to ten years	54,100	22,526	37,453	**114,079**
Payable within eleven to fifteen years	49,877	28,405	33,983	**112,265**
Payable within sixteen to twenty years	7,450	11,485	2,130	**21,065**
Total	**157,579**	**81,733**	**113,440**	**352,752**

**Note £81,734 are the actual payments due, a further IFRS16 accounting adjustment has been processed for amount £31,767 which cumulatively match the total amount of £113,501 as shown in note 10 financial instruments.*

Liabilities from PPP arrangements

Although the payments to the provider are described as unitary payments, they have been calculated to compensate the provider for the fair value of the services they provide, and the capital expenditure incurred plus the interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the provider for the capital expenditure (the outstanding finance lease obligation) is as follows:

	2024-2025	2023-2024
	£'000	**£'000**
Balance outstanding at start of year	**85,560**	**89,342**
(Reductions) during the year	(3,827)	(3,782)
Balance outstanding at year end	**81,733**	**85,560**

Application of PPP Service Concession Arrangement Flexibilities

In accordance with Accounting Policy 12 on page 96 and in line with Finance Circular 10/2022, the Council applied the permitted PPP Service Concession Arrangement (SCA) flexibility in financial year 2022-2023 on a retrospective annuity basis with a useful life of 40 years. The flexibility being applied is consistent with current Council Loans Fund arrangements and is considered prudent, sustainable, and affordable over the life of the asset.

The current repayment charges were compared against an annuity repayment profile based on the estimated useful asset lives for the each of the three SCA arrangements. The most appropriate asset life was considered to be 40 years which replicates the useful asset life of other similar type assets held on the Council's Balance Sheet i.e., schools. The calculation of the repayment charges of each SCA or Public Private Partnership (PPP) scheme using the asset life annuity basis was compared to the current charges which were to be made over the contract period. By applying the flexibility, a one-off combined pre-2022-2023 retrospective saving of £21.720m was achieved followed by further savings after reprofiling of payments, as detailed in the table below.

PPP debt repayment	Current repayment	Revised repayment	(Reduction)/ Cost
	£'000	**£'000**	**£'000**
Pre 2022-23	34,342	12,622	**(21,720)**
Paid in 2022-23 & 2023-24	7,467	3,319	**(4,148)**
Paid in 2024-25	3,827	1,801	**(2,026)**
Payable within two to five years	15,472	8,277	**(7,195)**
Payable within six to ten years	21,234	13,255	**(7,979)**
Payable within eleven to fifteen years	28,840	17,434	**(11,406)**
Payable within sixteen to twenty years	15,082	22,933	**7,851**
Payable within twenty-one to twenty-five years	1,105	25,336	**24,231**
Payable within twenty-six to forty years	-	22,392	**22,392**
Total	**127,369**	**127,369**	**-**

In addition to the one-off retrospective element, further in-year saving occur each year in scheduled debt repayments with £2.026m applied in 2024-2025 (2022-2023 to 2023-24 £4.148m cumulative). This will be followed by a reduction in the annual charges for further 15 years and then the continuation of the statutory charges after the SCA contracts have been repaid. Over the full asset life of the SCAs the total repayment for the debt liability remains the same.

Application of International Financial Reporting Standard 16 (IFRS 16) – impact on SCA's

IFRS16 replaces IAS17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. After various deferrals, the Code mandated adoption of IFRS 16 for local authorities in 2024-25.

In accordance with Accounting Policy 12 on page 95, with effect from 1 April 2024, IFRS 16 relating to Leases also applies to service concession arrangements i.e. Public-Private Partnerships (PPP) and similar schemes. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments.

The effect of this has been to increase balance sheet assets for the three Council PPP schemes by a combined total of £33.636 million, with an equal increase in finance lease liabilities as at 31 March 2025. Thereafter, given that PPP assets are treated in the same way as other Property, Plant and Equipment (PPE) assets and are held at a current value basis and are subject to regular valuation, the increase to the asset balance referred to above on transition is an increase to the historic cost of the asset, which has resulted in a value for the asset that exceeds the current valuation. It has been necessary to write the asset back down to its confirmed most recent valuation amount by making a revaluation adjustment. This adjustment has been matched by a reduction in the revaluation gains previously accumulated in the revaluation reserve for the assets.

Financial Impact

The financial impact on council taxpayers is neutral over the life of the contract/write down period for Loans Fund Repayments. The effect of the transition to IFRS 16 and the totals over the remaining life of the combined contracts is shown below.

Loans Fund Repayment	**Current IAS17**	**Revised IFRS16**	**Variance**
	£'000	**£'000**	**£'000**
Opening adjustment on transition	-	33,636	**33,636**
Finance lease interest	48,523	65,052	**16,529**
Contingent rental	50,165	-	**(50,165)**
Total	**98,688**	**98,688**	**-**

The transitional adjustment results in an increase to the Capital Financing Requirement which also causes increased Loans Fund Repayment charges, impacting council taxpayers. However, there is also a reduction in the revenue charge each year since contingent rent is no longer charged. The combined effect of this is a net reduced cost charged to revenue of £1.178m in 2024-25. The actual Loans Fund Repayments depend on the indexation applied to the unitary payment in 2024-25 and future years for the remainder of the contract.

Note 26: Termination benefits

The Council terminated the contracts (or agreed to terminate prior to the financial year end) of a number of employees in 2024-2025, incurring liabilities of £0.085m (£0.464m 2023-2024). The total is payable to 3 (2023-2024: 11) employees from directorates detailed in the analysis provided. Termination benefits exclude ill health retirals'. Further detail can be found within the Exit packages note contained in the Remuneration report on page 41.

Number	**Directorate**
1	Housing Operations and Development
2	Communities and Transformation
3	

Note 27: Defined benefit pension schemes

Participation in pension schemes

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

[2024 Annual Report - Strathclyde Pension Fund (spfo.org.uk)]

Benefits

It is a defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level to balance the pension's liability with investment assets. The pension accrual rate guarantees a pension based on 1/49th of pensionable salary and years of pensionable services. (Prior to 2015, the accrual rate guaranteed a pension and a lump sum based on final pensionable salary and years of pensionable service). There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The scheme's normal retirement age is linked to the state pension age. Pensions are increased annually in line with changes to the Pensions (Increases) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

Governance

The Strathclyde Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Strathclyde Pension Fund Committee. This committee is comprised solely of elected members of Glasgow City Council. Employing authorities (including South Ayrshire Council) are represented at the Strathclyde Pension Fund Board.

Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.

Under the Regulations, employers fall into three categories: scheme employers (also known as schedule bodies) such as South Ayrshire Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other parties. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

Principal risks

The principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amount due by statute as described in the accounting policy note.

Discretionary post-employment benefits

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

Transactions relating to post-employment benefits.

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by the Council's employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the Council Tax is based upon the pension contributions payable by the Council in the year, and an adjustment is made in the Movement in Reserves Statement to achieve this.

The following transactions have been made in the accounting statements in 2024-2025 and the prior year 2023-2024.

Comprehensive Income and Expenditure Statement (CIES)	2024-2025 £'000	2023-2024 £'000
Cost of Services:		
Service cost comprising:		
Current service cost	22,960	23,296
Past service cost (including curtailments)	91	418
Financing and investment income and expenditure:		
Net interest expense/ (income)	1,492	(1,062)
Total post-employment benefit charged to the deficit on the provision of services	**24,543**	**22,652**
Other post-employment benefits charged to the CIES:		
Re-measurement of the net defined benefit liability comprising:		
Return on the plan assets	19,376	(50,916)
Actuarial (gains) arising on changes in demographic assumptions	(1,321)	(13,344)
Actuarial (gains) and losses arising on changes in financial assumptions	(122,334)	(27,267)
Other	(354,757)	(190,884)
Total post-employment benefit charged to the CIES	**(434,493)**	**(259,759)**
Movement in Reserves Statement (MiRS)		
Reversal of net charge made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	**13,332**	**(658)**
Actual amount charged against the General Fund balance for pensions in the year:		
Employers' contribution payable to the scheme	**11,211**	**23,310**

Pension assets and liabilities recognised in the Balance Sheet

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

	2024-2025 £'000	2023-2024 £'000
Present value of the defined benefit obligation: funded	(669,690)	(761,062)
Present value of the defined benefit obligation: unfunded	(21,776)	(25,037)
Fair value of pension fund assets	1,112,133	1,091,734
Surplus	**420,667**	**305,635**
Asset Ceiling Adjustment	**(442,443)**	**(330,672)**
Net liability arising from defined benefit obligations	**(21,776)**	**(25,037)**

A reconciliation of the Council's share of the present value of Strathclyde Pension Fund's defined benefit obligation is as follows:

	2024-2025 £'000	2023-2024 £'000
Opening balance on 1 April	**786,099**	**729,870**
Current service cost	22,960	23,296
Past service cost	91	418
Interest cost	37,695	34,620
Contributions by scheme participants	6,934	6,494
Re-measurement gains and (losses):		
Actuarial (gains) arising on changes in demographic assumptions	(1,321)	(13,344)
Actuarial (gains) and losses arising from changes in financial assumptions	(122,334)	(27,267)
Other losses/ (gains)	(8,213)	64,312
Benefits paid	(28,402)	(30,327)
Unfunded benefits paid	(2,043)	(1,973)
Closing balance at 31 March	**691,466**	**786,099**

A reconciliation of the movement in the Council's share of the fair value of Strathclyde Pension Fund's assets is as follows:

	2024-2025	2023-2024
	£'000	**£'000**
Opening fair value of the scheme assets	**1,091,734**	**994,901**
Interest income	52,075	47,199
Re-measurement gains and (losses):		
Return on the plan assets	(19,375)	50,916
Contributions from employers	9,168	21,337
Contributions from employees in the scheme	6,934	6,494
Other losses/(gains)	-	1,214
Benefits paid	(28,402)	(30,327)
Closing fair value of the scheme assets	**1,112,134**	**1,091,734**

Analysis of pension fund assets

The asset values below are at bid value as required under IAS19 Employee Benefits. The figures presented below are to nearest £1,000 there will be rounding differences in the totals.

At 31 March 2025

Asset category	**Quoted Prices in Active Markets**	**Quoted Prices not in Active Markets**	**2024-2025 Total**
	£'000	**£'000**	**£'000**
Cash and cash equivalents			
Equity instruments:			
Consumer	54,796	118	54,914
Manufacturing	51,816	72	51,888
Energy and Utilities	8,645	-	8,645
Financial Institutions	24,908	487	25,395
Health and Care	26,441	13	26,454
Information Technology	63,783	30	63,813
Sub-total equity	**230,389**	**720**	**231,109**
Debt securities (corporate bonds incl. non-investment grade)	**-**	**-**	**-**
Private equity	**-**	**257,071**	**257,071**
Real estate (UK property)	**-**	**83,908**	**83,908**
Investment funds and unit trusts:			
Equities	4,072	267,375	271,447
Bonds	-	234,596	234,596
Commodities	-	545	545
Infrastructure	-	3,924	3,924
Other	-	2,473	2,473
Sub-total investment funds and unit trusts	**4,072**	**508,913**	**512,985**
Derivatives			
Foreign Exchange	-	**(1)**	**(1)**
Sub-total	**-**	**(1)**	**(1)**
Cash and cash equivalents (all)	**-**	**27,060**	**27,060**
Totals	**234,461**	**877,670**	**1,112,131**

At 31 March 2024

Asset category	Quoted Prices in Active Markets £'000	Quoted Prices not in Active Markets £'000	2023-2024 Total £'000
Cash and cash equivalents			
Equity instruments:			
Consumer	50,421	14	50,435
Manufacturing	62,900	17	62,917
Energy and Utilities	9,902	-	9,902
Financial Institutions	31,183	155	31,338
Health and Care	29,088	53	29,141
Information Technology	37,002	-	37,002
Sub-total equity	**220,496**	**239**	**220,735**
Debt securities (corporate bonds incl. non-investment grade)	**-**	**-**	**-**
Private equity	**-**	**260,642**	**260,642**
Real estate (UK property)	**-**	**85,843**	**85,843**
Investment funds and unit trusts:			
Equities	4,483	372,007	376,490
Bonds	-	127,351	127,351
Commodities	-	435	435
Sub-total investment funds and unit trusts	**4,483**	**499,793**	**504,276**
Cash and cash equivalents (all)	**1,701**	**18,537**	**20,238**
Totals	**226,680**	**865,054**	**1,091,734**

Basis for estimating assets and liabilities.

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pension that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Fund's liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest valuation of the Fund on 31 March 2025. The significant assumptions used by the actuary have been:

Mortality assumptions:	**2024-2025**	**2023-2024**
Longevity at 65 for current pensioners		
Male	20.0	20.1
Female	22.9	23.0
Longevity at 65 for future pensioners		
Male	20.8	20.9
Female	24.7	24.8
Financial assumptions:		
Rate of inflation/pension increase rate	2.80%	2.80%
Rate of increase in salaries	3.50%	3.50%
Rate for discounting scheme liabilities	5.80%	4.80%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change, that the assumptions analysed will change, while all the other assumptions remain constant.

Change in assumption on 31 March 2025	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in real discount rate	2%	11,658
0.1% increase in the salary increase rate	0%	728
0.1% increase in the pension increase rate	2%	11,243

Asset and liability matching strategy

The Strathclyde Pension Fund has an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The Fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt-edged investments with maturities that match the benefits payments, as they fall due. A large proportion of the assets relate to investment funds and unit trusts 45% (2023-2024 46%), equities 21% (2023-2024 21%) and private equity 23% (2023-2024 24%). The scheme also invests in properties 8% (2023-2024 8%) and in cash 2% (2023-2023 2%). The ALM strategy is monitored annually or more frequently if necessary.

Impact on the Council's cash flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating local authorities. Employer's contributions have been set at 6.5% for 2024-2025 based on the last triennial valuation completed on 31 March 2023.

The total contributions expected to be made by the Council to Strathclyde Pension Fund in the year to 31 March 2025 is £8.840m. The weighted average duration of the defined benefit obligation for Fund members is 17 years (This is different from the mortality assumptions quoted in the table above in "*Basis for estimating assets and liabilities")*.

Note 28: Pensions schemes accounted for as defined contribution schemes

The Council participates in the Scottish Teachers Superannuation Scheme, administered by the Scottish Public Pension Agency. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

- 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 of 31 March 2020. This valuation informed an increase in the employer contribution rate 23.0% to 26.0% of pensionable pay from September 2019 and an anticipated yield of 9.6% employee's contributions.
- The Council has no liability for other employers' obligations to the multi-employer scheme.
- As the scheme is unfunded, there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.
- i) The scheme is an unfunded multi-employer defined benefit scheme.

  ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Council is unable to identify its share of the underlying assets and liabilities of the scheme.

iii) The employer contribution rate for the period from 1 April 2024 is 26.0% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

iv) The latest valuation was based on scheme data as at 31st March 2020 and this set the employer contribution rate for the period 1st April 2024 to 31st March 2027 so current employer contributions rates will stay in force until 1st April 2027.

v) Contributions collected in the year to 31 March 2025 will be published in October 2025.

The Council paid £15.8m (£13.8m 2023-2024) for employer's contributions. As a proportion of the total contributions into the scheme during the year ended 31 March 2025 (£793.9m), the Council's own contributions paid equate to approximately 1.99%.

Note 29: Contingent assets and liabilities

On 31 March 2025 the Council had no material contingent assets. Having received notice of several potential insurance and other claims, the Council recognises a potential liability which may require to be met where claims are successful. Accordingly, it has agreed to meet any liability in excess of provisions made in the financial statements from uncommitted reserves. These include:

- A share of potential liabilities arising from claims lodged against the former Strathclyde Regional Council (SRC) on a geographical basis. These potential liabilities include shared liability in connection with Municipal Mutual Insurance (MMI) Limited, one of SRC's insurers. Following the Supreme Court ruling in 2012 on Employers' Liability Insurance "Trigger" Litigation, the Council have an existing provision to meet clawback of estimated payments made by MMI Limited for known claims and recognise a contingent liability for claims that may be incurred but are yet to be reported.

- The Limitation (Childhood Abuse) (Scotland) Act 2017 removed the three-year time bar on survivors of abuse bringing forward claims for compensation. This applies to all claims from 1964 onwards and a potential cost to the Council exists in respect of claims which may arise under this legislation.

These and other potential claims remain subject to a high degree of uncertainty and at this time it is not clear that either an obligation exists or that its value can be reliably established.

Note 30: Nature and extent of risks arising from financial instruments

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

- **credit risk** – the possibility that other parties might fail to pay amounts due to the Council.
- **liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments.
- **re-financing risk** – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **market risk** – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall procedures for managing risk.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are set out through a legal framework based on the Local Government (Scotland) Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and the investment guidance (regulations – Scotland) issued through the Act.

These procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- By adopting a Treasury Policy Statement and treasury management clauses within its financial regulations and standing orders; and
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
  - (i) The Council's overall borrowing
  - (ii) The maximum and minimum exposures to fixed and variable interest rates
  - (iii) The management of interest rate exposure
  - (iv) The maximum annual exposures to investments maturing beyond a year
  - (v) By approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance (regulations – Scotland)

The above are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instruments exposure.

Actual treasury performance is required to be reported quarterly.

The annual treasury management strategy which incorporates the prudential indicators was approved by Full Council on 6 March 2024 and is available on the Authority website. The key issues within the strategy were:

- The Authorised Limit for 2024-25 was set at £705m. This is the maximum limit of external borrowings or other long-term liabilities.
- The Operational Boundary was expected to be £660m. This is the expected level of debt and other long-term liabilities during the year.
- The management of fixed and variable interest rate exposure.
- The maximum and minimum exposures to the maturity structure of debt are shown in the treasury management strategy, section 5.2 page 17 Treasury Management Limits on Activity.

Risk management is carried out by a central treasury team, under policies approved by South Ayrshire Council in the annual treasury management strategy. South Ayrshire Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of cash.

Credit Risk Maturity

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

The risks associated with banks and financial institutions are minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Standard & Poor's, Fitch, and Moody's Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits for investment in respect of each financial institution.

The Council uses the creditworthiness service provided by MUFG Corporate Markets (formally Link Group). This service uses a sophisticated modelling approach, with credit ratings from three credit rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties, but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies.
- credit default swap spreads to give early warning of likely changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

The full Treasury and Investment Strategy for 2024-25 was approved by Council on 6 March 2024 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its cash investments in banks and building societies of £14.065m cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence on 31 March 2025 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Expected Credit Loss calculation under IFRS 9 does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil.

The Council's gross debtor (excluding council tax and non-domestic rate income) was £40.690m (2023-24 £45.637m) against which a provision of £10.739m (2023-24 £10.679m) was made for bad and doubtful debts. Based on historical experience, the Council has therefore fully provided for its estimated maximum exposure to default and non-collectability.

The Council does not generally allow credit for customers, such that £20.833m of the £40.690m gross debtor balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2024-2025	**2023-2024**
	£'000	**£'000**
Less than three months	1,767	2,092
Three to six months	337	1,120
Six months to one year	7,462	2,691
More than one year	11,267	15,864
Total	**20,833**	**21,767**

Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the Public Works Loan Board (PWLB) and money markets for access to longer term funding. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure.

There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing on money market deposit are repayable in less than one year.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's Day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash needs.

The Council's main source of borrowing is HM Treasury's Public Works Loan Board. 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 no more than 25% of long-term 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 indicator for maturing debt (within one year) is 1.2% below the indicator, due to the strategy in 2024-2025 of borrowing in the short-term markets and longer term PWLB borrowing.

The maturity of Lender Option/Borrower Option (LOBO) loans are disclosed in the under-noted table at original redemption date.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

	Maturity limit %	Maturing debt Maturing in period %	Actual 2024-2025 £'000	Actual 2023-2024 £'000
Less than one year	25	23.8	103,396	82,986
Between one and two years	25	2.9	12,396	31,419
Between two and five years	50	10.7	46,088	12,160
Between five and ten years	75	13.2	56,966	36,587
More than ten years	90	49.4	214,089	224,507
Principal element of borrowing		**100**	**432,935**	**387,659**

Market Risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall (no impact on revenue balances).
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the Provision of Services and affect the General

Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure Statement.

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, a treasury indicator is set which provides maximum limits for fixed and variable rate interest rate exposure. The central treasury team will monitor interest rates within the year to adjust exposures accordingly. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rate borrowing would be postponed. According to this assessment strategy, on 31 March 2025, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Notional impact on the surplus or deficit on the provision of services:	**Actual 2024-2025 £000**	**Actual 2023-2024 £000**
Increase in interest payable on variable rate borrowings	959	911
Increase in interest receivable on variable rate investments	(149)	(268)
	810	**643**

Other presentational changes	**Actual 2024-2025 £000**	**Actual 2023-2024 £000**
Decrease in "fair value" of fixed rate borrowing liabilities (no impact on surplus or deficit on the provision of services)	**22,172**	**24,515**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note 10 – Fair Value of Assets and Liabilities carried at Amortised Cost.

Price Risk

The Council does not generally invest in equity shares but does have a shareholding to the value of £0.843m in Freeport (Scotland) Ltd, which allows the Council voting rights within the company. The Council is consequently exposed to losses arising from movements in the prices of the shares.

As the shareholding has arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the authority can monitor factors that might cause a fall in the value of specific shareholdings.

The shares have been classified as 'Fair Value through Other Comprehensive Income', meaning that all movements in price will impact on gains and losses recognised in the Financial Instrument Revaluation Reserve.

Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Section 7: Policies, Judgements and Assumptions

Note 31: Significant accounting policies

1. General principles

The Annual Accounts summarise the Council's transactions for the 2024-2025 financial year and its financial position at the year end of 31 March 2025. The Council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires such accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2024-25* and are supported *by International Financial Reporting Standards* (IFRS).

The Code is issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the Council and its Group. The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Annual Accounts are prepared on a 'going concern' basis.

2. 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:

- All known specific and material sums payable to the Council have been brought into account. Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract, in line with *IFRS 15 Revenues from Contracts with Customers*.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the service is received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract. 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.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Charges to revenue for non-current assets

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

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

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

4. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

5. Employee benefits

Benefits payable during employment

Short term employee benefits such as salaries, wages, overtime and paid annual leave for current employees are recognised as an expense in the year in which employees render service to the Council. All salaries and wages earned during the year are included in the Annual Accounts irrespective of when payment was made. The Council has made provision for the costs of any potential employee related claims. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end and which employees can carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable because 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. These termination benefits are charged on an accruals basis as an expense in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement when the Council is 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, rather than 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 enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-employment benefits

As part of the terms and conditions of employment of its employees, South Ayrshire Council offers retirement benefits. The Council participates in two separate pension schemes, one exclusive to teachers and the other open to all its other employees:

- The Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency.
- The Local Government Pension Scheme, administered by Strathclyde Pension Fund.

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

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a "defined contributions" scheme. No liability for future payments of benefits is recognised in the Balance Sheet and the Education service line in the Comprehensive Income and Expenditure Statements is charged with the employer's contributions payable to teachers' pensions in the year.

The Local Government pension scheme

The Local Government Pension Scheme (LGPS) is accounted for as a “defined benefit” scheme:

- The liabilities of the Strathclyde Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the “projected credit unit method” i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate used by the appointed actuaries to place a value on the liability.
- The assets of the Strathclyde Pension Fund attributable to South Ayrshire Council are included in the Balance Sheet at their fair value at current bid prices for quoted securities, estimated fair value for unquoted securities and market price for property.

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

- Service cost comprising:
    - *Current service cost*: The increase in liabilities because of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
    - *Past service cost*: The increase in liabilities because of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, charged to Non-Distributed Costs in the Comprehensive Income and Expenditure Statement.
    - *Net interest on the net defined benefit liability (asset), i.e., net interest expenses for the Council*: The change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, considering any changes in the net defined liability (asset) during the period because of contribution and benefit payments.
- Re-measurements comprising:
    - *The return on plan assets*: Excluding amounts included in the net interest on the net defined benefit liability (asset), charged to the Pension Reserve as other comprehensive income and expenditure.
    - *Actuarial gains and losses*: Changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions, charged to the Pensions Reserve as other comprehensive income and expenditure.
    - *Contributions paid to the Strathclyde Pension Fund*: Cash paid as employer’s contributions to the pension fund in settlements of liabilities; not accounted for as an expense.

In relation to retirement benefits, Scottish Government regulations require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional charges and credits for retirement benefits and replace them with charges for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Discretionary benefits

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

6. Financial assets

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

There are three main classes of financial assets measured at:

- amortised cost.
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest i.e., where the cash flows do not take the form of a basic debt instrument.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority 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 in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principle received (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

When soft loans are made (loans to organisations at less than market rates), a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of the soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustments Account in the Movement in Reserves Statement.

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

Financial assets measured at fair value through profit or loss

Financial assets that are measured at fair value through profit or loss 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. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The outputs of the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the assets.

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

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in Provisions, Contingent Liabilities and Contingent Assets.

Expected credit loss model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant fair value through other comprehensive income) either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

7. Financial liabilities

Borrowing

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 Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, Scottish Government regulations permit the costs of restructuring to be released to revenue over the period of the replacement loan. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement 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.

8. Government grants and contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for revenue grants and contributions) or Taxation and Non-specific Income (for capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is held in the Capital Grants Unapplied Account. Where it has been applied, it is held in the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

9. Leases

Right of Use Assets

The Council has adopted IFRS16 (Leases) with effect from 1 April 2024. The adoption of the new standard resulted in the balance sheet recognition of a right-of-use asset and related lease liability in relation to all former operating leases. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short term leases i.e. existing leases that expire on or before 31 March 2025, and any new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For leases that were classified as finance leases under IAS17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS17 immediately before that date.

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 finance leases is recognised on the Balance Sheet at the commencement of the lease fair value measured at the lease's inception (or the present value of the minimum lease payment, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant, or equipment, applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement)

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 asset's estimated useful life where ownership of the asset does not transfer to the Council at the end of the lease period.

The Council is not required to raise Council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals paid under operating leases are charged to the appropriate service account in the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property over the term of the lease. Charges are made on a straight-line basis over the life of the lease.

The Council adopted IFRS16 from 1 April 2024. Properties and other vehicles, plant and equipment that fall under the scope of IFRS16 have now been reclassified as a right of use assets on the balance sheet. Only low value assets (below £10k) and leases that have less then 12 months to run will be disclosed as an operating lease expense in year.

The Council as Lessor

Operating leases

The Council as landlord has granted commercial leases of premises and sites to various tenants on a variety of lease terms. The arrangements are accounted for as operating leases. Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet. The rental income receivable is included in the Comprehensive Income and Expenditure Statement.

10. Prior period adjustments, changes in accounting policies and estimation and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment. There was no prior period adjustments relating to the financial year 2024-2025.

Changes in accounting policy are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

11. Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of 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 accrual's basis, if it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Plant, furniture, and computer equipment costing less than £10,000 are not treated as property, plant and equipment and are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement. This de minimis does not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

In respect of Component accounting, the assessment of which components are recognised and depreciated separately is based upon the costs of each component. Significance will be determined by comparing the components cost against the overall cost of an asset. The threshold for a significant component shall be 25% of the overall cost of the asset but only where the overall value of the asset is in excess of £1.000m.

Measurement

Assets are initially measured at cost, comprising:

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

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

- infrastructure, community assets, and: depreciated historical cost.
- assets under construction held at historical cost with no depreciation applied until they are brought into use.
- dwellings: current value determined using the basis of existing use value for social housing (EUV-SH).
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the Council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value.
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and
- all other assets: current value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, in a limited number of instances depreciated replacement cost or insurance replacement cost has been used as an estimate of fair value. Where non-property assets that have short useful lives or low values, depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end but as a minimum every five years. In addition, to ensure that the carrying amount of assets held in the Balance Sheet at the year-end does not differ materially from the current value at that date, revaluation evidence from properties valued during the year together with appropriate industry indices is considered to determine if a material change in valuation has occurred during the year. Where a material change has been determined then all assets not valued during the year within the given category are adjusted using the assessed current value.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- 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; and
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

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.

Property valuations are carried out by The Royal Institution of Chartered Surveyors (RICS) professional staff within the Council's Directorate of Housing, Operations and Development or their appointed agent.

Impairment

Where indications exist that an asset may be impaired and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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; and
- where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued 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 taken to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement 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.

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

Disposal and Derecognition of Infrastructure Assets

When a component of an infrastructure asset is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, 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 the disposal).

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

Where any part of infrastructure assets is replaced, an adaptation provided in a separate update to the Code assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

Depreciation

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

Depreciation is charged on a straight-line basis over the useful life of the assets. Depreciation is not charged in the year of acquisition but is charged in the year of disposal. The periods of depreciation and categories of assets are detailed within Note 7 of the Annual Accounts.

Where a material 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 in accordance with the Council approved policy for material assets with a value in excess of £1.000m. Significant components are deemed to be those whose cost is 25% or more of the total cost of the asset.

12. Public Private Partnerships

Public Private Partnership (PPP) contracts are agreements to receive services, where the responsibility for making available the assets needed to provide the services passes to the PFI operator. As the Council is deemed to control the services that are provided under its schools PFI scheme and as ownership of the schools will pass to the Council at the end of the contracts for no additional charge, the accounting regulations (*IFRIC12 Service Concession Arrangements*) require that the Council recognises the three primary schools, two secondary schools and an annex to an existing secondary school opened between 2007-2008 and 2009-2010, the new Ayr Academy opened in 2017-2018 and the new Queen Margaret Academy opened in 2019-2020, as part of Property, plant and equipment on its Balance Sheet.

The original recognition of the schools PFI assets at fair value (based on the cost of construction) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The schools PFI assets are re-valued and depreciated in the same way as other non-current assets owned by the Council. The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the service received during the year – debited to the relevant service in the Income and Expenditure Statement.
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the Income & Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Income & Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability towards the PPP contractor; and
- lifecycle replacement costs – recognised as fixed assets on the Balance Sheet.

Service Concession Arrangement flexibility application

The Scottish Government's 2022 Resource Spending Review contained details of a Service Concession Arrangement (SCA) flexibility that related to the Council's PPP schools. The flexibility permits councils to undertake internal accounting changes that extend the period over which the principal repayment of the unitary charge can be made which results in a one-off credit to the General Fund and ongoing annual savings for a period of time. In the remaining years following the end of the SCAs, the rescheduled debt repayments continue until the debt liability has been extinguished. The Statutory Regulation in relation to this matter, Local Government Finance Circular 10/2022 (FC 10/2022), was published in September 2022.

FC 10/2022 replaces the 2010 version that covered this area and permits the authority to apply a temporary flexibility for service concession arrangements entered prior to April 2022. The Circular sets out the accounting requirements and the options permitted for the recognition of repayments of the principal element of the lease component or the lease liability for the year and the temporary flexibility for SCAs entered prior to 1 April 2022.

The Council applied the permitted change in the calculation of the statutory charge in 2022-23 and the adopted approach has been applied across all three such arrangements held by the Council in line with the key accounting principle of consistency.

The annual unitary charge will continue to be paid to the contractor over the contract period. The guidance applies to principal and not to interest, service charge costs or grant. These will continue to be accounted for over the contract period.

Annuity method for revised repayment of debt liability

The recalculation of the debt liability charges applies the annuity method to calculate the revised repayments. This method best represents the consumption of the assets over their useful lives.

This methodology is applied within the Councils current Loans Fund repayment policy. The use of an annuity method for the writing down of the PPP debt liability therefore ensures a consistent approach for the writing down of all debt which is financing capital expenditure, in that.

- The annuity method provides a fairer charge than equal instalments as it takes account of the time value of money, whereby paying £100 in 10 years' time is less of a burden than paying £100 now.
- The schedule of charges produced by the annuity method thus results in a consistent charge over an asset's life, considering the real value of the amounts when they fall due.
- The annuity method is a "prudent basis for providing for assets that provided a steady flow of benefits over their useful life.'

Useful Economic Life

The most appropriate asset life for the calculation is considered to be 40 years which replicates the useful asset life of other similar type assets held on the Council's Balance Sheet i.e., schools. The Council's Loans Fund methodology use a Useful Economic Life (UEL) of 40 years when calculating the repayment of debt liability for borrowing to support capital expenditure for similar types of assets. The proposed application a UEL of 40 years for the three SCAs arrangements is therefore considered consistent with current council methodology.

Capital Financing Requirement

The reprofiling of the debt liability repayments over the life of the asset rather than the life of the contract increased the Capital Financing Requirement (CFR) as of 1 April 2022. The increase in the CFR will continue to be reduced by the revised repayments after each SCA contract has expired until the end of the revised period.

Accounting Treatment

The statutory adjustment was made as of 1 April in the year the revised repayments were applied. This option was exercised in 2022-23 and was applied retrospectively. Being a cumulative statutory adjustment there was no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment up to 31 March 2022 resulted in a retrospective debit to the Capital Adjustment account in 2022-23 with a corresponding credit in the Movement in Reserves Statement within the General Fund. Further in year annual reductions are being applied along similar lines as the retrospective adjustment until the end of the contract period for each of the three SCAs. Thereafter the revised charges will result in higher cost being charged to the General fund that the current repayment profile until the end of the UEL.

International Financial Reporting Standard 16 - Leases

Under International Financial Reporting Standard 16 (FRS16), where indexation (or other changes in a rate) affects future Service Concession Arrangement (SCA) payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments.

The change in accounting policy has been made in accordance with section 4.3.2.44 of the Code which sets out the transitional arrangements for SCA's. IFRS16 replaces International Accounting Standard 17 (IAS17) and sets out the principles for the recognition, presentation and disclosures requirements. The implicit interest rate contained within the agreements remains the same under IFRS16 as it did under IAS17,

13. Provisions, contingent assets, and liabilities

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 Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

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

Contingent assets and liabilities

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

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts where they are deemed material.

14. Reserves

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

Reserves are classified under accounting regulations into two broad categories – **usable** which are available to support services and **unusable** which are unrealised and have a deferred impact on taxation.

Usable reserves

The Council has several statutory reserve funds within this category. The Repairs and Renewal Fund provides funds to facilitate asset improvements and efficiencies in future years. The Capital Fund is used to meet the costs of capital investment in assets and for the repayment of the principal element of borrowings. The Council also holds two further reserves within this category, the Capital Grants Unapplied Account which hold capital grants which have been received but have not yet been utilised to fund capital expenditure and the Capital Receipts Reserve which holds capital receipts which have not yet been used to fund capital expenditure.

Unusable reserves

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

The two 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 reserves arising from accounting for financial instruments are the Available for Sale Financial Instrument Reserve and the Financial Instruments Adjustment Account. The former contains the gains made by the Council arising from increases in the value of its investments and the latter is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending and borrowing by the Council.

The Pensions Reserve arises from 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 liability chargeable to the Comprehensive Income and Expenditure Statement.

The Employee Statutory Adjustment Account absorbs the difference that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward on 31 March each year.

15. Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or 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.

16. VAT

In general, income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

17. Fair value measurement

The Council measures some of its non-financial assets such as surplus assets and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is 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 takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's 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 Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Note 32: 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. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January 2025 for financial year 2024-2025:

- **Amendments to IAS 1**: Classification of Liabilities as Current or Non-current and non-current liabilities with Covenants. Applicable for periods beginning on or after 1 January 2025.
- **Amendments to IFRS16**: Lease Liability in a Sale and Leaseback. Applicable for periods beginning on or after 1 January 2025.
- **Amendments to IAS 12**: International Tax Reform: Pillar two model rules Applicable for periods beginning on or after 1 January 2025.
- **Amendments to IAS 7 and IFRS 7**: Supplier Finance Arrangements. Applicable for periods beginning on or after 1 January 2025.
- **Amendments to IAS 21**: The effects of changes in Foreign Exchange Rate (Lack of Exchangeability). Applicable for periods beginning on or after 1 January 2025
- **Amendments to IFRS 17**: Changes to recognition, measurement, presentation and disclosure of insurance contracts. Applicable for periods beginning on or after 1 January 2025.
- **Amendments to IAS 16 and IAS 38**: Changes to adaptations and interpretations of Property, Plant and Equipment and Intangible Assets. Applicable for periods beginning on or after 1 January 2025.

The Council does not expect that the adoption of the Standards listed above will have a material impact on the financial statements in future periods.

Note 33: Critical judgements in applying accounting policies

In applying the Significant Accounting Policies set out in Section 7 Note 31 to these accounts on pages 86 to 98, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Accounts are:

Future funding levels: There remains a degree of uncertainty about future levels of funding for local government in Scotland. However, the Council has determined that this uncertainty is not yet sufficient to indicate that its assets might be impaired as a result of any future requirement to close facilities and reduce levels of service provision, based on the judgement that its ability to deliver efficiency savings will continue to provide sufficient resources to finance future liabilities. Accordingly, the Annual Accounts have been prepared on a 'going concern' basis.

Provisions and contingent liabilities: The Council has considered its exposure to possible losses and made provision where it is probable that an outflow of resources will be required and can be measured reliably. Where appropriate, legal opinion has been sought. Judgements include assessments of the extent to which (or if at all) obligations exist and of local and/or national factors that might influence the amount of any such obligation. Where it has not been possible to measure the obligation or it is not probable in the Council's opinion that a transfer of economic benefits will be required, material contingent liabilities have been disclosed in Note 29.

Public Private Partnership: The Council has determined that it controls the services provided under the Public Private Partnership (PPP) School contracts and the residual value of the schools at the end of the agreements. The accounting policies relating to PPP and similar contracts have been applied to these arrangements and the assets under the contracts are recognised as PPE on the Council's Balance Sheet.

Asset valuations: Assets held at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end but as a minimum every five years. In addition, revaluation evidence from properties valued during the year together with appropriate industry indices is considered to determine if a material change in valuation has occurred during the year. The Council considers that at any point during that cycle, the carrying value does not differ materially from that which would be determined using current value.

Agency income and expenditure: The Council considers the degree of control it has over how funding received is utilised. Where the Council has no discretion over the application of funding, it deems that it is acting as an agent and consequently, neither such funding nor its associated expenditure is recognised in the Comprehensive Income and Expenditure Statement, with any amounts owed to/by the Council recorded in the Balance Sheet (refer to Note 19).

Note 34: Assumptions made about the future and other major sources of estimation uncertainty

The Annual Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering 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 on 31 March 2025, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

Pension liability

*Uncertainties***:** 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 pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied.

Effect if the results differ from assumption: The effects on the net pension's asset of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate would result in a reduction of £11.658m in the pension asset.

Property, plant and equipment

*Uncertainties***:** Valuation - The Council's assets are valued over a five-year rolling programme, with valuation assumptions ascertained by professional valuers who have considered the potential uncertainty regarding asset valuations arising from the current economic climate. Useful lives - assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Any decision to increase or reduce expenditure in this area could affect the useful lives of assets.

Effect if the results differ from assumption: Valuation – during 2024-2025 assets that were revalued now hold a value of £340.179m on the Balance Sheet. The impact of a 1% change in these valuations would change the value of those assets by £3.402m. Useful lives - if the useful life of assets is reduced, depreciation increases and the carrying amount of asset falls. It is estimated that the annual depreciation charge would increase and the carrying value would fall by £2.059m if useful lives were reduced by one year.

Public Private Partnership (PPP)

Uncertainties: The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PPP 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. In terms of financial modelling, RPI and RPIX indices are used.

Effect if results differ from assumptions: Any increase in these indices above that which are set in the funding model will require the Council to identify and allocate additional funding to the scheme. For instance, a 0.5% increase in the index rate used in the model would result in an increase of £11.975m in unitary charge payments over the remaining term of the arrangements.

Collection levels of arrears

Uncertainties: On 31 March 2025, the Council had a balance of trade receivables, excluding Council Tax and Non-domestic rates, of £28.140m. A review of significant balances suggested that an allowance for potential impairment losses of £10.739m was appropriate. However, in the current economic climate, it is not certain that such an allowance would be sufficient.

Effect if results differ from assumptions: If collection rates were to deteriorate, a 10% increase in the amount of potential impairment losses would require an additional amount of £1.074m to be set aside as an allowance.

Section 8: Housing Revenue Account

The Housing Revenue Account (HRA) reflects the statutory requirement to account separately for local authority housing provision, as specified in the Housing (Scotland) Act 1987. Any surplus or deficit on the HRA is ring-fenced for carry forward as part of the HRA accumulated financial position.

I) HRA Income and Expenditure Statement for the year ended 31 March 2025

The HRA Income and Expenditure Statement summarises expenditure on repairs, maintenance, and management of the Council's housing stock and how this was funded by rental income and other charges for services during the year.

2023-24 £'000	Expenditure	2024-25 £'000	2024-25 £'000
14,367	Repairs and maintenance	12,292	
7,284	Supervision and management	8,699	
11,659	Depreciation and impairment of property, plant, and equipment	12,479	
972	Other expenditure	870	
276	Increase in bad debt provision	170	
34,558	**Total expenditure**		**34,510**
	Income		
(33,336)	Dwelling rents	(35,209)	
(349)	Non-dwelling rents	(376)	
(671)	Other income	(610)	
(34,356)	**Total income**		**(36,195)**
202	**Net expenditure from HRA service**		**(1,685)**
142	HRA share of Corporate and Democratic Core		146
344	**Net expenditure for HRA services (as recorded in the Council's Comprehensive Income and Expenditure Statement)**		**(1,539)**
	Other Operating Expenditure		
1,245	(Gain) or loss on sale of HRA non-current assets		176
3,178	Interest payable and similar charges		4,725
(386)	Interest and investment income		(245)
(32)	Net interest on the net defined benefit liability		43
(9,965)	Non-specific grant income		(8,581)
(5,616)	**Deficit/(surplus) for the year on HRA services**		**(5,421)**

II) Movement on the HRA Statement for the year ended 31 March 2025

The Movement on the HRA Statement shows the movement in the year on the HRA usable reserves. The surplus or (deficit) on the provision of HRA services shows how the HRA Income and Expenditure Statement reconciles to the movement on the HRA Reserve.

2023-2024 £'000		2024-2025 £'000
(3,279)	**Balance on the HRA at the end of the previous year**	**(2,520)**
(5,616)	Deficit/(surplus) for the year on the HRA Income and Expenditure Statement	(5,421)
6,375	Adjustments between accounting basis and funding basis under statute	3,477
759	**Net decrease/(increase) in HRA balance**	**(1,944)**
(2,520)	**Balance on the HRA at the end of the current year**	**(4,464)**

Note 1: Provisions

A provision of £1.026m (2023-2024: £1.124m) is included in the Balance Sheet for doubtful debts in respect of mainstream housing rents. During 2024-2025, a total of £0.266m (2023-2024: £0.285m) was written off in respect of housing rent arrears.

Note 2: Accommodation

On 31 March 2025, the Council held various types of accommodation and had the following number and types of houses:

	2024-2025	2023-2024
Type of accommodation		
One and two apartment	2,422	2,379
Three apartment	3,660	3,572
Four apartment	2,045	2,003
Five or more apartment	186	172
	8,313	**8,126**

	2024-2025	2023-2024
Area of accommodation		
Ayr	4,943	4,800
Troon	963	961
Prestwick	771	734
Maybole	701	700
Girvan	935	931
	8,313	**8,126**

Note 3: Rent arrears & void property lost rent

On 31 March 2025, rent arrears amounted to £1.239m (2023-2024 restated: £1.372m), being 3.54% (2023-2024 restated: 4.25%) of gross rent collectable. The rental income lost due to void properties amounted to £0.770m in 2024-25 (2023-2024: £0.669m). 2023-24 comparative figures are restated to exclude homelessness rent arrears and homelessness void property lost rental income, both of which are funded by General Services Housing and not HRA.

Note 4: HRA surplus/(deficit)

Per the movement on the HRA statement for the year ended 31 March 2025, the surplus for the year was £1.944m, when combined with the accumulated surplus brought forward from 2023-2024 of £2.520m, resulted in a final 2024-25 accumulated surplus of £4.464m on 31 March 2025. £1.563m is required to fund specific capital and revenue projects in future years leaving an uncommitted balance of £2.901m to be held as contingency for future unexpected or emergency situations (a minimum working balance of £2.000m is recommended to be held for this purpose).

Section 9: Collection of Council Tax

The Council Tax Income Account (Scotland) shows the gross income raised from council tax levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Council.

Council Tax Income Account

2023-2024 £'000		2024-2025 £'000
88,357	Gross council tax levied and contributions in lieu	88,786
	Deduct:	
(9,097)	Council tax benefits/reduction (net of government grants)	(9,077)
(10,286)	Other discounts and reductions	(9,530)
(2,084)	Write-off of uncollectable debts and allowances for impairment	(2,123)
66,890	**In year council tax income**	**68,056**
(61)	Adjustment to prior years' council tax	(117)
66,829	Transfer to General Fund	**67,939**

Note 1: Council tax income

Council tax is based on the value of a domestic property, together with a personal element which considers the number of the property's occupants and their circumstances.

Each property is placed in one of eight valuation bands (A to H) in accordance with their valuation as of 1 April 1991. The council tax charge levied for each property is calculated in proportion to the council tax charge for a Band D property by applying fractions. A discount of 25 per cent on the council tax charge is made where there is only one resident aged 18 or over living in a property, or in some other circumstances, residents can be disregarded. Individuals in care, students and people who are severely mentally impaired are some examples where council tax would not be applicable. Reductions in council tax payable are also granted for disabled people in certain circumstances.

The valuation bands used in calculating the council tax payable for each valuation band are set out in the adjacent table.

Valuation band	202425 Charge per band £
A	968.77
B	1,130.24
C	1,291.70
D	1,453.16
E	1,909.29
F	2,361.39
G	2,845.77
H	3,560.24

Councils can vary the rate of council tax discount for unoccupied homes within their area in accordance with the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. From 1 April 2019 owners will pay 200% Council Tax for an empty property that is unoccupied for more than 12 months or up to 2 years if actively marketed for sale or rent. Councils can also vary the rate of council tax discount/charges for second homes in accordance with The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023. From 1 April 2024 owners of second home will pay 200% Council Tax for their second property. An element of the additional income collected from the reduction of discounts or application of the additional levy for empty properties or second homes will be transferred for the provision of affordable social housing in areas determined by the Council.

Additional income of £1.393m is included within the general fund and earmarked for use in relation to the affordable home's strategy. A further £0.330m is included within the general fund arising from the variation implemented 1 April 2024.

Note 2: Calculation of the Council tax charge base 2024-2025

	Valuation band								
Council tax band	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**Total**
Total number of properties	7,121	12,860	9,105	8,954	9,801	5,406	3,454	304	**57,005**
Less exemptions/deductions	435	473	315	218	214	102	39	6	**1,802**
Less adjustment for single discount	925	1,452	977	784	721	304	161	6	**5,330**
Less adjustment for double discount	105	161	127	113	106	43	28	5	**688**
Reduction in tax base due to Council Tax Reduction	2,309	2,724	1,414	621	367	110	32	1	**7,578**
Effective number of properties	**3,347**	**8,050**	**6,272**	**7,218**	**8,393**	**4,847**	**3,194**	**286**	**41,607**
Band D equivalent factor (D)	**240**	**280**	**320**	**360**	**473**	**585**	**705**	**882**	
Band D equivalent number of properties	2,230	6,261	5,574	7,219	11,029	7,877	6,254	701	**47,145**
Class 17 & 24 dwellings				5					**5**
Total	**2,230**	**6,261**	**5,574**	**7,224**	**11,029**	**7,877**	**6,254**	**701**	**47,150**
Less provision for non-collection 3.00 per cent (adjusted for impact of Council Tax Reduction)									1,415
Council tax base 2024-2025 (equivalent to a Band D Council Tax of £1,453.16)									**45,735**

Section 10: Non-Domestic Rate Account

The Non-Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2023-2024		2024-2025
£'000		**£'000**
62,785	Gross rates levied and contributions in lieu	65,530
	Deduct:	
(13,464)	Reliefs and other deductions	(12,175)
(956)	Write-off of uncollectable debts and allowance for impairment	(1,056)
48,365	**Net non-domestic rate income**	**52,299**
(1,391)	Adjustment to previous years' national non-domestic rates	(1,720)
46,974	**Total non-domestic rate income**	**50,579**
	National non-domestic rate pool:	
47,708	Non-domestic rate income retained by the authority	46,448
(46,974)	Contribution (to)from national non-domestic rate pool	(50,579)
734		**(4,131)**

Note 1: Non-Domestic rate income/contribution from national non-domestic rate pool

With effect from 1993-1994, all non-domestic rate income collected by local authorities (from non-domestic ratepayers) is paid into a national pool and redistributed to levying authorities (unitary and island councils) by the Scottish Government.

Note 2: Rateable subjects and values 2024-2025

Commercial subjects	**Number**	**Rateable Value £000**
Shops	1,515	31,807
Public houses	110	3,101
Offices (Including banks)	845	10,863
Hotels, boarding houses, etc.	66	5,313
Industrial and freight transport subjects	1,022	25,754
Leisure, entertainment, caravans, and holiday sites	704	10,172
Garages and petrol stations	90	1,515
Cultural	25	712
Sporting subjects	563	1,135
Education and training	67	12,177
Public service subjects	107	4,609
Communications (non-formula)	17	1,662
Quarries, mines etc.	8	563
Petrochemical	3	69
Religious	89	1,120
Health medical	25	3,692
Other	214	1,479
Care facilities	53	3,471
Advertising	28	77
Undertaking	27	3,392
Total all subjects	**5,578**	**122,683**

Rate levied 2024-2025: Rateable value greater than £100,001 – 55.90p, between £51,001 and £100,000 – 54.50p less than or equal to £51,000 – 49.80p

Section 11: Group Accounts

Introduction

The Code of Practice requires local authorities to consider their interest in all types of entity. This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973 e.g., statutory bodies such as Valuation Joint Boards. Local 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.

Combining entities

The Council has an interest in two subsidiaries, three associates and one joint venture entity. Further information on each entity is detailed in the notes to the Group Accounts below on pages 108 to 110. The subsidiary, associate and joint venture entities share a common accounting period ending 31 March 2025.

The subsidiaries are The Common Good Fund and Ayr Renaissance LLP. The Council effectively controls 100% of the Common Good Fund, which is overseen by Elected Members through the appropriate Council Panel. Ayr Renaissance LLP is in the process of being wound up, which is expected to be concluded in the near future. Until this process is completed Ayr Renaissance LLP is still being treated as a subsidiary for the purposes of the Group Accounts.

The associate entities incorporated are:

- Strathclyde Partnership for Transport.
- Strathclyde Concessionary Travel Scheme Joint Board; and
- Ayrshire Valuation Joint Board.

The joint venture is:

- South Ayrshire Integration Joint Board.

The associate and joint venture entities are independent Joint Boards whose function is to provide services on behalf of its constituent councils. The representative members of each Board are elected Councillors appointed by constituent authorities. The Council has one Member representing its interests on each of the Transport Authority and Concessionary Travel Scheme Joint Boards, five Members on the Ayrshire Valuation Joint Board and four voting Members on the South Ayrshire Integration Joint Board.

Other entities in which the Council has an interest are not included in the Group Accounts on the basis that they are not considered to be material. These include an associate, Freeport (Scotland) Limited as well as various Trust Funds and Bequests as referred to in Section 13.

Nature of combination

The Council inherited its 100% interest in the Common Good Fund from Kyle & Carrick District Council following the re-organisation of local government in 1996. Ayr Renaissance LLP was established by South Ayrshire Council as a separate arm's length, Limited Liability Partnership, with the purpose of regenerating Ayr Town Centre. The subsidiaries have been consolidated into the Group Accounts on an acquisition basis. Shares of the associate companies have also been accounted for on an acquisition basis using the equity method – the Council's share of the net assets or liabilities of each entity is incorporated and adjusted each year by the Council's share of the entities' results (recognised in the Group Reserve), and its share of other gains & losses. The Council has not paid any consideration for its interests and thus there is no goodwill involved in the acquisitions. The joint venture has been consolidated in the Group Accounts on a gross equity basis.

Financial impact of consolidation

The inclusion of the Council's share of assets and liabilities for subsidiary, associate and joint venture entities in the Group Balance Sheet resulted in an increase in reserves and net assets to £446.913m compared with £398.792m for the Council (2023-24: Group £536.935m compared with Council £487.298m). The Core Financial Statements of the Group have been incorporated as additional columns in the main financial statements of South Ayrshire Council contained on pages 42 to 46.

Notes to the Group Accounts

The notes required for the Annual Accounts of South Ayrshire Council as the holding entity are disclosed separately within the financial statements on pages 47 to 85. The following notes provide additional information in relation to other combining entries.

Note 1: Accounting policies

The Group financial statements are prepared in accordance with the policies set out in the Significant Accounting Policies, Note 31 Section 7 to these accounts on pages 86 to 9.

Note 2: Balances held between the Council and its associates

In accordance with UK accounting standards, no adjustments have been made in the Group Accounts for transactions conducted and balances held between the Council and its associates.

Note 3: Details of combining entities

In addition to the information contained in the Group Accounts element of South Ayrshire's Core Financial Statements on pages 42 to 46, the accounting regulations require specific disclosures about the combining entities and the nature of their business.

The Common Good Fund was inherited by South Ayrshire Council from Kyle & Carrick District Council following the 1996 local government re-organisation. The Fund comprises five distinct sub-funds: Ayr, Prestwick, Troon, Maybole and Girvan. The Council controls 100% of the fund and administers it for the interest and benefit of the people in the aforementioned areas. All expenditure is met from annual income or reserves.

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy on behalf of the twelve local authorities in the West of Scotland. The majority of its funding comes directly from the Scottish Government to fund the Rail Franchise payment and to ensure the delivery of rail services within the Board's area as specified in the rail franchise agreement. In 2024-2025, South Ayrshire Council contributed £1.794m or 4.99% (2023-2024: £1.821m) of the Board's estimated running costs. Its share of the year-end net asset of £26.760m (2023-2024: £25.052m) is included in the Group Balance Sheet. Copies of Strathclyde Partnership for Transport accounts may be obtained from the Treasurer of Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Strathclyde Concessionary Travel Scheme Joint Board comprises the twelve local authorities in the West of Scotland and oversees the operation of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by the twelve local authorities and by a grant from the Scottish Executive. The Strathclyde Passenger Transport Executive administers the scheme on behalf of the Board. In 2024-2025, South Ayrshire Council contributed £0.261m or 6.38% (2023-2024: £0.269m) of the Board's estimated running costs. Its share of the year-end net asset of £0.238m (2023-2024: £0.337m) is included in the Group Balance Sheet. Copies of Strathclyde Concessionary Travel Scheme's accounts may be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, 131 St Vincent Street, Glasgow G2 5JF.

Ayrshire Valuation Joint Board was established in 1996 at local government re-organisation by Act of Parliament. The Board maintains the electoral, council tax and non-domestic rates registers for the three Councils of East, North and South Ayrshire. The Board's running costs are met by the three-member Councils. Surpluses or deficits on the Board's operations are shared between the Councils. In 2024-2025, South Ayrshire Council contributed £0.859m or 33.33% (2023-24: £0.859m) of the Board's estimated running costs. Its share of the year-end net asset of £0.355m (2023-2024: £0.332m) is included in the Group Balance Sheet. Copies of Ayrshire Valuation Joint Board's accounts may be obtained from the Treasurer to Ayrshire Valuation Joint Board, County Buildings, Wellington Square, Ayr KA7 1DR.

Ayr Renaissance LLP was established by South Ayrshire Council as a separate arm's length, Limited Liability Partnership, with the purpose of regenerating Ayr Town Centre. It has two members, namely the Council (which is entitled to 99.999% share of profits) and SAC (LLP Nominees) Limited, a nominee company wholly owned by South Ayrshire Council. The organisations running costs were met by South Ayrshire Council by way of an annual revenue contribution. South Ayrshire Council contributed £0.001m for running costs during 2024-25 (2023-24: £0.004m).

South Ayrshire Integration Joint Board was established following the submission of three Integration Schemes from Ayrshire. The Cabinet Secretary for Health, Wellbeing and Sport signed the Parliamentary Order in March 2015 which enabled the establishment of new Health and Social Care Partnerships. The new integrated partnerships combine the resources and expertise from local Councils, the NHS, and a number of other stakeholders to deliver key health and social care services where they are needed most. The South Ayrshire Integration Joint Board was formally established on 1 April 2015. South Ayrshire Council controlled 50% of the Boards resources in 2024-2025 on a Joint Venture equity basis.

The following table details the main elements of South Ayrshire Council's share of assets, liabilities and revenues of its Subsidiary, Associates and Joint Venture entities.

Share of Subsidiary, Associate and Joint Venture - Assets and Liabilities 2024-2025

	Common Good Funds	Strathclyde Passenger for Transport	Strathclyde Concessionary Travel Scheme	Ayrshire Valuation Joint Board	Ayr Renaissance LLP	South Ayrshire IJB
	£'000	£'000	£'000	£'000	£'000	£'000
Share of assets	14,647	27,669	318	434	692	5,531
Share of liabilities	(56)	(909)	(80)	(79)	(107)	-
Share of revenues	(1,196)	(3,500)	(261)	(944)	(1)	(154,127)
Share of (surplus)/deficit	116	(1,588)	(93)	80	-	3,203

Share of Subsidiary, Associate and Joint Venture - Assets and Liabilities 2023-2024

	Common Good Funds	Strathclyde Passenger for Transport	Strathclyde Concessionary Travel Scheme	Ayrshire Valuation Joint Board	Ayr Renaissance LLP	South Ayrshire IJB
	£'000	£'000	£'000	£'000	£'000	£'000
Share of assets	14,652	26,586	383	415	692	8,734
Share of liabilities	(56)	(1,534)	(46)	(83)	(107)	-
Share of revenues	(1,197)	(5,571)	(269)	(878)	(4)	(142,670)
Share of (surplus)/deficit	(337)	(1,800)	(4)	60	-	1,181

Note 4: Contingent liabilities

On 31 March 2025 the Council had no share of contingent liabilities in any of its associate entities.

Section 12: Common Good Fund Accounts

The Common Good Fund was inherited by the Council from Kyle and Carrick District Council in 1996 following local government re-organisation. The Fund comprises five distinct sub-funds: Ayr, Troon, Prestwick, Maybole and Girvan. The Council controls 100% of the Fund and administers it for the interest and benefit of the people in the aforementioned areas. All expenditure is met from income or reserves.

I) Common Good Income and Expenditure Account for the year ended 31 March 2025

2023-2024 (restated)		Ayr	Prestwick	Troon	Maybole	Girvan	2024-2025
£'000		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
	Expenditure						
768	Property costs	607	29	-	-	46	**682**
91	Other expenditure	74	1	-	-	-	**75**
859		**681**	**30**	**-**	**-**	**46**	**757**
	Income						
1,155	Rents and other income	528	32	-	-	46	**606**
41	Interest on investments	29	4	2	-	-	**35**
1,196		**557**	**36**	**2**	**-**	**46**	**641**
337	**(Deficit)/surplus for year**	**(124)**	**6**	**2**	**-**	**-**	**(116)**
216	Surplus brought forward	260	245	37	2	9	**553**
553	**Accumulated surplus**	**136**	**251**	**39**	**2**	**9**	**437**

Comparative 2023-24 information is restated to correct an error in the 2023-24 Annual Accounts in relation to surplus brought forward and accumulated surplus.

II) Common Good Balance Sheet as of 31 March 2025

31 March 2024		31 March 2025
£'000		**£'000**
13,575	Property, plant, and equipment	14,594
13,575	**Non-current assets**	**14,594**
2	Inventory	2
1,075	Loans fund investment	51
1,077	**Current assets**	**53**
(5)	Creditors	(6)
(20)	Provisions	(20)
(30)	Deferred income	(30)
(55)	**Current liabilities**	**(56)**
14,597	**Net assets**	**14,591**
14,597	Useable and Unusable Reserve	14,591
14,597	**Net reserves**	**14,591**

Note 1: Valuation of Property, Plant and Equipment

Property valuations were carried out by RICS professional staff within the Council or by qualified third party agencies contracted by the Council and are at valuation dates between 2020-21 and 2024-2025, dependent on the category of asset. Further detail on the property valuation methodology is as described in Accounting Policy 11 contained in Section 7: Policies, Judgements and Assumptions, Note 31.

Note 2: Movement in Property, Plant and Equipment

2024-2025 Movements	**Ayr**	**Prestwick**	**Troon**	**Girvan**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Value as of 1 April 2024	**11,568**	**1,818**	**45**	**144**	**13,575**
Revaluations, impairments, and transfers	313	284	113	309	1,019
Value as of 31 March 2025	**11,881**	**2,102**	**158**	**453**	**14,594**

No depreciation is charged on Common Good assets as they comprise land, investment buildings and community assets.

Section 13: Trust Fund Accounts

The Council administers Trust Funds and Bequests from local benefactors from which payments are made for specific purposes. The number of Trusts at 31 March 2025 was 56, of which 52 are under the control of South Ayrshire Councillors and senior officers (ex-officio) and four are partly controlled by external Trustees. The following tables summarise those Trusts which are controlled solely by South Ayrshire Councillors and senior officers:

2023-2024		Registered charitable trusts	Other trusts	2024-2025
£'000	**Revenue accounts**	**£'000**	**£'000**	**£'000**
619	Opening balance	351	242	593
35	Income for year	33	16	49
(61)	Expenditure during year	(28)	(7)	(35)
593	**Closing balance**	**356**	**251**	**607**
	Balance Sheet as of 31 March			
	Assets			
626	Investments	530	105	635
632	Current assets	345	286	631
1,258	**Total assets**	**875**	**391**	**1,266**
	Reserves			
593	Revenue	341	251	592
421	Available for sale financial instrument reserve	362	68	430
244	Capital reserve	172	72	244
1,258	**Total reserves**	**875**	**391**	**1,266**

The table below provides information on the original purpose of various Trust Funds or Bequests and the value of investments held at 31 March 2025, split between those Trusts with charitable status and those without:

Charitable Trusts

Name	Original Purpose	Loans Fund Investment	External Investment	Total
		£'000	**£'000**	**£'000**
South Ayrshire Charitable Trust (SC045677)	The prevention and relief of poverty and relief of those in need by reason of age, ill health, disability, financial hardship, or other disadvantages.	1	15	16
South Ayrshire Council Charitable Trusts (SC025088)	Various educational purposes; prizes/bursaries; social purposes; war memorial maintenance.	41	-	41
David Elder Edward Fund (SC016728)	The provision of a new art gallery and the acquisition of art related to the local area.	300	512	812
McKechnie Trust (SC012759)	Founding and operation of library and reading rooms in Dalrymple Street, Girvan (purpose superseded by establishment of local authority public library); McKechnie Institute building is now a museum and exhibition centre	3	3	6
Total Charitable Trusts		**345**	**530**	**875**

Non-charitable Trusts

Name	Original Purpose	Loans Fund Investment £'000	External Investment £'000	Total £'000
John McMaster Bursary Fund	Bursaries for pupils of Girvan Academy to attend Glasgow or Edinburgh Universities for three to five years per conditions of scheme.	158	105	263
Sundry Mortifications	Maintenance of lairs in perpetuity.	52	-	52
Various	Non-charitable Trusts with closing balances of less than £25,000.	76	-	76
Total Non-charitable Trusts		**286**	**105**	**391**
Total Trusts		**631**	**635**	**1,266**

The table below provides a reconciliation of the movement on investments held by Trust Funds, analysed between those Trusts with charitable status and those without:

Capital and Revenue	31 March 2024 £'000 Capital	31 March 2024 £'000 Revenue	Income £'000 Capital	Income £'000 Revenue	Expenditure £'000 Capital	Expenditure £'000 Revenue	31 March 2025 £'000 Capital	31 March 2025 £'000 Revenue	31 March 2025 £'000 Total
Charitable Trusts									
South Ayrshire Charitable Trust (SC045677)	15	19	-	3	-	(21)	15	1	16
South Ayrshire Council Charitable Trusts (SC025088)	4	36	-	2	-	(1)	4	37	41
David Elder Edward Fund (SC016728)	498	293	14	28	-	(21)	512	300	812
McKechnie Trust (SC012759)	3	3	-	-	-	-	3	3	6
Total Charitable Trusts	**520**	**351**	**14**	**33**	**-**	**(43)**	**534**	**341**	**875**
Non-charitable Trusts									
John McMaster Bursary Fund	110	154	-	11	5	(7)	105	158	263
Sundry Mortifications	20	30	-	2	-	-	20	32	52
Non-charitable trusts with closing balances of less than £25,000	15	58	-	3	-	-	15	61	76
Total Non-charitable Trusts	**145**	**242**	**-**	**16**	**5**	**(7)**	**140**	**251**	**391**
Total Trusts	**665**	**593**	**14**	**49**	**5**	**(50)**	**674**	**592**	**1,266**

Other Trust Funds and Bequests

The Council also administers the funds of a further four Trust Funds or Bequests that are controlled in part by external trustees with a combined value at 31 March 2025 of £0.167m (2023-24 restated: £0.160m). These Trust Funds or Bequests are not reported above and are not covered by the Independent Auditor's Report at Section 14.

Section 14: Independent auditor's report to the Members of South Ayrshire Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of South Ayrshire Council and its group for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-domestic Rate Account and Common Good Fund Accounts and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2025 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard was not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Financial Officer and the Audit and Governance Panel for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Audit and Governance Panel is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Chief Financial Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Chief Financial Officer concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight

Fiona Mitchell-Knight FCA
Audit Director
Audit Scotland
4th Floor, The Athenaeum Building
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24 September 2025

Section 15: Glossary of Terms

Although the terminology used in the Annual Accounts is intended to be self-explanatory, it may be helpful to readers to provide additional definition and interpretation of the terms used.

Accounting period
The period of time covered by the Annual Accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accruals
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial gains and losses (pensions)
For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or changes in the actuarial assumptions themselves.

Asset
An item having value to the Council in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock). A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year.

Associates
These are entities (other than a subsidiary or joint venture) in which the Council has a participating interest or over whose operating and financial policies the Council can exercise significant influence.

Audit of accounts
An independent examination of the Council's financial affairs.

Balance Sheet
A statement of the recorded assets, liabilities, and other balances at the end of the accounting period.

Capital expenditure.
Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

Capital financing.
Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including: borrowing, leasing, capital receipts, grants, and revenue funding.

Capital programme.
The capital schemes the Council intends to carry out over a specified period.

Capital receipt.
The proceeds from the disposal of land or other non-current assets.

CIPFA
The Chartered Institute of Public Finance and Accountancy.

Community assets
Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are municipal parks.

Consistency
The concept that the accounting treatment of like terms within an accounting period and from one period to the next are the same.

Contingent asset/liability

A Contingent Asset/Liability is either:

- A possible benefit/obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the Council's control; or
- A present benefit/obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core
The Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities is thus over

and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service.

Creditor
Amounts owed by the Council for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Current service cost (pension)
The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.

Debtor
Amount owed to the Council for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Defined benefit pension scheme.
Pension scheme in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Depreciation
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

Discretionary benefits (pensions)
Retirement awards which the employer has no legal, contractual, or constructive obligation to make. These are awarded under the Council's discretionary powers.

Entity
A body corporate, partnership, trust, unincorporated association, or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

Events after the Balance Sheet date
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

Fair value
The fair value of an asset is 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 less, where applicable, any grants receivable towards the purchase of a useable asset.

Finance lease
A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

Government grants
Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

Heritage asset
A tangible asset with historical, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

IAS
International Accounting Standards.

IFRIC
International Financial Reporting Interpretations Committee.

IFRS
International Financial Reporting Standards.

Impairment
A reduction in the value of a non-current asset to its below carrying amount on the Balance Sheet.

Infrastructure assets
Non-current assets belonging to the Council that cannot be transferred or sold on which expenditure is only recoverable through the continued use of the asset created.

Intangible assets
An intangible (non-physical asset) item may be defined as an asset when access to the future economic benefits it represents is controlled by the Council. This Council's intangible assets comprise solely of computer software licences.

Interest cost (pensions)
For a defined benefit scheme, the expected increase during the period of the scheme liabilities as benefits are one period closer to settlement.

Inventories
Items of raw materials and stores the Council has procured and holds in expectation of future use. Examples are consumables stores, raw materials and products and services in intermediate stages of completion.

Liability
A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g., creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period.

Net book value
The amount at which non-current assets are included in the Balance Sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

National nondomestic rates pool
All non-domestic rates collected by local authorities are remitted to the national pool and thereafter distributed to councils by the Scottish Government.

Non distributed costs
These are overheads from which no user now benefits and as such are not apportioned to services.

Operating lease
Leases that do not meet the definition of finance /ROU leases are accounted for as operating leases. Rentals paid under operating leases are charged to the appropriate service account in the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property over the term of the lease. Charges are made on a straight-line basis over the life of the lease.

Past service cost (pensions)
For a defined benefit scheme, the increase in the present value of the scheme liabilities relating to employee service in prior periods because of the introduction of, or improvement to retirement benefits.

Pension scheme liabilities
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. The scheme liabilities measured using the “projected unit method”, reflect the benefits that the employer is committed to provide for service up to the valuation date.

Post-employment benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment e.g., pensions in retirement.

Prior year adjustment
Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

Public Works Loan Board (PWLB)
A Central Government Agency, which provides loans for one year and over to councils at interest rates only marginally higher than those at which the Government can borrow.

Rateable value
The annual assumed rental of a hereditament, which is for national non-domestic rates purposes.

Related parties
Bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. For the Council’s purposes, related parties are deemed to include Elected Members, the Chief Executive, the Executive Directors and their close family and household members.

Remuneration
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash.

Reserves
The accumulation of surpluses, deficits, and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as Fixed Asset Restatement

Account cannot be used to meet current expenditure.

Residual value
The net realisable value of an asset at the end of its useful life.

Revenue expenditure
The day-to-day expenses of providing services.

ROU – Right of Use Asset
The right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

Significant interest
The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.

Temporary borrowing
Money borrowed for a period of less than one year.

The Code
The Code of Practice on Local Authority Accounting in the United Kingdom.

Trust funds
Funds administered by the Council for such purposes as prizes, charities, and specific projects.

Useful economic life
The period over which the local authority will derive benefits from the use of a non-current asset.

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