EAST AYRSHIRE COUNCIL

UNAUDITED ANNUAL ACCOUNTS

2024

2025

Contents

Management Commentary

Management Commentary

This management commentary is designed to help users of the Annual Accounts to assess how the Council has performed during 2024/25 and to understand our financial performance for the year to 31 March 2025. It also outlines our approach to some of the challenges and risks we face as we continue to deliver positive outcomes for our communities, whilst maintaining financial stability.

The 2024/25 financial year has continued to place significant financial pressure on the Council across all services as the ongoing testing and volatile economic national and worldwide climate persists, adversely impacting not only the Council directly, but on the residents and businesses we serve. The provision of quality services to support our communities, where there are growing levels of expectation and demand, against an ever pressurised, limited financial resource has become increasingly difficult, resulting in services having to make challenging decisions this year.

It became evident early in the year that as a result of the pressures services were facing a potentially significant adverse position could occur if action was not taken immediately by the Council to ensure financial restraint. Accordingly, a number of additional monitoring and control measures were put in place across the Council early in the year to enhance financial governance. While these measures began to take effect, it was determined that some of our larger services would require to develop a recovery plan, detailing proposals for Members that would re-establish a balanced financial position. These plans were progressed and a full Council wide Recovery Plan consolidating all measures was approved in January 2025. Over the course of the year, recognising the challenging choices that had to be made, the implementation of these measures made a sizeable impact on the financial position for the year resulting in an adverse position of £1.1m which was considerably less than projected during the year.

In December 2024 the Chief Financial Officer once again provided Members with an update to the Councils Medium Term Financial Strategy 2022 -2027 initially approved in October 2022, and after receiving notification of the Local Government Finance Settlement for 2025/26 the Council set its Revenue Budget for the forthcoming year in February 2025. It was again heavily evident from the settlement that the impact of demographic changes across East Ayrshire continued to significantly affect the financial resources that would be made available for the Council for the forthcoming year. A declining younger and working population combined within an increasing aged population poses challenges for the Council and highlights the need for it to examine the longer-term priority of our services, as well as how we reshape both structurally and financially as we move forward.

The financial limitations of available Government funding meant that in order to establish a balanced budget for the forthcoming year, £8.75 million of budget reductions were approved as part of the budget in conjunction with the implementation of an 8% increase in Council Tax, measures essential to ensure the protection of vital services within our communities.

The Council has at its core a culture of continuous improvement and development not only to safeguard financial stability but to ensure all its services remain efficient and effective, adapting and innovating to change with user needs and demands, as well as meet the challenges of an ever-changing operational environment. The year saw the progression and implementation of a variety of improvement measures following the work on cross-cutting reviews of Employability, Financial Inclusion, Wellbeing, Children and Young Peoples Services, and Leisure and Culture. Additionally, best value service reviews on both Waste Management Service Provision and Early Learning and Childcare Provision developed strategies to address both the operational and significant financial pressures these service areas have and continue to face going forward.

Last year the Council took the bold direction of establishing a 10-year Early Intervention and Prevention Fund aimed at assisting communities, reducing child poverty and enhancing opportunities for jobs and skills, ultimately with the vision of reshaping future demand for Council services. This year saw the initial implementation of programmes from that Fund. Following the success of the Councils previous Jobs & Training programme funding was agreed to continue this for another 3 years, investment was agreed to continue free and reduced school meals initiatives across our schools for 2 years, and new programmes and partnerships were approved supporting anti-poverty and inequality strategies, wellbeing programmes and speech and language therapy supports. The Fund is aligned to the principles of the Christie Commission and provides financial supports that will reduce future demand on our services and those of our community planning partners and lessen the financial challenges we face.

Despite a demanding financial year, the Council continues to address the challenges it faces to ensure it serves the local community diligently, looking to the future for its people and enhancing the quality of local life for everyone.

East Ayrshire

About East Ayrshire

COUNCILLORS
32 *elected members*
15 SNP
8 Labour
4 Conservative
4 Independent
1 Rubbish Party

COUNCIL WORKFORCE
6582

Female **4876** (74%)

Male **1702** (26%)

BUDGETS
2024/25 *Revenue Budget*
£409.230m

2024/25 *Capital Budget*
£78.468m

LARGEST TOWNS
Kilmarnock population **51,425**

Cumnock population **8,825**

Stewarton population **7,869**

POPULATION
120,750

Male **48.5%** Female **51.5%**

Ages 0-15 **16.8%** Ages 16-64 **61.4%**

Ages 65+: **21.8%**

ECONOMY
71.1%
Adults in employment

3,130
Enterprises operating across the area

LAND AREA
490 square miles
Urban Land **3.5%**
Rural land **96.5%**

INFRASTRUCTURE
299 council buildings
12,090 council houses
1,222.433 km of road network

POVERTY & DEPRIVATION
22.7% datazones in the 0-15% SIMD 2020 most deprived in East Ayrshire

Our Vision and Priorities

East Ayrshire Community Plan is recognised by all Community Planning Partners as our sovereign plan and provides the overarching strategic context around what we and our partners want to achieve with and for the communities of East Ayrshire in the period from 2015 to 2030.

"East Ayrshire is a place with strong, safe and vibrant communities where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's needs."

(Source: East Ayrshire Community Plan 2015-2030)

East Ayrshire Community Planning Partnership comprises representation from the following organisations: the Council; NHS Ayrshire and Arran; Police Scotland (including Police Authority); Scottish Fire and Rescue Service; Scottish Enterprise; Ayrshire College; Strathclyde Partnership for Transport; Skills Development Scotland; East Ayrshire Health and Social Care Partnership; Ayrshire Chamber of Commerce and Industry; Scottish Government; Voluntary Action East Ayrshire (Third Sector Interface); and the community through representatives of Community Councils and Community Led Action Plans.

Community planning in East Ayrshire operates on a three yearly cycle which provides a regular planned opportunity to review and adapt our work to take account of new and emerging challenges and to ensure continued delivery of our shared partnership vision for East Ayrshire. The most recent review was undertaken during 2023/24 and resulted in the adoption of new partnership priorities for 2024-2027:

- **Growth**
- **Wellbeing**
- **Fairness**
- **Sustainability**

These priorities are set out in the Community Plan Review Supplement 2024-2027. Our shared priorities continue to be progressed through the implementation of three strategic partnership Delivery Plans which have also been updated for 2024-2027:

- **Economy and Skills**
- **Safer Communities**
- **Wellbeing**

Individual partners' strategic and operational plans are aligned to this overarching community planning framework, and reflect our shared priorities.

For the Council, the East Ayrshire Council Strategic Framework 2022-2027 sits between the Community Plan and the Council's Service Improvement Plans and strategies, describing how we as a Council will deliver on the shared ambitions that we have for our communities.

Our Performance

Partnership Performance

A new **Local Outcomes Improvement Plan 2024-2027** (LOIP) was also developed as part of the recent Community Plan Review and provides the performance management framework against which we demonstrate progress and achievement towards improving outcomes for our communities and local people.

Our performance is reported annually to a joint meeting of the Council and the Community Planning Partnership Board in September. The LOIP Improvement Agenda supports our work to improve performance going forward.

The most recent annual reporting materials were presented to Committee in September 2024.

Council Performance

Council performance is reflected in the annual LOIP report, and Service performance is demonstrated through a range of Statutory Performance Indicators, which are reported to the Council on an annual basis, as part of the wider performance reporting process. Further information on our services is available on the **Council's website**.

Comparing Our Performance

We compare our performance through a range of national benchmarking forums, including the Local Government Benchmarking Framework (LGBF), as a means of identifying good practice and supporting continuous improvement. Importantly, we use benchmarking to support our work to ensure that local communities receive the best possible services and outcomes.

The latest LGBF data available (2023/24) was published in March 2025 and helps councils to compare their performance against a set of efficiency, output and outcome indicators that cover a range of service areas of local government activity. In 2023/24, 56.0% of our LGBF indicators in East Ayrshire were in the top two quartiles. In addition, we have seen an improving longer term trend with 69.2% of performance indicators between 2010/11 and 2023/24, and improving/maintaining performance in 59.3% of indicators between 2022/23 and 2023/24. A copy of the 2023-24 LGBF Benchmarking Report can be found at **National Benchmarking Overview Report 2022-23 (improvementservice.org.uk)**

In 2023/24, some examples of where our performance was among the top performing councils in Scotland include:

Proportion of SWF Community Care Grant Decisions within 15 days	**(1)**
Residential costs per week per resident for people aged 65 or over	**(1)**
Percentage of council dwellings meeting Scottish Housing Quality Standard	**(1)**
Percentage of adults supported at home who agree that they are supported to live as independently as possible	**(2)**
Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided	**(2)**

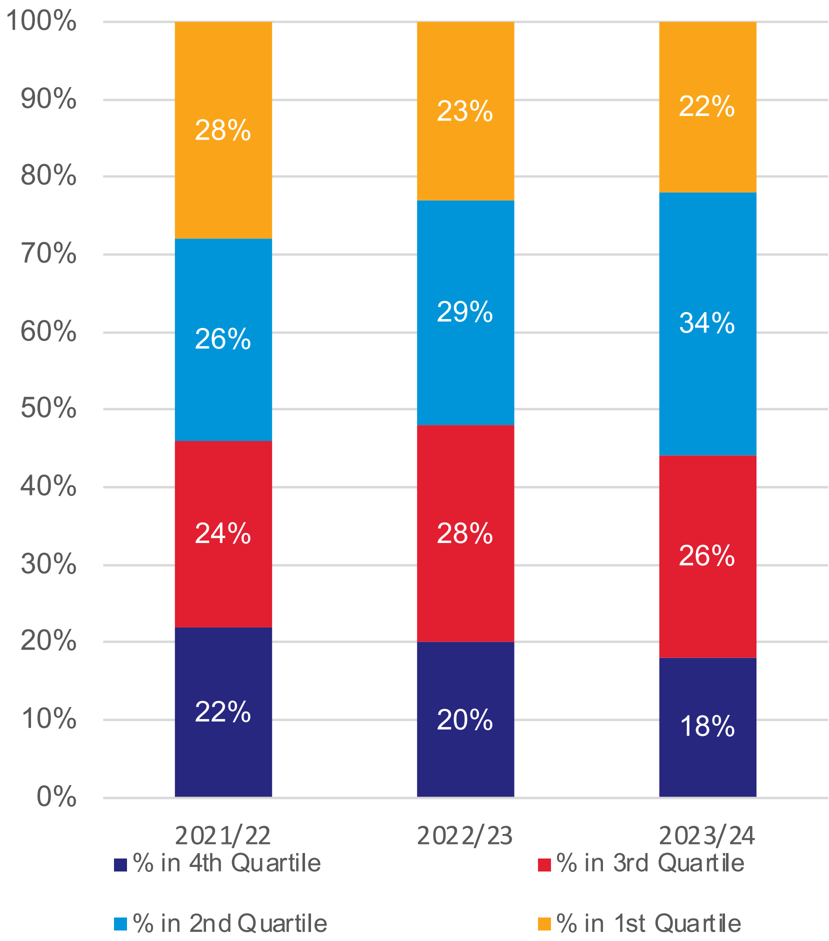
We continue to take a targeted approach to improving our performance and recognise that there are a few areas for improvement including:

School attendance rate (per 100 pupils)	**(32)**
Cost per library visit	**(30)**
Claimant Count as a % of 16-24 population	**(29)**

East Ayrshire Council - Percentage of LGBF Indicators in Each Quartile 2021/22 -2023/24

Year	1st Quartile (%)	2nd Quartile (%)	3rd Quartile (%)	4th Quartile (%)
2021/22	28	26	24	22
2022/23	23	29	28	20
2023/24	22	34	26	18

East Ayrshire Council - Percentage of LGBF Indicators in Each Quartile 2021/22 -2023/24



Performance is reported annually to the Council's Governance and Scrutiny Committee, following review and extensive analysis of the national LGBF datasets. The report to Members is publicly accessible on our website and details our position in respect of the LGBF indicators against all the other Scottish councils and provides an opportunity to identify where we are performing well along with areas for improvement. This report is available to services across the Council and publicly accessible on the Council's website.

Further information on how we compare with other Scottish councils is available on the **'mylocalcouncil' portal:** **Explore the data | Benchmarking (improvementservice.org.uk)**

2024/25 Highlights

At the meeting of Council on 27 October 2022, Members approved the Council's Strategic Framework 2022-27, including 4 separate but linked strategy papers which make up the strategic framework, namely:

- East Ayrshire Council Strategic Plan 2022-27 – Action Plan;
- East Ayrshire Council Medium Term Financial Strategy 2022-27;
- East Ayrshire Council Workforce Strategy 2022-27; and
- East Ayrshire Council Digital Strategy to 2027 and beyond.

The Council's Strategic Plan provides a bridge between the Community Plan and the Council's Service Improvement Plans and strategies. It describes how we as a Council will deliver on the ambitions we have for our communities and is both underpinned by and aligned with the Council's Financial, Workforce and Digital strategies.

The Strategic Framework ensures good governance and a focus on improvement, to deliver the best possible outcomes for our communities. The introduction of the Council's Strategic Plan in 2022 strengthened and enhanced the golden thread linking our high level strategic priorities with more specific objectives for services, teams and individuals and ensures clear performance and impact measures, at each level of planning, all for the benefit of those we serve.

A number of other key strategies are also aligned to the Strategic Framework, providing further context and details in relation to the work being advanced by the Council and its partners. These include:

- Ayrshire Regional Economic Strategy
- East Ayrshire Health and Social Care Partnership Strategic Plan 2021-2030;
- East Ayrshire Children and Young People's Services Plan 2023-2026
- East Ayrshire Climate Change Strategy
- Capital Investment Programme

The first annual update report on the Strategic Framework was presented to Council on 31 October 2024. The update was focussed on progress made during the last year on agreed actions and related performance measures.

Cross-Cutting Strategic Reviews

All five cross cutting strategic reviews were presented to Council on 18 June 2024. Additional work was requested by Council in respect of the East Ayrshire Leisure Trust Cross Cutting Review, with a further report presented and approved by Council on the 31 October 2024.

Risk Management Strategy

Risks are managed at both service and corporate level, with the corporate risk register updated periodically and acting as the organisation-wide risk profile. On 18 April 2024, the Governance and Scrutiny Committee approved the Council's new updated 3-year Risk Management Strategy for the period up to 31 March 2027. The new Strategy allows the Council to understand and prioritise its risks, set a risk appetite statement, and reduce overall risk exposure. By adopting a holistic approach to managing risk, the Strategy will enable the efficient deployment of scarce risk resources and the proactive, coordinated management of risks across the authority. The Strategy encourages a risk awareness and management approach rather than risk aversion. This underpins both the Community Plan and Strategic Plan.

Significant risks are outlined on page 27

Capital Investment Plan - Building a Future East Ayrshire, Capital Investment Programme Update

At the meeting of Cabinet on 26 February 2025, Members agreed the Building a Future East Ayrshire Capital Investment Programme Review Report.

The report provided Cabinet with an update on the capital investment plan and initial outcomes of the capital programme review in line with the Strategic Plan and within the current challenging financial climate. The report set out the overall priorities in line with the Asset Management Framework principles, having regard to the cost of borrowing and the investment cap that was approved by Council on 23 February 2023.

The Asset Management Framework and Capital Investment Plan, sets out the Council's asset management priorities and Capital Investment Strategy for managing and modernising its assets, and importantly, how this approach is aligned to the wider strategic objectives of the Council and its Community Planning partners to address future risks and opportunities.

The Treasury Management Strategy report which accompanied the report noted that the Council's external debt is forecast to increase to £693.986m by 2029/30 with the estimated interest costs from this level of borrowing forecast to be £15.855m for the period to March 2030.

Over the past four years the impact with Covid, cost of living, inflation, borrowing costs and market pressures have created an extremely challenging environment for capital investment. As a result of this a review of the capital programme was undertaken during 2023/2024 to prioritise investment linked to the Council's strategic plan, medium term financial strategy, deliverability and emerging trends in respect of potential service changes and demographic challenges.

Data and Analytics

Members approved the Council's Data and Analytics Strategy in September 2023.

Data is a key asset in supporting East Ayrshire Council to deliver the best possible services for our communities. It plays a crucial role in assisting the council in delivering optimal services for our communities and it is essential for the council to explore methods of maximizing opportunities for rapid technological advancement and embrace new innovative approaches to work smarter.

The Strategy promotes key principles that are intended to ensure that data is incorporated from the initial stages of planning and decision-making to design and implement innovative services in the most effective manner. By basing decisions on robust analysis and employing data-driven technology, we can transform the council's operational methods. Ultimately, this will allow the council to optimize resource allocation and provide superior services to residents.

Moving forward we aim to improve data sharing between partners and with our wider communities. We are also continuing to develop our expertise in benefits realisation, to inform and support future investment in prevention, early intervention and innovation.

Our Financial Performance

Financial information is a key element of our performance management framework and East Ayrshire Performs reports are presented to Cabinet and to the Governance and Scrutiny Committee at key times throughout the year and are available on our website. Our management accounting arrangements are aligned with our management structure.

Our Outturn East Ayrshire Performs report presented to Cabinet on 4 June 2025 showed a transfer from reserves of £1.177m. However, for the purposes of these Accounts we are required to follow generally accepted accounting principles and standards which align our Accounts to those in the private sector and these include entries for pensions and depreciation on our non-current assets. The following table sets out the adjustments between East Ayrshire Performs and these Accounts.

Our Financial Performance

	General Fund £m	HRA £m	Total EAC £m
Reduction/(Increase) in Uncommitted General Fund/HRA Balance (EAC Performs Outturn)	**1.177**	**1.710**	**2.887**
Adjust for:			-
Utilisation of previous years balances	26.088	-	**26.088**
Proposed earmarked balances within the year	(4.610)	-	**(4.610)**
Movement in Balance shown in Annual Accounts (MiRS)	**22.655**	**1.710**	**24.365**
Add accounting adjustments that don't feature in the EAC Performs Outturn report			
Depreciation	28.601	7.866	**36.468**
Impairment	2.877	13.368	**16.245**
Amortisation	-	-	**-**
Capital Grants and Contributions Applied	(10.337)	(2.682)	**(13.019)**
CFCR	(1.396)	(9.079)	**(10.475)**
Net (Loss)/Gain on Disposal of Assets	(0.209)	0.262	**0.053**
Pension Adjustment	14.384	1.975	**16.359**
Repayment of Debt	(15.746)	(4.205)	**(19.951)**
Service Concessions Mitigation	2.068	-	**2.068**
Other Adjustments	(0.271)	(0.204)	**(0.475)**
Transfers to Capital Fund	(2.019)	-	**(2.019)**
Transfers from Other Statutory Reserves	1.242	-	**1.242**
Interest on Revenue Balances	(0.580)	-	(0.580)
Total adjustments excluded from EAC Performs Outturn	18.614	7.301	25.915
(Surplus)/ Deficit on the Provision of Services (CIES)	**41.269**	**9.011**	**50.280**

General Fund Revenue Expenditure

The MiRS on page 40 shows a decrease of £22.655m within the year and actual income and expenditure is shown below. During the year a net £1.242m was transferred from the Renewal and Repairs Fund and £2.019m transferred to the Capital Fund.

MONEY INTO THE COUNCIL

- Government Grant & Non Domestic Rates **£324.044m**
- Council Tax **£70.463m**

OTHER FUNDS

- Transfers from Renewal & Repairs Fund **£2.242m**
- Capital Appropriation **£2.068m**

TOTAL FUNDS RECEIVED WITHIN THE YEAR

TOTAL **£398.817m**

SPENT ON

Chief Executive's Services **£161.929m**	Communities & Economy **£78.029m**	Wellbeing **£109.409m**	Central Services **£48.627m**
Financing Costs **£20.626m**	Partnerships & Projects **(£0.167m)**	Transfer to Renewals & Repairs Fund **£1.000m**	Transfer to Capital Fund **£2.019m**

NET EXPENDITURE IN THE YEAR

£421.472m

£22.655m

Decrease in the year shown in MIRS on page 41.

**The CIES on page 43 shows the accounting cost of providing services and reflects generally accepted accounting practices, rather than the amount to be funded from taxation or rents. This is the main reason for the difference in Council Tax income from the figure highlighted above.

Telling the Story

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 39 and to the CIES on page 43.

East Ayrshire Performs				Building the EFA					EFA Column 1
2024/25	Annual Revised Budget	East Ayrshire Performs Outturn	Variance (favourable) / adverse	East Ayrshire Performs Outturn	Movements	Movements - amounts not included within Net Cost of Services	Net Expenditure chargeable to the General Fund & HRA Balances	EFA Segment	Net Expenditure chargeable to the General Fund & HRA Balances
	£m	£m	£m	£m	£m	£m	£m		£m
Education	142.394	142.383	(0.011)	142.383	(3.987)	-	138.396	Education	138.396
Finance and ICT	9.757	9.357	(0.400)	9.357		-	9.357	Finance and ICT	9.357
People and Culture	3.370	3.175	(0.195)	3.175		-	3.175	People and Culture	3.175
Governance	6.160	5.893	(0.267)	5.893		-	5.893	Governance	5.893
Corporate Support	1.121	1.121	-	1.121		-	1.121	Corporate Support	1.121
Housing and Communities	21.014	20.958	(0.056)	20.958		-	20.958	Housing and Communities	20.958
Ayrshire Roads Alliance	12.712	13.804	1.092	13.804	(6.148)	-	7.656	Ayrshire Roads Alliance	7.656
Transport Services			-	-	6.148	-	6.148	Transport (incl SPT)	8.333
SPT	2.222	2.185	(0.037)	2.185		-	2.185		
Facilities and Property Management	33.836	32.913	(0.923)	32.913		-	32.913	Facilities and Property Management	32.913
Economic Growth	2.834	2.043	(0.791)	2.043		-	2.043	Economic Growth	2.043
Arms Length Organisations	5.934	5.934	-	5.934		-	5.934	Arms Length Organisations	5.934
Emergency Planning	0.064	0.057	(0.007)	0.057		-	0.057		
Central Mgt Support Communities & Economy	0.136	0.135	(0.001)	0.135		-	0.135	Communities & Economy Other Segments	0.192
Children Families and CJS	22.772	21.575	(1.197)	21.575	(2.884)	-	18.691		
Community Care	74.945	81.422	6.477	81.422		-	81.422		
Service Strategy	7.492	6.990	(0.502)	6.990		-	6.990		
Outwith Placements	6.079	7.188	1.109	7.188		-	7.188		
Public Protection	1.229	1.211	(0.018)	1.211		-	1.211		
Lead Partnership Services	0.295	0.295	-	0.295		-	0.295		
SG Funding for Covid Response & Recovery	-		-	-		-	-	Social Work: Provision of Services	106.525
Premises Costs	0.781	0.781	-	0.781		-	0.781		
Council Recovery Plan Funding	4.000	-	(4.000)	-		-	-		
IHSC Debtor / Creditor to IJB	(1.257)	(1.257)	-	(1.257)		-	(1.257)		
Social Care Allocation from NHS	(8.796)	(8.796)	-	(8.796)		-	(8.796)		
Chief Executive Office (incl Internal Audit)	0.687	0.665	(0.022)	0.665		-	0.665	Chief Executive Office (incl Internal Audit)	0.665
Other Non Service Related Expenditure	34.579	30.153	(4.426)	30.153	2.068	-	32.221		
Insurance	2.619	2.940	0.321	2.940		-	2.940		
Financing Costs	22.607	20.588	(2.019)	20.588	0.038	(20.626)	-		
HB/ CT Benefit Subsidy	11.986	12.801	0.815	12.801		(10.354)	2.447		
Council Tax	(69.233)	(70.463)	(1.230)	(70.463)		69.671	(0.792)	Central Services	37.120
Government Funding	(324.349)	(324.044)	0.305	(324.044)	6.871	317.477	0.304		
Use of Balances	(25.867)	-	25.867	-		-	-		
Reserve Transfers (net position)	(2.242)	0.777	3.019	0.777	(2.068)	1.291	-		
Projects	0.119	(0.167)	(0.286)	(0.167)		-	(0.167)	Projects	(0.167)
Housing Revenue Account	-	1.748	1.748	1.748	(0.038)	-	1.710	Housing Revenue Account	1.710
Net Cost of Services (EFA Column 1)	**0.000**	**24.365**	**24.365**	**24.365**	**(0.000)**	**357.459**	**381.824**		**381.824**

Note 1: The Annual Revised Budget is the final revenue budget at the 31 March 2025 detailed in the East Ayrshire Summary Report approved at Cabinet on the 4 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 at Council on 28 February 2024.

Note 2: The £3.987m and the £2.884m in Education and Children, Families and Criminal Justice Service reflect the Specific Grants for Pupil Equity Funding, Gaelic and Criminal Justice.

Note 3: The "Movements - amounts not included within Net Cost of Services" mostly relate to taxation and non-specific grant income and are reflected in the EFA and the CIES (below Net Cost of Service) in line with the presentational requirements of the Code.

Ayrshire Roads Alliance

The Ayrshire Roads Alliance was established on 1 April 2014 as a shared service partnership between East Ayrshire Council and South Ayrshire Council. The Alliance provides a shared roads service for both councils and is accounted for on a purchaser / provider arrangement with East Ayrshire Council employing all staff and managing the operational service. The budget for the Alliance is split between strategic and local delivery elements with both councils allocating their respective share. At the end of the year the expenditure on strategic delivery budgets is shared in line with local delivery budget inputs plus actual capital expenditure in-year after allocating a group of strategic staff equally.

Local delivery budgets are used to meet local and consolidated road maintenance plans and the funding allocation from each council varies. Any surplus or deficit at the year end on local delivery is retained by the relevant council. At the end of 2024/25 the financial management results for the Alliance are as follows:

Ayrshire Roads Alliance Outturn

Annual Estimate 2023/24	Actual 2023/24	Variance		Annual Estimate 2024/25	Actual 2024/25	Variance
£m	**£m**	**£m**	**Council**	**£m**	**£m**	**£m**
7.803	7.777	(0.026)	East Ayrshire Council	7.326	7.656	0.330
6.284	7.105	0.821	South Ayrshire Council (SAC)	6.005	6.885	0.880
14.087	**14.882**	**0.795**	**Total**	**13.331**	**14.541**	**1.210**

General Fund Balance

The General Fund is the statutory fund into which all the receipts are required to be paid into and out of which all liabilities are to be met, except to the extent that statutory rules might provide otherwise.
It is funded by Government Grants, Council Tax income, Non-Domestic Rate income (subject to pooling arrangements), Fees and Charges and the balance is delineated between uncommitted balances and balances which have been earmarked for specific purposes. The MiRS on page 41 shows an overall decrease in the General Fund balance of £22.655m for the year with a closing balance of £40.736m, which can be analysed as follows:

General Fund

2023/24 Total £m	General Fund		Uncommitted Balance £m	Earmarked Balances £m	2024/25 Total £m
(8.390)	*Movement within the year*	Balance Used	(20.187)	(2.927)	(23.114)
22.649		Balance Added	(1.177)	4.610	3.433
-	Reallocation	Balances Review/In Year Transfers	(1.015)	(1.959)	(2.974)
14.259	**Total Increase / (Decrease) Shown in MiRS**		(22.379)	(0.276)	**(22.655)**
49.132	Balance brought forward		30.659	32.732	63.391
63.391	Outturn Position (Total Balance shown in MiRS)		8.280	32.456	**40.736**

When the Council set its budget for 2024/25 it approved, as part of its Reserves and Balances Strategy, a minimum level of uncommitted (unearmarked) reserves of 2% which is kept under review throughout the year with transfers to and from the balance. At 31 March 2025 the General Fund Uncommitted balance was £8.280m, representing 2.02% of net revenue expenditure.

Our Reserves and Balances Strategy also allows services to earmark and carry forward underspends into the next year for use on non-recurring, fixed term projects or to assist in aligning services with resources over a three year period. The earmarked balances are reviewed throughout the year and in line with our Balances Strategy an annual review of balances is reported to Cabinet. Within the year £2.974m was reallocated from earmarked balances to uncommitted balances, approved by Cabinet on 15 January 2025.

Service earmarked balances total £32.417m at 31 March 2025. Committed within services balances is £4.288m in relation to EAC Innovation Fund and £1.666m for Affordable Housing. A summary of the position across the services at year-end was presented to Cabinet on 5 June 2025.

Housing Revenue Account (HRA) Balance

At 31 March 2025 the HRA had a cumulative balance of £21.443m all of which is earmarked for commitments in future years, with £11.540m identified for Housing Asset Management Framework, Strategic Housing Investment Plan and Housing Investment Programme initiatives. Movements on the HRA Reserves are as follows:

Housing Revenue Account

2023/24 Balance £m	Housing Revenue Account				2024/25 Balance £m
(0.830)	*Movement within the year*	Balance Used			(1.710)
0.175		Balance Added			-
(0.655)	**Total Increase Shown in MiRS**				**(1.710)**
23.808	Balance Brought Forward				23.153
23.153	**Outturn Position**				**21.443**

Balance Sheet

The Balance Sheet on page 44 is a snapshot summary of our assets and liabilities at 31 March 2025 and explanatory notes are provided to support the numbers. We ended the year with a net worth of £360.211m with £1,027.803m of non-current assets spread across a range of plant, property, equipment and heritage assets and usable reserves of £89.080m.

Our Capital Programme and Investment

We recognise the importance to our communities of having access to attractive, modern and fit-for purpose facilities and continue to support an ambitious schools investment programme as part of our General Services Capital Investment Programme and investment in our houses through the Housing Revenue Account over the next 5 year period.

EDUCATION
£6.908m

HOUSING
£33.837m

ROADS
£11.287m

WELLBEING
£1.341m

ECONOMIC REGENERATION AND DEVELOPMENT
£3.298m

OTHER EXPENDITURE
£2.511m

Total Capital Investment 2024/25	£59.182m

Funded by:

GOVERNMENT GRANTS
£13.030m

BORROWING
£33.949m

REVENUE
£10.476m

CAPITAL RECEIPTS
£1.727m

Total	£59.182m

During the year our total capital investment on General Fund services was £25.345m spent on developing and creating key assets for communities, including investment in roads, schools and business infrastructure. This was funded by £10.346m from government grants, £1.570m of revenue funding and borrowing of £12.376m.

A further £33.837m was spent on the Housing Capital Programme on building, improving and acquiring assets in 2024/25 including the creation of council houses in our town centres, delivering new homes and local regeneration. This capital investment programme was funded by £8.906m from current revenue, borrowing of £21.573m, the utilisation of capital receipts of £0.676m and government grants of £6.030m.

Scheme Highlights

Cultural Kilmarnock

The Council was informed on 18 January 2023 that it had been successful in securing UK Government Levelling Up Funding (LUF) of £20.000m for the Cultural Kilmarnock project, one of only ten projects in Scotland to secure LUF funding. In addition to Council's capital funding of £5.000m, a bid of £0.500m has also been made to Historic Environment Scotland to provide an overall project budget of £25.500m.

The project focuses on the Palace Theatre and Grand Hall with proposed works comprising extensive refurbishment including external stonework and roof repairs, new back and front of house provision, modernising and improving accessibility in customer and performer areas (DDA compliant), improved amenity offer (new café bar) and creation of a new shared foyer/entrance to create a more positive visitor experience as well as greater prominence for the building, given it provides an important gateway to Kilmarnock Town Centre. The proposals will maximise the efficiencies of the building, creating flexibility to host a wider range of events and attract key touring companies including local and national theatre, music and performance companies, as well as provide the opportunity to deliver added social value and benefits, including the establishment of a new youth theatre company.

The Project Team have been working closely with the UK Government's LUF advisors, Deloittes through 2024/25 to develop the project in line with the available budget and funding timescales. Technical designs have now been completed and the Council has engaged with the contractor McLaughlin & Harvey who are finalising market testing of the sub contract works packages. It is anticipated that works will commence in June 2025 with completion Summer 2027.

Scheme Highlights

Dunlop Early Childhood Centre

In March 2017 the Minister for Childcare and Early Years outlined the future policy direction of early learning and childcare (ELC) in Scotland; with the expansion plans almost doubling the number of free hours of ELC entitlement from 600 hours to 1140 hours. In order to deliver this entitlement across East Ayrshire Council a number of refurbishments and extensions were required to existing early childhood centres, in addition to the provision of new state-of-the-art early years facilities. Following submission of detailed expansion plan proposals the Council was subsequently awarded a capital grant allocation of £21.610m in May 2018 to fund the improvement works necessary to deliver the expansion of early learning and childcare.

The Council's final Early Years project, Dunlop Early Childhood Centre, commenced on site in September 2022 and was handed over in August 2024. The £4.750m project has been designed using Scottish Futures Trust (SFT) area metrics and is based on pilot reference designs developed in conjunction with SFT and used at the previous new build facilities at Kilmaurs, Netherthird and Nether Robertland.

Aligned with the Council's Climate Change and Net Zero ambitions, this pathfinder project was constructed using Passivhaus principles to achieve the highest standards of air tightness and energy efficiency. Being the Council's first Passsivhaus building its delivery came with some challenges to the design team and the contractor, Ashleigh (Scotland) Limited, but has provided invaluable learning experience that can be applied to future projects.

Treasury Management and Investment

The Exchequer and Capital Finance team manage the Council's cash flow, banking, money market and capital market transactions along with the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. Our Treasury Management Strategy Statement was approved by Council on 28 February 2024.

Our borrowing strategy aims to minimise the revenue cost of debt whilst protecting the Council from revenue pressures in the event of interest rate volatility. The prime objective of our investment strategy is to maintain capital security whilst ensuring that there is sufficient day to day liquidity to carry out our business. A secondary objective, within these constraints, is to maximise returns.

The Treasury Management Strategy aims to protect the Council from market-related risks by monitoring interest rates, economic indicators, and UK and overseas government finances. Professional advisers are employed who use a range of information sources to inform economic analysis and forecasts. The Strategy also sets out the Council's expectation for interest rates and highlights the uncertainties and risks in the forecast.

The Council operates a balanced budget, which broadly means cash inflows during the year will meet its cash expenditure. Treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, ensuring adequate liquidity prior to consideration of investment return. Concurrent to this, longer term cash flow planning to ensure the Council can meet its capital spending operations is considered throughout the year. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Investment activity during the year included gross transactions totalling £3.729 billion, with 617 individual transactions with an average value of £6.044m. New borrowing during the year was taken from the Public Works Loan Board which totalled £95.000m with scheduled debt repayments made to lenders of £66.508m. New long-term borrowing (greater than 1 year maturity) of £55m was taken from the Public Works Loan Board at an interest rate of 4.72%. Short term borrowing (maturity 1 year or less) of £40m was taken at an average interest rate of 5.07%. The overall rate of interest on new borrowing during the year was 4.87%. This treasury activity provided financing for capital activity whilst also ensuring adequate short term liquidity to meet day to day transactional commitments.

Group Entities

The Council has an interest in a Common Good Fund, East Ayrshire Leisure Trust, East Ayrshire Integration Joint Board, Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee and the Ayrshire Valuation Joint Board. As such, Group Statements require to be produced to show the financial position of the group as a collective, compared to the Council's individual financial position. The Deficit on the Provision of Services for the group for 2024/25 is £52.158m (EAC £50.280m) with Net Assets of £407.426m (EAC £360.844m). Further details on the group can be found in the Notes to the Group Entities.

Climate Change Strategy and Action Plan

Our **Climate Change Strategy** sets out the ambition and direction of travel for the Council over the next 10 years to support local, national and international action on climate change and promote behaviour changes that we can all make to reduce our carbon footprint. Structured around the four key themes of Energy, Transport, Waste and Natural Environment, our Strategy recognises the challenges and potential benefits of moving away from fossil fuels in terms of economic and wellbeing opportunities and sets out a range of actions which seek to ensure a just transition as we move towards net zero.

These are reflected in our vision for a clean green East Ayrshire which is set out below:

East Ayrshire will be a low carbon place with a thriving and diverse environment. We will have strong, healthy, resilient and vibrant communities that benefit from high quality places, multi-functional green spaces and access to high quality services that are well located to maximise sustainable travel choices. Our economy will have recovered and be fairer, greener and more inclusive, with all East Ayrshire citizens able to benefit from greater economic opportunities.

The Council's overall approach is outlined in our Climate Change Strategy and associated action plan, which was approved by Council in June 2021. This included a range of programmes to convert our fleet from carbon based fuels to electric vehicles, reduce energy use throughout our buildings, minimise waste and increase recycling, support jobs in the renewable energy sector and enhance our local environment and biodiversity. There remains a challenge in achieving future national targets, and the even more ambitious net zero targets set by the Council.

To support delivery, Cabinet in February 2022, established a £1m Climate Change investment fund. This funding has extended our approach to educate and encourage behaviour change to reduce carbon emissions across the wider authority area through a wide range of initiatives in our Schools, Communities and Business Sector. Our commitment to work with our communities to cut emissions and deliver a clean green East Ayrshire is also reflected as a key priority in the Council's Strategic Plan.

In 2023/24, the latest available reporting year for which data is available, our overall emissions reached a new low of just under 15 tCO2e, however, it should be noted that in the absence of any additional Government funding to support our common net zero ambitions and with increasing costs and budgetary pressure forcing a return to the use of diesel, this trend of reducing our emissions is not anticipated to continue in future years. We recognise that the decarbonisation of our estate and HGV fleet remains a significant longer term challenge and whilst we now have the technological solutions in these areas, at the moment costs remain prohibitive. External influences, including the availability of financial resources and government policy will impact significantly on our ability to achieve our ambitious climate change targets for both the Council and the wider East Ayrshire area.

In view of the challenging financial position in which the council is currently operating it has been agreed that our future focus on reducing emissions will concentrate on areas where reducing our carbon emissions also reduces our costs and delivers financial sustainability. In noting the significant reduction in our annual emission, and with the ring fenced climate change funding coming to an end, Cabinet endorsed the key priorities that would continue to inform our climate change response and agreed that actions should be embedded within relevant service plans, with strategic oversight and project support provided by the Corporate Programme Management Team.

CoRE

The Community Renewable Energy (CoRE) Project is our flagship response to climate change in East Ayrshire. Supported by an investment of £17 million from UK Government and £7.5 million from East Ayrshire Council, with the aim to leverage additional funding to maximise benefit to our communities, CoRE aims to showcase how a green recovery can transform our rural towns and villages and make our communities better connected, healthier and improve the standard of living through a just transition, whilst supporting the creation of long-term sustainable jobs.

Local Heat and Energy Efficiency Strategy (LHEES)

Cabinet on 4 December 2024 considered and endorsed the Local Heat and Energy Efficiency Strategy (LHEES) for East Ayrshire. This provides an area-based, long term strategic framework of how all the homes, businesses, and public buildings across the whole of the authority area could be altered to improve energy efficiency and decarbonise the supply of heat to these properties.

Cabinet also approved the initial LHEES delivery plan which aligns with the current Capital Investment Programme, the Local Housing Strategy (LHS) and Property Management Plan (PMP), whilst recognising the current financial pressure on Council budgets. LHEES will be embedded in future Capital Investment Programme discussions and the LHEES delivery plan is expected to be updated regularly to reflect project and funding changes. Recognising the need for participation by private property owners, the strategy has a dedicated chapter directing readers to various funding mechanisms and their eligibility criteria. It also directs property owners toward further advice on matters of energy efficiency and low carbon heat, with specific guidance for pre-1919 buildings which account for 12% of homes and are a particular challenge for energy efficiency. Following publication of the LHEES main strategy document, the delivery plan will be developed in more detail.

Recycling and Food Waste Campaign

SEPA figures submitted for 2023/24 indicate that our recycling rates have improved by 1.7% to reach 50.2% and we remain among the best performing Council's in Scotland. A residual waste analysis conducted in March 2021 revealed that communities within East Ayrshire were still regularly using their landfill bin to dispose of food, with an average of 30% (by weight) of avoidable food waste including unopened packets in the landfill bin. A Food Waste Officer Working Group with representatives from across the council is now delivering a dedicated food waste campaign with the aim of educating, changing behaviours, helping communities save money, reducing the amount of food being sent to RDF and helping to tackle the climate emergency.

Active Travel

A key aim of the Climate Change Strategy is to promote behaviour change and active travel, particularly for short journeys. We are investing in infrastructure around our schools, through our Safer Streets Initiative, which restricts vehicle access and encourages our children and young people to choose active means of travel to and from their school. To promote behaviour change within our schools, we have also developed an innovative and fun range of in-house active travel initiatives including 'Mission to the Moon' , 'Journey to Jupiter' and 'Shoot to Saturn'. These pupil led initiatives have significantly reduced the number of short car journeys made around our schools and encouraged our pupils and their parents to choose active travel options instead of the car.

Children and Young People

Our Children and Young People have been at the forefront of driving our climate change response here in East Ayrshire and they continue to make a real difference through their participation in the now well established Clean Green Education Awards and by sharing best practice and learning at the annual Youth Climate Change Conference.

There is no mandate for schools to incorporate climate change in their daily activities, however, with the appealing content and fun, interactive climate change initiatives such as Mission to the Moon, Journey to Jupiter, Shoot to Saturn, Powerdown, Dinnae forget your caddy and Harriet the Hedgehog, coupled with the recognition received at our Clean Green School awards, we have now successfully engaged with 98% of our schools and our early years establishments.

Our young people hosted the 5th annual Climate Conference in September 2024 and as part of our commitment to Climate Change, 37 education establishments created Climate Actions Plans and over 867 Climate actions points were actioned. These plans are written and led by young people and reflect their role in changing behaviours within their school, their homes and local community. Working in partnership with local communities and business is key to achieving the Gold award and it is encouraging to see key business partners now in place to sponsor the awards. Keep Scotland Beautiful have on-boarded the EAC Clean Green Award which means establishments can now use our accreditation process to also apply for EcoSchools Green Flag. With 38 establishments accredited, we have the highest number of schools within Scotland who have received their EcoSchools Green Flag.

Metrics and Targets and Reporting

As reported in the Climate Change Declaration in December 2024, significant progress has been made in reducing the Council's emissions, which have now reduced from 43,230 tCO2e since first reported in 2012 to a new low of 14,863 tCO2e in 2023/24, a reduction of 65.6%.Our gas consumption continued to reduce as we made progress in the decarbonisation of the Council's estate, through sound energy management and the shift from gas to green heating sources in our new buildings. We also saw our transport emissions continuing to fall, with the full year impact of Hydrotreated Vegetable Oil (HVO), a green fuel alternative to diesel, delivering a further 50% reduction in our transport emissions, bringing them to a new low of 1,099 tCO2e. Again the largest reduction in our emissions, just over 5,000 tCO2e was attributable to the full year impact of our new waste contract, which diverted over diverts the vast majority of our waste from landfill to Refuse Derived Fuel (RDF).

Whilst significant progress has been made in reducing our carbon footprint, with emissions from our estate now accounting for around 85% of the Council's emissions and the cost of decarbonising of our buildings currently unachievable within existing resources, without significant additional investment from central government, there remains significant challenges and risks around delivering on our ambition to be Net Zero by 2030.

Oversight, Governance and Reporting

In approving our Climate Change Strategy, Council agreed to appoint an Elected Member to champion our net zero ambitions. This is currently the Cabinet Member with responsibility for Planning, Property and Environment and has been charged with maintaining oversight of our Climate Change Strategy and Action Plan.

At an officer level, corporate responsibility for climate change rests with the Head of Facilities and Property Management. To facilitate the delivery and co-ordination of our climate change response, as well as drive the pace of change at both a corporate and community level, a network of service leads across the Council has been established, tasked with responsibility for strategic oversight and governance of the Climate Change Action Plan. These officers support Climate Change Officer Working Groups, which cover the themes of Energy and Transport, and Waste and Natural Environment.

Risk Management

Climate Change was added to the Council's Corporate Risk Register in September 2020 both in terms of achievement of the Council's carbon reduction commitments and mitigation of the local impact of climate change. These risks are monitored, managed and mitigated by the Strategic Risk Officers Group and reported to Cabinet on a quarterly basis through East Ayrshire Performs. In terms of the impact and management of future policy, all Committee reports now require to include an assessment of the potential risks and impact of the recommendations on the Council's Net Zero ambitions.

Risks and Uncertainties

Our Executive Management Team regularly review the Corporate Risk Register which details the high level strategic risks, their importance and required action measures.

There are currently 14 risks on the Register, with 12 of these classed as medium to low risk.
The risks classified as high are as follows:

Risk and impact	Mitigation
Economic Climate and Levels of Grant Funding. The Council will need to generate additional efficiencies year on year and also consider the level of non-statutory provision it can deliver as well as consider streamlined approaches to the provision of statutory provision. The effects of the pandemic on demand for services continue as does the continuing cost of living crisis.	Council on the 27 February 2025 approved the Revenue Budget for 2025/26 – including £8.750m of cuts to services following the announcement of the Scottish Budget on 4 December and publication of the Local Government Finance Circular on 12 December. Options to address the cuts were approved as part of the budget report some agreed amendments on the day. The settlement while better than feared with the Council receiving £6.6m un-ringfenced funding for local priorities, the pressures from the implementation of changes to Employers National Insurance Contributions (eNIC) and continuing reductions in Grant Aided Expenditure saw this significantly depleted, prior to the wider pressure that eNIC was anticipated to have on Council service contractual costs. The settlement also continued to press on Councils to require to maintain teacher numbers with potential financial penalties for failing to do so, as well as deliver on Scottish Government commitments to decrease class contact time. All of this presents a significant risk to the Education budget. The Council Corporate Recovery plan was presented to Cabinet on 15th January 2025. This outlined Service Recovery Plans for Education, Communities & Economy and an updated position for HSCP as part of the IJB recovery plans. It was agreed as part of the recovery plans to transfer non-recurring funding to Education (£2.289m) and HSCP (£4.000m) in order to provide support for 2024/25 to enable Recovery Plans actions to be taken forward and actioned ahead of 2025/26.

Risk and impact	Mitigation
Environmental Climate. Climate change is having an impact on global weather patterns with unseasonal extreme events which will become a regular and intense occurrence.	Extreme weather events are occurring more frequently leading to national agencies such as SEPA updating models on for example the regularity of flooding events. These events impact across local and national infrastructure, impact on building and development plans, and lead to an increase in the need for resources to mitigate disruption and protect our communities. There are also significant consequential impacts on insurance costs for both the Council and our communities and there is also significantly adverse impacts on the economy overall. The Council has robust resilience arrangements in place to deal with adverse weather events however national modelling shows that while these plans are in place the frequency and scale of these events will only increase over time. Multi service incident room arrangements are in place and enhanced partnership planning arrangements for severe weather warnings. SEPA issue daily flood guidance to ARA on potential areas of risk within the flood map area. SEPA's 3 day advance flood forecast is now live. During flood events ARA team maintain contact with SEPA weather forecasters and hydrologists to monitor anticipated flooding levels and determine our local response.

More Information

Our website holds more information on our strategies, plans, policies and our performance and spending.
www.east-ayrshire.gov.uk

Explanatory and Assurance Statements

Statement of Responsibilities

The Authority's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Council, that officer is the Chief Financial Officer and Head of Finance & ICT;
- 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 by the Council at its meeting on 26 June 2025.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer and Head of Finance & ICT 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 the Annual Accounts, the Chief Financial Officer and Head of Finance & ICT has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation;
- Complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Financial Officer and Head of Finance & ICT has also:

- Kept adequate accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Annual Accounts give a true and fair view of the financial position of the Council and its Group at the reporting date and the transactions of the local authority for the year ended 31 March 2025.

Joseph McLachlan CPFA
Chief Financial Officer and Head of Finance & ICT
26 June 2025

Annual Governance Statement

Introduction

This Annual Governance Statement has been prepared against a backdrop of continued challenges for our council and the communities we serve, especially given the volatility in the wider economy and the anticipated reduction in future grant funding levels. This volatility, coupled with increasing demand and expectation for Council services, is shaping the Council's strategic direction and will impact the future delivery of services.

This Annual Governance Statement has also been informed by the CIPFA Guidance Bulletin 06 – 'Application of the Good Governance Framework'. This guidance concerns the impact of the continuing Covid-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework).

It also takes into account the introduction of the CIPFA Financial Management Code 2019 during 2020/21. 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 with the FM Code and are satisfied that our governance and related processes satisfy the principles of good financial management as outlined in the Code.

Scope of Responsibility

East Ayrshire Council is responsible for and fully committed to ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement in performance, while maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, equal opportunities and future sustainability.

In discharging this overall responsibility, members and senior officers are responsible for putting in place proper arrangements (known as the governance framework) for the governance of the Council's affairs and facilitating the effective exercise of its functions. This includes setting the strategic direction, vision, culture and values of the Council; the effective operation of corporate systems, processes and internal controls; engaging with and leading the community; monitoring whether strategic priorities and outcomes have been achieved; ensuring that services are delivered cost-effectively; maintaining appropriate arrangements for the management of risk; and ensuring that the Council complies with the Statement on the Role of the Chief Financial Officer in Local Government.

The Council has in place a system of internal controls designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve strategic priorities and outcomes but can provide reasonable if not absolute assurance. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's strategic priorities and outcomes; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The Purpose of the Governance Framework

The Council's governance framework has been in place for the year ended 31 March 2025 and up to the date of approval of this statement of accounts. The governance framework comprises the systems and processes, culture and values, which direct and control the Council's activities and through which we account to, engage with and lead the community. It enables us to monitor the achievement of the strategic priorities and outcomes set out in the 2015-2030 East Ayrshire Community Plan and the Council's 2022-2027 Strategic Plan.

The following provides a summary of the main features of our governance arrangements.

The Governance Framework

The following provides a summary of the main features of our governance arrangements.

The **East Ayrshire Community Plan 2015-2030** came into effect on 1 April 2015 and is the sovereign and overarching planning document for the East Ayrshire area. It provides the strategic policy framework for the delivery of public services by all of the Partners.

The Community Plan is implemented through three thematic Delivery Plans, namely Economy and Skills, Safer Communities and Wellbeing, along with the day-to-day work carried out by services across the Council.

A review of the East Ayrshire Community Plan was undertaken in 2023/24 with the outcomes to be presented to the CPP Board and Council in June 2024.

The Community Plan is underpinned by the Local Outcomes Improvement Plan (LOIP) which was also reviewed as part of the Community Plan review undertaken in 2023/24. The LOIP provides a robust performance management framework and demonstrates a sound understanding of place and local circumstances. This has informed development of our local priorities which have been identified in consultation with our communities, Partners and a wide range of key stakeholders; and we remain, as a partnership, committed to resourcing jointly the delivery of improved outcomes to realise our shared vision for East Ayrshire.

The **Council's Strategic Framework 2022-2027**, was approved by Council in October 2022 and comprises:

- **2022-2027 Strategic Plan - Action Plan and Key Indicators:** details those actions that have the potential to make the biggest impact towards the outcomes that we want to achieve and sets out how we intend to measure success, ensuring a clear and effective mechanism for measuring impact and outcomes, against our priorities.
- **Medium Term Financial Strategy 2022-2027:** sets out the resources available to deliver the Council's priorities and the necessary mechanisms that are in place to mitigate against potential future financial challenges that may adversely impact on the achievement of these priorities.
- **Workforce Strategy 2022-2027:** recognises the resilience, skills and flexibility of the workforce and sets out how the workforce will support delivery of the Council's ambitions, while taking account of wider external and internal drivers including Economic Recovery, Financial Sustainability, Digital Strategy, Climate Change/Net Zero, Community Wealth Building, Caring for East Ayrshire and the Ayrshire Economic Strategy.
- **Digital Strategy 2022-2027:** sets out our vision and future direction for digital technology, innovation, services and infrastructure. It recognises that technology is changing the world at a rapid and ever-accelerating pace and for many of us, is intrinsic to our daily lives, whether at work, home or leisure.

The Strategic Framework ensures good governance and a focus on improvement, to deliver the best possible outcomes for our communities. The introduction of the Council's Strategic Plan in 2022 strengthened and enhanced the golden thread linking our high-level strategic priorities with more specific objectives for services, teams and individuals and ensures clear performance and impact measures, at each level of planning, all for the benefit of those we serve.

- [Ayrshire Regional Economic Strategy;]
- [East Ayrshire Health and Social Care Partnership Strategic Plan 2021-2030;]
- [East Ayrshire Children and Young People's Services Plan 2023-2026];
- [East Ayrshire Climate Change Strategy;]
- [Capital Investment Programme]

The first annual update report on the Strategic Framework was presented to Council on the 26 October 2023. The update was focussed on progress made during the last year on agreed actions and related performance measures.

At the meeting of Council on 26 October 2023, Members also agreed that five time-limited cross-cutting strategic reviews be undertaken, with updates provided to Elected Members in October 2024. The five reviews are as follows:

- Employability;
- Financial Inclusion;
- Wellbeing;
- Children and Young People's Services, and
- Leisure and Culture.

Policy and decision making is conducted through the Council's decision-making structure, which includes the Cabinet and the Governance and Scrutiny Committee. Cabinet has responsibility for discharging all of the Council's functions except those reserved to the Council and those matters specifically delegated to other statutory, quasi-judicial committees. The Governance and Scrutiny Committee is fully compliant with Audit Committee principles and [full details of its responsibilities] are available at www.east-ayrshire.gov.uk. The Governance and Scrutiny Committee undertakes the core and wider functions of an audit committee, as identified in CIPFA's Position Statement (2022) and associated Audit Committees: Practical Guidance for Local Authorities & Police (2022) by providing an independent and high-level resource to support good governance and strong public financial management within the Council. This includes the satisfaction that the Council's assurance statements are an accurate reflection of the current position, the internal audit function is effective and supported by committee and that risk management arrangements are considered effective.

The Governance and Scrutiny Committee considers the reports and recommendations of external audit and inspection agencies and their implications for governance, and risk management or control, and supports effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourages the active promotion of the value of the audit process and review of the Annual Accounts. The committee considers the external auditor's opinion and reports to members, and monitors management action in response to the issues raised by external audit. These arrangements ensure that the Council has processes and procedures in place to ensure that it fulfils its overall purpose, achieves its intended outcomes for service users and operates in an economical, effective, efficient and ethical manner, as prescribed in the CIPFA Audit Committees: Practical Guidance document, as well as the CIPFA FM Code. The Committee also receives regular performance reports through the East Ayrshire Performs framework.

Progress recorded against last year's Improvement Action Plan is strong and provides clear evidence of the Council's enduring commitment to best practice in Corporate Governance. All actions were either fully achieved or with good progress noted. This is a significant achievement when considered against the range of challenges faced by the Council including increases in the cost of living, increased demand for services, changing demographics, restrictions in funding and public sector reform. Key achievements within last year's Improvement Action Plan include:

- Completion of the 3-yearly review of the East Ayrshire Community Plan.
- Development of the programme cross-cutting strategic reviews using best value review methodology in relation to Employability, Financial Inclusion, Wellbeing, Children and Young People's Services, and Leisure & Culture Services.
- Supporting and responding to the Care Inspectorate joint inspection of children at risk of harm. The inspection report was published on 15 April 2025.

A new Improvement Action Plan for 2025/26 has been approved by Elected Members and progress will be reported to the Council's Governance and Scrutiny Committee in April 2026.

The Scheme of Delegation sets out the remit of Elected Member Portfolio Holders and the extent of delegations made to Committees and officers under the principle that decisions should be made at the lowest or most local level consistent with the nature of the issues involved. The Council also has Financial Regulations and Standing Orders relating to contracts in place and all of these procedural documents are regularly reviewed.

Cross-party working is supported and facilitated by the Council's Sounding Board. This was established as part of the Council's decision-making structures to provide a forum for collective consideration and scrutiny of cross-cutting issued by Group Leaders prior to presentation to Cabinet and/or Council.

The Council's system of internal financial control is based on a framework of regular management information, financial regulations, accounting policy bulletins, administrative procedures, management supervision and a system of delegation and accountability. In particular, the system includes:

- Comprehensive budgeting systems;
- Measurement of financial and other performance against targets;
- Regular reviews of periodic and annual financial reports, which indicate financial performance against the forecasts and targets;
- Clearly defined capital expenditure guidelines;
- Performance reporting relating to the Leisure Trust, Ayrshire Roads Alliance and IJB/Health and Social Care Partnership; and
- Formal project management disciplines, as appropriate.

Cabinet and the Governance and Scrutiny Committee receive regular East Ayrshire Performs reports, which include the elements listed above.

The Council's approach to risk management is embedded within a Risk Management Strategy and Corporate Risk Register, supported by Service Risk Registers. The Corporate Risk Register is presented periodically to Cabinet and the Governance and Scrutiny Committee as part of the East Ayrshire Performs reporting framework. A review of the Risk Management Strategy was undertaken in 2023/24 with the Risk Management Strategy 2024-27 reported to the Governance and Scrutiny Committee in 18 April 2024.

Service Improvement Plans for all Council Services are in place and progress updates relating to the Action Plans are presented to Cabinet. New three-year Service Improvement Plans (2024-2027) were developed and presented to Cabinet in September 2024, these reflect the updated Community Plan, Local Outcome Improvement Plan and 2022-2027 Strategic Framework.

We have a Whistleblowing Policy and Codes of Conduct for employees and Elected Members, and high standards of behaviour are supported by employee contracts of employment and annual FACE reviews, which identify individual training and development requirements. An Elected Member Learning and Development Strategy is well established and Job Outlines for Elected Members, including Members of the Governance and Scrutiny and Police and Fire and Rescue Committee are in place. A training needs analysis is undertaken on an annual basis and individual Development Plans are subsequently agreed for all Elected Members. A detailed programme for Induction, Training and Development for new Elected Members following the Council elections in May 2022 is in place.

Best Value

On 26 September 2024, the Governance and Scrutiny Committee considered Audit Scotland's annual report concluding that the Council has effective financial management processes in place to manage budgets and support the sustainability of services, as well as governance arrangements which support effective scrutiny, challenge and decision making. It also commented that the Council continues to maintain its strong performance and focus on continuous improvement, with well-established Council priorities through the Strategic Plan and service improvement plans and a workforce strategy that is clearly aligned to these priorities. Additionally, the Council has demonstrated a commitment to manage resources effectively and have been innovative in their decision to establish an Innovation Fund as well as use £40m of one-off resources to shape the future of the council through benefit realisation from early intervention and prevention activities.

The thematic Best Value report produced by Audit Scotland in respect of Workforce Innovation included an Improvement Action Plan with six recommendations and these have been incorporated into the Council's Corporate Governance Improvement Plan for 2025/26.

Further Best Value Thematic Work relating to Transformation will be reported by Audit Scotland in 2025 with the related recommendations and actions also being included in the Council's Corporate Governance Improvement Plan for 2025/26.

Statutory Roles

The Council's procedural documentation clearly details the decision-making structure. This includes Scheme of Delegation; Standing Orders; Standing Orders relating to contracts; Contract Procurement Protocol; Financial Regulations; Local Government Access to Information Registers; Departmental Service Descriptions; Officer delegated responsibility; and the role of Elected Member portfolio holders.

The Council's Scheme of Delegation designates the Chief Executive as the Council's Head of Paid Service in terms of the Local Government and Housing Act 1989. This requires the post holder to carry out the specified duties associated with this statutory role, including responsibility, where it is appropriate, for setting out proposals and reporting to Council, in relation to the undernoted matters:

- The manner in which the discharge by the authority of their different functions is co-ordinated;
- The number and grades of staff required by the authority for the discharge of their functions;
- The organisation of the authority's staff; and
- The appointment and proper management of the authority's staff.

The Chief Governance Officer, and Solicitor to the Council, acts as Monitoring Officer and ensures that the Council acts within legal and statutory requirements.

The Chief Financial Officer and Head of Finance and ICT is the proper officer of the Council with statutory responsibility for the administration of its financial affairs for the purposes of Section 95 of the Local Government (Scotland) Act 1973.

The Council's Scheme of Delegation designates the Head of Children's Health, Care and Justice Services as Chief Social Work Officer in terms of the Social Work (Scotland) Act 1968 and requires the post holder to carry out the specified duties associated with this statutory role by ensuring the provision of effective, professional advice to Elected Members and officers in relation to the provision of social work services. As part of the Council response to the legislative changes brought about by the Public Bodies (Joint Working) (Scotland) Act 2014, the management of Social Work Services was transferred to the Integration Joint Board with effect from 1 April 2015.

The Local Authority Accounts (Scotland) 2014 Regulations which came into force on 10 October 2014 require a local authority to operate a professional and objective internal auditing service. The long standing internal audit arrangements within East Ayrshire Council, managed by our Chief Auditor, fulfil this obligation. The internal audit service must be provided in accordance with recognised standards and practices in relation to internal auditing. Recognised standards and practices are those set out in the Public Sector Internal Audit Standards (PSIAS).

Review of Effectiveness

During 2024/25, the Council continued to put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both appropriate and effective in practice. Specifically, the Council's governance arrangements have been reviewed and tested against the requirements of the CIPFA/SOLACE Framework. Whilst this process of review is co-ordinated corporately and approved by the Council Management Team, Heads of Service have a responsibility to ensure that their own governance arrangements are adequate and operating effectively. In line with the CIPFA/SOLACE Framework, Chief Officers are required to make an annual statement confirming that this is the case.

The Council's external auditors (Audit Scotland) began reporting on Best Value from the financial year 2022/23, reporting firstly in their annual audit report in Autumn 2023 and annually thereafter.

In 2022/23, as part of their wider scope audit work, Audit Scotland undertook a Best Value thematic review of "Leadership of the development of new local strategic priorities" reported to Governance and Scrutiny Committee on 6 October 2023. During 2023/24 Audit Scotland undertook a best value thematic review of "Workforce Innovation" and this was reported to Governance and Scrutiny Committee on 26 September 2024. The 2024/25 best value thematic review covered "transformation" and was reported to Governance & Scrutiny Committee in April 2025.

The Internal Audit function within East Ayrshire Council is directly responsible to the Chief Executive for the independent appraisal of the Council's systems of internal control, governance and risk management. During 2024/25 the Internal Audit section operated in accordance with the Public Sector Internal Audit Standards (PSIAS) which were introduced on 1 April 2013. External Audit subject the work of Internal Audit to annual review. Audit Scotland, as the Council's external auditors reflected that review in their annual report with no issues arising to date. In their most recent report to the Governance & Scrutiny Committee on 26 September 2024, Audit Scotland stated that "We found the council's internal audit to be operating effectively, and in line with the Public Sector Internal Audit Standards (PSIAS) requirements". also noting that the internal audit service provides members and management with independent assurance on risk management, internal control and corporate governance processes as well as providing a deterrent effect to potential fraud and that more widely the Council's standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate.

PSIAS standard 1300 Quality Assurance and Improvement Programme (QAIP) requires the Council's Chief Auditor to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. During 2022/23, and in line with PSIAS requirements, an External Quality Assessment (EQA) of the internal audit team was carried out by CIPFA concluding that the team "generally conforms" with PSIAS standards with no areas of non-conformance.

The overall opinion of the Council's Chief Auditor, based on the work carried out, and in line with PSIAS requirements is that reasonable assurance can continue to be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control in the year to 31 March 2025. This is consistent with the opinion provided in previous years.

The system of governance (including the system of internal control) provides reasonable assurance that assets are safeguarded; that transactions are authorised and properly recorded; that material errors or irregularities are either prevented or would be detected within a timely period; and that significant risks impacting on the achievement of our strategic priorities and outcomes have been mitigated.

Conclusion

Despite the volatility in the wider economy and the anticipated reduction in future grant funding levels, we consider the governance and internal control environment operating during 2024/25 provide reasonable and objective assurance that significant risks impacting on the achievement of our strategic priorities and outcomes will be identified and actions taken to avoid or mitigate their impact. A number of improvements are proposed to further strengthen our governance arrangements, and these are set out in the Improvement Action Plan for 2025/26. Progress on implementing the Action Plan will be reported to the Governance and Scrutiny Committee in 2026 in accordance with our established arrangements.

The Council is committed to reviewing its corporate governance arrangements on an annual basis and will continue to take any actions as required to strengthen these arrangements.

Principal Financial Statements for the Council and its group

Expenditure and Funding Analysis

The EFA shows how our funding from government grants, rents, council tax and business rates has been allocated for decision making purposes and used in providing services, alongside the resources we consumed in accordance with and applying generally accepted accounting practices. The CIES on page 43 presents more fully the income and expenditure under generally accepted accounting practices.

Expenditure Fund Analysis

2023/24				2024/25		
EAC				EAC		
Net Expenditure chargeable to the General Fund & HRA Balances	Adjustments between the Funding & Accounting Basis	Net Expenditure in the CIES		Net Expenditure chargeable to the General Fund & HRA Balances	Adjustments between the Funding & Accounting Basis	Net Expenditure in the CIES
£m	£m	£m		£m	£m	£m
			Operating		*see EFA Note*	
123.942	14.886	138.828	Education	138.396	18.025	156.421
8.488	1.398	9.886	Finance and ICT	9.357	2.099	11.456
2.702	0.054	2.756	People and Culture	3.175	0.481	3.656
5.899	0.119	6.018	Governance	5.893	0.699	6.592
1.031	0.012	1.043	Corporate Support	1.121	0.115	1.236
22.110	0.475	22.585	Housing and Communities	20.958	0.914	21.872
7.777	10.192	17.969	Ayrshire Roads Alliance	7.656	10.740	18.396
8.227	(0.082)	8.145	Transport (incl SPT)	8.333	0.015	8.348
34.310	(10.197)	24.113	Facilities and Property Management	32.913	(9.158)	23.755
2.731	(0.246)	2.485	Economic Growth	2.043	0.964	3.007
5.892	1.408	7.300	Arms Length Organisations	5.934	1.015	6.949
0.646	0.019	0.665	Communities and Economy Other Segments	0.192	0.109	0.301
(4.095)	1.296	(2.799)	Social Work: Provision of Services	(4.166)	5.715	1.549
105.165	-	105.165	Contribution to the IJB	110.691		110.691
0.758	0.007	0.765	Chief Executive Office (incl Internal Audit)	0.665	0.054	0.719
4.330	(6.595)	(2.265)	Central Services	37.120	(2.474)	34.646
0.177	-	0.177	Projects	(0.167)	-	(0.167)
0.655	25.012	25.667	Housing Revenue Account	1.710	2.944	4.654
330.745	37.758	368.503	**Net Cost Of Services**	381.824	32.257	414.081
(346.073)	7.332	(338.741)	Other Income and Expenditure	(358.816)	(4.985)	(363.801)
(15.328)	**45.090**	**29.762**	**Difference between the Statutory Charge to the Combined General Fund and HRA Balance compared to the Surplus or (Deficit) in the CIES**	**23.008**	**27.272**	**50.280**

		-	-	-
		General Fund	**HRA**	**Total**
72.940	Opening Combined General Fund and HRA Balances	63.391	23.153	86.544
15.328	Surplus or (Deficit) on the General Fund and HRA Balances for the Year	(21.298)	(1.710)	(23.008)
(1.724)	Transfers (to) / from Other Reserves	(1.357)	-	(1.357)
86.544	**Closing Combined General Fund and HRA Balances**	**40.736**	**21.443**	**62.179**

Note to the EFA

2023/24				Adjustments between Funding and Accounting Basis	2024/25			
EAC					EAC			
Adjustments for Capital Purposes	Net change for Pensions Adjustments	Adjustments for Other Items	Adjustments between the Funding & Accounting Basis		Adjustments for Capital Purposes	Net change for Pensions Adjustments	Adjustments for Other Items	Adjustments between the Funding & Accounting Basis
£m	£m	£m	£m		£m	£m	£m	£m
13.779	0.451	0.656	14.886	Education	14.166	3.488	0.371	18.025
1.296	0.098	0.004	1.398	Finance and ICT	1.240	0.866	(0.007)	2.099
-	0.054	-	0.054	People and Culture	(0.029)	0.510	-	0.481
0.025	0.087	0.007	0.119	Governance	(0.024)	0.739	(0.016)	0.699
-	0.012	-	0.012	Corporate Support	-	0.115	-	0.115
0.298	0.159	0.018	0.475	Housing and Communities	(0.361)	1.321	(0.046)	0.914
10.087	0.091	0.014	10.192	Ayrshire Roads Alliance	9.970	0.770	-	10.740
(0.094)	0.012	-	(0.082)	Transport (incl SPT)	(0.096)	0.111	-	0.015
(10.392)	0.194	0.001	(10.197)	Facilities and Property Management	(10.710)	1.553	(0.001)	(9.158)
(0.275)	0.021	0.008	(0.246)	Economic Growth	0.807	0.175	(0.018)	0.964
1.408	-	-	1.408	Arms Length Organisations	1.015	-	-	1.015
(0.003)	0.019	0.003	0.019	Communities and Economy Other Segments	-	0.109	-	0.109
0.507	0.686	0.103	1.296	Social Work: Provision of Services	0.384	5.562	(0.231)	5.715
-	-	-	-	Contribution to the IJB	-	-	-	-
-	0.007	-	0.007	Chief Executive Office (incl Internal Audit)	-	0.054	-	0.054
(4.475)	(2.787)	0.667	(6.595)	Central Services	(0.054)	(3.040)	0.620	(2.474)
-	-	-	-	Projects	-	-	-	-
25.417	0.232	(0.637)	25.012	Housing Revenue Account	1.889	1.743	(0.688)	2.944
37.578	(0.664)	0.844	37.758	**Net Cost Of Services**	18.197	14.076	(0.016)	32.257
(9.840)	(1.090)	18.262	7.332	Other Income and Expenditure	(8.877)	2.283	1.609	(4.985)
27.738	**(1.754)**	**19.106**	**45.090**	**Difference between the Statutory Charge to the Combined General Fund and HRA Balance compared to the Surplus or (Deficit) in the CIES**	**9.320**	**16.359**	**1.593**	**27.272**

Movements in Reserve Statement

Movement in Reserves 2024 / 2025

	Note	Usable Reserves				Total Usable Reserves	Unusable Reserves		Total Reserves	Group Usable Reserves	Group Unusable Reserves	Total Group Reserves
		General Fund Balance	HRA	Renewal and Repairs	Capital Fund		Unrealised Gains/ Losses	Statutory Adj Accounts				
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2024		**63.391**	**23.153**	**3.818**	**21.373**	**111.735**	**315.850**	**(27.145)**	**400.440**	**12.862**	**35.373**	**448.675**
Surplus/ (Deficit) on the Provision of Services	CIES	(41.269)	(9.011)	-	-	(50.280)	-	-	(50.280)	(1.878)	-	(52.158)
Other Comprehensive Income and Expenditure	CIES	-	-	-	-	-	(10.908)	21.592	10.684	-	0.225	10.909
Total Comprehensive Income and Expenditure		**(41.269)**	**(9.011)**	**-**	**-**	**(50.280)**	**(10.908)**	**21.592**	**(39.596)**	**(1.878)**	**0.225**	**(41.249)**
Adjustments between Accounting Basis and Funding Basis Under Statute												
Current and Past Service Pension Costs in Cost of Services	8	23.832	2.688	-	-	26.520	-	(26.520)	-	-	-	-
Net Interest on Net Defined Pension Liability	8	2.053	0.232	-	-	2.285	-	(2.285)	-	-	-	-
Employers Contributions to Pensions Fund	8	(11.501)	(0.945)	-	-	(12.446)	-	12.446	-	-	-	-
Adjustments Relating to Pensions		**14.384**	**1.975**	**-**	**-**	**16.359**	**-**	**(16.359)**	**-**	**-**	**-**	**-**
Depreciation of Non-Current Assets	12	28.601	7.866	-	-	36.467	(9.012)	(27.455)	0.000	0.828	(0.828)	0.000
Impairment of Non-Current Assets	11	2.877	13.368	-	-	16.245	-	(16.245)	0.000	-	-	0.000
Amortisation of Intangible Assets	14	-	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions Applied	5	(10.337)	(2.682)	-	-	(13.019)	-	13.019	-	-	-	-
Capital Grants and Contributions Unapplied		-	-	-	-	-	-	-	-	-	-	-
Repayment of Debt	10	(15.746)	(4.205)	-	-	(19.951)	-	19.951	(0.000)	-	-	(0.000)
Capital Expenditure Funded in Year	10	(1.396)	(9.079)	-	-	(10.475)	-	10.475	(0.000)	-	-	(0.000)
Use of HRA Capital Fund to Finance New Capital Expenditure	10	-	-	-	(0.676)	(0.676)	-	0.676	-	-	-	-
Net Gain/ (Loss) on Disposal of Assets	CIES	(0.209)	0.262	-	1.750	1.803	-	(1.803)	-	-	-	-
Adjustments Relating to Capital		**3.790**	**5.530**	**-**	**1.074**	**10.394**	**(9.012)**	**(1.382)**	**(0.000)**	**0.828**	**(0.828)**	**(0.000)**
Differences relating to Officer Remuneration required by statute		0.021	(0.069)	-	-	(0.048)	-	0.048	-	-	-	-
Differences relating to Financial Instruments required by statute	22	(0.292)	(0.135)	-	-	(0.427)	-	0.427	-	-	-	-
Adjustment to Statutory Repayment of debt for Service Concession arrangements - permitted flexibiltity		2.068	-	-	-	2.068	-	(2.068)	(0.000)	-	-	(0.000)
Adjustments for Other Items		**1.797**	**(0.204)**	**-**	**-**	**1.593**	**-**	**(1.593)**	**(0.000)**	**-**	**-**	**(0.000)**
Net Increase/ (Decrease) before Transfers		(21.298)	(1.710)	-	1.074	(21.934)	(19.920)	2.258	(39.596)	(1.050)	(0.603)	(41.249)
Transfers to/ (from) Capital Fund		(2.019)	-	-	2.019	-	-	-	-	-	-	-
Transfers to/ (from) Other Statutory Reserves		1.242	-	(1.242)	-	-	-	-	-	(1.071)	1.071	-
Interest on Revenue Balances		(0.580)	-	0.088	0.492	-	-	-	-	-	-	-
Increase/ (Decrease) in 2024/25		**(22.655)**	**(1.710)**	**(1.154)**	**3.585**	**(21.934)**	**(19.920)**	**2.258**	**(39.596)**	**(2.121)**	**0.468**	**(41.249)**
Balance as at 31 March 2025		**40.736**	**21.443**	**2.664**	**24.958**	**89.801**	**295.930**	**(24.887)**	**360.844**	**10.741**	**35.841**	**407.426**

Movements in Reserve Statement

Movement in Reserves 2023 / 2024

	Note	Usable Reserves				Total Usable Reserves	Unusable Reserves		Total Reserves	Group Usable Reserves	Group Unusable Reserves	Total Group Reserves
		General Fund Balance	HRA	Renewal and Repairs	Capital Fund		Unrealised Gains/ Losses	Statutory Adj Accounts				
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2023		**49.132**	**23.808**	**3.682**	**19.261**	**95.883**	**291.312**	**71.804**	**458.999**	**9.905**	**41.110**	**510.014**
Surplus/ (Deficit) on the Provision of Services	CIES	(5.626)	(24.136)	-	-	(29.762)	-	-	(29.762)	(4.194)	-	(33.956)
Other Comprehensive Income and Expenditure	CIES	-	-	-	-	-	35.510	(64.307)	(28.797)	-	1.414	(27.383)
Total Comprehensive Income and Expenditure		**(5.626)**	**(24.136)**	**-**	**-**	**(29.762)**	**35.510**	**(64.307)**	**(58.559)**	**(4.194)**	**1.414**	**(61.339)**
Adjustments between Accounting Basis and Funding Basis Under Statute												
Current and Past Service Pension Costs in Cost of Services	8	25.399	2.795	-	-	28.194	-	(28.194)	-	-	-	-
Net Interest on Net Defined Pension Liability	8	(0.982)	(0.108)	-	-	(1.090)	-	1.090	-	-	-	-
Employers Contributions to Pensions Fund	8	(26.295)	(2.563)	-	-	(28.858)	-	28.858	-	-	-	-
Adjustments Relating to Pensions		**(1.878)**	**0.124**	**-**	**-**	**(1.754)**	**-**	**1.754**	**0.000**	**-**	**-**	**-**
Depreciation of Non-Current Assets	12	26.643	14.872	-	-	41.515	(10.972)	(30.543)	-	0.595	(0.595)	-
Impairment of Non-Current Assets	11	3.939	25.049	-	-	28.988	-	(28.988)	-	-	-	-
Amortisation of Intangible Assets	14	-	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions Applied	5	(12.253)	(6.030)	-	-	(18.283)	-	18.283	-	-	-	-
Capital Grants and Contributions Unapplied		-	-	-	-	-	-	-	-	-	-	-
Repayment of Debt	10	(13.446)	(4.350)	-	-	(17.796)	-	17.796	-	-	-	-
Capital Expenditure Funded in Year	10	(0.887)	(5.082)	-	-	(5.969)	-	5.969	-	-	-	-
Use of HRA Capital Fund to Finance New Capital Expenditure	10	-	-	-	(1.496)	(1.496)	-	1.496	-	-	-	-
Net Gain/ (Loss) on Disposal of Assets	CIES	0.286	(1.003)	-	2.020	1.303	-	(1.303)	-	-	-	-
Adjustments Relating to Capital		**4.282**	**23.456**	**-**	**0.524**	**28.262**	**(10.972)**	**(17.290)**	**-**	**0.595**	**(0.595)**	**-**
Differences relating to Officer Remuneration required by statute		0.813	0.030	-	-	0.843	-	(0.843)	-	-	-	-
Differences relating to Financial Instruments required by statute	22	(0.302)	(0.129)	-	-	(0.431)	-	0.431	-	-	-	-
Adjustment to Statutory Repayment of debt for Service Concession arrangements - permitted flexibiltity	8	18.694	-	-	-	18.694	-	(18.694)	-	-	-	-
Adjustments for Other Items		**19.205**	**(0.099)**	**-**	**-**	**19.106**	**-**	**(19.106)**	**-**	**-**	**-**	**-**
Net Increase/ (Decrease) before Transfers		15.983	(0.655)	-	0.524	15.852	24.538	(98.949)	(58.559)	(3.599)	0.819	(61.339)
Transfers to/ (from) Capital Fund		(0.909)	-	-	0.909	-	-	-	-	-	-	-
Transfers to/ (from) Other Statutory Reserves		(0.006)	-	0.006	-	-	-	-	-	6.556	(6.556)	-
Interest on Revenue Balances		(0.809)	-	0.130	0.679	-	-	-	-	-	-	-
Increase/ (Decrease) in 2023/24		**14.259**	**(0.655)**	**0.136**	**2.112**	**15.852**	**24.538**	**(98.949)**	**(58.559)**	**2.957**	**(5.737)**	**(61.339)**
Balance as at 31 March 2024		**63.391**	**23.153**	**3.818**	**21.373**	**111.735**	**315.850**	**(27.145)**	**400.440**	**12.862**	**35.373**	**448.675**

Comprehensive Income and Expenditure Statement

The CIES shows the accounting cost of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). We raise taxation (and rents) to cover expenditure in accordance with statutory requirements and this may be different from the accounting cost. The taxation position is shown in both the EFA and the MiRS.

Comprehensive Income and Expenditure Statement

2023/24						2024/25			
EAC			Group			EAC			Group
£m	£m	£m	£m			£m	£m	£m	£m
Exp	**Income**	**Net**	**Net**	**Operating**		**Exp**	**Income**	**Net**	**Net**
164.786	(25.958)	138.828	138.828	Education		167.594	(11.173)	156.421	156.421
11.038	(1.152)	9.886	9.886	Finance and ICT		12.635	(1.179)	11.456	11.456
3.184	(0.428)	2.756	2.756	People and Culture		4.393	(0.737)	3.656	3.656
8.310	(2.292)	6.018	6.018	Governance		8.887	(2.295)	6.592	6.592
1.048	(0.005)	1.043	1.043	Corporate Support		1.295	(0.059)	1.236	1.236
32.036	(9.451)	22.585	22.585	Housing and Communities		28.806	(6.934)	21.872	21.872
33.839	(15.870)	17.969	17.969	Ayrshire Roads Alliance		33.367	(14.971)	18.396	18.396
8.497	(0.352)	8.145	8.145	Transport (incl SPT)		8.872	(0.524)	8.348	8.348
34.916	(10.803)	24.113	24.113	Facilities and Property Management		35.514	(11.759)	23.755	23.755
3.558	(1.073)	2.485	2.485	Economic Growth		6.889	(3.882)	3.007	3.007
7.499	(0.199)	7.300	7.300	Arms Length Organisations		7.467	(0.518)	6.949	6.949
1.843	(1.178)	0.665	1.260	Communities and Economy Other Segments		3.957	(3.656)	0.301	1.129
143.794	(146.593)	(2.799)	(2.799)	Social Work: Provision of Services		155.106	(153.557)	1.549	1.549
105.165	-	105.165	105.165	Contribution to the IJB		110.691	-	110.691	110.691
0.769	(0.004)	0.765	0.765	Chief Executive Office (incl Internal Audit)		0.723	(0.004)	0.719	0.719
22.279	(24.544)	(2.265)	(2.265)	Central Services		58.303	(23.657)	34.646	34.646
5.472	(5.295)	0.177	0.177	Projects		2.011	(2.178)	(0.168)	(0.168)
77.086	(51.419)	25.667	25.667	Housing Revenue Account		58.262	(53.608)	4.654	4.654
665.119	**(296.616)**	**368.503**	**369.098**	**Net Cost Of Services**		**704.772**	**(290.691)**	**414.081**	**414.909**
		(0.717)	(0.717)	(Gains)/Losses on Disposals of Assets				0.053	0.053
		367.786	368.381	**Net Operating Expenditure**				414.134	414.962
		(58.900)	(58.900)	Income from Council Tax				(59.317)	(59.317)
		(253.429)	(253.429)	Government Grants (not service specific)				(283.947)	(283.947)
		(30.467)	(30.467)	Distribution from NDR Pool				(33.530)	(33.530)
		(18.283)	(18.283)	Capital Grants & Contributions	*Note 5*			(13.019)	(13.019)
		(361.079)	(361.079)	**Taxation & Non Specific Grant Income**				(389.813)	(389.813)
		6.707	**7.302**	**Net Operating Costs**				**24.320**	**25.149**
				Financing and Investment Income and Expenditure					
		(1.090)	(1.090)	Net Interest on Net Defined Pension Liability	*Note 8*			2.285	2.285
		-	3.613	Share of Surplus on Provision of Services of Associates & Joint Ventures				-	1.060
		(3.722)	(3.736)	Interest and Investment Income	*Note 22*			(3.694)	(3.704)
		27.867	27.867	Interest Payable and Similar Charges				27.368	27.368
		29.762	**33.956**	**Deficit on the Provision of Services**				**50.279**	**52.158**
		(35.510)	(37.368)	(Surplus)/ Deficit on Revaluation of Non-Current Assets				10.908	10.908
		64.307	64.307	Remeasurement of the Net Defined Pension Benefit Liability (Asset)	*Note 8*			(21.592)	(21.592)
		-	0.444	Share of Other Comprehensive (Income)/ Expenditure of Associates & Joint Ventures				-	(0.225)
		58.559	**61.339**	**Total Comprehensive (Income)/Expenditure**				**39.595**	**41.249**

Balance Sheet

This is a snapshot at 31 March 2025 of the value of assets and liabilities we hold, matched by our reserves shown as Usable (those we can use to provide services subject to the need to maintain a prudent level and any statutory limitations on their use) and Unusable (those we cannot use to provide services).

Balance Sheet

31 March 2024				31 March 2025	
EAC	Group			EAC	Group
£m	£m			£m	£m
987.313	1,001.973	Property, Plant & Equipment	*Note 12*	1,006.402	1,020.234
14.429	14.429	Heritage Assets	*Note 16*	14.429	14.429
5.488	5.488	Intangible Assets	*Note 14*	4.674	4.674
-	33.147	Investments in Associates and Joint Ventures	*Note 32*	-	32.312
0.384	0.384	Non-Current Receivables (Long Term Investments)	*Note 22*	0.381	0.381
-	-	Right of Use Assets	*Note 7*	1.918	1.918
-	-	Pension Assets*	Note 8	-	-
1,007.614	**1,055.421**	**Non-Current Assets**		**1,027.804**	**1,073.948**
0.020	0.448	Short Term Investments	*Note 22*	0.018	0.456
1.844	1.844	Inventories	*Note 17*	1.682	1.682
46.147	46.147	Debtors	*Note 18*	37.216	37.216
0.170	0.170	Assets Held for Sale	*Note 15*	-	-
9.943	9.943	Cash and Cash Equivalents	Note 19	25.659	25.659
58.124	**58.552**	**Current Assets**		**64.575**	**65.013**
(77.868)	(77.868)	Short Term Borrowing	*Note 22*	(60.836)	(60.836)
(66.031)	(66.031)	Creditors (Including Grants Receipts in Advance)	*Note 18*	(64.723)	(64.723)
-	-	Short Term Lease Liabilities	Note 22	(0.946)	(0.946)
(6.489)	(6.489)	Provisions	*Note 20*	(32.231)	(32.231)
(150.388)	**(150.388)**	**Current Liabilities**		**(158.736)**	**(158.736)**
(39.941)	(39.941)	Pension Liabilities	*Note 8*	(34.708)	(34.708)
(78.100)	(78.100)	Other Long Term Liabilities	*Note 22*	(94.535)	(94.535)
(394.437)	(394.437)	Long Term Borrowing	*Note 22*	(441.418)	(441.418)
(2.432)	(2.432)	Long Term Creditors	*Note 22*	(1.164)	(1.164)
-	-	Long Term Lease Liabilities	*Note 22*	(0.974)	(0.974)
-	-	Liabilities in Associates and Joint Ventures	*Note 32*		-
(514.910)	**(514.910)**	**Non-Current Liabilities**		**(572.799)**	**(572.799)**
400.440	**448.675**	**Net Assets**		**360.844**	**407.426**
111.735	111.735	Usable Reserves (Available to Fund Services)	*MiRS*	89.801	89.801
-	10.878	Share of Usable Reserves of Associates and Joint Ventures			10.741
(27.145)	(27.145)	Unusable Statutory Adjustments Accounts	*Note 25*	(24.887)	(24.887)
315.850	315.850	Unusable Reserves (Unrealised and Deferred Impact on Taxation)	*Note 25*	295.930	295.930
-	37.357	Share of Unusable Reserves of Associates and Joint Ventures			35.841
400.440	**448.675**	**Net Reserves**		**360.844**	**407.426**

Authorised for Issue

The unaudited accounts were authorised for issue by the Council on 26 June 2025.

Joseph McLachlan CPFA
Chief Financial Officer and Head of Finance & ICT

Cash Flow Statement

This shows changes in cash and cash equivalents by operating, investing and financing activities. Net cash flows from operating activities is a key indicator of the extent to which operations are funded by taxation, grants or charges for services. Investing activities represent the extent to which cash outflows have been made for resources intended to contribute to future service delivery. Cash flows from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

Cash Flow

2023/24					2024/25	
EAC	**Group**				**EAC**	**Group**
£m	**£m**				**£m**	**£m**
29.762	**33.956**	**Deficit on the Provision of Services**			**50.280**	**52.158**
-	(3.613)	Deficit attributable to Associates and Joint Ventures			-	(1.060)
29.762	**30.343**	**(Surplus)/ Deficit on the Provision of Services**			**50.280**	**51.098**
		Non Cash Items in the Comprehensive Income and Expenditure Statement				
(70.503)	(71.098)	Depreciation and Impairment			(52.712)	(53.540)
(1.303)	(1.303)	Carrying Amount of Non-Current Assets Sold		*Note 12*	(1.803)	(1.803)
1.754	1.754	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations		*Note 8*	(16.359)	(16.359)
0.029	0.029	EIR Stepped Loan Adjustment			0.025	0.025
(70.023)	**(70.618)**				**(70.849)**	**(71.677)**
		Changes in Working Capital				
0.008	0.008	Increase/ (Decrease) in Stock and Work in Progress		*Note 17*	(0.161)	(0.161)
11.623	11.623	Increase/ (Decrease) in Debtors			(10.373)	(10.373)
1.236	1.236	Increase/ (Decrease) in Bad Debt Provision			0.549	0.549
15.823	15.823	(Increase)/ Decrease in Creditors			(23.412)	(23.412)
28.690	**28.690**				**(33.397)**	**(33.397)**
		Adjustments for Items which are included in the net surplus or deficit on the provision of services that are investing or financing activities				
0.005	0.005	Net Increase / (Decrease) in Short Term Deposits			0.002	0.002
18.283	18.283	Capital Grants Received			13.019	13.019
2.020	2.020	Sale of Non-Current Assets			1.750	1.750
20.308	**20.308**				**14.771**	**14.771**
8.737	**8.723**	**Net Cash Outflow/ (Inflow) from Operating Activities**			**(39.195)**	**(39.205)**
		Investing Activities				
56.403	56.403	**Cash Outflows:**	Purchase of Non-Current Assets	*Note 10*	85.875	85.875
-	0.014		Increase in Short Term Deposits		-	0.010
56.403	56.417				**85.875**	**85.885**
(2.020)	(2.020)	**Cash Inflows:**	Sale of Non-Current Assets		(1.750)	(1.750)
(0.005)	(0.005)		Decrease in Short Term Deposits		(0.002)	(0.002)
(18.283)	(18.283)		Capital Grants Received	*Note 5*	(13.019)	(13.019)
(20.308)	**(20.308)**				**(14.771)**	**(14.771)**
36.095	**36.109**	**Net Cash Outflow/ (Inflow) from Investing Activities**			**71.104**	**71.114**
		Financing				
-	-	**Cash Outflows:**	Repayments of Amounts Borrowed		-	-
3.766	3.766		Capital Element of Finance Lease Rental Payments		(19.131)	(19.131)
(25.068)	(25.068)	**Cash Inflows:**	New Loans Raised		(28.494)	(28.494)
(21.302)	**(21.302)**	**Net Cash Outflow/ (Inflow) from Financing Activities**			**(47.625)**	**(47.625)**
23.530	**23.530**	**Net (Increase)/Decrease in Cash and Cash Equivalents**			**(15.716)**	**(15.716)**
33.473	**34.196**	**Cash and Cash Equivalents at the start of the reporting period**		*Note 19*	**9.943**	**10.666**
9.943	**10.666**	**Cash and Cash Equivalents at the end of the reporting period**		*Note 19*	**25.659**	**26.382**

Notes to the Single Entity Annual Accounts

Notes to the Accounts

Note 1 – Expenditure and Income Analysed by Nature

Our expenditure and income is analysed as follows for 2024/25.

Expenditure and Income Analysis

2023/24		2024/25
£m	**Expenditure and Income Analysed by Nature**	**£m**
278.718	Employee Benefit Expenses	290.368
314.808	Other Service Expenses	363.977
70.503	Depreciation, Amortisation and Impairment	52.713
27.867	Interest Payable and Similar Charges	27.368
(0.717)	(Gain)/ Losses on Disposals of Assets	0.053
691.179	**Total Expenditure**	**734.479**
	Income	
(296.616)	Fees, Charges and Other Service Income	(290.691)
(3.722)	Interest and Investment Income	(3.694)
(89.367)	Income from Council Tax and Non Domestic Rates	(92.847)
(271.712)	Government Grants and Contributions	(296.966)
(661.417)	**Total Income**	**(684.198)**
29.762	**Deficit on the Provision of Services**	**50.280**

Income from service recipients is recognised as performance obligations are satisfied, normally as services are rendered or goods are provided. We have examined the revenue received from contacts with service recipients and there are no material income factors requiring further disclosure other than noted in the table above. New income streams will be reviewed annually.

Note 2 – External Audit Costs

Fees payable to Audit Scotland for services carried out under the Code of Practice in 2024/25 were £0.362m (2023/24 £0.356m).

Note 3 – Agency Services

We bill and collect domestic water and sewerage charges on behalf of Scottish Water along with our own Council Tax. During 2024/25 we collected £22.353m (2023/24 £20.409m) and paid over £21.845m (2023/24 £19.925m). We received £0.508m for providing this service (2023/24 £0.484m). We also act as agent on behalf of the Scottish Government collecting non-domestic rates. During 2024/25 we billed £32.660m (2023/24 £32.055m) on their behalf and we received £33.530m (2023/24 £30.467m) in Distributable income from the Non-Domestic Rates pool.

In 2024/25 the Council was the accountable body for the Ayrshire Growth Deal, with North and South Ayrshire Councils being the other authorities involved. We therefore administer any expenditure and associated grant income on behalf of North and South Ayrshire Councils. These transactions (£5.788m gross) are treated as agency payments, and do not form part of our own expenditure or income figures.

Note 4 – Material Items of Income and Expenditure

During 2024/25 Strathclyde Pension Fund members employer pension contributions reduced to 6.5% from 17.5% for 2 years only. This saw in an in year reduced spend on pension contributions of £12.8m. This saving was used in to create an Early Intervention & Prevention Provision, details outlined in Note 20.

Note 5 – Grant Income

The following grants were credited to the CIES in 2024/25.

Grant Income		
2023/24		**2024/25**
£m	**Credited to Taxation and Non-Specific Grant Income**	**£m**
253.429	Revenue Support Grant	283.947
30.467	Non-Domestic Rates	33.530
7.273	General Capital Grant	7.817
6.030	Council House Building Programme	2.682
4.980	Other Capital Grants	2.520
302.179	**Total**	**330.496**
£m	**Credited to Services/ IJB**	**£m**
23.990	DWP Housing Benefits	22.755
23.085	NHS Resource Transfer	23.300
6.310	Scottish Attainment Challenge	6.047
3.166	William McIlvanney Campus	3.166
2.646	Criminal Justice Grant	2.884
13.959	Scottish Government - Early Learning & Childcare	-
2.946	Home Energy Efficiency Programmes Scotland (HEEPS) Grants	0.599
1.103	Private Sector Housing Grant	0.515
0.493	DWP Benefits Administration Grants	0.505
0.295	Education Maintenance Allowance	0.272
0.191	Dean Castle Restoration	0.022
0.595	Palace Theatre	1.027
0.176	Syrian Resettlement Programme	0.286
0.830	Ukraninian Resettlement Programme	0.836
0.396	European Funding	-
1.114	Place Based Investment Programme	0.650
1.506	UK Shared Prosperity Fund	4.617
2.846	Scottish Government - Pay Award Funding	-
1.630	Scottish Government Free School Meals Funding	-
0.187	Skills Development Scotland Skillseeker Grant	0.167
0.150	Town Centre Regeneration	0.203
-	Fairer Futures Partnership	0.300
2.380	Various Minor Social Work Grants	2.928
3.530	Various Minor Chief Executive's Services Grants	3.010
5.950	Various Minor Communities and Economy Grants	2.195
99.474	**Total**	**76.283**

Note 6 – Public Private Partnership (PPP) and Similar Contracts

Schools PPP Project: We entered into a PPP contract for the provision of school buildings, maintenance and other facilities for two primary schools and two combined educational campuses providing primary, secondary and special educational facilities during 2007/08 and 2008/09. The contractor is required to ensure the availability of the buildings to a pre-agreed standard. The schools became operational during 2007/08 and 2008/09 and the assets and liabilities have been recognised in the Balance Sheet. At the end of the contract period (30 years from start date of each project) the buildings and any plant and equipment installed in them will transfer to us for no cost.

Public Private Partnership

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£m	£m	£m	£m
Payable in 2025/26	5.459	3.926	3.089	12.474
Payable within 2 to 5 years	26.114	13.021	10.761	49.896
Payable within 6 to 10 years	26.778	26.551	9.041	62.370
Payable within 11 to 15 years	14.646	22.744	2.089	39.479
Payable within 16 to 20 years	-	-	-	-
Total	**72.997**	**66.242**	**24.980**	**164.219**

The liability outstanding to pay the contractor for capital expenditure is as follows:

PPP Liability Outstanding

2023/24		2024/25
£m		£m
49.241	**Balance outstanding at start of year**	**46.867**
-	Liability restatement on transition to IFRS 16	21.048
-	Lease liability adjustment for inflation	2.066
(2.374)	Payments during the year	(3.739)
46.867	**Balance outstanding at year-end**	**66.242**

Schools Non-Profit Distributing (NPD) Project: The William McIlvanney campus was handed over to the Council during 2018/19, and is a NPD project constructed via Design, Build, Finance and Maintain contract through the Schools for the Future programme. At the end of the contract period (25 years from April 2018) the asset will revert to us.

Schools Non-Profit Distributory Project (NPD)

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£m	£m	£m	£m
Payable in 2025/26	0.832	1.673	1.757	4.262
Payable within 2 to 5 years	4.786	6.106	6.202	17.094
Payable within 6 to 10 years	7.031	8.509	5.863	21.403
Payable within 11 to 15 years	8.165	9.775	3.501	21.441
Payable within 16 to 20 years	4.274	7.829	0.729	12.832
Total	**25.088**	**33.892**	**18.052**	**77.032**

2023/24		2024/25
£m		£m
36.574	**Balance outstanding at start of year**	**35.182**
-	Liability restatement on transition to IFRS 16	0.290
-	Lease liability adjustment for inflation	0.055
(1.392)	Payments during the year	(1.635)
35.182	**Balance outstanding at year-end**	**33.892**

Movements in the value for both projects are detailed in the PPE Note 12. We make payment by a monthly unitary charge over the term of the agreement, which is increased each year by an inflationary element based on RPI and RPIX for each year, and which can be reduced if the contractor fails to meet availability and performance standards. The unitary charge includes the repayment of construction costs, interest and service charges and the projected payments due under the agreement, based on assumed RPI and RPIX of 2.5% per annum.

Service Concession Flexibility

Under Local Government Finance Circular 10/2022 – Finance Leases and Service Concession Arrangements, the Scottish Government has outlined a provision for financial flexibility which allows local authorities to apply a retrospective recalculation of the annual charges to the General Fund in relation to the principal capital repayment element of service concession arrangements, including PPP and NPD contracts. The application of this flexibility makes no change to the actual payments to the contractor or to the value of interest or service charges made against the General Fund and the schools would still transfer to East Ayrshire Council at the end of the current contract for nil consideration. The adjustments are timing related and the overall repayments charged to the General Fund remain unchanged.

The original contractual arrangements are set out above. Under the new guidance issued by the Scottish Government, councils had the option to account for payment for the assets over their usual life, rather than over their contractual period. Other education buildings funded through the capital programme have an asset life of 40 years, and therefore it was considered appropriate to apply a similar asset life to the assets acquired through these service concession arrangements. Furthermore, had these assets been provided through the capital programme at the time of construction, the debt repayments would have been calculated on an annuity basis. For consistency purposes, it is also proposed to adopt an annuity repayment method for these assets.

East Ayrshire Council approved the application of this flexibility in February 2024 and the adoption of the resultant revised accounting arrangements in respect of its PPP and NPD contracts. Under the revised accounting arrangements, an annuity-based repayment schedule has been identified as prudent, sustainable and affordable, reflecting the anticipated flow of benefits from the assets in question. This has resulted in the rescheduling of charges to the General Fund over the 40 year useful economic life of the assets rather than the orignal contract terms with the release of a one-off retrospective repayment adjustment of £18.694m up to 2023/24 and a short to medium term reduction in the annual debt repayment charges over the period to 2037/38 for the current PPP contracts and to 2042/43 for the current NPD contract.

Note 7 – Leases

In 2024/25, East Ayrshire Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of- use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value (East Ayrshire have elected to apply a deminimis of £6k) and leases that expire within 12 months are exempt from the new arrangements. The Authority is not required to make any adjustment on transition to IFRS 16 for leases in which it acts as a lessor, except for sub-leases, or where the Authority is party to a lease for nil consideration.

During 2024/25 the authority was not party to any sublease arrangements as lessor, was not party to any leases for nil consideration and the authority did not have any Sale and Leaseback transactions.

Council as Lessee: We have a number of assets under leases including properties, vehicles and plant where the value of the asset when new is less than £6k or where the lease term has less than 12 months to expiry. The expenditure charged to the Net Cost of Services in the CIES during the year in relation to these leases was £0.056m (£0.348m in 2023/24).

Council as Lessor: We lease out properties for the provision of community services such as sports facilities and community facilities or for economic development purposes to provide suitable affordable accommodation for local businesses. The income credited to the Net Cost of Services in the CIES during the year in relation to these leases was £1.083m (£1.079m in 2023/24).

The disclosures below relate to where the Council is acting as Lessee for low value (below £6k assets) or leases that have less than 12 months to expiry, or where the Council is acting as Lessor.

Future minimum lease payments receivable under non-cancellable leases in future years are:

Leases				
31 March 2024			31 March 2025	
Council as Lessee	Council as Lessor		Council as Lessee	Council as Lessor
£m	£m		£m	£m
0.327	1.089	Not later than 1 year	0.056	1.027
0.444	3.315	Later than 1 year and not later than 5 years	0.111	3.156
0.066	8.022	Later than 5 years	-	6.840
0.837	**12.426**	**Total**	**0.167**	**11.023**

On transition to IFRS 16, the Authority elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2024.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Authority's incremental borrowing rate as at 1 April 2024. Right of use assets are measured at either:

- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Authority's incremental borrowing rate at the date of initial application or;
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, or;
- For right-of-use assets with peppercorn or nominal lease payments a right-of use asset shall be recognised at fair value on 1 April 2024 with any gain, being the difference between that fair value and the lease liability is recognised as a donated asset as an adjustment to opening balances.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised as at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.18%
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded.

This has resulted in the following additions to the Balance Sheet.

- £1.918m Property, plant and equipment – land and buildings (right-of-use assets)
- £0.974m Non-current creditors (lease liabilities)
- £0.946m Current creditors (lease liabilities)

The table below shows the change in the value of right-of-use assets held under leases by the authority:

Change in the value of right-of-use assets held under leases by the authority

Right of Use Assets	31 March 2025 Land & Buildings £m	Vehicles, Plant & Equipment £m	Total £m
Balance as at 1 April 2024	0.272	0.534	0.806
Additions	1.989	-	1.989
Revaluations	-	-	-
Depreciation and Amortisation	(0.637)	(0.240)	(0.877)
Disposals	-	-	-
Balance as at 31 March 2025	**1.624**	**0.294**	**1.918**

Maturity Analysis of Lease Liabilities

Maturity Analysis of Lease Liabilities	31 March 2025 £m
Less than one year	0.992
One to five years	0.980
More than five years	0.065
Total undiscounted liabilities	**2.037**

The newly recognised lease liabilities of £1.918m compare with the operating lease commitments of £0.837m as at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. The movement from the newly recognised lease liabilities is explained by the fact that the IFRS 16 lease liabilities exclude amounts for leases of low value (below £6k assets) and leases that will expire before 31 March 2025. Also, during the preparation work for transition to IFRS 16 a number of additional items were recognised as leases, such as Homelessness Accommodation (£0.723m), and Supported Accommodation (£0.190m) and leases that had recently been extended for supported learning sites (£0.384m).

Note 8 – Pension Schemes Accounted for as Defined Benefit Pension Schemes

Participation in Pension Schemes

We participate in the Strathclyde Pension Scheme, administered by Glasgow City Council which is a funded defined benefit scheme, meaning that our employees pay contributions calculated at a level intended to balance pension liabilities with investment assets. The Scheme provides pension benefits for councillors and local government employees (excluding teachers). For local government employees this is a defined benefit scheme calculated on a career average basis meaning pensions benefits are earned on pensionable pay earned in the scheme year. We have additional liabilities for unfunded discretionary pension payments outside the main scheme which is operated under the regulatory framework for the Local Government Pension Scheme. The pensions committee of Glasgow City Council is responsible for the governance of the scheme and policy is determined in accordance with Pensions Fund Regulations.

Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which appoints a number of external investment managers/partners and monitors their investment performance. The principal risks are the longevity assumptions, statutory scheme changes, structural changes (i.e. large-scale withdrawals), changes to inflation, bond yields and the performance of the investments held. These are mitigated to a certain extent by the statutory requirements to charge the General Fund and Housing Revenue Account the amounts required by statute as described in Note 26 (F).

Transactions Relating to Post Employment Benefits

We recognise retirement benefits costs when earned rather than when paid as pensions.
However, the charge required to be made against council tax is based on the cash payable in the year.

Defined Benefit Pension Scheme

2023/24	Local Government Pension Scheme	2024/25
£m	***Comprehensive Income and Expenditure Statement (CIES)***	**£m**
	Cost of Services:	
27.957	Current service costs	26.489
0.237	Past service costs (including curtailments)	0.031
	Financing and Investing Income and Expenditure:	
(14.005)	Net Interest Expense	(16.635)
12.915	Changes in the Effect of the Asset Ceiling	18.920
27.104	Total Post Employment Benefit Charged to Surplus or Deficit on Provision of Services	28.805
	Other Post Employment Benefit Charged to the CIES:	
	Re-measurement of the net defined benefit liability comprising:	
(58.581)	Return on pension fund assets	16.227
(13.908)	Actuarial (gains) arising on changes in demographic assumptions	(1.527)
(49.021)	Actuarial (gains) or losses arising on changes in financial assumptions	(135.859)
80.518	Actuarial losses arising from other experience	(9.474)
(284.812)	Changes in the Effect of the Asset Ceiling	(409.031)
(298.700)		(510.859)
390.111	Effect of Asset Ceiling Limitation	518.072
91.411	Total Post Employment Benefit Charged to the CIES	7.213
	Movement in Reserves Statement (MiRS)	
1.754	Reversal of net charges made to the Surplus/ Deficit for the Provision of Services for post employment benefits in line with the Code	(16.359)
28.858	**Employers' contributions payable to Strathclyde Pension Fund**	**12.446**

2023/24	Pension Assets and Liabilities on the Balance Sheet	2024/25
£m		**£m**
(860.617)	Present Value of The Defined Benefit Obligation	(763.994)
1,250.728	Fair Value of Pension Fund Assets	1,282.066
(390.111)	De-Recognition of Pension Fund Assets (Surplus) to Asset Ceiling	(518.072)
-	**Net Funded Asset from Defined Benefit Obligation**	-
(39.941)	Present Value of the Unfunded Liability Accounted for Separately	(34.708)
(39.941)	**Net Total Asset (Liability) arising from Defined Benefit Obligation**	(34.708)
(16.860)	Unfunded liabilities for Pension Fund	(14.613)
(18.799)	Teachers unfunded pensions	(16.560)
(4.282)	Unfunded liabilities prior to 1996 local government reorganisation	(3.535)

2023/24	Reconciliation of Present Value of Scheme Liabilities	2024/25
£m		**£m**
(1,119.790)	**Opening balance at 1 April**	**(1,290.669)**
(27.957)	Current Service Cost	(26.489)
(40.303)	Interest Cost	(43.678)
(12.915)	Changes in the Effect of the Asset Ceiling	(18.920)
(7.907)	Contributions from scheme Participants	(8.412)
-	Re-measurement gains and (losses)	-
13.908	Actuarial gains from changes in demographic assumptions	1.527
49.021	Actuarial gains or (losses) from changes in financial assumptions	135.859
(74.091)	Actuarial gains or (losses) from other experience	9.474
284.812	Changes in the Effect of the Asset Ceiling	409.031
(0.237)	Past service cost	(0.031)
34.901	Benefits Paid	33.606
(900.558)	**Closing Actuarial Balance at 31 March**	**(798.702)**
(390.111)	Effect of Asset Ceiling Limitation	(518.072)
(1,290.669)	**Closing Accounting Balance at 31 March**	**(1,316.774)**

2023/24	Reconciliation of Movements in Fair Value Scheme Assets	2024/25
£m		**£m**
1,142.402	**Opening Fair Value of Pension Fund Assets**	**1,250.728**
54.308	Interest Income	60.313
-	Re-measurement gains and (losses)	-
58.581	Return on pension fund assets	(16.227)
(6.427)	Other Experience	-
28.858	Contributions from employers	12.446
7.907	Contributions from employees into the scheme	8.412
(34.901)	Benefits Paid (including settlements)	(33.606)
1,250.728	**Closing Balance at 31 March**	**1,282.066**

Analysis of Pension Fund Assets

(Note, the actuary has stated that rounding may cause the sum of items not to equal the totals shown)

Analysis of Pension Fund Assets

Asset Category	2024/25 Prices quoted in Active Markets	2024/25 Prices not quoted in Active Markets	2024/25 Total	2024/25 %	2023/24 Prices quoted in Active Markets	2023/24 Prices not quoted in Active Markets	2023/24 Total	2023/24 %
	£m	£m	£m		£m	£m	£m	
Equity Securities	265.595	0.829	266.424	21%	252.608	0.274	252.882	20%
Private Equity	-	296.351	296.351	23%	-	298.600	298.600	24%
Real Estate	-	96.729	96.729	8%	-	98.344	98.344	8%
Investment Funds and Unit Trusts	4.694	586.674	591.368	46%	5.136	572.580	577.717	46%
Derivatives	-	(0.001)	(0.001)	0%	-	-	-	0%
Cash & Cash Equivalents	-	31.194	31.194	2%	1.948	21.237	23.185	2%
Closing balance at 31 March	**270.289**	**1,011.777**	**1,282.066**	**100%**	**259.692**	**991.035**	**1,250.728**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed based on the latest full valuation of the scheme as at 31 March 2025.

Basis for Estimating Assets and Liabilities

2024/25 **Local Government Pension Scheme**		**2024/25**	**2023/24**
Mortality assumptions (years):			
Longevity at 65 for current pensioners:	Men	19.7	19.6
	Women	22.5	22.5
Longevity at 65 for future pensioners:	Men	20.5	20.7
	Women	24.2	24.3
Rate of inflation (RPI)		3.05%	3.10%
Rate of inflation (CPI)		2.75%	2.75%
Rate of increase in salaries		3.45%	3.45%
Rate of increase in pensions		2.75%	2.75%
Rate for discounting scheme liabilities		5.80%	4.85%
Take-up of option to convert annual pension into retirement lump sum		50.00%	50.00%

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions payable in future years dependent on assumptions on mortality, salary levels and other factors. Assets held are valued at fair value, principally market value for investments. The principal assumptions used by the actuary and the categorisation by proportion of the total assets are:

Change in Assumptions at 31 March 2025

Assumptions at 31 March 2025

	Approximate % increase in Employer Liability	Approximate monetary amount £m
0.1% decrease in Real Discount Rate	2%	£13,755
1 Year increase in Member Life Expectancy	4%	£31,948
0.1% increase in the Salary Increase Rate	0%	£881
0.1% increase in the Pension Increase Rate	2%	£13,250

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions as shown above. The sensitivity has been determined based on reasonable changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme. The methods and types of assumptions used in preparing the sensitivity analysis above did not change from those used in the previous period.

Asset and Liability Matching (ALM) Strategy

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

Impact on the Authority's Cash Flow

The Fund's objective is to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across participating Local Authorities. Employers' contributions were set at 6.5% for 2024/25. The triennial valuation took place at 31 March 2023. The Fund will need to take account of national changes to the Scheme such as the move from 1 April 2015 to a new career average revalued earning scheme (CARE) for future accruals. The total contributions expected to be made by the Council to Strathclyde Pension Fund in the year to 31 March 2026 is £9.159m. The assumed weighted average duration of the defined benefit obligation is 17 years. This is different from the mortality assumptions quoted in the table Basis for Estimating Assets and Liabilities.

Defined Benefit Pension Asset – Recognition and Measurement

Hymans Robertson, who are the actuaries to the Strathclyde Pension Scheme, of which East Ayrshire Council is a member, has valued the East Ayrshire Council pension fund at 31 March 2025 at a surplus meaning that we hold a pension asset rather than a liability. This was also the case in 2023/24 and 2022/23.

This unusual occurrence is largely a result of the actuary's financial assumptions including the impact of corporate bond / government gilt rates and interest and inflation rates when compared to the previous valuations.

Paragraph 64 of International Accounting Standard 19 (IAS 19), provides the necessary information when an entity has a pension reserve surplus in a defined benefit plan and this information is supported further by the International Financial Reporting Interpretations Committee - Interpretation 14 (IFRIC 14).

IFRIC 14 requires the Council to consider whether the economic benefit that arises from the pension asset is available as a refund or as a reduction in future scheme contributions and it is considered that a reduction in future scheme contributions applies which entitles the Council to measure the net defined benefit asset at the lower of:

(a) the surplus in the defined benefit plan; and

(b) the asset ceiling. The asset ceiling is the present value of future benefits available to the Council in the form of refunds from the plan or reductions in future contributions to the plan.

Paragraphs 16 – 22 of IFRIC 14 relate to the amount of economic benefit available as a contribution reduction and it is this section of the Interpretation that requires to be given consideration as to to whether the Defined Benefit Scheme has a minimum funding requirement. The instructed methodology used by our actuaries considers future service contributions as a minimum funding requirement. There is broad consensus among LGPS practitioners and various external documents (eg CIPFA 'Bulletin 15 - Reporting of pensions surpluses and IFRIC 14', PwC's 'Review of IAS19 reporting at 31 March 2024 for National Audit Office, Audit Scotland and Audit Wales') to support this.

In measuring the economic benefit available to the Council as a reduction in future contributions, the following formula is used:

- A – Present value of future service costs
  Less
- B – Present value of future service contributions.

The economic benefit available as a reduction in future contributions cannot be negative (eg where B is greater than A, the economic benefit available as a reduction in future contributions is £0).

Establishing the Pension Asset Ceiling

In measuring the actual gain the Council is required to quantify the value of the gain calculated using both (a) and (b) above. In 2023/24 the Council recognised a pension asset of nil; this was after a pension asset ceiling adjustment of £390.111m. In 2024/25 our independent actuary notes the following values as being:

(a) a net funded asset of £518.072m; and

(b) having applied the methodology above an asset ceiling of £0.000m.

In the accounts we have therefore applied (b), the asset ceiling in accordance with IAS 19. The effect of this is a reduction in the pension reserve, an increase in the pension scheme obligations, and a reduction in the amount chargeable to the CIES.

The asset ceiling calculation from our actuaries does not include unfunded obligations, as bodies do not have the right to offset the unfunded liability against the pension asset. The present value of Unfunded Obligations is £34.708m. When this is considered alongside the asset ceiling adjustment, the final net value of the defined benefit pension scheme is a liability of £34.708m. In line with this last years figures have been restated to exclude the unfunded obligations from the net asset.

Paragraph 10 of IFRIC 14 notes that an entity shall disclose information about the key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of the pension asset. Accordingly this disclosure is contained in Note 30 on Page 84 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty.

McCloud Judgement

When the Local Government Pension Scheme (LGPS) benefit structure was reformed in 2015 in Scotland, transitional protections were applied to older members close to normal retirement age. The benefits accrued from 1 April 2015 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure to ensure that these members do not lose out from the introduction of the new scheme.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination with the implications of this ruling expected to also apply to the LGPS. The UK Government was denied the request to appeal the decision in June 2019. LGPS Scotland benefits accrued from 2015 may thus need to be enhanced so that all eligible members, regardless of age, will benefit from the underpin or receive compensation. This means that many more members would see an enhanced benefit rather than just those currently subject to these protections.

Quantifying the impact of the judgement at this time is difficult as it depends on compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression.

Strathclyde Pension Fund's actuary has made an allowance for the estimated impact of the McCloud judgement within the 31 March 2025 funding valuation position. The impact was calculated based on the eligibility criteria of being included within the proposed solution for the McCloud judgement (i.e. any active member who was a participant in the Fund as at 1 April 2012 will be given the greater of the final salary pension or CARE pension upon retirement). Further, an estimate allowance for McCloud has also been included within the service cost figures for 2024/25.

Guaranteed Minimum Pension (GMP)

GMP was accrued by LGPS members between 6 April 1978 and 5 April 1997. GMP value is inherently unequal between males and females for a number or reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between male and female benefits.

GMP rules were changed as an interim measure with responsibility for ensuring GMP's for members reaching state pension age between 6 April 2016 and 5 April 2021 keep pace with inflation was passed to pension schemes which leads to increased costs for schemes and employers.

Strathclyde Pension Fund's actuary has included an allowance for full GMP indexation within the funding valuation position as at 31 March 2025 balance sheet date, assuming that the permanent solution will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards and the impact is included in our overall liability.

Note 9 – Pension Schemes Accounted for as Defined Contribution Pension Schemes

Teachers are members of the Scottish Teachers' Superannuation Scheme which provides specified benefits upon retirement. We make contributions based on a percentage of members' pensionable salaries and it is technically a defined benefit scheme. Unlike the Local Government Scheme, we are not required to apply IAS 19 disclosures in respect of the Teachers' Scheme as the liability rests ultimately with the Scottish Government and the costs recorded are thus the actual contributions made during the year. The Scheme is accounted for as a defined contribution scheme and contributions in 2024/25 amounted to £16.234m, employer pension rates were 26% (2023/24 £14.259m and employer rate of 23%). 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 that year equate to approximately 2.04%. Data for total contributions in the year ending 31 March 2025 will be published in October 2025 and the Council's share of this will be published in next year's annual accounts. In addition, contributions totalling £0.557m, 0.9% of pensionable pay, were made for discretionary payments (2023/24 £0.578m, 0.9% of pensionable pay). We are responsible for the costs of any additional benefits awarded upon early retirement. These are accounted for on a defined benefit basis.

Note 10 – Capital Expenditure and Capital Financing

Capital expenditure incurred in 2024/25 and the resources used to finance it are shown below. Also shown are the capital commitments at 31 March 2025.

Capital Expenditure and Capital Financing		
2023/24		**2024/25**
£m		**£m**
622.425	**Opening Capital Financing Requirement**	**653.711**
	Capital Investment	
54.525	Property, Plant and Equipment	58.478
5.487	Intangible Assets	0.710
6.209	Revenue Expenditure Funded from Capital under Statute	1.080
	Sources of Finance	
(1.496)	Capital receipts	(0.675)
(24.492)	Government grants and other contributions	(13.019)
	Sums set aside from revenue:	
(5.969)	Direct revenue contributions	(10.475)
(3.766)	Repayment of PPP/Finance Lease Capital Debt	(5.375)
(14.030)	Loans Fund Principal	(13.729)
16.717	Application of PPP retrospective flexibility	-
1.977	Application of PPP in year flexibility	2.068
(3.876)	Application of Future Direct Revenue Contributions	-
653.711	**Closing Capital Financing Requirement**	**672.774**
	Explanation of movements in year	
31.286	Increase/ (Decrease) in underlying need to borrow (unsupported by government financial assistance)	19.063
31.286	**Increase/ (Decrease) in Capital Financing Requirement**	**19.063**

Capital Contract Commitments at 31 March - Property, Plant & Equipment	**£m**
Housing Investment Programme	12.200
Affordable Housing Projects	0.001
Schools & ELC	1.316
Other Projects	1.931
Total	**15.448**

Note 11 – Impairment Losses

An impairment loss of £16.245m was recognised in 2024/25 due to the revaluation of PPE and other changes in asset condition, such as planned demolishment (2023/24 £28.988m). The assets have been reduced to their new value in use and relevant impairment losses charged to the CIES.

Note 12 – Property, Plant and Equipment (PPE)

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 within Note 26 - Accounting Policies, Section N.

Traditionally assets included on the balance sheet at fair value are formally revalued by the Council on a rolling basis over a 5 year period on the basis of asset classification, however this can lead to significant movements in value between valuations of some classes of large assets only subject to revaluation every 5 years. For 2024/25 we have valued 20% of the Council's land and property portfolio including a selection from each property type, in order to capture any material changes affecting the various property types.

To ensure the carrying amount at the year-end is not materially different since the previous formal revaluation review of any assets not formally valued that year is undertaken by Royal Institute of Chartered Surveyors (RICS) colleagues to assess if any factors indicate that the current estimated value may be different to the carrying value per the Balance Sheet. This has been assessed as not being the case.

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.

Property, Plant and Equipment

2024/25	OPERATIONAL ASSETS			NON-OPERATIONAL ASSETS		2024/25	2024/25
	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets - Surplus Assets Not Held for Sale	Assets Under Construction	Total PPE	PPP/ NPD Assets included in Total PPE
Cost or Valuation:	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2024	**377.827**	**498.692**	**29.639**	**20.844**	**18.169**	**945.171**	**137.283**
Expenditure	27.373	3.238	4.947	1.274	15.019	**51.851**	**0.055**
Revaluations (Effective 31 March):							
To Revaluation Reserve	(2.815)	7.694	-	0.232	-	**5.111**	**6.075**
Impairment to Net Cost of Services	(13.368)	(0.604)	-	(2.273)	-	**(16.245)**	**-**
Disposals	(0.876)	-	(4.257)	(0.680)	-	**(5.813)**	**-**
Derecognition	-	-	-	-	-	**-**	**-**
Other movements	13.027	4.047	-	-	(16.222)	**0.852**	**-**
At 31 March 2025	**401.168**	**513.067**	**30.329**	**19.397**	**16.966**	**980.927**	**143.413**
Depreciation and Impairment:							**-**
At 1 April 2024	**(0.000)**	**(13.545)**	**(18.510)**	**(0.531)**	**(0.039)**	**(32.625)**	**(3.001)**
Depreciation charge	(7.557)	(15.179)	(2.098)	(0.389)	-	**(25.223)**	**(3.002)**
Depreciation written out							
To Revaluation Reserve	1.691	5.442	-	0.308	-	**7.441**	**2.396**
Disposals	0.017	-	4.149	0.017	-	**4.183**	**-**
Reclassifications	**-**	**(0.553)**	**-**	**-**	**-**	**(0.553)**	**-**
At 31 March 2025	**(5.849)**	**(23.835)**	**(16.459)**	**(0.595)**	**(0.039)**	**(46.777)**	**(3.607)**
Net Book Value at 31 March 2024	**377.827**	**485.147**	**11.129**	**20.313**	**18.130**	**912.546**	**134.282**
Net Book Value at 31 March 2025	**395.319**	**489.232**	**13.870**	**18.802**	**16.927**	**934.150**	**139.806**
2023/24	**OPERATIONAL ASSETS**			**NON-OPERATIONAL ASSETS**		**2023/24**	**2023/24**
	Council Dwellings	**Other Land and Buildings**	**Vehicles, Plant & Equipment**	**Community Assets - Surplus Assets Not Held for Sale**	**Assets Under Construction**	**Total PPE**	**PPP/ NPD Assets included in Total PPE**
Cost or Valuation:	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2023	**392.274**	**501.654**	**37.416**	**21.399**	**16.643**	**969.386**	**137.245**
Expenditure	20.585	3.308	2.851	1.852	15.954	**44.550**	0.038
Revaluations (Effective 1 April):							
To Revaluation Reserve	(24.816)	(2.675)	-	(0.060)	-	**(27.551)**	**-**
To Net Cost of Services	(25.049)	(2.336)	-	(1.603)	-	**(28.988)**	-
Disposals	(0.599)	(0.255)	(10.628)	(0.599)	-	**(12.081)**	-
Derecognition	-	-	-			**-**	-
Other movements	15.432	(1.004)	-	(0.145)	(14.428)	**(0.145)**	-
At 31 March 2024	**377.827**	**498.692**	**29.639**	**20.844**	**18.169**	**945.171**	**137.283**
Depreciation and Impairment:							**-**
At 1 April 2023	**(45.229)**	**(1.635)**	**(25.569)**	**(0.328)**	**-**	**(72.761)**	**-**
Depreciation charge	(14.558)	(15.208)	(3.556)	(0.377)	-	**(33.699)**	**(3.001)**
Depreciation written out							
To Revaluation Reserve	59.682	3.214	-	0.161	-	**63.057**	**-**
Disposals	0.105	0.045	10.615	0.013	-	**10.778**	**-**
Reclassifications	-	0.039	-	-	(0.039)	**-**	**-**
At 31 March 2024	**(0.000)**	**(13.545)**	**(18.510)**	**(0.531)**	**(0.039)**	**(32.625)**	**(3.001)**
Net Book Value at 31 March 2023	**347.045**	**500.019**	**11.847**	**21.071**	**16.643**	**896.625**	**137.245**
Net Book Value at 31 March 2024	**377.827**	**485.147**	**11.129**	**20.313**	**18.130**	**912.546**	**134.282**

Infrastructure Assets

2023/24		2024/25
£m		**£m**
72.607	**Net Book Value at 1 April**	**74.767**
9.975	Expenditure	6.627
-	Transfers	(0.299)
(7.815)	Depreciation	(8.847)
74.767	**Infrastructure Assets Closing Net Book Value**	**72.248**
912.546	Other PPE Assets (see table above)	934.150
987.313	**Total PPE Assets**	**1,006.398**

Note 13 – Fair Value Hierarchy

Surplus assets and held for sale assets are measured at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants. We use 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 technique in respect of assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy, as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets that we can access;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - unobservable inputs for the asset.

Level 2 Significant observable inputs: the Fair Value for assets has been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets within East Ayrshire. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the Fair Value hierarchy. All surplus properties fall into Level 2.

Note 14 – Intangible Assets

Expenditure on intangible assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council, normally 3-10 years. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Intangible Assets

2023/24		**2024/25**
£m	**Balance at start of year:**	**£m**
1.455	Gross carrying amounts	6.943
(1.455)	Accumulated amortisation	(1.456)
-	**Net carrying amount at start of year**	**5.487**
5.488	Purchases	0.710
-	Amortisation for the period	(1.523)
5.488	**Net carrying amount at end of year**	**4.674**
	Comprising:	
6.943	Gross carrying amounts	7.653
(1.455)	Accumulated amortisation	(2.979)

Note 15 – Assets Held for Sale

Assets held for sale		
2023/24		**2024/25**
£m	**Current Assets**	**£m**
0.025	**Balance outstanding at start of year**	**0.170**
0.170	Assets newly classified as held for sale	0.004
(0.025)	Assets declassified as held for sale	(0.174)
-	Assets sold	-
0.170	**Balance outstanding at year-end**	**-**

Note 16 – Heritage Assets

We hold a number of collections which are preserved for future generations due to their cultural, environmental or historical associations and support the primary objective of increasing knowledge, understanding and appreciation. These collections fall into two main aims:

- The systematic collection of material representative of the human history, natural history and earth sciences of the local area, particularly East Ayrshire, but for historical, geographical and scientific reasons the concept of the local area is meaningful in many contexts only when more widely defined as Ayrshire or in some cases the Clyde basin; and
- Additions to existing collections with a purely subject basis not related to the local geographic area do not fall within the above definition. Such collections formed a large part of the original basis for the museums both at the Dick Institute and at Dean Castle, and the various deeds of donation are dedicated to ensuring their preservation. These collections are mostly on clearly defined themes.

Main collections have been reported on the Balance Sheet at their insurance valuation, supported by independent valuations. Other minor items held of local historical significance are not recognised on the Balance Sheet, however, detailed information regarding them is held in the museums database. Information on the management of Heritage Assets including details of records maintained is included in the Collection Procedural Manual approved at Council on the 29 June 2022.

Heritage Assets		
2023/24		**2024/25**
£m		**£m**
14.429	**Cost or Valuation at 1 April**	**14.429**
-	Revaluations during the year	-
14.429	**Cost or Valuation at 31 March**	**14.429**
14.429	**Opening Net Book Value**	**14.429**
14.429	**Closing Net Book Value**	**14.429**

Note 17 – Inventories

Inventories						
2023/24				2024/25		
Consumable Stores	Maintenance Materials	Total		Consumable Stores	Maintenance Materials	Total
£m	£m	£m		£m	£m	£m
0.956	0.880	1.836	Opening Balance	0.956	0.888	1.844
-	-	-	Transfers In			
2.216	3.021	5.237	Purchases	1.751	3.143	4.894
(2.216)	(3.013)	(5.229)	Recognised as expense in the year	(1.859)	(3.197)	(5.056)
0.956	**0.888**	**1.844**	**Closing Balance**	**0.848**	**0.834**	**1.682**

Note 18 – Short Term Debtors and Creditors

Debtors & Creditors				
31 March 2024	31 March 2024		31 March 2025	31 March 2025
Debtors	Creditors	Short Term Debtors and Creditors	Debtors	Creditors
£m	£m		£m	£m
17.276	(11.730)	Central Government bodies	14.064	(12.674)
9.894	(12.132)	Other Local Authorities	6.401	(5.964)
7.696	(0.513)	NHS bodies	1.548	(1.058)
-	(0.456)	Public Corporations and trading funds	-	(0.354)
11.281	(41.200)	Other entities and individuals	15.203	(44.673)
46.147	**(66.031)**	**Total**	**37.216**	**(64.723)**

Grants and contributions which have a condition attached that remains to be satisfied at the balance sheet date are recognised as grants receipts in advance. Included within the amounts above are grant receipts in advance totalling £5.989m (2023/24 £5.231m).

Note 19 – Cash and Cash Equivalents

Cash & Cash Equivalents		
31 March 2024		31 March 2025
£m		£m
0.036	Cash held by the Council	0.036
10.564	Callable deposits	3.071
(2.798)	Bank current accounts	(0.094)
2.141	Short term deposits	22.646
9.943	**Total Cash and Cash Equivalents**	**25.659**

**The Council also holds £5.007m of Third Party Cash relating to Escrow arrangements.*

Note 20 – Provisions

Provisions					
Provisions	**Training & Employment**	**Severances**	**Legal Cases**	**Other**	**Total**
Balance as at 1 April 2024	**4.333**	**0.024**	**2.132**	**-**	**6.489**
Additional Provisions made during the year	-	0.117	0.450	27.716	28.283
Costs Incurred against provision	(1.453)	(0.024)	(0.363)	-	(1.840)
Unused amounts reversed during the year	-	-	(0.701)	-	(0.701)
Balance as at 31 March 2025	**2.880**	**0.117**	**1.518**	**27.716**	**32.231**

In February 2022, the Council committed to a jobs and training programme. The programme enables training contracts to be issued to an estimated 200 individuals over a 2-3 year period as the Council meets it's expected obligations from Scottish Government provided funding to support economic recovery following the Covid-19 pandemic. The assessed liability at 31 March 2025 is £2.9m (2023/24 £4.3m).

In February 2024, the Council approved the creation of the Early Intervention & Prevention fund, totalling £40m, comprised of £24m in respect of reduced employer pension contributions for 2024/25 and 2025/26 and £16m from Service Concession Arrangements. This fund will be utilised over a 10 year period, supporting early intervention and prevention initiatives. As at 31 March 2025 the liability was £27.8m.

At 31 March 2025 £0.117m (2023/24 £0.024m) was provided for the cost of severances within services where arrangements have been agreed by Cabinet and the payments will be made in the coming months.

The Council is involved in a number of ongoing Legal cases for which a level of financial provision has been made:

- Employment Tribunal proceedings have been raised against the Council by a number of staff relating to Equal Pay. The majority of claims have been agreed, however some costs remain as at 31 March 2025;
- Outstanding claims against the former Strathclyde Regional Council for which the Council has a share of any potential liability;
- Under the Limitation (Childhood Abuse)(Scotland) Act 2017 the Council currently has 3 live claims.
- The Council currently has 5 live claims in respect of Employers' Liability (Compulsory Insurance) Act 1969.

The information usually required by International Accounting Standard 37 (Provisions, Contingent Liabilities and Contingent Assets) is not disclosed in respect of individual legal case provisions on the grounds that it can be expected to prejudice the outcome of the proceedings.

Note 21 – Contingent Assets and Liabilities

We are a member of Business Loans Scotland (BLS) which is a consortium of Scottish Local Authorities providing and managing loans to small and medium enterprises (SMEs) across Scotland aiming to help businesses grow. East Ayrshire Council, having been the lead and host authority for the previous West of Scotland regional iteration of the organisation (West of Scotland Loans Fund) continue to do so for BLS. As part of this role, East Ayrshire Council formally underwrite the potential pension liabilities relating to staff working for BLS to meet requirements of the Strathclyde Pension Fund. However we have a formal agreement with BLS that at all times they must retain sufficient funds to meet any pension liabilities directly themselves. The probability of any cash outflow from East Ayrshire is therefore deemed as being unlikely to occur.

During 2024/25, the Council was notified that the Directors of Business Loans Scotland are in the process of winding up BLS and its subsidiary companies with the formal process expected to conclude during 2025/26. Part of the organisation will remain in order to manage the repayment and run off of existing loans. It is likely that the current staff will end their employment within BLS and their active membership of Strathclyde Pension Fund meaning that the guarantee provided by the Council will be redundant. Further information will be provided once the BLS Board progress their plans in the coming months.

We have an obligation to indemnify and reimburse any cumulative deficit sustained by the Kilmarnock Leisure Centre Trust up to a maximum of £0.200m in each financial year once the reserves held by the Trust have been depleted. During the 2024/25 accounts closure process, notification was received from Kilmarnock Leisure Centre Trust of an an adverse closing position of £0.135m, with only £0.055m available in reserves to support this position. Request was made by the Trust to call on the guarantee for an amount of £0.080m which was approved by Cabinet on 4 June 2025. Following the implementation of the Cultural and Leisure Review, which agreed the transfer of Kilmarnock Leisure Centre Trust (The Galleon) to East Ayrshire Leisure as of the 1 April 2025, the financial guarantee will no longer be required in future years.

We remain liable for a share of potential liabilities arising from claims lodged against SRC on a geographical basis and of other expenditure above a specified level on an agreed basis. These potential liabilities include shared liability in connection with Municipal Mutual Insurance (MMI) Limited, one of the insurers of the former SRC and the former Kilmarnock and Loudoun and Cumnock and Doon Valley District Councils. Following the Supreme Court ruling on Employers' Liability Insurance "Trigger" Litigation on 28 March 2012 we have a provision to meet clawback of estimated payments made by MMI Limited for known claims and a contingent liability for claims that may be incurred but yet to be reported.

The Limitation (Childhood Abuse)(Scotland) Act 2017 has the effect of removing the three year time bar on survivors of abuse bringing forward claims for compensation. This would apply for all claims from 1964 onwards and there is a potential cost to the Council in respect of claims which may arise under the legislation.

Note 22 – Financial Instruments

Financial Assets and Financial Liabilities

Financial Assets and Financial Liabilities

31 March 2024				31 March 2025		
Non Current	**Current**	**Total**	**Amortised Cost**	**Non Current**	**Current**	**Total**
£m	**£m**	**£m**		**£m**	**£m**	**£m**
0.384	0.020	**0.404**	Investments	0.381	0.018	**0.399**
-	63.777	**63.777**	Debtors	-	63.365	**63.365**
0.384	**63.797**	**64.181**	**Total Financial Assets**	**0.381**	**63.383**	**63.764**
(472.537)	(80.666)	**(553.203)**	Borrowings	(536.927)	(61.876)	**(598.803)**
(2.432)	(57.801)	**(60.233)**	Creditors	(1.164)	(58.291)	**(59.455)**
(474.969)	**(138.467)**	**(613.436)**	**Total Financial Liabilities**	**(538.091)**	**(120.167)**	**(658.258)**

Items of Income

Items of income

2023/24			2024/25	
Surplus or Deficit on the Provision of Services	**Other Comprehensive Income and Expenditure**		**Surplus or Deficit on the Provision of Services**	**Other Comprehensive Income and Expenditure**
£m	**£m**	**Net gains/losses on:**	**£m**	**£m**
-	-	Financial assets measured at amortised cost	-	-
-	**-**	**Total net gains/losses**	**-**	**-**
		Interest revenue:		
(3.722)	-	Financial assets measured at amortised cost	3.694	-
(3.722)	**-**	**Total interest revenue**	**3.694**	**-**
-	-		-	-
27.479	**-**	**Interest expense**	**26.477**	**-**

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets represented by amortised costs 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 instruments, using the following assumptions:

- For non-Public Works Loan Board (PWLB) loans payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

Financial Instruments Fair Value and Carrying Value

31 March 2024			31 March 2025	
Carrying Amount	**Fair Value**		**Carrying Amount**	**Fair Value**
£m	**£m**		**£m**	**£m**
0.020	0.020	Short Term Investments	0.018	0.018
0.384	0.384	Long Term Investments	0.381	0.381
63.777	63.777	Short Term Debtors	63.365	63.365
64.181	**64.181**	**Financial Assets**	**63.764**	**63.764**
(373.837)	(341.100)	PWLB Debt	(443.217)	(386.634)
(94.519)	(99.465)	Non-PWLB Debt	(53.438)	(54.107)
(2.798)	(2.798)	Short Term Borrowing	(0.094)	(0.094)
(57.801)	(57.801)	Short Term Creditors	(58.291)	(58.291)
(3.949)	(3.949)	Short Term Finance Lease Liability	(5.599)	(5.599)
-	-	Short Term Lease Liability	(0.946)	(0.946)
(2.432)	(2.432)	Long Term Creditors	(1.164)	(1.164)
(78.100)	(75.935)	Other Long Term Liabilities	(94.535)	(90.479)
-	-	Long Term Lease Liabilities	(0.974)	(0.974)
(611.004)	**(581.048)**	**Financial Liabilities**	**(658.258)**	**(598.288)**

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders below current market rates.

However, the authority has the ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £443.217m would be valued at £355.629m. However, if the authority were to seek to realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £386.634m.

Short Term Debtors and Creditors are carried at cost as this is a fair approximation of their value.

Note 23 – Nature and Extent of Risks Arising from Financial Instruments

Our activities expose us to a variety of financial risks:

- **Credit Risk:** the possibility that other parties might fail to pay amounts due to us.
- **Liquidity Risk:** the possibility that we may have insufficient funds to make repayments.
- **Re-financing Risk:** the possibility that we 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 as a result of changes in interest rates and stock market movements.

Our 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. Risk Management procedures are set out through a legal framework based on the Local Government in Scotland Act 2003 and associated regulations which require us to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment regulations issued through the Act. Overall, these procedures require us 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 in the financial regulations;
- By approving annually in advance prudential and treasury indicators for the following 3 years limiting:
  - Overall borrowing;
  - Maximum and minimum exposures to the maturity structure of debt;
  - Management of interest rate exposure; and
  - Maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government regulations.

These require to be reported and approved at or before our annual council tax setting budget or before the start of the year to which they relate. They are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to our financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual Treasury Management Strategy incorporates the prudential indicators approved by Council on 28 February 2024, and is available on our website. The key areas within the strategy were:

- The Authorised Limit for 2024/25 was set at £748.304m, the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £730.053m. This is the expected level of debt and other long term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 40% based on our net debt; and
- The maximum and minimum exposures to the maturity structure of debt.

Risk management is coordinated by a central treasury team, under the approved Treasury Management Strategy and we have in place 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 surplus cash).

Credit Risk Management Practices

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers. This risk is minimised through the Annual Investment Strategy, available on our website. Credit risk practices are set out in the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

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

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

The 2024/25 Annual Investment Strategy approved by Council on 28 February 2024 is available on our website.

Credit Risk Exposure at 31 March 2025

Credit Risk Exposure									
Counterparty	**Credit Rating Criteria met when investment placed**	**Credit Rating Criteria met on 31 March 2025**	**Balance Invested at 31 March 2025**						
			Up to 1 Month	**Between 1 and 3**	**Between 3 and 6**	**Between 6 and 9**	**Between 9 and 12**	**Over 12**	**Total**
	YES/NO	**YES/NO**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
UK Banks	YES	YES	2.673	-	-	-	-	-	**2.673**
Debt Management Office	YES	YES	23.040	-	-	-	-	-	**23.040**
Other	YES	YES	0.002	-	0.001	-	0.001	0.380	**0.384**
Total			**25.715**	**-**	**0.001**	**-**	**0.001**	**0.380**	**26.097**

Liquidity Risk

We manage our liquidity position through the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports, and through a comprehensive cash flow management system required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

We have ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term fund and are 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 we will be unable to raise finance to meet commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

Liquidity Risk		
31 March 2024		**31 March 2025**
£m		**£m**
0.020	Less than 1 year	0.018
0.003	Between 1 and 2 years	0.003
0.003	Between 2 and 3 years	0.004
0.378	More than 3 years	0.374
0.404		**0.399**

We maintain a significant debt and investment portfolio. Whilst cash flow procedures are considered against the refinancing risk procedures, longer term risk 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 the maturity structure of debt and the limits placed on investments placed for greater than one year are the key parameters used to address this risk. Our 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 new borrowing or the rescheduling of existing debt; and
- Investments to ensure sufficient liquidity is available for 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 flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

Maturity Risk				
	Approved Minimum Limits	**Approved Maximum Limits**	**31 March 2025**	
			£m	**%**
Less than 1 year	0%	35%	61.876	10.32%
Between 1 and 2 years	0%	35%	22.022	3.67%
Between 2 and 5 years	0%	60%	107.867	17.99%
Between 5 and 10 years	0%	50%	88.652	14.79%
More than 10 years	0%	50% - 90%	318.386	53.23%
Total			**598.803**	**100.00%**

Trade Receivables

At 31 March 2025 potential maximum exposure credit risk based on the level of default trade debtors is a gross debtor of £9.203m with a bad debt provision of £2.962m. The amount does not include debtors related to council tax, community charge, non-domestic rates and council house rents as these are not considered to be finance assets. Analysis of the Gross Debtor amount by age is:

Trade Receivables		
31 March 2024		**31 March 2025**
£m		**£m**
14.125	Less than 3 months	5.857
0.201	Between 3 and 6 months	0.342
0.453	Between 6 months and 1 year	0.413
3.062	More than 1 year	2.591
17.841		**9.203**

Market Risk

Interest rate risk – we are exposed to interest rate movements on borrowings and investments. Movements in interest rates have a complex impact, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the CIES will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the CIES 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 in the CIES.

We have a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together our prudential and treasury indicators and expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2025, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Market Risk

	£m
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	0.379
Impact on Surplus or Deficit on the Provision of Services	**0.379**
Share of overall impact debited to the HRA	**0.111**
Decrease in fair value of fixed rate investment assets	0.001
Impact on Other Comprehensive Income and Expenditure	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**39.575**

The approximate 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 22 – Financial Instruments.

Price Risk – we do not generally invest in equity shares or marketable bonds.

Foreign Exchange Risk – we have no financial assets or liabilities denominated in foreign currencies and therefore no exposure to loss arising from movements in exchange rates.

Note 24 – Related Parties

Related parties are organisations that we can control or influence or who can control or influence the Council.

Central Government

Central Government has effective control over our general operations and is responsible for providing the statutory framework within which we operate, provides the majority of our funding in the form of grants and prescribes the terms of many of the transactions that we have with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 5.

Elected Members

Members have direct control over the Council's financial and operating policies. Details of senior members' remuneration and members' allowances paid in year are included in the Remuneration Report. The Code of Conduct requires members to declare an interest in matters that directly or indirectly may influence, or be thought to influence, their actions as a councillor. Membership of statutory joint boards or committees, which are composed exclusively of elected members, does not raise an issue of declaration of interest in regard to Council business. In relation to interests of any other relevant parties, those members with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties. A copy of the **Register of Members Interest** can be obtained from members services. Expenditure transactions with related parties totalled £0.904m for 2024/25.

The Council is responsible for administration and decision making for various trust funds, for which some Members are Trustees. For more information on trust funds see page 106.

Chief Officers

All Chief Officers completed and signed a Related Party declaration for the year to 31 March 2025. Based on the completed returns there were no related party transactions in the year.

Entities Controlled or Significantly Influenced by the Council

East Ayrshire Leisure Trust and the Integration Joint Board are both deemed to be related parties mainly through our ability to exert influence over them through our representation on the respective Board. The relevant transactions and balances with these bodies are:

Related Parties

During 2023/24		As at March 2024			During 2024/25		As at 31 March 2025	
Charges to	**Charges from**	**Due from**	**Due to**	**Entity**	**Charges to**	**Charges from**	**Due from**	**Due to**
£m	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**
0.513	6.779	0.012	0.440	East Ayrshire Leisure Trust	0.618	6.429	0.060	0.641
128.809	105.165	-	2.756	Integration Joint Board	134.003	110.691	-	2.217

For more information on the relationship between the Council and these bodies, please refer to Note 31 – Summarised Financial Information of Group Entities.

Other entities significantly influenced by the Council are Strathclyde Passenger Transport, Strathclyde Concessionary Transport Scheme Joint Committee, and the Ayrshire Valuation Joint Board. Information on the relationship with these bodies can also be found in Note 31.

Note 25 – Unusable Reserves

Unusable Reserves are those we cannot use to provide services and are as follows:

Unusable Reserves

2023/24		Unusable Reserves		Unusable Statutory Adjustment Accounts				2024/25
Total Unusable Reserves		Revaluation Reserve	Available for Sale Financial Instruments Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instruments Adjustment Account	Accumulated Absences Account	**Total Unusable Reserves**
£m		**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
363.116	**Balance as at 1 April 2024**	**315.850**	**-**	**33.970**	**(39.941)**	**(9.782)**	**(11.392)**	**288.705**
(28.797)	Other Comprehensive Income and Expenditure	(11.540)	-	-	21.592	-	-	**10.052**
(28.797)	**Total Comprehensive Income and Expenditure**	**(11.540)**	**-**	**-**	**21.592**	**-**	**-**	**10.052**
	Adjustments between Accounting Basis and Funding Basis Under Statute							
(28.194)	Current and Past Service Pension Costs in Cost of Services	-	-	-	(26.520)	-	-	(26.520)
1.090	Net Interest on Net Defined Pension Liability	-	-	-	(2.285)	-	-	(2.285)
28.858	Employers Contributions to Pensions Fund	-	-	-	12.446	-	-	12.446
1.754	**Adjustments Relating to Pensions**	**-**	**-**	**-**	**(16.359)**	**-**	**-**	**(16.359)**
(41.515)	Depreciation of Non-Current Assets	(9.012)	-	(27.455)	-	-	-	(36.467)
(28.988)	Impairment of Non-Current Assets	-	-	(16.245)	-	-	-	(16.245)
-	Amortisation of Intangible Assets	-	-	-	-	-	-	-
18.283	Capital Grants & Contributions Applied	-	-	13.019	-	-	-	13.019
-	Capital Grants & Contributions Unapplied	-	-	-	-	-	-	-
17.796	Repayment of Debt	-	-	19.951	-	-	-	19.951
5.969	Capital Expenditure Funded in Year	-	-	10.475	-	-	-	10.475
1.496	Use of HRA Capital Fund to Finance New Capital Expenditure	-	-	0.676	-	-	-	0.676
(1.303)	**Net Gain/ Loss on Disposal of Non-Current Assets**	**-**	**-**	**(1.803)**	**-**	**-**	**-**	**(1.803)**
(28.262)	**Adjustments Relating to Capital**	**(9.012)**	**-**	**(1.382)**	**-**	**-**	**-**	**(10.394)**
(0.843)	Differences relating to Officer Remuneration required by statute	-	-	-	-	-	0.048	**0.048**
0.431	Differences relating to Financial Instruments required by statute	-	-	-	-	0.427	-	**0.427**
(18.694)	**Adjustment to Statutory Repayment of debt for Service Concession arrangements - permitted flexibiltity**	**-**	**-**	**(2.068)**	**-**	**-**	**-**	**(2.068)**
(19.106)	**Adjustments for Other Items**	**-**	**-**	**(2.068)**	**-**	**0.427**	**0.048**	**(1.593)**
(74.411)	**Increase (decrease) before transfers**	**(20.552)**	**-**	**(3.450)**	**5.233**	**0.427**	**0.048**	**(18.294)**
288.705	**Balance as at 31 March 2025**	**295.298**	**-**	**30.520**	**(34.708)**	**(9.355)**	**(11.344)**	**270.411**

General Accounting Policies and Assumptions

Note 26 – Accounting Policies

(A) General Principles

The Accounts summarise our transactions for the 2024/25 financial year and the position as at 31 March 2025. We are required to prepare Annual Accounts by the *Local Authority Accounts (Scotland) Regulations 2014*. Section 12 of the *Local Government in Scotland Act 2003* requires 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* (The Code) supported by *International Financial Reporting Standards* (IFRS). These are designed to give a "true and fair view" of the financial performance of the Council and its Group.

The fundamental qualitative characteristics of *Relevance, Materiality* and *Faithful Representation* have been considered alongside the following in the application of the accounting policies:

Accruals Basis:	The non cash effects of transactions are included in the financial year in which they occur, not the period in which the cash is paid or received.
Going Concern:	The functions of the Council and its Group will continue in existence for the foreseeable future.

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

(B) Accruals of Income and Expenditure

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

- Revenue from the sale of goods and services is recognised in accordance with the terms and conditions of the contract;
- All expenses are recorded on an accruals basis. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Interest receivable on investments and payable on borrowings 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;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the debtors balance is reduced and a charge made to revenue for income that may not be collected; and
- Where we are acting as an agent (e.g. in the distribution of Scottish Government Cost of Living Payments), income and expenditure are recognised only to the extent that commission is receivable for the agency services rendered or we incur expenses directly on our own behalf rendering the services.

(C) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in less than 3 months from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents are shown net of bank overdrafts.

(D) Material Items and Prior Period Adjustments

Income and expenditure we consider material to understand our financial performance are disclosed in the CIES or in the notes.

(E) Charges to Revenue for Non-current Assets

Services are charged with the following to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible non-current assets attributable to the service.

We are not required to raise council tax to cover depreciation, impairment losses or amortisation, however, we are required to contribute annually from revenue towards reducing borrowing. Depreciation, revaluation and impairment losses, and amortisation are replaced by loans fund principal, by an adjustment between the General Fund and the Capital Adjustment Account within the MiRS.

(F) Employee Benefits

Benefits Payable During Employment: salaries, wages, overtime and paid annual leave for current employees are recognised in the year worked with accruals made for holiday entitlements or leave earned but not taken before the year-end where appropriate.

Termination Benefits: are payable as a result of a decision to terminate employment before the normal retirement date or for voluntary redundancy and charged when we commit to a termination, the offer cannot be withdrawn and agreement has been granted by Cabinet. Where pension enhancements are included, the General Fund balance is charged with the amount payable to the pension fund or pensioner and the MiRS reflects cash paid.

Post-Employment Benefits: we participate in the Local Government Pension Scheme, administered by Strathclyde Pension Fund and the Scottish Teachers' Superannuation Scheme, administered by the Scottish Government. Both provide defined benefits (retirement lump sums and pensions) earned as employee members.

The Teachers' Scheme is accounted for as a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The CIES (Education) is charged with the in-year employer's contributions payable to teachers' pensions.

The Local Government Pension Scheme is accounted for as a defined benefits scheme with our liability included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to employee retirement benefits earned to date, based on assumptions about mortality rates, employee turnover rates, etc. and current employees projected earnings. Liabilities are discounted to value at current prices, using a discount rate used by the actuaries to value the liability. Assets attributable to us are included in the Balance Sheet at fair value at current bid prices for securities, estimated fair value for unquoted securities and market price for property. Changes in net pensions liability is accounted for under IAS 19 - Employee Benefits.

The change in the net pension liability/(asset) is analysed into the following components, definitions of which are available in the Glossary of Terms:

- Service Cost comprising – Current Service Cost, Past Service Cost and Net Interest on the Net Defined Liability (Asset)
- Remeasurements comprising – Return on Plan Assets, Actuarial Gains and Losses and Contributions Paid to the Pension Fund.

The MiRS, reflects Pensions Reserve appropriations to remove notional charges and credits for retirement benefits and replace these with cash paid to the pension fund and pensioners and any amounts payable but unpaid at year-end.

Discretionary Benefits: we have restricted powers to make discretionary awards in the event of early retirements. Any liabilities estimated to arise as a result of an award to staff are accrued in the year of the decision to make the award and accounted for using the policies applied to Strathclyde Pension Fund.

(G) Financial Liabilities: are recognised in our Balance Sheet when we become party to the contractual provisions of a financial instrument, initially measured at fair value and carried at their amortised cost. Annual interest payable in the CIES is 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 discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Borrowings in the Balance Sheet comprise outstanding principal repayable plus accrued interest. Interest charged to the CIES is the annual amount payable according to the loan agreement. Gains/ losses on repurchase or early settlement of borrowing are reflected in the CIES in the year of repurchase/settlement. Where repurchase has taken place as part of restructuring the loan portfolio that involves the modification or exchange of existing instruments, the premium/discount is respectively deducted from/added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the CIES, regulations permit restructuring costs to be released to revenue over the period of the replacement loan. Reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to/from the Financial Instruments Adjustment Account.

(H) Financial Assets

Based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics, there are 3 classes measured at:

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

Our 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: are recognised when we become party to contractual provisions of a financial instrument and are initially measured at fair value, subsequently measured at amortised cost. Interest receivable in the CIES is based on the asset's carrying amount multiplied by the effective interest rate. For most of the financial assets held, this means that the amount in the Balance Sheet is outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable in the loan agreement. Gains/losses arising on de-recognition are included in the CIES.

Expected Credit Loss Model - We recognise expected credit losses on financial assets held at amortised cost (or where relevant FVOCI), 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.

Impairment losses are calculated to reflect the expectation that future cash flows may 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.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL): are recognised when we become party to the contractual provisions of a financial instrument, initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive and based on the following techniques:

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

The inputs to 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 authority 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 asset.

Gains and losses arising from de-recognition of the asset are reflected in the CIES.

(I) Government Grants and Contributions: are recognised as due when there is reasonable assurance that we will comply with any conditions and the grants will be received. Amounts recognised as due are credited to the CIES when conditions have been met. When conditions have not been met advance funds are recognised as creditors. When conditions are satisfied, the grant is credited to the CIES. Where the condition of grant cannot be satisfied then the monies will be returned. Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the MiRS. Where the grant has yet 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.

(J) Intangible Assets: expenditure on non-monetary assets that don't have physical substance but are controlled as a result of past events is capitalised when expected to bring benefits for more than a year. Intangible assets are initially measured at cost. Amounts are not revalued, as the fair value of the assets cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the CIES. Where expenditure qualifies as capital expenditure, amortisation, impairment losses and disposal gains cannot have an impact on the General Fund Balance and gains/losses are reversed in the MiRS and posted to the Capital Adjustment Account.

(K) Inventories: consumable Stocks and Work-In-Progress are valued at cost except for the HRA and Roads where average cost is used.

(L) Leases: 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 and a lease liability are now included on the balance sheet from 1 April 2024. The Council has elected to apply recognition exemptions to low value assets (below £6,000 when new) and to short-term leases i.e. existing leases that expire on or before 31 March 2025, and 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.

The Council as Lessee: As a lessee, the Council 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 IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases i.e. these leases are on-balance sheet. We rent offices and buildings as tenant on a variety of lease terms.

The Council as Lessor: The Council is not required to make any adjustment on transition to IFRS 16 for leases in which it acts as a lessor, except for sub-leases, or where the Council is party to a lease for nil consideration. Where we grant a lease for a property/PPE, the asset is retained in the Balance Sheet. Rental income is credited to the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. a premium is paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the relevant asset's carrying amount and expended over the lease term in line with rental income.

(M) Support Services: are shown in line with our management structure.
Overheads: are charged on the basis of service accountability, financial performance and consumption.

(N) Property, Plant and Equipment (PPE): have physical substance, are held for use in the supply of services, for rental to others or for administrative purposes and are expected to be used during more than one financial year.

Recognition: expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided it is probable that we'll receive future economic benefits or service potential associated with the item and the cost 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 incurred. Plant, furniture and computer equipment costing less than £6,000 are not treated as PPE and are charged to the CIES. De-minimis does not apply where certain categories of assets are grouped together and form part of the approved capital programme.

Components of PPE are recognised separately for depreciation purposes where it is considered that the value of the component is significant in relation to the total asset value. We consider significant components as those with a value in excess of 20% of the overall value of the asset. Assets will be disregarded for component accounting where they have a carrying value of below £2m.

Measurement: assets are initially measured at cost, comprising the purchase price and costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. We do not capitalise borrowing costs incurred whilst assets are under construction. Assets are carried on the Balance Sheet using the following measurement bases:

- Infrastructure, community assets, and assets under construction: depreciated historical cost;
- Dwellings: fair value, determined using the basis of existing use value for social housing (EUV-SH); and
- Other assets: fair value, determined using amount paid for asset in existing use (existing use value).

Where there is no market based evidence of fair 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. A number of assets including shop units, industrial units and community assets under Community Asset Transfer leases are valued under a Investment Method of Valuation, this uses a combination of both income and market approaches. Where non-property assets have short useful lives or low values, depreciated historical cost basis is used as a proxy for fair value. Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure their carrying amount is not materially different from their fair value at year-end but as a minimum every 5 years. We revalue 20% of all categories of land and buildings over a 5 year rolling programme at 31 March. Valuations have been compiled by an external valuer. Surplus assets not held for sale are depreciated. Housing stock was formally revalued at 31 March 2024 in line with our revaluation policy. Heritage assets are revalued in line with EALT policy.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains before that date have been consolidated into the Capital Adjustment Account.

Impairment: as part of their normal duties officers report at the year-end on any material events that affect asset values. Where indications exist that an asset may be impaired and any possible differences are estimated to be material, the recoverable amount is estimated and where this is less than the carrying amount of the asset an impairment loss is recognised for the shortfall. Impairment losses are initially debited to the Revaluation Reserve up to the total value of any revaluation gains held for the individual asset and thereafter recognised in the CIES. Where an impairment loss is subsequently reversed, the reversal is credited to the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation: is provided for on all PPE assets by the allocation of their depreciable amounts over their useful lives. Depreciation is not charged in the year of aquisition, but is depreciated in the year of disposal. An exception is made for assets without a determinable finite useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation, where charged, has been applied on a straight-line methodology based on the asset valuation, its remaining useful life and any residual value an asset is calculated to have. The useful economic lives for depreciation are:

• Council Dwellings	40 years	• Operational Buildings	20-60 years
• Community Assets	20-25 years	• Vehiclesand Equipment	4-20 years

The depreciation of Infrastructure Assets varies according to assets held, determined by asset condition.

Revaluation gains are depreciated with an amount equal to the difference between current value depreciation charged on assets and depreciation that would have been chargeable based on historical cost being transferred each year from the Revaluation Reserve to the General Fund.

Disposals and Non-current Assets Held for Sale: when it becomes probable that the carrying amount will be recovered principally through a sale rather than through continued use, assets are reclassified as Assets Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less cost to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is taken to Other Operating Expenditure in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus/ Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Property, land and buildings are classified as held for sale when the following criteria are met:

- The property is available for immediate sale in its present condition;
- The sale must be highly probable and an active programme to locate a buyer must have been initiated;
- The asset must be actively marketed for sale at a price reasonable in relation to its current fair value; and
- The sale should be expected to qualify for recognition as a completed sale within one year (although events or circumstances may extend the period to complete the sale beyond one year).

When these criteria are met, assets within PPE will be reclassified to Assets Held for Sale. The date of reclassification will normally follow approval by Cabinet to sell the asset. If assets no longer meet the Assets Held for Sale criteria, they are reclassified as non-current assets and valued at the lower of their carrying amount before they were classified as Assets Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell. When disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is charged to the CIES as part of the disposal gain/loss. Disposal receipts are credited to the CIES as part of the gain/ loss on disposal i.e. netted-off against carrying value at the time of disposal and revaluation gains accumulated in the Revaluation Reserve are transferred to the General Fund.

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

Infrastructure Assets: Highways network infrastructure assets include carriageways, footways, structures, street lighting, street furniture, traffic management systems, land and flood prevention schemes which together form a single integrated network.

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Infrastructure assets are measured at depreciated historic cost. Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. The useful life of infrastructure assets is laid out in the following table.

Infrastructure assets	
Infrastructure Asset Element	**Useful Life**
Carriageways & Footways	30 years
Structures	120 years
Major Flood Prevention Schemes	70 years
Street Lighting	20 years
Traffic Signals	15 years
Other Street Furniture	10 years

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

Where a part of the network 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. Disclosure in the notes is on a net book value basis only. Gross historic cost and accumulated depreciation have not been disclosed.

(O) Heritage Assets: are defined in the Code as: "Tangible (or intangible) assets with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained principally for contribution to knowledge and culture." Heritage Assets held are:

- The museum and art collections;
- The civic regalia;
- The Council's archives and ephemera;
- A number of public space statues, monuments and memorials and outdoor artworks.

Heritage Assets do not include:

- Works of art not held for knowledge or culture;
- Community assets, held primarily for current use;
- Historic buildings used to provide services to the authority;

The assets are held at valuation and no depreciation is charged on the assets. The valuation at 31 March is based upon information held in catalogues or inventories maintained by East Ayrshire Leisure Trust. Valuations are undertaken on an insurance basis with the main collections of fine art, arms and militaria, manuscripts, musical instruments and tapestries held at values determined by specialist external valuers. The remainder of the collection, while also insured, consists primarily of donated artefacts of local social history which are either not determined to be of material value or the cost of obtaining a minor value outweighs any benefit to the users of the Accounts. These assets are not recognised on the Balance Sheet, however, detailed information regarding them is held in the museums database.

(P) Public Private Partnership (PPP): are agreements to receive services, where the responsibility for making available the assets needed to provide the services passes to the PPP operator. As we are deemed to control the services that are provided under schools PPP scheme and as ownership of the schools will pass to us at the end of the contracts for no additional charge, the accounting regulations (IFRIC12 Service Concession Arrangements) require us to recognise the assets as part of our PPE.

The original recognition of the schools PPP 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. Schools PPP assets are revalued and depreciated in the same way as other non-current assets we own. The amounts payable to the PPP operator each year are analysed into:

- The service charge element and life-cycle replacement costs, charged to Education in the CIES;
- The interest element, charged to Financing and Investment Income and Expenditure lines in the CIES;
- Contingent rent (increases in the amount to be paid for the property arising during the contract), charged to the Financing and Investment Income and Expenditure lines in the CIES; and
- The repayment of the liability, applied to reduce the Balance Sheet liability owed to the operator.

(Q) Common Good: as part of the management arrangements where land and buildings are confirmed as belonging to the Common Good, and where we incur costs or receive income relating to these assets as the managing agent, the Common Good pays a nominal annual £1 fee (if asked) in return for the management of the asset. We remain responsible for all costs and income relating to the asset and are entitled to use the asset. These funds do not represent assets available to us.

(R) Provisions: are made in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and charged as an expense in the CIES when we become aware of the obligation, measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking account of relevant risks and uncertainties. Payments made are charged to the provision. Estimated settlements are reviewed annually. 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 credited back to the relevant service.

(S) Contingent Liabilities: arise where an event has taken place that is a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within our control. They also arise where a provision would otherwise be made but it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

(T) Interests in Companies and Other Entities: we have material interests in companies and other entities that have the nature of associates and jointly controlled entities requiring us to prepare group accounts. These are not recorded in our single entity accounts as we have no shares in or ownership of any of these organisations.

(U) Reserves: reserves are created by appropriations from the General Fund Balance in the MiRS. Expenditure to be met from reserves is charged to the appropriate service in the CIES and the reserve is appropriated back into the General Fund Balance in the MiRS so that there is no net charge against council tax. Reserves are classified into Usable and Unusable.

Usable Reserves (available to support services): the General Fund Balance contains funds accumulated as part of our Reserves Strategy. Renewal and Repairs Fund provides for the upkeep of specific assets held. Capital Fund is used to meet the costs of capital investment in assets and for the repayment of the principal element of borrowings.

Unusable Reserves (unrealised and have a deferred impact on taxation): are retained to manage the accounting processes for non-current assets, financial instruments and retirement benefits and are not usable resources. These are as follows:

Revaluation Reserve and Capital Adjustment Account: arise from capital accounting requirements; the former represents the gains on revaluation of non-current assets not yet realised through sales; the latter relates to amounts set aside from capital resources to meet past expenditure.

Available for Sale Financial Instrument Reserve and the Financial Instruments Adjustment Account: arise from accounting for financial instruments; the former holds gains arising from increases in the value of investments; the latter is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending and borrowing.

Pensions Reserve: arises from IAS 19 accounting disclosures for retirement benefits and recognises our share of actuarial gains and losses in the Strathclyde Pension Fund and the change in our share of the Pension Fund liability chargeable to the CIES.

Accumulated Absences Reserve: arises from IAS 19 accounting disclosures for Short Term Accumulated Benefits and recognises our liability for compensated staff absences earned but not taken in-year. Statutory Arrangements require the impact on General Fund Balances is neutralised by transfers to/from the Reserve.

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

(W) Presentation of items in other comprehensive income and expenditure: IAS 1 requires that where we have transactions that include amounts reclassifiable in the surplus/deficit on the provision of services, the items listed in other comprehensive income and expenditure must be grouped into items that will not be reclassified subsequently to the surplus/deficit on the provision of services when specific conditions are met. We have no such transactions.

Note 27 – Accounting Standards Issued not yet Adopted

The Code requires the Council to disclose information about accounting changes that will be required by new accounting standards in the Code due to be adopted in future years and the possible impact. This applies to the adoption of the following new or amended standards within the 2025/26 Code:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability).
- Amendments to IFRS 17 Insurance Contracts.
- Adaptations and interpretations of IAS 16 Property Plant and Equipment, and IAS 38 Intangible Assets. Whilst relief is granted in the Code from the requirement to disclose these adaptations and interpretations, we have opted to list them here for completeness.

Implementation of the amendments listed above is effective from 1st April 2025, and therefore have no impact on the 2024/25 Accounts. Overall, these amended standards are not expected to have a significant impact on the Annual Accounts.

Note 28 – Events after the Balance Sheet Date

We are required to disclose material matters that arise between the Balance Sheet date 31 March 2025 and the date when the Accounts are authorised for issue which took place at the Council meeting on 26 June 2025. The Chief Financial Officer and Head of Finance & ICT, being the responsible officer for the Council's affairs, signed the unaudited Annual Accounts on 26 June 2025. Subsequent events taking place after this date are not reflected in the Annual Accounts or notes.

Note 29 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 26, we have made certain judgements about complex transactions or those involving uncertainty about future events and these are:

- There is significant uncertainty regarding the level of funding for local government in the medium to longer term. Our medium term future plan estimates a budget gap for the year to 2027/28 of £27m and while future funding levels remain uncertain our financial planning in the short to medium term will ensure action is taken to close the gap albeit recognising the extent of the estimation within our planning model. The Council has determined that any uncertainty over future funding does not provide any reasonable indication that service levels would be affected to such an extent that the use and value of its assets would be measurably affected.
- We have considered our 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 it has not been possible to measure the obligation or it is not probable in our opinion that a transfer of economic benefits will be required, material contingent liabilities have been disclosed in Note 21.

- The Council has entered into two Public Private Partnerships (PPP) for the provision of educational buildings, their maintenance and related facilities. The Council has considered the tests under IFRIC12 and concluded these are service concession arrangements. We are deemed to control the services provided under PPP and also to control the residual value of the schools at the end of the agreement. The accounting policies for PPP have been applied to these arrangements and the assets under the contracts (valued at net book value of £134.282m) are recognised as PPE on the Council's Balance Sheet. In terms of financial modelling, indices are used and any increase in these indices above that set in the funding model will require us to identify and allocate additional funding to the Scheme.

Note 30 – Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The disclosure requirements for sources of estimation uncertainty apply to a limited set of matters. They relate to assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

These Accounts contain estimated figures that are based on assumptions about the future. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- PPE assets are depreciated over useful lives that are dependent on the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may require us to review current spending levels on asset repairs and maintenance bringing into doubt the useful lives assigned to assets. If the useful lives of assets reduce then depreciation increases and the carrying amount falls. It is estimated that the annual depreciation charge would increase and the carrying value would fall by £5.835m for each year that useful lives were reduced by one year.
- Assets held at fair value are revalued on a five year rolling basis, as set out in the accounting policy at Note 26 (N). Additional valuations are carried out on an ad hoc basis outwith the rolling programme arrangements, for example, property deemed as surplus or where a need for impairment has been identified. A review is undertaken by RICS colleagues to assess that the carrying value of all assets within each category does not differ materially from that held on the Balance Sheet. No adjustments have been made for this reason in 2024/25, however as an example a 1% reduction in valuation would be £6.295m.
- At 31 March 2025, the Council had an outstanding gross debtors balance of £9.203m. In line with the requirements of IFRS 9 around expected credit losses a detailed review of outstanding debtors was undertaken at 31 March 2025 and, with the exception of amounts owed to the Council by other public sector bodies, full provision has been made within services for outstanding debts in excess of 6 months. This equates to an allowance for doubtful debts of 32.2% (£2.962m). In terms of financial modelling a 1% increase in the allowance could lead to an additional cost of £0.030m. A 100% provision for sundry debts aged 6 months and over is applied and reviewed annually.
- Estimation of the net asset on the Defined Benefits pension Scheme depends on a number of judgements relating to the corporate bond rate, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on assets. Strathclyde Pension Fund has engaged expert advice about the assumptions applied and which resulted in a pension asset being recognised in 2024/25. The effects on the net pension asset of changes in assumptions can be measured. For instance, a 0.1% decrease in the discount rate would result in a decrease in the pension asset of 2% or £13.755m. During 2024/25, the Pension Fund's actuaries advised that our net pension position had moved from a net surplus of £390.11m to a net surplus of £518.072m – a movement of £127.961m. However, by applying IAS 19 and the asset ceiling provision contained therein, the Council has recognised a funded pension asset of £0.000m and an unfunded pension liability of £34.708. Note 8 provides further detail.
- Heritage assets are valued based on insurance valuation. The Council acknowledges that there is a risk of adjustment of those heritage assets subject to insurance valuation in 2025/26 as the valuation provided can change in light of prevailing market conditions and insurance options.

Notes to the Group Entites

Note 31 – Summarised Financial Information of Group Entities

The Council has an interest in a Common Good Fund, East Ayrshire Leisure Trust and several Joint Boards. The accounting year end for these entities is 31 March 2025. Full details are disclosed below.

The Common Good Fund has been consolidated in to the Group Statements as a 100% fully controlled subsidiary of the Council. Full details of the Common Good Fund are included on page 103. The group entities have been consolidated as follows:

- East Ayrshire Leisure Trust (consolidated as a Structured Entity)
- East Ayrshire Integration Joint Board (consolidated as a Joint Venture)
- Strathclyde Partnership for Transport (consolidated as an Associate)
- Strathclyde Concessionary Travel Scheme Joint Committee (consolidated as an Associate)
- Ayrshire Valuation Joint Board (consolidated as an Associate)

The Council's share of its Associates is as follows:

Group Entities Comprehensive Income and Expenditure Statement Extract

2023/24				2024/25		
CIES Extract				CIES Extract		
Gross Expenditure	Gross Income	(Surplus)/ Deficit on Operating Activities		Gross Expenditure	Gross Income	(Surplus)/ Deficit on Operating Activities
£m	£m	£m		£m	£m	£m
4.596	(6.554)	(1.958)	Strathclyde Partnership for Transport	4.483	(6.194)	(1.711)
0.262	(0.258)	0.004	Strathclyde Concessionary Travel Scheme Joint Committee *	0.336	(0.252)	0.084
0.859	(0.804)	0.055	Ayrshire Valuation Joint Board	0.972	(0.902)	0.070
4.526	(4.440)	0.086	East Ayrshire Leisure Trust	4.801	(4.276)	0.525
159.337	(153.911)	5.426	Integrated Joint Board	166.551	(164.459)	2.092
169.580	**(165.967)**	**3.613**	**Total Associates**	**177.143**	**(176.083)**	**1.060**

Group Entities Balance Sheet Extract

2023/24					2024/25			
Balance Sheet extract					Balance Sheet extract			
Non-Current Assets	Current Assets	Non-Current Liabilities	Current Liabilities		Non-Current Assets	Current Assets	Non-Current Liabilities	Current Liabilities
£m	£m	£m	£m		£m	£m	£m	£m
18.365	10.555	(0.151)	(1.520)	Strathclyde Partnership for Transport *	19.784	10.059	(0.119)	(0.878)
-	0.344	-	(0.041)	Strathclyde Concessionary Travel Scheme Joint Committee *	-	0.287	-	(0.072)
0.150	0.227	(0.029)	(0.046)	Ayrshire Valuation Joint Board *	0.140	0.302	(0.025)	(0.092)
0.057	1.114	(0.058)	(0.481)	East Ayrshire Leisure Trust	0.086	0.727	(0.051)	(0.405)
-	4.661	-	-	Integrated Joint Board	-	2.569	-	-
18.572	**16.901**	**(0.238)**	**(2.088)**	**Total Associates**	**20.010**	**13.944**	**(0.195)**	**(1.447)**

Strathclyde Partnership for Transport

Strathclyde Partnership for Transport (SPT) was formed by bringing together Strathclyde Passenger Transport Authority and Executive and the West of Scotland Transport Partnership Joint Committee (WESTRANS) voluntary partnership. The new SPT was established by the Transport (Scotland) Act 2005 and the Partnership Board comprises of twenty nine members representing the twelve constituent unitary authorities in the West of Scotland plus other interested parties. Of the twenty nine members, twenty are nominated from Councils and between seven and nine are public appointments. East Ayrshire Council has one Elected Member on the Board and the Council's share of the net assets / liabilities of the Partnership has been based on the precept requisition of 5.38%. SPT Accounts can be obtained by contacting the Director of Finance & Corporate Support, Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow, G2 5JF.

Strathclyde Concessionary Travel Scheme Joint Committee (SCTS)

The Committee comprises the twelve Councils within the designated Strathclyde Passenger Transport area. The costs of the scheme are met by the Councils. The Council's share of the net assets / liabilities of the Joint Committee has been based on the precept requisition of 5.75%. A copy of the Annual Accounts for SCTS can be obtained from the Director of Finance & Corporate Support, Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow, G2 5JF.

Ayrshire Valuation Joint Board (AVJB)

The AVJB is an independent public body formed in 1996 at local government reorganisation by Act of Parliament. The Council has no shares in, nor ownership of, the Board. The Board's running costs are met by the three Councils of East, North, and South Ayrshire. Surpluses or deficits on the Board's operation are shared between the three member Councils.

The Board maintains the electoral, council tax and non-domestic rates registers for East, North and South Ayrshire councils. The allocation is based on the percentage share of revenue and capital requisitions. East Ayrshire Council's allocation is 30.29%.

A copy of the Annual Accounts for the Joint Board can be obtained from the Treasurer to the Ayrshire Valuation Joint Board, South Ayrshire Council, County Buildings, Wellington Square, Ayr KA7 1DR.

East Ayrshire Leisure Trust

East Ayrshire Leisure Trust was established by the Council as a Scottish Charitable Incorporated Organisation to manage the range of leisure services agreed with the Council. The Trust became fully operational on 1 July 2013 and is responsible for its own governance and appointments to its board of Trustees. The Council has Member representation on the board of the Trust as part of the agreement establishing the Trust, as well as two non-voting positions. The Council provides funding to the Trust based on agreed service plans but does not have a controlling interest in the strategic direction or financial management of the organisation. East Ayrshire Council's allocation of this associate is based on representation to the Board. Five councillors from East Ayrshire Council act as Trustees on the Board out of a total of eleven Trustees and the percentage share is 45.45%. The Leisure Trust is treated as a structured entity within the group, responsible for risks arising from the payment of severance costs.

A copy of the Annual Accounts for the Leisure Trust can be obtained from the Chief Officer, East Ayrshire Leisure, Dick Institute, 14 Elmbank Avenue, Kilmarnock, East Ayrshire, KA3 7BU.

East Ayrshire Integration Joint Board (IJB)

The IJB is a statutory body established to integrate health and social care services between the Council and NHS Ayrshire and Arran and the contribution provided by the Council to the IJB in 2024/25 was £100.682m. The IJB Board comprises eight voting members with four made up of East Ayrshire councillors. The IJB is consolidated as a joint venture and therefore the percentage share is 50%. A copy of the Annual Accounts for the East Ayrshire Integration Joint Board can be obtained from the Interim Chief Finance Officer, East Ayrshire Council, London Road, Kilmarnock, East Ayrshire, KA3 7BU.

Alignment of Accounting Policies

Details of the Accounting Policies used in compiling the single entity East Ayrshire Council Annual Accounts are contained in Note 27. The Accounting Policies of the Council and its Group Entities noted above are fully aligned with the exception of the period over which non-current assets are depreciated.

Depreciation period of non-current assets	
Category of Asset	**Period**
Buildings	20-60 years
Infrastructure	Up to 120 years
Plant and Equipment	1-18 years
Vehicles	1-25 years

Inventories

The Council, East Ayrshire Leisure Trust and SPT use the lower of cost or net realisable value to value inventories. None of the other bodies in the group hold inventories.

Ayrshire Growth Deal

The Ayrshire Economic Joint Committee was established on 24 April 2019 following agreement by East, North and South Ayrshire councils. The purpose of the Committee is to implement a governance structure to oversee the delivery of the Ayrshire Growth Deal and to promote the main drivers for the Regional Economic Partnership, namely to promote and deliver regional economic and inclusive growth on an Ayrshire-wide basis. The formal virtual signing of the Ayrshire Growth Deal took place on 19 November 2020 and aims to deliver over £251.5m of investment across Ayrshire.

During the year the all three councils made an equal contribution to the Project Management Office costs of £0.249m.

Supplementary Financial Statements and notes

Housing Revenue Account (HRA) Income and Expenditure Statement

Housing Revenue Account Income and Expenditure Statement		
2023/24		**2024/25**
£m		**£m**
	Income	
(48.820)	Dwelling Rents	(52.411)
(0.328)	Non Dwelling Rents	(0.340)
(2.786)	Any Other Income	(1.229)
0.515	Elimination Of Internal Recharges	0.372
(51.419)	**Total Income**	**(53.608)**
	Expenditure	
23.022	Repairs and Maintenance	21.852
12.562	Supervision and Management	13.386
39.921	Depreciation and Impairment of Non-Current Assets	21.235
0.486	Bad and Doubtful Debts	0.519
1.610	Any Other Expenditure	1.642
(0.515)	Elimination Of Internal Recharges	(0.372)
77.086	**Total Expenditure**	**58.262**
25.667	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**	**4.654**
0.644	**HRA Share of Corporate and Democratic Core**	**0.617**
0.023	**HRA Share of Non Distributed Costs**	**0.003**
26.334	**Net Cost of HRA Services**	**5.274**
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	
(6.030)	Capital Grants and Contributions Receivable	(2.682)
(6.030)	**Income**	**(2.682)**
(1.003)	(Gain) or Losses on Disposals of Assets	0.262
(1.003)	Expenditure	0.262
(7.033)	**HRA Share of Other Operating Expenditure**	**(2.420)**
	Investment	
(5.385)	Expected Return on Pension Assets	(6.112)
(5.385)	**Income**	**(6.112)**
(5.385)	**HRA Share of Investment Income**	**(6.112)**
	Financing	
(1.323)	Interest and Investment Income	(1.085)
(1.323)	**Income**	**(1.085)**
5.277	Pension Interest Cost	6.344
6.266	Interest Payable and Similar Charges	7.011
11.543	**Expenditure**	**13.354**
10.220	**HRA Share of Net Finance Expenditure**	**12.269**
24.136	**(Surplus) /Deficit on the HRA**	**9.011**

Movement on the HRA and Notes

The following table takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the in-year surplus on the HRA Balance, calculated in accordance with the requirements of the 1987 Act.

Movement on the HRA

2023/24		2024/25
£m		£m
(23,808)	**Balance on the HRA brought forward**	**(23.153)**
24,136	Deficit on the HRA	9.051
(23,481)	Adjustments between accounting basis and funding basis under statute	(7.341)
0.655	**(Increase)on the HRA Balance for the Year**	**1.710**
(23.153)	**Balance on the HRA carried forward**	**(21.443)**

There were no transfers to or from reserves within the year as in the previous year. Further details of the adjustments between accounting basis and funding basis under statute for the HRA are included in the Movement in Reserves Statement on page 41 for 2024/25 and are shown as Adjustments relating to Pensions, Capital and Other Items.

Note 32 - Notes to the Housing Revenue Account

Housing Stock

The number and types of dwelling in the Council's housing stock is as follows:

Housing Stock

Housing Stock

31 March 2024		31 March 2025		
Total		Flats	Houses	Total
2,225	One Bedroom	1,430	794	2,224
6,099	Two Bedroom	2,934	3,217	6,151
3,482	Three Bedroom	535	2,956	3,491
271	Four Bedroom	14	260	274
5	Five Bedroom	2	4	6
1	Seven Bedroom	-	1	1
-	Eight Bedroom	-	1	1
12,083	**Total**	**4,915**	**7,233**	**12,148**

Rental Information and Loss on Void Properties

The amount of rent arrears and the provision considered necessary in respect of uncollectable debts is shown in the following table:

Rental Information

2023/24		2024/25
£79.79	Average Weekly Rent (52 weeks)	£84.97
£3.781	Total Rent Arrears	£3.932
£3.182	Provision for Bad Debt	£3.220

We are required to disclose the loss on void properties and in 2024/25 this amounted to £1.418m. The comparator figure for 2023/24 was £1.624m.

Council Tax Income Account

The Council Tax Income Account shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the CIES.

Council Tax Income

2023/24		2024/25
£m		£m
80.916	**Gross Council Tax levied and contributions in lieu**	**81.413**
	Deduct:	
(10.325)	Council Tax Reduction	(10.354)
(9.782)	Other discounts and reductions	(9.753)
(2.309)	Provision for bad and doubtful debts	(2.328)
0.400	Adjustments to previous years Council Tax and Community Charge	0.339
58.900	**Net Council Tax Income Transferred to General Fund**	**59.317**

Council Tax Bands

Occupiers of domestic properties are liable to pay Council Tax. This is a tax levied by local authorities on domestic properties within their area. Dwellings fall within a valuation band 'A' to 'H' which is determined by the Assessor, employed by Ayrshire Valuation Joint Board (AVJB). In setting its budget the Council determines the Council Tax level each year. Charges for other bands are proportionate to the Band 'D' figure. The Band 'D' Council Tax for 2024/25 was £1,487.44 (2023/24 £1,487.44). Properties can be exempt if they are unoccupied or occupied by certain categories of occupant. A reduction may be applied if a resident is disabled and the property adapted. A discount of 25% is available for properties occupied by one liable person aged 18 years and over.

BAND	2024/25
	£ per year
A	991.63
B	1,156.90
C	1,322.17
D	1,487.44
E	1,954.33
F	2,417.09
G	2,912.90
H	3,644.23

Note 33 – Calculation of the Council Tax bands

Calculation of the Council Tax base per the 24/25 Budget

2023/24											2024/25
Total	Bands	A(d)	A	B	C	D	E	F	G	H	Total
59,305	Properties		25,720	9,342	5,599	7,074	6,750	3,731	1,038	51	**59,305**
(1,560)	Exemptions		(940)	(252)	(133)	(112)	(85)	(30)	(6)	(2)	**(1,560)**
-	Disabled Reliefs	75	(12)	(14)	10	41	(58)	(25)	(17)	0	**0**
(23,729)	Discounts (25%)	(26)	(13,401)	(3,839)	(2,267)	(2,104)	(1,447)	(522)	(117)	(6)	**(23,729)**
(654)	Discounts (50%)	0	(370)	(95)	(60)	(65)	(35)	(16)	(10)	(3)	**(654)**
51,488	**Total equivalent**	69	21,233	8,069	4,879	6,445	6,228	3,538	981	46	**51,488**
	Ratio	5/9	6/9	7/9	8/9	9/9	12/9	15/9	18/9	22/9	
47,218	**Band 'D' equivalent**	**38**	**14,155**	**6,276**	**4,338**	**6,445**	**8,183**	**5,749**	**1,921**	**113**	**47,218**
(6,705)	Council Tax Reduction	(13)	(4,241)	(1,123)	(603)	(357)	(248)	(93)	(27)	-	**(6,705)**
40,513	**Band 'D' equivalent after CTR**	**25**	**9,914**	**5,153**	**3,735**	**6,088**	**7,935**	**5,656**	**1,894**	**113**	**40,513**
(1,416)	Bad debt provision										**(1,416)**
39,097											**39,097**

Non-Domestic Rate Account

The Non-Domestic Rate Account 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.

Non-Domestic Rate Account

2023/24		2024/25
£m		£m
44.538	**Gross rates levied and contributions in lieu**	**47.494**
	Deduct:	
(10.753)	Reliefs and reductions	(12.033)
(1.032)	Provision for bad and doubtful debts	(1.023)
32.753	**Net Non-Domestic Rate Income**	**34.438**
(0.710)	Prior year pool	(1.778)
(1.576)	Contributions from National Non-Domestic Rate Pool	0.870
30.467	**Income credited to the Comprehensive Income and Expenditure Statement**	**33.530**

Note 34 - Analysis of Rateable Values

Analysis of Rateable Values

	Number	£m
Shops	1,089	21.309
Public Houses	91	2.052
Offices (including Banks)	643	7.475
Hotels, Boarding Houses, etc.	70	1.551
Industrial & Freight Transport Subjects	1,220	17.146
Leisure, Entertainment, Caravans and Holiday Sites	209	4.441
Garages and Petrol Stations	139	1.759
Cultural	14	0.921
Sporting Subjects	414	0.582
Education and Training	61	11.836
Public Service Subjects	167	5.544
Quarries, Mines, etc.	4	0.409
Petrochemical	1	0.155
Religious	91	0.947
Health Medical	71	4.292
Other	379	5.757
Care Facilities	61	2.675
Advertising	20	0.062
Undertaking	14	0.176
	4,758	**89.089**

Note 35 – Nature and Amount of NDR Rate Fixed

The amount paid for Non-Domestic Rates is determined by the rateable value placed on the property by the Assessor multiplied by the Rate per £ announced each year by the Scottish Government. The National Non-Domestic Rate poundage set by the Scottish Government for 2024/25 was 49.8p, with supplements of 4.7p and 6.1p.

Remuneration Report

Remuneration Report

All information disclosed in the tables in this Remuneration Report will be audited by Audit Scotland excluding the Trade Union Facility Time Statement. All other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended. The Regulations govern the remuneration arrangements for Leaders, Provosts and Senior Councillors. A Senior Councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

For 2024/25 the salary for the Leader of East Ayrshire Council was set by Scottish Ministers at £42,698. The Regulations permit the Council to remunerate a Provost and set out the maximum salary that may be paid to them at £32,024.

- The Regulations also set out the remuneration that may be paid to Senior Councillors, other than the Leader of the Council and the Provost, and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75% of the total yearly amount payable to the Leader of the Council (i.e. 75% of £42,698 = £32,024). The total yearly amount payable by the Council for remuneration of all of its Senior Councillors, excluding remuneration to the Leader of the Council and the Provost, shall not exceed £373,580. Subject to a maximum number of 14 Senior Councillors, the Council is able to exercise flexibility in the determination of the precise number of Senior Councillors and their salary within these limits.
- In 2024/25 East Ayrshire Council appointed 12 Senior Councillors and the remuneration paid to these councillors, excluding remuneration to the Leader of the Council and the Provost totalled £362,844. The total remuneration to these councillors and to the Leader of the Council and Provost totalled £435,380. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

The Council Members' Salaries and Expenses Scheme was last agreed at a meeting of the full Council on 29 June 2022. The **Annual Return of Members Expenses** is available at www.east-ayrshire.gov.uk.

Remuneration of Councillors

Remuneration of Councillors		
2023/24		**2024/25**
£m		**£m**
0.784	Salaries	0.813
0.013	Expenses	0.011
0.797	**Total**	**0.824**

In addition to Senior Councillors, the Regulations also set out the remuneration payable to councillors with the responsibility of a Convenor or a Vice-Convenor of Joint Boards. The Regulations require the remuneration to be paid by the Council of which the Convenor or Vice-Convenor is a member. The Council is also required to pay any pension contributions arising from the Convenor or Vice-Convenor being a member of the Local Government Pension Scheme. The Council is reimbursed by the Joint Board for any additional remuneration paid to the member from being a Convenor or Vice-Convenor of a Joint Board. No East Ayrshire Members held such a position during 2024/25.

The table below excludes pension contributions, disclosed as part of the pension benefits disclosure:

Members Remuneration

Total Remuneration 2023/24 £	Name	Designation	Total Remuneration 2024/25 £
40,205	D Reid	Leader of the Council	42,789
29,890	J McMahon	Depute Leader	31,743
29,315	M McKay	Leader of the Labour Group (1 April 2024 to 21 November 2024)	20,045
29,315	B Douglas	Leader of the Labour Group (from 12 December 2024) Depute Leader of the Labour Group (1 April 2024 to 12 December 2024)	31,133
-	L Mabon	Depute Leader of the Labour Group (from 12 December 2024)	7,337
29,315	J McFadzean	Leader of the Conservative Group	31,133
30,154	J Todd	Provost (1 April 2024 to 31 October 2024)	16,167
28,741	C Leitch	Provost (from 31 October 2024) Depute Provost (1 April 2024 to 31 October 2024)	31,385
-	J McGhee	Depute Provost (from 31 October 2024)	10,481
29,315	L Jones	Chair of Governance and Scrutiny Committee (1 April 2024 to 30 August 2024)	10,378
-	P Mabon	Chair of Governance and Scrutiny Committee (from 30 August 2024)	15,894
29,315	G Barton	Senior Councillor	31,133
29,315	E Cowan	Senior Councillor	31,133
29,315	A Filson	Senior Councillor	31,231
29,315	N Ingram	Senior Councillor	31,133
29,315	I Linton	Senior Councillor	31,133
29,315	C Maitland	Senior Councillor	31,133
422,140			**435,380**

Note 1: The 2024/25 costs relate to salary, fees, allowances and taxable expenses; there were no non-cash benefits in kind.
Note 2: Details for 2023/24 at: **East Ayrshire Council Audited Annual Accounts 2023-2024**

Remuneration of Senior Employees of the Council

The remuneration of senior employees is also set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish Local Authorities. Circular CO/154 sets the amount of salary for the Chief Executive of the Council for the year ended 31 March 2025. The Council does not pay bonuses or performance related pay. Chief Officers are entitled to reimbursement for business travel and business related costs in accordance with amounts agreed nationally by the SJNC or as approved by the Council. Chief Officers are eligible to join the Local Government Pension Scheme.

The Remuneration of Senior Officers disclosure noted below has been compiled in accordance with the requirements of the Local Government Finance Circular No 8/2011.

Chief Officers Remuneration

Total Remuneration 2023/24 £ (Note 1)	Name	Designation	Salary, Fees and Allowances	Taxable Expenses	Total Remuneration 2024/25 £ (Note 1)
154,609	E Fraser	Chief Executive	160,183	-	160,183
71,610	R Grieveson	Depute Chief Executive (Note 2)	138,182	-	138,182
63,956	K Kelly	Depute Chief Executive (Note 2)	-	-	-
132,947	C McArthur	Director of Health & Social Care	135,601	-	135,601
111,929	D Mitchell	Chief Governance Officer	115,964	-	115,964
111,929	J McLachlan	Chief Financial Officer and Head of Finance & ICT	115,964	-	115,964
112,246	L McAulay-Griffiths	Chief Education Officer and Head of Education	115,220	200	115,421
109,397	M MacAulay	Head of Children's Health, Care and Justice Services	112,376	-	112,376
868,623			**893,489**	**200**	**893,689**

Note 1: 2024/25 costs relate to salary, fees and allowances and taxable expenses; there was no compensation for loss of employment

Note 2: Richard Grieveson undertook the Depute Chief Executive post on 19/09/2023.
The previous post-holder, Katie Kelly, left the Council on 22/09/2023.

Note 3: Details of Senior employees who left the Council during 2023/24 can be found at:
[East Ayrshire Council Audited Annual Accounts 2023-2024]

Remuneration of Employees receiving more than £50,000

The Council is required to disclose information on the number of employees whose remuneration was £50,000 or more in 2024/25. In accordance with the disclosure requirement of the Regulations, the information in the table which follows shows the number of employees in bands of £5,000 and includes the senior employees who are subject to the full disclosure requirements.

Employees Remuneration over £50k					
2023/24		**2024/25**	**2024/25**	**2024/25**	**Left During**
Total	**Remuneration band**	**Officers**	**Teachers**	**Total**	**Year**
159	£50,000 – £54,999	99	105	**204**	3
101	£55,000 – £59,999	32	79	**111**	1
107	£60,000 – £64,999	52	59	**111**	1
82	£65,000 – £69,999	12	61	**73**	1
51	£70,000 – £74,999	18	44	**62**	-
10	£75,000 – £79,999	18	17	**35**	-
9	£80,000 – £84,999	1	7	**8**	-
2	£85,000 – £89,999	4	1	**5**	-
6	£90,000 – £94,999	4	-	**4**	-
7	£95,000 – £99,999	-	2	**2**	-
-	£100,000 – £104,999	7	1	**8**	-
2	£105,000 – £109,999	-	1	**1**	-
3	£110,000 – £114,999	1	1	**2**	-
-	£115,000 – £119,999	3	-	**3**	-
1	£130,000 – £134,999	-	-	**-**	-
-	£135,000 – £139,999	2	-	**2**	-
1	£150,000 – £154,999	-	-	**-**	-
-	£160,000 – £164,999	1	-	1	-
541		**254**	**378**	**632**	**6**

Pension Benefits

Pension benefits for councillors and employees (excluding teachers) are provided through the Local Government Pension Scheme. This is a contributory scheme with employee contributions of between 5.5% and 12.0% dependent on salary. Membership of the pension scheme is voluntary and not all councillors and employees are members. Councillors' pension benefits are based on career average pay and pay for each year or part year ending 31 March is adjusted for the increase in the cost of living, as measured by the appropriate indices. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

For local government employees this was a final salary pension scheme up to 31 March 2015. For service from 1 April 2015 employees are in a career revalued actual pension scheme and each year an amount of pension is earned that is then revalued for inflation until retirement.

At retirement members may opt to commute pension for a lump sum up to the limit set by the Finance Act 2004. The current accrual rate is 1/49th of final pensionable salary. The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment.

Senior Councillors

The table shows pension entitlements and the contributions made by the Council.

Members Pension Benefits

Name and Position Held	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
	£	£ (Note 1)		£000	£000
D Reid	2,409	6,671	Pension	15	2
Leader of the Council			Lump Sum	3	-
J McMahon	1,622	4,677	Pension	5	1
Depute Leader			Lump Sum	-	-
M McKay	1,303	5,658	Pension	3	1
Leader of the Labour Group (1 April 2024 to 21 November 2024)			Lump Sum	-	-
B Douglas	2,024	5,658	Pension	5	1
Leader of the Labour Group (from 12 December 2024) *Depute Leader of the Labour Group (1 April 2024 to 12 December 2024)*			Lump Sum	-	-
L Mabon	477	-	Pension	1	1
Depute Leader of the Labour Group (from 12 December 2024)			Lump Sum	-	-
J McFadzean	2,024	5,658	Pension	7	1
Leader of the Conservative Group			Lump Sum	-	-
J Todd	1,051	5,820	Pension	11	1
Provost (1 April 2024 to 31 October 2024)			Lump Sum	3	-
C Leitch	1,528	5,547	Pension	5	1
Provost (from 31 October 2024) *Depute Provost (1 April 2024 to 31 October 2024)*			Lump Sum	-	-
J McGhee	681	-	Pension	9	9
Depute Provost (from 31 October 2024)			Lump Sum	2	2
L Jones	675	5,658	Pension	2	-
Chair of Governance and Scrutiny Committee *(1 April 2024 to 30 August 2024)*			Lump Sum	-	-
P Mabon	1,033	-	Pension	1	1
Chair of Governance and Scrutiny Committee (from 30 August 2024)			Lump Sum	-	-
G Barton	2,024	5,658	Pension	2	1
Senior Councillor			Lump Sum	-	-
E Cowan	2,024	5,658	Pension	2	1
Senior Councillor			Lump Sum	-	-
A Filson	2,024	5,658	Pension	5	-
Senior Councillor			Lump Sum	1	-
N Ingram	2,024	5,658	Pension	2	1
Senior Councillor			Lump Sum	-	-
I Linton	2,024	5,658	Pension	11	1
Senior Councillor			Lump Sum	3	-
C Maitland	2,024	5,658	Pension	5	1
Senior Councillor			Lump Sum	-	-
Total	**26,968**	**79,295**			

Note 1: The Accrued Pension Benefits figures have been provided by Strathclyde Pension Fund.

Senior Employees

The pension entitlements and the contributions made by the Council are shown in the following table and relate to the benefits that the person has accrued in respect of their total local government service and not just their current appointment. Contribution levels are set by Strathclyde Pension Fund.

Chief Officers Pension Benefits					
	In-year Pension Contributions			**Accrued Pension Benefits**	
Name and Position Held	**For year to 31 March 2025**	**For year to 31 March 2024**		**As at 31 March 2025**	**Difference from 31 March 2024**
	£	**£ (Note 1)**		**£000**	**£000**
E Fraser	8,987	26,093	Pension	88	7
Chief Executive			Lump Sum	128	5
R Grieveson	7,660	12,327	Pension	71	70
Depute Chief Executive (Note 2)			Lump Sum	107	107
K Kelly	-	12,344	Pension	-	(60)
Depute Chief Executive (Note 2)			Lump Sum	-	(79)
C McArthur	7,805	22,261	Pension	68	5
Director of Health & Social Care			Lump Sum	91	3
D Mitchell	7,538	21,602	Pension	64	5
Chief Governance Officer			Lump Sum	85	3
J McLachlan	7,055	19,169	Pension	70	5
Chief Financial Officer and Head of Finance & ICT			Lump Sum	113	4
L MacAulay-Griffiths	6,615	19,651	Pension	17	3
Chief Education Officer and Head of Education			Lump Sum	-	-
M MacAulay	7,020	20,173	Pension	48	4
Head of Children's Health, Care and Justice Services			Lump Sum	48	1
Total	**52,679**	**153,620**			

Note 1: Details of Senior employees who left the Council during 2023/24 can be found at [East Ayrshire Council Audited Annual Accounts 2023-2024]

Note 2: Depute Chief Executive Katie Kelly resigned 22/09/2023.
Richard Grieveson was appointed as Depute Chief Executive and started this position on 19/09/2023.

Exit Packages

The Code requires disclosure of all exit packages agreed, in rising bands. Exit package values include redundancy, pension strain, and compensatory lump sum for all retirees. The values also include the notional capitalised cost of compensatory added years ("added years"). These are based on an assessment by the pension's provider of the present value of all future payments to the retiree until death. The number of exit packages with total cost per band and cost of the compulsory and other redundancies are set out below. Notional capitalised compensatory added years and pension strain costs relating to teachers are based on a calculation provided by the Scottish Public Pensions Agency. In 2024/25 £0.150m was approved either by Cabinet or under the Head of Human Resources' delegated authority.

Exit Packages										
2023/24						**2024/25**				
No	**Compulsory Redundancies**		**Other Departures**		**Exit Packages Bands**	**No**	**Compulsory Redundancies**		**Other Departures**	
	Cash Value	**Notional CAY Value**	**Cash Value**	**Notional CAY Value**			**Cash Value**	**Notional CAY Value**	**Cash Value**	**Notional CAY Value**
	£000	**£000**	**£000**	**£000**			**£000**	**£000**	**£000**	**£000**
3	-	-	8	-	£0 – £20,000	21	-	-	150	-
1	-	-	24	10	£20,001 – £40,000	-	-	-	-	-
-	-	-	-	-	£40,001 – £60,000	-	-	-	-	-
-	-	-	-	-	£60,001 – £80,000	-	-	-	-	-
-	-	-	-	-	£80,001 – £100,000	-	-	-	-	-
4	**-**	**-**	**32**	**10**		**21**	**-**	**-**	**150**	**-**

The CAY values in the table above are not based on actual costs but instead use actuarial assumptions on pensioner longevity and other factors and as such will be subject to change and will not reflect actual costs incurred.

Trade Union Facility Time Statement

Trade Union Facility Time Statement Under the Trade Union (Facility Time Publication Requirements) Regulation 2017, we are required to collect and publish data in relation to our usage and spend of trade union facility time in respect of employees who are trade union representatives. These disclosures are not subject to testing as part of the year-end audit. Details for the period 1 April 2024 to 31 March 2025 are available on our website at:

Facility time reporting · East Ayrshire Council

Common Good and Trusts

Common Good Account

Common Good is used to denote property of the former Burghs and was reserved for purposes which promoted the general good of the inhabitants. We administer these Funds but they are not our assets and are not included in our Balance Sheet.

Movement in Reserves Statement for the Year ended 31 March 2025

	2023/24				2024/25	
Usable Reserve: Capital and Revenue	**Unusable Reserves: Revaluation Reserve**	**Total Reserves**		**Usable Reserve: Capital and Revenue**	**Unusable Reserves: Revaluation Reserve**	**Total Reserves**
£m	**£m**	**£m**		**£m**	**£m**	**£m**
0.390	**13.422**	**13.812**	**Balance as at 31 March 2024**	**0.428**	**14.660**	**15.088**
(0.582)	-	(0.582)	Deficit on Provision of Services	(0.818)	-	(0.818)
-	1.858	1.858	Surplus/ (Deficit) on Revaluation of Non Current Assets	-	-	-
0.595	(0.595)	-	Depreciation of Non Current Assets	0.828	(0.828)	-
0.025	(0.025)	-	Disposal of Fixed Assets	-		-
0.428	**14.660**	**15.088**	**Balance as at 31 March 2025**	**0.438**	**13.832**	**14.270**

Income and Expenditure Statement for the Year ended 31 March 2025

	2023/24				2024/25	
Expenditure	**Income**	**Net**		**Expenditure**	**Income**	**Net**
£m	**£m**	**£m**		**£m**	**£m**	**£m**
0.595	-	**0.595**	Net Cost Of Services	0.828	-	**0.828**
-	(0.014)	**(0.014)**	Interest and Investment Income	-	(0.010)	**(0.010)**
		0.581	(Surplus) or Deficit			**0.818**
		(1.858)	(Surplus)/ Deficit on the Revaluation of Non Current Assets			**-**
		(1.277)	**Total Comprehensive Expenditure**			**0.818**

Balance Sheet at 31 March 2025

2023/24			2024/25
£m			**£m**
14.660		Property Plant and Equipment	13.832
14.660		**Non Current Assets**	**13.832**
0.428		Short Term Investments - Loans Fund	0.438
0.428		**Current Assets**	**0.438**
15.088		**Net Assets**	**14.270**
0.428		Usable Reserves: Capital and Revenue Reserves	0.438
14.660		Unusable Reserves: Revaluation Reserve	13.832
15.088		**Net Reserves**	**14.270**

Notes – Property Plant and Equipment (Other Land and Buildings)

Property Plant and Equipment					
Cost or Valuation:	**Darvel**	**Newmilns**	**Cumnock**	**Kilmarnock**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
At 1 April 2024	**0.905**	**-**	**0.858**	**13.134**	**14.897**
Revaluations	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2025	**0.905**	**-**	**0.858**	**13.134**	**14.897**
Depreciation and Impairment:					
At 1 April 2024	**(0.062)**	**-**	**0.001**	**(0.176)**	**(0.237)**
Depreciation charge	(0.062)	-	(0.054)	(0.712)	(0.828)
Depreciation written out - Revaluations	-	-	-	-	-
At 31 March 2025	**(0.124)**	**-**	**(0.053)**	**(0.888)**	**(1.065)**
Net Book Value at 31 March 2024	**0.843**	**-**	**0.858**	**12.958**	**14.659**
Net Book Value at 31 March 2025	**0.781**	**-**	**0.805**	**12.246**	**13.832**

Trusts and Bequests

Trusts and Bequests

We administer a number of charitable funds registered with the Office of the Scottish Charities Regulator. These are not assets available to the Council and are not included in the Balance Sheet. The Trusts produce separate annual accounts, published at [www.oscr.org.uk.](http://www.oscr.org.uk)

Summary Trusts and Bequests

	2023/24				2024/25	
Capital Fund £	**Revenue Fund £**	**Total Funds £**	**Fund Balances**	**Capital Fund £**	**Revenue Fund £**	**Total Funds £**
32,990.91	4,049.47	37,040.38	Opening Balances at 1 April 2024	32,990.91	(6,915.94)	26,074.97
-	(11,726.26)	(11,726.26)	Expenditure	-	(5,156.53)	(5,156.53)
-	760.85	760.85	Income	-	429.06	429.06
-	(10,965.41)	(10,965.41)	(Deficit)	-	(4,727.47)	(4,727.47)
32,990.91	**(6,915.94)**	**26,074.97**	**Closing Balance at 31 March 2025**	**32,990.91**	**(11,643.41)**	**21,347.50**

2023/24 £	**Balance Sheet as at 1 April 2024**	**2024/25 £**
-	Investments - External	-
26,074.97	Investments - Loans Fund	21,347.50
26,074.97		**21,347.50**
	Financed By:	
32,990.91	Capital Funds	32,990.91
(6,915.94)	Revenue Funds	(11,643.41)
26,074.97	**Closing Balance at 31 March 2025**	**21,347.50**

Name	**Origin and Purpose**	**Loans Fund £**	**External Investment £**	**Total £**
"Miss Annie Smith Mair Bequest (SC021095)"	To assist persons from Newmilns and Greenholm	19,589.49	-	19,589.49
"EAC Charitable Trusts (SC025073)"	To maintain burial grounds at Dalmellington	1,758.01	-	1,758.01
		21,347.50	**-**	**21,347.50**

We also administer 33 Trusts not registered with OSCR with total assets at 31 March 2025 of £183,878. The combined income of these Trusts in 2024/25 was £3,330 and expenditure of £5,684 was incurred in the year.

Glossary of Terms

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

Accumulated Absence Account. This absorbs the differences which would otherwise arise from accruing for compensated absences earned but not taken in the year, such as annual leave entitlement. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to and from this Account.

Actuarial Gains and Losses (Pensions). 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 or losses) or the actuarial assumptions have changed.

Amortised Cost. A mechanism that sees through contractual terms to measure the real cost that the Council bears each year from entering a financial liability.

Asset Ceiling. Where a pension reserve is valued at a surplus, an asset ceiling adjustment is applied (IAS 19). The asset ceiling is the present value of future benefits available to the Council in the form of refunds from the plan or reductions in future contributions to the plan.

Assets Held for Sale. Assets which meet the following criteria are classified as 'Held for Sale': assets are available for immediate sale in their present condition and location; the sale is expected to be completed within 12 months of being classified as 'Held for Sale'; management are committed to the asset selling plan; and active marketing to support the sale exists.

Associate. An associate is an entity, including an unincorporated entity such as a partnership, over which the Council has significant influence.

Available for Sale Financial Assets. Non-derivative financial assets not classified as Loans and Receivables, Held to Maturity Investments or Financial Assets at Fair Value through Income and Expenditure. Any changes in the fair value of these assets are held in the Available for Sale Financial Instruments Reserve.

Available for Sale Financial Instrument Reserve. An unusable reserve which contains the gains made by the Council arising from increases in the value of its Available for Sale Financial Assets. The balance is reduced when investments with accumulated gains are revalued downwards or disposed of.

Capital Expenditure. Expenditure on the acquisition of a non-current asset or expenditure which adds to, and not merely maintains, the value of an existing non-current asset.

Capital Financed from Current Revenue (CFCR). This relates to revenue resources used to pay for capital projects.

Capital Adjustment Account. This provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

Capital Fund. A Fund which is credited with all net capital receipts, except where they are related to a specific project, together with any in-year debt charge surpluses arising from slippage in the capital programme and is used to meet the costs of capital investment in assets and the repayment of the principal element of borrowing.

Capital Financing Cost. This represents the annual cost of financing the sums borrowed by the Council to fund capital programmes, being the repayment of debt, interest on monies borrowed and expenses incurred in managing the debt portfolio.

Capital Grant Unapplied Account. This contains any capital grants or contributions which have been received where the related capital expenditure has not yet been incurred and will be released to meet the costs of that capital expenditure as appropriate.

Common Good. Denotes all property of the former Burghs not acquired under statutory powers or held under special trusts and reserved for purposes which promoted the general good of the inhabitants or dignity of the Burgh.

Community Assets. Assets that the local authority intends to hold in perpetuity which have no determinable useful life and which may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Contingency. A condition which exists at the balance sheet date where the outcome will be confirmed only on the occurrence, or non-occurrence, of one or more uncertain future events.

Contributions paid to the Strathclyde Pension Fund. Cash paid as employer's contributions to the pension fund in settlement of liabilities. This is not accounted for as an expense under accounting conventions.

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

Curtailments (Pensions). An event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Depreciation. The measure of the wearing out, consumption or other reduction in the useful economic life of a non-current asset whether arising from use, passage of time or obsolescence through technological or other changes.

Depreciated Historic Cost. The historic cost of a particular asset less the depreciation written off over the life of that asset to date.

Depreciated Replacement Cost. The replacement cost of a particular asset less the depreciation written off over the life of that asset to date.

Existing Use Value. The market value of a particular Council dwelling less the difference between the average rental income between public and private sector dwellings.

Expected Rate of Return on Pension Assets. The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value. This is the price at which an asset could be exchanged in an arms length transaction less any grants receivable towards the purchase or use of the asset.

Faithful Representation. Information contained within the Annual Accounts must be complete (within the bounds of materiality and cost), and free from bias and material error. The extent to which information has been estimated and judgements made have been reported.

Financial Asset. A right to future economic benefits controlled by the Council that is represented by cash, an equity instrument of another entity, a contractual right to receive cash from another entity or a financial right to exchange financial instruments under conditions that are potentially favourable to the Council.

Financial Instrument. Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Instruments Adjustment Account. This holds the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund balance.

Financial Liability. An obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or another financial asset to another entity or a contractual obligation to exchange financial instruments under conditions which are potentially unfavourable to the Council.

Financial Reporting Standard (FRS). Financial Reporting Standards are issued by the Accounting Standards Board and define proper accounting practice for a given transaction or event.

Gains/ Losses on Settlements and Curtailments. The result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is charged or credited to Non Distributed Costs in the Comprehensive Income and Expenditure Statement.

General Fund Balance. This contains the net surplus on the provision of Council services combined with any balances from previous years and any contributions to other funds or reserves made during the year.

Group Accounts. The purpose of group accounts is to show the Council's interest in organisations and companies within the Annual Accounts. The Council's shares of the assets and liabilities of these other entities are shown in the Group Movement in Reserves Statement, Comprehensive Income and Expenditure Statement and Group Balance Sheet.

Government Grants. Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past, or future, compliance with certain conditions relating to the activities of the authority.

Heritage Assets. Assets which are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations and are held by the Council for the maintenance of heritage.

HRA Balance. This contains the net surplus in relation to the management of the Council's housing stock combined with any balances from previous years and any contributions to other funds or reserves made during the year.

International Accounting Standards (IAS). International Accounting Standards are issued by the International Accounting Standards Board and define proper accounting practice for a given transaction or event. IAS's take precedence over other accounting standards in the hierarchy of technical accounting standards.

Impairment. A reduction in the value of a non-current or financial asset below the valuation held on the balance sheet.

Infrastructure Assets. Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets. Non-financial assets which do not have physical substance but are identifiable and are controlled by the Council.

Interest Cost (Pensions). The expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories. Inventories may comprise the following: goods or other assets purchased for resale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances; and finished goods.

Joint Venture. A contractual or binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

Liquid Resources. Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Materiality. Information is included where the information is of such significance as to justify its inclusion, and omission or misstatement could, individually or collectively, influence the decisions or assessment of users made on the basis of the Annual Accounts.

National Non-Domestic 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.

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 cumulative amounts provided for depreciation.

Net Interest on the Net Defined Liability (Asset). Increase in the obligations due to the passage of time.

Net Realisable Value. The open market value of the asset in its existing use, or open market value in the case of non-operational assets, less the expenses to be incurred in realising the asset.

Non-current Assets. Non-current assets are not expected to be realised within 12 months and are held to provide future economic benefits to the Council.

Non Operational Assets. Are assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Officers' Remuneration. All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are subject to UK Income Tax).

Operating Leases. A lease other than a finance lease, i.e. a lease which does not transfer the risks and rewards of ownership to the lessee.

Operating Assets. All items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Past Service Costs (Pensions). The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Pensions Reserve. The Pensions Reserve absorbs the timing differences arising from different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

Prior Period Adjustments. Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Public Private Partnerships (PPP). These partnerships enable the council to purchase services from the private sector and pay a fee based on pre-defined output criteria. The private sector uses this fee to repay loans taken out to finance the building or refurbishment of the assets.

Related Party Transactions. A related party transaction is the transfer of assets or liabilities, or the performance of services by, to or for a related party irrespective of whether a charge is made.

Relevance. Providing information about the Council's financial position, performance and cash flows that is useful for assessing the stewardship of public funds and for making economic decisions.

Residual Value. The net realisable value of an asset at the end of its useful life.

Renewal and Repairs Fund. This contains funds credited at the Council's discretion from the HRA and General Fund and is available for use on capital or revenue expenditure on Council assets.

Return on Plan Assets. The excess actual return on assets over what was expected.

Revaluation Reserve. Records unrealised gains arising since 1 April 2007 from holding non-current assets not yet realised through sales.

Scottish Futures Trust (SFT). An infrastructure delivery company owned by the Scottish Government.

Specific Government Grants. These are grants received from Central Government in respect of a specific purpose or service.

Subsidiary. An entity over which the Council has overall control through the power to govern its financial and operating policies so as to obtain benefits from the entity's activities.

Unusable Reserves. Those reserves which hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences.

Usable Reserve. Those reserves which 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.

Useful Life. The period over which the local authority will derive benefits from the use of a non-current asset.

East Ayrshire Council
Comhairle Siorrachd Àir an Ear

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