

EAST AYRSHIRE COUNCIL

# Annual Accounts 2025 | 26



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Unaudited Financial Accounts, Year Ended 31 March 2026

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# Management Commentary

# Management Commentary

This management commentary is designed to help users of the Annual Accounts to assess how the Council has performed during 2025/26 and to understand our financial performance for the year to 31 March 2026. 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 2025/26 financial year has again been a year that has seen the Council face significant financial challenges as it continues to deal with the difficult and often erratic economic national and worldwide conditions that we currently operate within. The provision of quality services to our communities remains paramount to the Council, however, with limited financial resources and increasing service costs there is no doubt that the Council's ability to maintain service levels within some services areas became significantly tested. During the year, increasing levels of demand meant that the financial pressure facing the Council became evident and as a result difficult choices have had to be made regarding the level of service provision that could continue in some areas. It is anticipated that further difficult choices will continue to be required throughout 2026/27.

While pressure has been evident across all service areas, through diligent financial and service management, most service areas ended the year in a positive financial position, underspending against year end budget provision. However, the financial pressure within the Health and Social Care Partnership has been significant this year and has been the focus of review and recovery action throughout the year in order to address the immense level of demand for service provision primarily in relation to Adult Social Care and Learning Disability support. While it is recognised that this pressure is clearly evidenced across every local authority area throughout Scotland and is an area of significant financial concern throughout local government in general, the position within East Ayrshire has placed the East Ayrshire Integration Joint Board and the Council under significant financial strain. During the year a Direction to the Council was issued by the Integration Joint Board (IJB) regarding the significant level of projected financial overspend in providing the existing level of social care service provision. This Direction was subsequently discussed at Council in December and saw the creation of a task force comprising the Chief Executive, the Chief Officer of the IJB, the Director of Finance and Digital, and the Chief Governance Officer to respond to the challenges faced. A Financial Recovery Plan was presented to Council in January for Member approval. Recognising that the plan would take time to fully implement, provision was made through the review of Council balances and as part of the Revenue Budget 2026/27 to address the immediate financial position.

In October 2025 the Chief Financial Officer again provided Members with an update to the Council's Medium Term Financial Strategy 2022 -2027 initially approved in October 2022 indicating an anticipated budget gap of £5m for 2026/27 and £6m for 2027/28 following the publication of Scottish Government's Medium Term Financial Strategy in June 2025. After receiving notification of the Local Government Finance Settlement for 2026/27 the Council set its Revenue Budget for the forthcoming year in February 2026. It was once again evident from the settlement that a declining younger population and falling pupil school rolls continued to impact on the financial resources that would be made available for the Council for the forthcoming year. In order to establish a balanced budget for the forthcoming year a 5% increase in Council Tax was determined necessary, however recognising the impact that the financial support required for the Health and Social Care Partnership in 2025/26 would have on General Fund Uncommitted Balances, Council agreed to increase Council Tax by 6.9% in order to replenish uncommitted reserves.

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 work on reviews on additional support needs provision, employability services, Greener Communities, Community Safety and the sharing of Economic Development services with North Ayrshire Council to address both the operational and significant financial pressures these service areas have and continue to face going forward.

Focus on early intervention and prevention work also continued during 2025/26 following the establishment of its 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. Detailed updates on the Fund were presented to Council on 26 June 2025 and to Cabinet on 3 December 2025. Both reports provided updates on engagement, research, evidence and policy priorities and agreeing areas for investment. A summit also took place just following the year end in April 2026 to enable Members to hear input from external advisers and to review and discuss progress of the fund and consider future areas of investment.

There is no doubt that the Council continues to face significant financial challenges, however its focus on continuous development, innovation and partnership working along with strong existing financial planning and management ensures that the challenges will be addressed while recognising that the needs of the community remain the top priority in delivering services.

# East Ayrshire



# About East Ayrshire



## COUNCILLORS

**32** elected members  
14 SNP  
8 Labour  
4 Conservative  
5 Independent  
1 Rubbish Party



## COUNCIL WORKFORCE

**6,444**  
Female **4,828** (75%)  
Male **1,616** (25%)



## BUDGETS

2025/26 Revenue Budget  
**£437.346m**  
2025/26 Capital Budget  
**£68.066m**



## LARGEST TOWNS

Kilmarnock population **56,024**  
Cumnock population **6,455**  
Stewarton population **7,255**



## POPULATION 121,480

Male **58,805** (48.4%)  
Female **62,675** (51.6%)  
Ages 0-15 **20,284** (16.7%)  
Ages 16-64 **74,313** (61.2%)  
Ages 65+: **26,883** (22.1%)



## ECONOMY

**59,700** (76.7%)  
Adults Economically active  
**56,600** (72.7%) In Employment  
**3,100** (5.1%) Unemployed



## LAND AREA

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



## INFRASTRUCTURE

**308** council buildings  
**12,200** council houses  
**1,232.623 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 2025.

## 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 (2024/25) was published in March 2026 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 2024/25, 57.6% of our LGBF indicators in East Ayrshire were in the top two quartiles. In addition, we have seen an improving longer term trend with 63.0% of performance indicators between 2010/11 and 2024/25, and improving/maintaining performance in 53.3% of indicators between 2023/24 and 2024/25. A copy of the 2024/25 LGBF Benchmarking Report can be found at [National Benchmarking Overview Report 2024-25](#)

**In 2024/25, some examples of where our performance was among the top performing councils in Scotland include:**

<i>Percentage of council dwellings meeting Scottish Housing Quality Standard</i>	<b>(1)</b>
<i>Percentage of A class roads that should be considered for maintenance treatment</i>	<b>(2)</b>
<i>Cost of parks and open spaces per 1,000 population</i>	<b>(3)</b>

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

<i>School attendance rate (per 100 pupils)</i>	<b>(32)</b>
<i>Cost per library visit</i>	<b>(31)</b>
<i>Claimant Count as a % of 16-24 population</i>	<b>(30)</b>
<i>Cost per library visit (adjusted for inflation)</i>	<b>(30)</b>

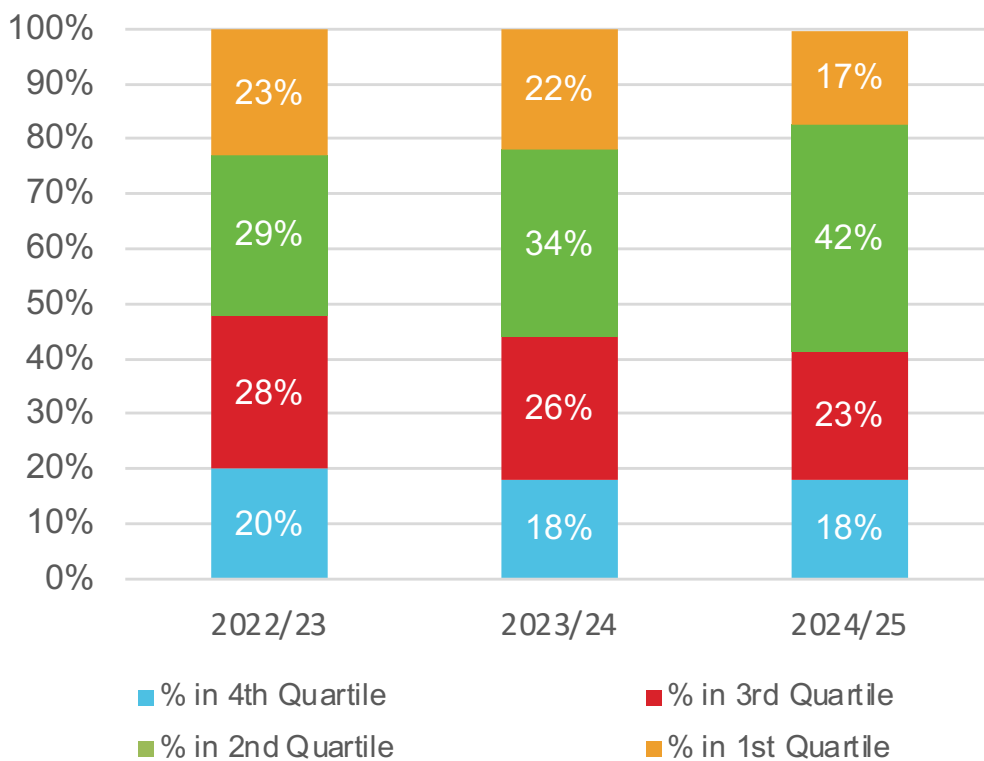
## East Ayrshire Council - Percentage of LGBF Indicators in Each Quartile 2022/23 -2024/25

Year	1st Quartile (%)	2nd Quartile (%)	3rd Quartile (%)	4th Quartile (%)
2022/23	23	29	28	20
2023/24	22	34	26	18
2024/25	17	42	23	18

### East Ayrshire Council - Percentage of LGBF Indicators in Each Quartile 2022/23 -2024/25

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 \(improvementservice.org.uk\)](#)



# 2025/26 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 second annual update report on the Strategic Framework was presented to Council on 30 October 2025. The update was focussed on progress made during the last year on agreed actions and related performance measures. It also included the proposed engagement arrangements to inform the 2026/27 budget setting process.



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## Best Value Service Reviews

A range of Best Value Service Reviews and Service redesigns have been taken forward during 2025/26, with each review/redesign proposal considering the statutory duty of Best Value. These included:

- Review of Additional Support Provision, Cabinet 18 June 2025;
- Corporate Support Service Review, Cabinet 22 October 2025;
- Update on the Review of Additional Support Provision, Cabinet 25 February 2026;
- Cross Cutting Review of Employability Services, Council 26 June 2025;
- Greener Communities Review, Council 29 January 2026;
- Shared Services Proposal Economic Development, Council 29 January 2026, and
- Strategic Review of Community Safety and Enforcement, Council 29 January 2026

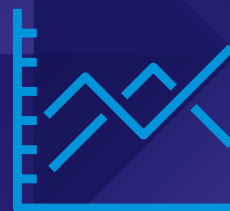
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## Risk Management Strategy

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.

A progress update on the Strategic Risk Management Improvement Plan for 2024/25 was presented to Governance and Scrutiny Committee on 5 June 2025. At this meeting members also approved the revised Strategic Risk Management Improvement Plan 2025/26 and the revised Risk Appetite Statements.

Significant risks are outlined on page 29



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## Demographic Change

Making better use of data has also been central to the development of a strategic response to Demographic Change in East Ayrshire. As Members will be aware, various factors, including continued natural population decline, an increase in movement to the north of the authority and population decrease in the south, have contributed to an imbalance of the population across the authority area. Consequently, demographic change has been recognised as a strategic risk in both the Council's Corporate and CPP Risk Register, and the Council and its community planning partners have committed to addressing this issue.

Short-term funding has been secured from the Scottish Government to support this work, allowing for a dedicated resource within the Corporate Support Service. Detailed data analysis, including bespoke population projections from the Improvement Service, has informed the development of a Strategic Partnership Response to Demographic Change, which was approved by Council at its meeting of 2 April 2026, and will be presented for consideration by the CPP Board in June 2026.

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## Capital Investment Plan

### **Building a Future East Ayrshire, Capital Investment Programme Update**

At the meeting of Cabinet on 25 February 2026, 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 in line with the Strategic Plan and against the current challenging financial climate. The report set out the overall capital 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 25 February 2026.

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 £771.517m by 2030/31 with the estimated interest costs from this level of borrowing forecast to be £20.544m for the period to 31 March 2031.



Over the past five years the impact of 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.

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## Data and Analytics

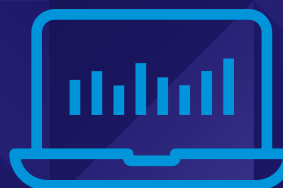
The Council's Data and Analytics Strategy was approved by Council in September 2023 and aspires to empower the Council to be agile, adaptable and responsive to the evolving needs of our community. We are building our capability to use data, to inform our decision making and better understand the impact of the work that we do.

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 maximising 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 optimise resource allocation and provide superior services to residents.

The Council's aim is to improve data sharing between partners and with our wider communities. We are also continuing to strengthen our approach to benefits realisation to inform and support future investment in prevention, early intervention and innovation.

During 2025/26 a new in-house electronic performance management system, PRISM, has been developed and will be rolled out across Council services in 2026/27. In addition to allowing the Council to move away from an externally commissioned system and thus delivering savings, PRISM will also facilitate better data sharing and analysis across Council Services. The system includes a facility that will allow the export of data to other platforms such as PowerBi and will also support closer collaboration with external partners, allowing them to access and input to shared areas of the system.



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## Council / Health and Social Care Partnership Recovery Plan

Progress against the Recovery Plan during 2025/26 has been reported through the quarterly East Ayrshire Performs Report.

At the East Ayrshire Council meeting on 11 December 2025, a Financial Recovery Plan for the Health and Social Care Partnership (HSCP) was presented. The plan was a response to an escalating financial crisis that threatened the sustainability of essential local services.

At its meeting on 2 April 2026, Council considered a further update on the strengthened financial governance arrangements that are being implemented in Council-commissioned health and social care services to ensure that these can be delivered sustainably and that any unbudgeted pressure can be highlighted quickly and appropriate action taken.

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## Early Intervention and Prevention Fund

As part of the Council budget setting process in February 2024, members agreed to set aside a fund of £40 million to be spent over the next 10 years in support of change, early intervention and prevention and other initiatives aimed at supporting our communities.

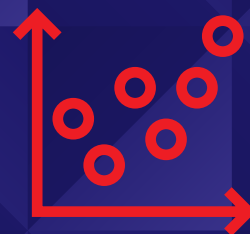
The Fund's primary goal is to reshape future demand for Council services by investing in people earlier. The Council aims to utilise the fund to reduce long term costs associated with poverty, poor health and unemployment.

Detailed updates on the Fund were presented to Council on 26 June 2025 and to Cabinet on 3 December 2025. Both reports provided updates on engagement, research, evidence and policy priorities and agreeing areas for investment.

Funding for new / additional projects was also agreed by Council on 26 February 2026 as part of the Revenue Budget process.

Council also arranged a high-level summit with Elected Members and the Council Management Team on 17 April 2026 to:

- Review the progress of the Fund;
- Inform and shape the next phase of investment; and
- Identify new funding sources to supplement the Council's direct investment in the Fund, particularly given the projected budget gap the Council is expecting.



# Our Financial Performance

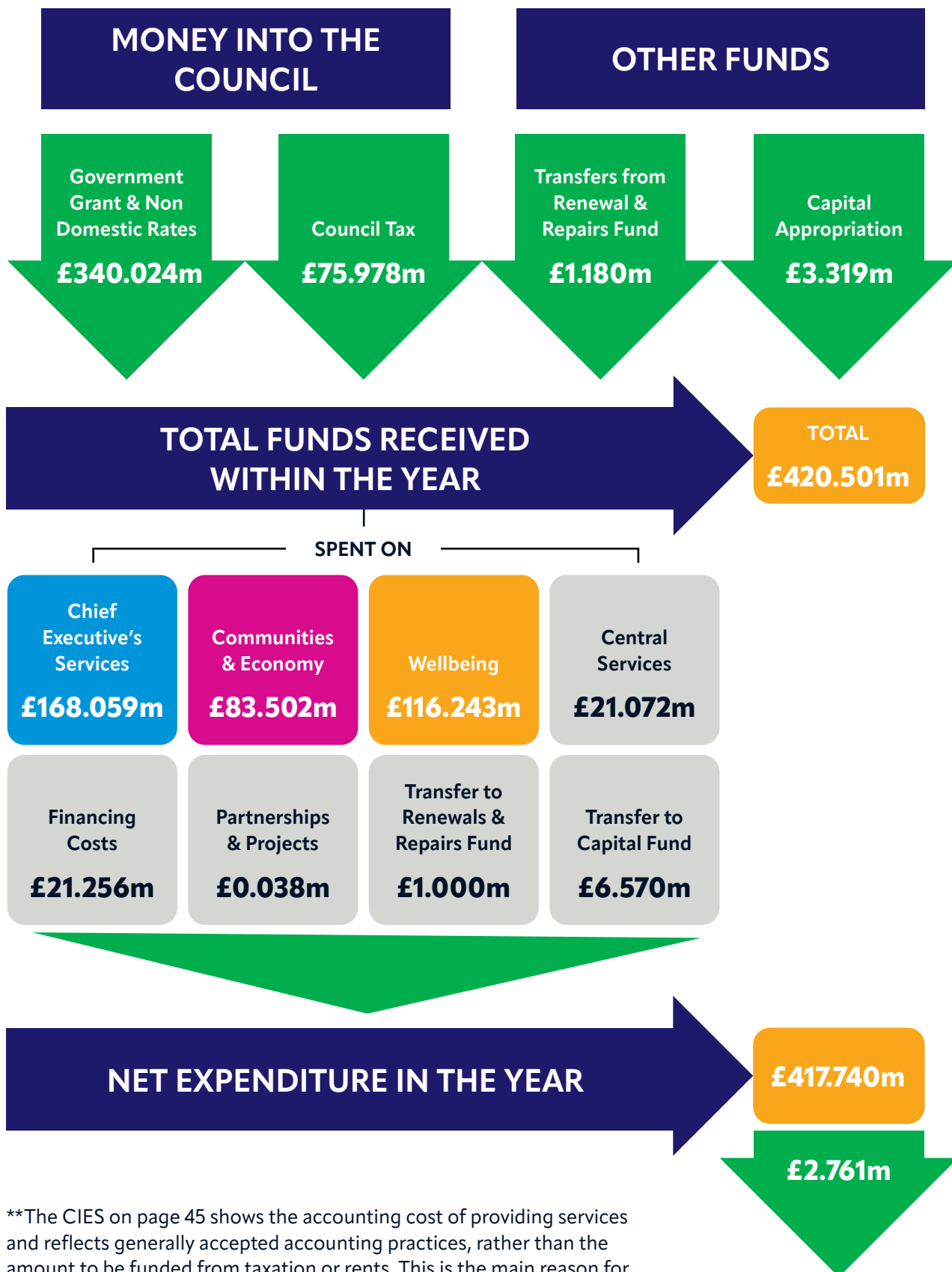
Financial information is a key element of our performance management framework and East Ayrshire Performs reports are presented to Cabinet and to the Governance and Scrutiny Committee at key times throughout the year and are available on our website. Our management accounting arrangements are aligned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

Our Outturn East Ayrshire Performs report presented to Cabinet on 10 June 2026 showed a transfer to reserves of £2.800m. 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.

<b>Our Financial Performance</b>			
	<b>General Fund £m</b>	<b>HRA £m</b>	<b>Total EAC £m</b>
<b>Reduction/(Increase) in Uncommitted General Fund/HRA Balance (EAC Performs Outturn)</b>	<b>(2.800)</b>	<b>(1.772)</b>	<b>(4.572)</b>
Adjust for:			-
Utilisation of previous years' balances	16.561	-	<b>16.561</b>
Proposed earmarked balances within the year	(16.521)	-	<b>(16.521)</b>
<b>Movement in Balance shown in Annual Accounts (MiRS)</b>	<b>(2.760)</b>	<b>(1.772)</b>	<b>(4.532)</b>
Add accounting adjustments that don't feature in the EAC Performs Outturn report			
Depreciation	29.958	7.976	<b>37.934</b>
Impairment	6.555	5.645	<b>12.200</b>
Amortisation	1.812	-	<b>1.812</b>
Capital Grants and Contributions Applied	(19.854)	(4.941)	<b>(24.795)</b>
CFCR	(6.400)	(8.215)	<b>(14.615)</b>
Net (Loss)/Gain on Disposal of Assets	(0.113)	0.247	<b>0.134</b>
Pension Adjustment	8.357	1.299	<b>9.656</b>
Repayment of Debt	(17.384)	(4.229)	<b>(21.613)</b>
Service Concessions Mitigation	2.144	-	<b>2.144</b>
Other Adjustments	0.738	(0.103)	<b>0.635</b>
Transfers to Capital Fund	(3.251)	-	<b>(3.251)</b>
Transfers from Other Statutory Reserves	0.180	-	<b>0.180</b>
Interest on Revenue Balances	(0.635)	-	<b>(0.635)</b>
<b>Total adjustments excluded from EAC Performs Outturn</b>	<b>2.105</b>	<b>(2.320)</b>	<b>(0.215)</b>
<b>(Surplus)/ Deficit on the Provision of Services (CIES)</b>	<b>(0.655)</b>	<b>(4.092)</b>	<b>(4.746)</b>

# General Fund Revenue Expenditure

The MiRS on page 43 shows an increase of £2.761m within the year and actual income and expenditure is shown below. During the year a net £0.180m was transferred from the Renewal and Repairs Fund and £3.251m transferred to the Capital Fund.



\*\*The CIES on page 45 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.

Increase in the year shown in MIRS on page 43.

# 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 41 and to the CIES on page 45.

East Ayrshire Performs				Building the EFA				EFA Column 1	
2025/26	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	148.691	148.543	(0.148)	148.543	(3.987)	-	144.556	Education	144.556
Finance and Digital	10.018	9.600	(0.418)	9.600	-	-	9.600	Finance and Digital	9.600
People and Culture	3.517	3.192	(0.325)	3.192	-	-	3.192	People and Culture	3.192
Governance	6.531	5.694	(0.837)	5.694	-	-	5.694	Governance	5.694
Corporate Support	1.139	1.030	(0.109)	1.030	-	-	1.030	Corporate Support	1.030
Housing and Communities	20.453	20.096	(0.357)	20.096	-	-	20.096	Housing and Communities	20.096
Ayrshire Roads Alliance	12.506	12.774	0.268	12.774	(5.708)	-	7.066	Ayrshire Roads Alliance	7.066
Transport Services			-	-	5.708	-	5.708	Transport (incl SPT)	7.924
SPT	2.222	2.216	(0.006)	2.216	-	-	2.216		
Facilities and Property Management	34.581	34.532	(0.049)	34.532	-	-	34.532	Facilities and Property Management	34.532
Economic Growth	3.227	2.853	(0.374)	2.853	-	-	2.853	Economic Growth	2.853
Arms Length Organisations	9.176	9.176	-	9.176	-	-	9.176	Arms Length Organisations	9.176
Emergency Planning	0.064	0.056	(0.008)	0.056	-	-	0.056	Communities & Economy Other Segments	1.855
Central Mgt Support Communities & Economy	2.871	1.799	(1.072)	1.799	-	-	1.799		
Children Families and CJS	25.647	24.858	(0.789)	24.858	(3.506)	-	21.352		
Community Care	80.855	87.874	7.019	87.874	-	-	87.874	Social Work: Provision of Services	112.737
Service Strategy	7.682	7.690	0.008	7.690	-	-	7.690		
Outwith Placements	6.235	6.775	0.540	6.775	-	-	6.775		
Public Protection	1.284	1.173	(0.111)	1.173	-	-	1.173		
Lead Partnership Services	0.318	0.319	0.001	0.319	-	-	0.319		
SG Funding for Covid Response & Recovery	6.537	-	(6.537)	-	-	-	-		
Premises Costs			-	-	-	-	-		
Council Recovery Plan Funding	(5.580)	(3.650)	1.930	(3.650)	-	-	(3.650)		
IHSC Debtor / Creditor to IJB			-	-	-	-	-		
Social Care Allocation from NHS	(8.796)	(8.796)	-	(8.796)	-	-	(8.796)		
Chief Executive Office (incl Internal Audit)	0.724	0.665	(0.059)	0.665	-	-	0.665	Chief Executive Office (incl Internal Audit)	0.665
Other Non Service Related Expenditure	22.070	3.120	(18.950)	3.120	2.143	-	5.263	Central Services	12.119
Insurance	3.419	3.563	0.144	3.563	-	-	3.563		
Financing Costs	23.683	21.256	(2.427)	21.256	-	(21.256)	-		
HB/ CT Benefit Subsidy	12.570	13.725	1.155	13.725	-	(10.998)	2.727		
Council Tax	(75.622)	(75.978)	(0.356)	(75.978)	-	75.624	(0.354)		
Government Funding	(340.444)	(340.024)	0.420	(340.024)	7.493	333.451	0.920		
Use of Balances	(11.121)	-	11.121	-	-	-	-		
Reserve Transfers (net position)	(4.499)	3.071	7.570	3.071	(2.143)	(0.928)	-		
Projects	0.042	0.038	(0.004)	0.038	-	-	0.038	Projects	0.038
Housing Revenue Account	-	(1.772)	(1.772)	(1.772)	-	-	(1.772)	Housing Revenue Account	(1.772)
<b>Net Cost of Services (EFA Column 1)</b>	<b>(0.000)</b>	<b>(4.532)</b>	<b>(4.532)</b>	<b>(4.532)</b>	<b>-</b>	<b>375.893</b>	<b>371.361</b>		<b>371.361</b>

Note 1: The Annual Revised Budget is the final revenue budget at the 31 March 2026 detailed in the East Ayrshire Summary Report approved at Cabinet on the 10 June 2026 following in-year updates as a result of additional government funding allocations, budget movements and allocations from earmarked balances. The initial 2025/26 Revenue Budget was approved at Council on 27 February 2025.

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 2025/26 the financial management results for the Alliance are as follows:

<b>Ayrshire Roads Alliance Outturn</b>						
<b>Annual Estimate 2024/25</b>	<b>Actual 2024/25</b>	<b>Variance</b>		<b>Annual Estimate 2025/26</b>	<b>Actual 2025/26</b>	<b>Variance</b>
<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>Council</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
7.326	7.656	0.330	East Ayrshire Council	7.075	7.066	(0.009)
6.005	6.885	0.880	South Ayrshire Council (SAC)	7.011	6.978	(0.033)
<b>13.331</b>	<b>14.541</b>	<b>1.210</b>	<b>Total</b>	<b>14.086</b>	<b>14.044</b>	<b>(0.042)</b>

## 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 43 shows an overall increase in the General Fund balance of £2.761m for the year with a closing balance of £70.727m, which can be analysed as follows:

General Fund						
2024/25 Total £m	General Fund			Uncommitted Balance £m	Earmarked Balances £m	2025/26 Total £m
(7883)	<i>Movement within the year</i>					
15.433		Balance Used	(2.419)	(14.142)	(16.561)	
		Balance Added	2.800	16.521	19.321	
(2.974)	Reallocation	Balances Review/In Year Transfers	-	-	-	
<b>4.576</b>	<b>Total Increase / (Decrease) Shown in MiRS</b>			0.381	2.379	<b>2.760</b>
63.391	Balance brought forward			8.280	59.687	67.967
<b>67.967</b>	<b>Outturn Position (Total Balance shown in MiRS)</b>			8.661	62.066	<b>70.727</b>

When the Council set its budget for 2025/26 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 2026 the General Fund Uncommitted balance was £8.661m, representing 2.0% 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 £2.8m was reallocated from Extended Producer Responsibilities funding (ePER) as approved by Cabinet on 28 January 2026.

Service earmarked balances total £62.066m at 31 March 2026. Committed within services balances is an Early Intervention and Precaution funding of £37.534m, £4.288m in relation to EAC Innovation Fund and £3.220m for Affordable Housing. A summary of the position across the services at year-end was presented to Cabinet on 10 June 2026.

## Housing Revenue Account (HRA) Balance

At 31 March 2026 the HRA had a cumulative balance of £23.215m all of which is earmarked for commitments in future years, with £10.946m 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					
2024/25 Balance £m	Housing Revenue Account				2025/26 Balance £m
(1.710)	<i>Movement within the year</i>				
0.000		Balance Used			-
		Balance Added			1.772
<b>(1.710)</b>	<b>Total Increase Shown in MiRS</b>				<b>1.772</b>
23.153	Balance Brought Forward				21.443
<b>21.443</b>	<b>Outturn Position</b>				<b>23.215</b>

# Balance Sheet

The Balance Sheet on page 46 is a snapshot summary of our assets and liabilities at 31 March 2026 and explanatory notes are provided to support the numbers. We ended the year with a net worth of £420.286m with £1,060.138m of non-current assets spread across a range of plant, property, equipment and heritage assets and usable reserves of £125.746m.

## 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**  
**£5.493m**



**HOUSING**  
**£33.434m**



**ROADS**  
**£8.001m**



**WELLBEING**  
**£0.820m**



**ECONOMIC REGENERATION  
AND DEVELOPMENT**  
**£5.076m**



**OTHER  
EXPENDITURE**  
**£12.600m**

**Total Capital Investment 2025/26**

**£65.424m**

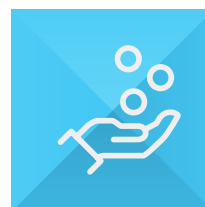
*Funded by:*



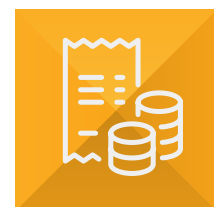
**GOVERNMENT  
GRANTS**  
**£24.794m**



**BORROWING**  
**£24.879m**



**REVENUE**  
**£14.615m**



**CAPITAL  
RECEIPTS**  
**£1.136m**

**Total**

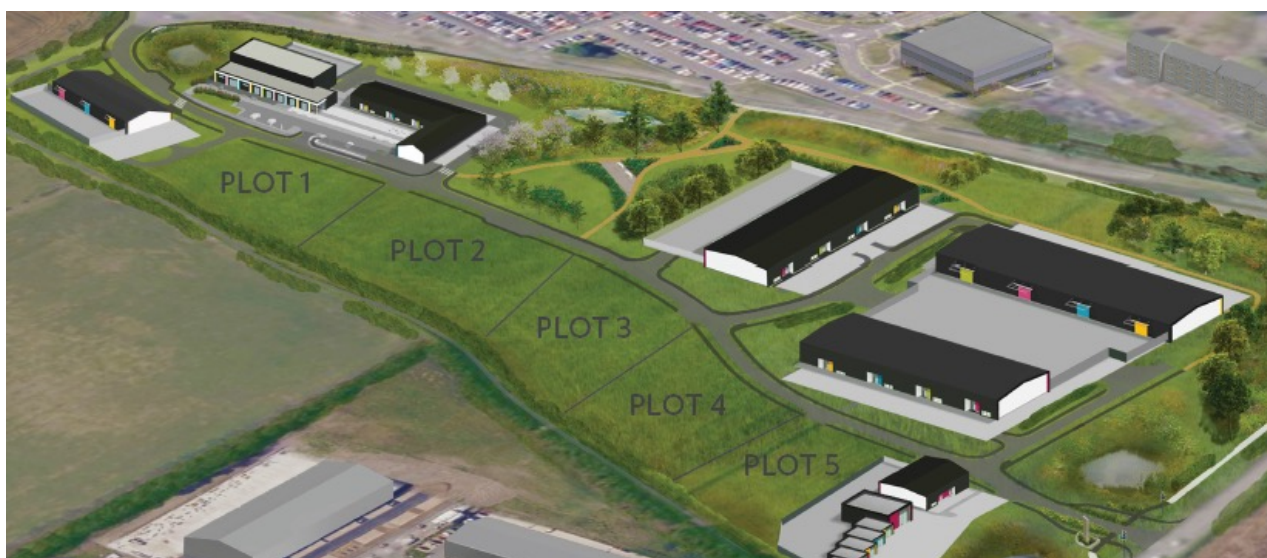
**£65.424m**

During the year our total capital investment on General Fund services was £31.990m spent on developing and creating key assets for communities, including investment in roads, schools and business infrastructure. This was funded by £19.854m from government grants, £6.400m of revenue funding and borrowing of £5.736m.

A further £33.434m was spent on the Housing Capital Programme on building, improving and acquiring assets in 2025/26 including the creation of council houses in our town centres, delivering new homes and local regeneration. This capital investment programme was funded by £8.215m from current revenue, borrowing of £19.143m, the utilisation of capital receipts of £1.136m and government grants of £4.940m.

## Scheme Highlights

### Ayrshire Innovation Park



The Ayrshire Innovation Park (AIP) project at Moorfield, Kilmarnock brings together two Ayrshire Growth Deal funded projects, the Ayrshire Manufacturing Investment Corridor (AMIC) and Ayrshire Engineering Park (AEP) with a combined budget of £44.5m which includes Scottish and UK Government funding of £35.0m.

The AIP project will contribute towards meeting current demand for new industrial space within East Ayrshire and the Ayrshire Region and address market failure with investment in commercial space. There is currently a lack of high quality sites and premises in Ayrshire to support the growth ambitions of local Ayrshire companies and inward investment, the creation of the AIP will address this need.

The AIP site will provide 1,914 square metres of food grade industrial space along with a food and drink centre of excellence (1,200 sqm) which will provide facilities (test kitchens, pilot plant kitchens, butchery area) along with office and presentation space. 9,950 square metres of industrial space will be created to support the advanced manufacturing and engineering sectors. In addition, the site will provide 5 serviced plots for purchase to allow businesses with specific needs to self-build.

The site will also host a food and drink centre of excellence, a flagship offering for the region and the Southwest of Scotland, to provide targeted support to businesses (new product development, technical, manufacturing and packaging) along with production and innovation space. The Ayrshire Innovation Park will support business growth and attract inward investment to the region providing job and training opportunities.

Phase 1 infrastructure works commenced on site in October 2025 and are scheduled to complete by October 2026. Phase 2 of the development with construction of food grade and engineering units is planned to start early 2027, followed by Phase 3 also early 2027. The site is expected to be fully operational by early 2028.

# Scheme Highlights

## Galston Town Hall refurbishment and extension



One of Galston's most prominent buildings has been brought back into public use, following the Council's £3.45m restoration project. The new Galston Town Hall refurbishment and extension commenced in January 2024 with Clark Contracts as main contractor. Works were completed on 10 March 2026 and the facilities officially opened to the public on Wednesday 8 April 2026.

The facilities include the relocated local library, a Skills and Learning hub to support residents looking for support to help them find employment, community customer contact services and a flexible area for community use. The Skills and Learning hub will support young people, adults and parents gain the skills to progress into work and learning and is based on the model of SL33 in Kilmarnock.

The new Galston Town Hall sits in the heart of the Galston Conservation Area and has been sensitively refurbished and extended to breathe new life into the building. The main chamber on the first floor which features wooden panelling, a large fireplace and decorative ceiling has been preserved and will be available for community use as a flexible space for meetings and small events and exhibitions.

Throughout this restoration project, accessibility has been a major consideration, both inside and out. A lift has been installed connecting all levels and new ramps and stairs connect the public space down to the car park on Church Lane, providing a new connection in the town, making it easier to move around.

# 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 27 February 2025.

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.

Investments (surplus cash on deposit) decreased by £0.988m from £26.097m to £25.109m. The total value of transactions was £1.803billion, with 539 individual transactions at an average value of £3.346m. New borrowing during the year was taken from the Public Works Loan Board (£40m) and other local authorities (£37m), whilst scheduled debt repayments were £65.019m. Long-term borrowing (greater than 1 year maturity) of £20m was taken from the Public Works Loan Board at an interest rate of 4.45%. Short term borrowing (maturity 1 year or less) of £57m was taken at an average interest rate of 4.63%. The overall rate of interest on new borrowing during the year was 4.59%. 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 Surplus on the Provision of Services for the group for 2025/26 is £5.661m (EAC £4.747m) with Net Assets of £469.257m (EAC £420.286m). 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.

To develop the Council's local response to climate change, we undertook an extensive programme of engagement with young people, communities, businesses, and employees to inform the development of our Strategy. The outcomes of this engagement were reported to Cabinet in February 2022 as part of the 2022/23 Budget and resulted in the establishment of a £1 million Climate Change Investment Fund. This funding has been recognised as placing the Council in a strong position on Climate Change and has enabled the development and implementation of a mainstreamed approach with key action areas now embedded within relevant service plans.

In 2024/25, the latest reporting year for which data is currently available, our overall emissions across the four key themes increased slightly by 3.5% (516 tCO<sub>2</sub>e), rising from 14,863 tCO<sub>2</sub>e to 15,379 tCO<sub>2</sub>e from the previous year. This increase was primarily driven by higher transport emissions, following the decision to revert the Council's diesel fleet from Hydrotreated Vegetable Oil (HVO) back to 100% diesel fuel.

In the absence of additional Government funding to support our shared Net Zero ambition, combined with rising costs and ongoing budgetary pressures, achieving continued year on year emissions reductions will become increasingly challenging. External factors, including financial constraints and changes in government policy, such as the forthcoming mandatory reporting of additional Scope 3 emissions, will further impact our ability to meet our Net Zero targets for both the Council and the wider East Ayrshire area.

In view of this challenging context, it has been agreed that future efforts to reduce emissions will focus on areas where carbon reduction also delivers cost savings and supports long term financial sustainability.

## CoRE

The Community Renewable Energy (CoRE) Project is East Ayrshire's flagship response to climate change. It is supported by £17 million in UK Government investment and £7.5 million from East Ayrshire Council, with the intention of leveraging additional funding to maximise benefits for local communities. CoRE aims to demonstrate how a green recovery can transform rural towns and villages, creating better connected and healthier communities, improving living standards through a just transition, and supporting the creation of long-term, sustainable jobs.

A full business case has been approved by the UK and Scottish Governments, enabling delivery of the programme's first phase. Six pathfinder demonstrator projects are currently being delivered, aiming to support the transition to low carbon communities by tackling fuel poverty, reducing emissions, strengthening community energy resilience, and improving health, wellbeing, and skill.

## Local Heat and Energy Efficiency Strategy (LHEES)

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

Cabinet also approved the LHEES Delivery Plan, which aligns with the Capital Investment Programme, the Local Housing Strategy (LHS) and the Property Management Plan (PMP), while acknowledging the significant financial pressures on Council budgets. Over the past year the Delivery Plan has been reviewed and updated and will be presented to Cabinet in 2026. Progress on the Delivery Plan will be reported as a standing agenda item at the Incorporated Climate Change Officers Working Group.

## Recycling and Food Waste Campaign

SEPA figures submitted for 2024/25 indicate that our recycling rates have improved by a further 1.3% to reach 51.5% and we remain among the best performing Councils in Scotland. A residual waste analysis conducted in March 2021 revealed that communities within East Ayrshire were still regularly using their general waste 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. The latest figures for 2024/25 demonstrated this work resulted in a 2% decrease in the food waste produced, in addition to the 5% reduction reported in 2023/24.

## 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 the Safer Streets Initiative, which restricts vehicle access and encourages children and young people to choose active modes of travel to and from school.

To further support behaviour change within schools, we have developed a range of innovative and engaging in house active travel initiatives, including Mission to the Moon, Journey to Jupiter, and Shoot to Saturn. These pupil led initiatives encourage young people, along with their families and friends, to walk to school and "ditch the car" for shorter journeys. This approach helps to reduce wider carbon emissions across East Ayrshire, while also easing congestion at school gates and promoting healthier, more active travel choices.

Collectively, these initiatives have significantly reduced the number of short car journeys around schools and encouraged pupils and parents to choose active travel options instead of using the car.

## Children and Young People

Our Children and Young People remain at the forefront of East Ayrshire's response to climate change through initiatives such as the Clean Green Education Awards and our Annual Youth Climate Change Conference. Through these initiatives they make a meaningful and lasting impact by sharing best practice and inspiring others to act across their schools and communities.

Building on previous successes, our young people hosted their 6th Annual Climate Conference in October 2025, and as part of our commitment to climate change 47 education establishments have created Climate Actions Plans and started their journey to support the wider NetZero journey. During 2024/25, led by young people and reflecting on their school and local community, over 850 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.

In recognition of the robust climate action work within East Ayrshire Council, Keep Scotland Beautiful continues to have a unique partnership with us and recognise our Clean Green Award. This means all East Ayrshire Clean Green accredited schools also have their Eco Schools Green Flag. During 2024/25, we continued to have the highest percentage of schools within Scotland (79%) who have received their Eco-Schools Green Flag status.

## Metrics and Targets and Reporting

As reported in the Climate Change Declaration in December 2025, significant progress has been made in reducing the Council's emissions, which have reduced from 43,230 tCO<sub>2</sub>e since our baseline year of 2012/13 to a low of 15,379 tCO<sub>2</sub>e in 2024/25, a reduction of 64.4%.

When comparing our performance in 2024/25 against 2023/24, total emissions increased slightly by 3.5% (516 tCO<sub>2</sub>e) rising from 14,863 tCO<sub>2</sub>e to 15,379 tCO<sub>2</sub>e. This increase was mainly due to higher Transport emissions following the decision to revert the Council's diesel fleet from Hydrotreated Vegetable Oil (HVO) back to 100% diesel fuel. This change directly increased diesel related emissions in 2024/25 by 2,566 tCO<sub>2</sub>e, offsetting the emission reductions achieved from Energy (1,714 tCO<sub>2</sub>e) and Waste (694 tCO<sub>2</sub>e).

In 2024/25, 71.4% (10,981 tCO<sub>2</sub>e) of our total emissions originated from Energy, with a further 24.1% (3,700 tCO<sub>2</sub>e) from Transport. Combined, these two sources account for 95.5% of our overall emissions. Waste emissions decreased significantly, falling by 64.9% (694 tCO<sub>2</sub>e) compared to the previous year, due to a 69.9% reduction in waste related greenhouse gas conversion factors. Waste consumption increased slightly by 0.73% (431 tonnes) in 2024/25 compared to the previous year. Waste now represents just 2.4% (375 tCO<sub>2</sub>e) of our total emissions, while emissions from homeworking account for the remaining 2.1% (323 tCO<sub>2</sub>e).

While significant progress has been made in reducing our carbon footprint since the baseline year, emissions from energy now account for 71.4% of overall emissions. Given that the cost of decarbonising our buildings is currently unachievable within existing resources, and without significant additional investment from central government, substantial challenges and risks remain in delivering our ambition to achieve 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
<p><b>Economic Climate and Levels of Grant Funding</b></p> <p>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 considering streamlined approaches of statutory provision. The residual effects of the pandemic on demand for services and the continuing cost of living crisis will impact on any reduction in funding.</p>	<p>Council on the 26 February 2026 approved the Revenue Budget for 2026/27 – including £3.5m of cuts to services following the announcement of the Scottish Budget on 13 January. The budget settlement continues to require Councils 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 as our school rolls decline.</p> <p>Given the projected overspend position during 2025/26 within Health and Social Care, a Taskforce was established to identify practical options in 2025/26 but also to consider operational changes moving into 2026/27. The HSCP ended the year with an overspend of £8.598m, this was partly offset by a Health and Social Care Emergency Financial Support balance of £6.537m which had been created by reallocating other council earmarks as part of the annual balance review.</p>
<p><b>Environmental Climate</b></p> <p>Climate change is having an impact on global weather patterns with unseasonal extreme events which will become a regular and intense occurrence.</p>	<p>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.</p> <p>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.</p> <p>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.</p>

## More Information

Our website holds more information on our strategies, plans, policies and our performance and spending. [www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk)

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# 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 Director of Finance and Digital;
- 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 25 June 2026.

## The Chief Financial Officer's Responsibilities

The Chief Financial Officer and Director of Finance and Digital 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 Director of Finance and Digital 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 Director of Finance & Digital 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 2026.

**Joseph McLachlan CPFA**  
*Chief Financial Officer and  
Director of Finance and Digital*  
25 June 2026

# 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 latest CIPFA Guidance published in May 2025 – 'Delivering Good Governance in Local Government Framework'.

It also considers 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 2026 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 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 presented to the CPP Board and Council in June 2024. The review identified the Community Planning Partnership's priorities for 2024-2027 as set out in the Community Plan Review Supplement and included:

- Focusing Prevention and Early Intervention
- Strengthening our Partnership Approach to Data
- Understanding and Planning for Demographic Change
- Making Better Use of the Shared Partnership Estate
- Refreshing the Partnership Approach to Risk

The review also produced a new Local Outcomes Improvement Plan for 2024-2027.

The Community Plan is underpinned by the Local Outcomes Improvement Plan (LOIP) which was also reviewed as part of the Community Plan review and was approved in June 2024. 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.

A number of other key strategies are 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 the 26 October 2023, with annual updates provided thereafter. Annual updates are focused on progress made during the last year, on agreed actions and related performance measures.

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](http://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.

The Council has made good progress in implementing the improvement actions outlined within our Corporate Governance Improvement Action Plan for 2025/26 that was approved by Members in April 2025. The Action Plan provides a clear demonstration of the Council's enduring commitment to best practice in Corporate Governance. All actions were either fully achieved or with good progress recorded. 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.

The Council recorded improvements against the following key actions:

- Implementation of the Council Strategic Plan 2022-2027 and wider strategic framework including the Health and Social Care Strategic Plan 2021-2030.
- Implementation of actions arising from Best Value Thematic Audits.
- Further strengthening of our Risk Management and Data and Analytics Strategies.
- Starting work on our next Council-wide Strategic Self-Assessment.
- Implementation of the actions arising from the Care Inspectorate Inspection of Children at Risk of Harm.

The annual review of the Council's Corporate Governance arrangements has identified areas where our arrangements could be further strengthened. These have been incorporated into a range of improvement actions, which will be implemented over 2026/27.

Full details of the proposed 2026/27 Improvement Action Plan were approved by the Governance and Scrutiny Committee on 23 April 2026 and progress on its implementation will feature in the annual Review of the Council's Corporate Governance arrangements in 2027. Improvement areas include:

- Financial Recovery Plan and review of Health and Social Care Partnership governance arrangements as approved by Council on 2 April 2026.
- Develop the Council's new Strategic Plan and wider Strategic Framework for 2027-2032.
- Undertake the final planned three-yearly review and revision of the Community Plan and Local Outcomes Improvement Plan.
- Develop the new Children's Services Strategic Plan 2027-2032, informed by the Joint Strategic Needs Analysis undertaken in 2026.
- Ensure the effective roll out of the new PRISM electronic performance management system.
- Develop the Population Rebalance Implementation Plan as approved by Council on 2 April 2026.
- Replace the East Ayrshire Strategic Self-Assessment Model (EASAM) with the new National Framework for Self-Assessment developed by SOLACE and the Improvement Service.

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 structure to provide a forum for collective consideration and scrutiny of cross-cutting issues 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 2024-2027 reported to the Governance and Scrutiny Committee on 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

Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for the public. On behalf of the Auditor General and the Accounts Commission, Audit Scotland works to ensure that the approach to auditing Best Value continues to improve and reflect the context, different accountability regimes and reporting arrangements across the public sector.

In 2023, Audit Scotland introduced a new approach to auditing Best Value in Scottish councils. The new approach continues to audit against the statutory duty but is now fully integrated with the annual audit at each council. It also includes detailed work each year, focusing on a theme across all of the councils, which will be collated into a national report.

To date, the Council has been the subject of best value audits relating to the following themes:

- Leadership and Strategic Direction
- Transformation
- Workforce Innovation
- Asset Management

The reports from all thematic audits are presented to the Governance and Scrutiny Committee with the most recent report relating to Asset Management having been considered by Members at the meeting held on 5 March 2026.

## 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 Director of Finance and Digital 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 Chief Auditor will undertake the role of Interim Chief Financial Officer for the Health and Social Care Integrated Joint Board (IJB) over 2026/27.

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 set out in a combination of the Global Internal Audit Standards (GIAS) (IIA, January 2024), GIAS in the UK Public Sector –Application Note (IASAB, December 2024), and the CIPFA Code of Practice for the Governance of Internal Audit (2025).

## Review of Effectiveness

During 2025/26, 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.

Throughout 2025/26, the financial challenges facing the Health and Social Care Partnership were reported to Council. Despite the action taken during the year, including a Direction from the Integration Joint Board on financial recovery setting out proposals to address the projected overspend, it was not possible to enact service delivery implications to bring the budget back into financial balance. As a result, additional financial resources were agreed to be provided to the Integration Joint Board in year from the Council. Recognising that existing governance arrangements had not proved to be sufficiently effective the Council established a Health and Social Care Financial Recovery Assurance Board containing senior officers of the Council to review the governance arrangements of the Health and Social Care Partnership as well as the financial reporting and control mechanisms in place. The work of this group will continue throughout 2026/27 to strengthen financial governance arrangements for Council-commissioned health and social care services and determine the approach to achieving financial sustainability in health and social care as approved by Council in the Financial Assurance –Health and Social Care report on 2 April 2026.

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.

On 25 September 2025, 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 in the medium term, as well as governance arrangements which support effective scrutiny, challenge and decision making. Additionally, the report notes that the Council have demonstrated a commitment to manage resources effectively and have been innovative in their decision to use £40m to establish the Early Intervention and Prevention Fund to reshape the future demand on Council Services. 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 transformation embedded within service delivery.

The Internal Audit function within East Ayrshire Council is directly responsible to the Chief Executive for the independent appraisal of the Council's framework of governance, risk management and internal controls. During 2025/26 the Internal Audit section operated in accordance with new internal audit standards which were introduced on 1 April 2025. These new standards are a combination of the Global Internal Audit Standards (GIAS) (IIA, January 2024), GIAS in the UK Public Sector –Application Note (IASAB, December 2024), and the CIPFA Code of Practice for the Governance of Internal Audit (2025). 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 25 September 2025, 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 applied until 31 March 2025, with CIPFA noting that much of the day-to-day practice of undertaking audit engagements will not change in the transition from PSIAS to GIAS.

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. Under the GIAS, EQA's will continue to be conducted at least once every five years by a suitably qualified, independent assessor.

The overall opinion of the Council's Chief Auditor, based on the work carried out, and in line with PSIAS GIAS in the UK Public Sector 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 internal controls in the year to 31 March 2026. 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 2025/26 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. Improvements are proposed to further strengthen our governance arrangements, and these are set out in the Improvement Action Plan for 2026/27. Progress on implementing the Action Plan will be reported to the Governance and Scrutiny Committee in 2027 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. The Council is not aware of any weaknesses within the internal control systems of the entities incorporated in the Group Accounts and has placed reliance on individual Statements of Internal Financial Control where appropriate.

# 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 45 presents more fully the income and expenditure under generally accepted accounting practices.

Expenditure Fund Analysis						
2024/25				2025/26		
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
			<b>Operating</b>		<i>see EFA Note</i>	
138.396	18.025	156.421	Education	144.556	19.258	163.814
9.357	2.099	11.456	Finance and Digital	9.600	2.635	12.235
3.175	0.481	3.656	People and Culture	3.192	0.288	3.480
5.893	0.699	6.592	Governance	5.694	0.451	6.145
1.121	0.115	1.236	Corporate Support	1.030	0.064	1.094
20.958	0.914	21.872	Housing and Communities	20.096	0.453	20.549
7.656	10.740	18.396	Ayrshire Roads Alliance	7.066	10.386	17.452
8.333	0.015	8.348	Transport (incl SPT)	7.924	(0.155)	7.769
32.913	(9.158)	23.755	Facilities and Property Management	34.532	(9.433)	25.099
2.043	0.964	3.007	Economic Growth	2.853	0.011	2.864
5.934	1.015	6.949	Arms Length Organisations	9.176	4.558	13.734
0.192	0.109	0.301	Communities and Economy Other Segments	1.855	0.013	1.868
(4.166)	5.715	1.549	Social Work: Provision of Services	(4.808)	3.825	(0.983)
110.691		110.691	Contribution to the IJB	117.545	-	117.545
0.665	0.054	0.719	Chief Executive Office (incl Internal Audit)	0.665	0.032	0.697
9.404	(2.474)	6.930	Central Services	12.119	(7.167)	4.952
0.317	-	0.317	Projects	0.038	-	0.038
1.710	9.518	11.228	Housing Revenue Account	(1.772)	(5.400)	(7.172)
354.592	38.831	393.423	<b>Net Cost Of Services</b>	371.361	19.819	391.180
(358.814)	(4.986)	(363.800)	Other Income and Expenditure	(379.600)	(16.327)	(395.927)
<b>(4.222)</b>	<b>33.845</b>	<b>29.623</b>	<b>Difference between the Statutory Charge to the Combined General Fund and HRA Balance compared to the Surplus or (Deficit) in the CIES</b>	<b>(8.239)</b>	<b>3.492</b>	<b>(4.747)</b>

		General Fund	HRA	Total
86.544	Opening Combined General Fund and HRA Balances	67.967	21.443	89.410
4.222	Surplus or (Deficit) on the General Fund and HRA Balances for the Year	2.760	1.772	4.532
(1.357)	Transfers (to) / from Other Reserves		-	-
<b>89.409</b>	<b>Closing Combined General Fund and HRA Balances</b>	<b>70.727</b>	<b>23.215</b>	<b>93.942</b>

## Note to the EFA

2024/25				Adjustments between Funding and Accounting Basis	2025/26			
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	
14.166	3.488	0.371	18.025	Education	16.365	2.071	0.822	19.258
1.240	0.866	(0.007)	2.099	Finance and Digital	2.097	0.534	0.004	2.635
(0.029)	0.510	-	0.481	People and Culture	(0.033)	0.321	-	0.288
(0.024)	0.739	(0.016)	0.699	Governance	(0.025)	0.467	0.009	0.451
-	0.115	-	0.115	Corporate Support		0.064	-	0.064
(0.361)	1.321	(0.046)	0.914	Housing and Communities	(0.263)	0.693	0.023	0.453
9.970	0.770	-	10.740	Ayrshire Roads Alliance	9.886	0.482	0.018	10.386
(0.096)	0.111	-	0.015	Transport (incl SPT)	(0.226)	0.071		(0.155)
(10.710)	1.553	(0.001)	(9.158)	Facilities and Property Management	(10.349)	0.915	0.001	(9.433)
0.807	0.175	(0.018)	0.964	Economic Growth	(0.136)	0.136	0.011	0.011
1.015	-	-	1.015	Arms Length Organisations	4.558			4.558
-	0.109	-	0.109	Communities and Economy Other Segments	-	0.013		0.013
0.384	5.562	(0.231)	5.715	Social Work: Provision of Services	0.383	3.308	0.134	3.825
-	-	-	-	Contribution to the IJB				-
-	0.054	-	0.054	Chief Executive Office (incl Internal Audit)		0.032		0.032
(0.054)	(3.040)	0.620	(2.474)	Central Services	(5.231)	(2.725)	0.789	(7.167)
-	-	-	-	Projects	-	-	-	-
8.463	1.743	(0.688)	9.518	Housing Revenue Account	(5.726)	1.075	(0.749)	(5.400)
24.771	14.076	(0.016)	38.831	<b>Net Cost Of Services</b>	11.300	7.457	1.062	19.819
(8.877)	2.283	1.609	(4.986)	Other Income and Expenditure	(20.243)	2.199	1.717	(16.327)
<b>15.894</b>	<b>16.359</b>	<b>1.593</b>	<b>33.845</b>	<b>Difference between the Statutory Charge to the Combined General Fund and HRA Balance compared to the Surplus or (Deficit) in the CIES</b>	<b>(8.943)</b>	<b>9.656</b>	<b>2.779</b>	<b>3.492</b>

# Movements in Reserve Statement

Movement in Reserves 2025 / 2026												
	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				
<b>Balance as at 1 April 2025</b>		<b>67967</b>	<b>21.443</b>	<b>2.664</b>	<b>24.958</b>	<b>117.031</b>	<b>284.308</b>	<b>(31.461)</b>	<b>369.878</b>	<b>10.739</b>	<b>35.842</b>	<b>416.459</b>
Surplus/ (Deficit) on the Provision of Services	CIES	0.655	4.092	-	-	4.747	-	-	4.747	2.036	(1.061)	5.722
Other Comprehensive Income and Expenditure	CIES	-	-	-	-	-	35.288	10.373	45.661	-	1.415	47.076
<b>Total Comprehensive Income and Expenditure</b>		<b>0.655</b>	<b>4.092</b>	<b>-</b>	<b>-</b>	<b>4.747</b>	<b>35.288</b>	<b>10.373</b>	<b>50.408</b>	<b>2.036</b>	<b>0.354</b>	<b>52.798</b>
<b>Adjustments between Accounting Basis and Funding Basis Under Statute</b>												
Current and Past Service Pension Costs in Cost of Services	8	18.314	2.076	-	-	20.390	-	(20.390)	-	-	-	-
Net Interest on Net Defined Pension Liability	8	1.976	0.224	-	-	2.200	-	(2.200)	-	-	-	-
Employers Contributions to Pensions Fund	8	(11.933)	(1.001)	-	-	(12.934)	-	12.934	-	-	-	-
<b>Adjustments Relating to Pensions</b>		<b>8.357</b>	<b>1.299</b>	<b>-</b>	<b>-</b>	<b>9.656</b>	<b>-</b>	<b>(9.656)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation of Non-Current Assets	12	29.958	7.976	-	-	37.934	(9.353)	(28.581)	-	0.385	(0.385)	-
Impairment of Non-Current Assets	11	6.555	5.645	-	-	12.200	-	(12.200)	-	-	-	-
Amortisation of Intangible Assets	14	1.812	-	-	-	1.812	-	(1.812)	-	-	-	-
Capital Grants and Contributions Applied	5	(19.854)	(4.941)	-	-	(24.795)	-	24.795	-	-	-	-
Capital Grants and Contributions Unapplied		-	-	-	-	-	-	-	-	-	-	-
Repayment of Debt	10	(17.384)	(4.229)	-	-	(21.613)	-	21.613	-	-	-	-
Capital Expenditure Funded in Year	10	(6.400)	(8.215)	-	-	(14.615)	-	14.615	-	-	-	-
Use of HRA Capital Fund to Finance New Capital Expenditure	10	-	-	-	(1.136)	(1.136)	-	1.136	-	-	-	-
Net Gain/ (Loss) on Disposal of Assets	CIES	(0.113)	0.247	-	1.611	1.745	-	(1.745)	-	-	-	-
<b>Adjustments Relating to Capital</b>		<b>(5.426)</b>	<b>(3.517)</b>	<b>-</b>	<b>0.475</b>	<b>(8.468)</b>	<b>(9.353)</b>	<b>17.821</b>	<b>-</b>	<b>0.385</b>	<b>(0.385)</b>	<b>-</b>
Differences relating to Officer Remuneration required by statute		1.023	0.040	-	-	1.063	-	(1.063)	-	-	-	-
Differences relating to Financial Instruments required by statute	22	(0.285)	(0.143)	-	-	(0.428)	-	0.428	-	-	-	-
Adjustment to Statutory Repayment of debt for Service Concession arrangements - permitted flexibility		2.144	-	-	-	2.144	-	(2.144)	-	-	-	-
<b>Adjustments for Other Items</b>		<b>2.882</b>	<b>(0.103)</b>	<b>-</b>	<b>-</b>	<b>2.779</b>	<b>-</b>	<b>(2.779)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase/ (Decrease) before Transfers</b>		<b>6.468</b>	<b>1.772</b>	<b>-</b>	<b>0.475</b>	<b>8.714</b>	<b>25.935</b>	<b>15.759</b>	<b>50.408</b>	<b>2.421</b>	<b>(0.031)</b>	<b>52.798</b>
Transfers to/ (from) Capital Fund		(3.251)	-	-	3.251	-	-	-	-	-	-	-
Transfers to/ (from) Other Statutory Reserves		0.180	-	(0.180)	-	-	-	-	-	(1.071)	1.071	-
Interest on Revenue Balances		(0.635)	-	0.060	0.575	-	-	-	-	-	-	-
<b>Increase/ (Decrease) in 2025/26</b>		<b>2.761</b>	<b>1.772</b>	<b>(0.120)</b>	<b>4.301</b>	<b>8.714</b>	<b>25.935</b>	<b>15.759</b>	<b>50.407</b>	<b>1.350</b>	<b>1.040</b>	<b>52.798</b>
<b>Balance as at 31 March 2026</b>		<b>70.727</b>	<b>23.215</b>	<b>2.544</b>	<b>29.259</b>	<b>125.746</b>	<b>310.243</b>	<b>(15.702)</b>	<b>420.286</b>	<b>12.089</b>	<b>36.882</b>	<b>469.257</b>

# 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				
<b>Balance as at 1 April 2024</b>		<b>63.391</b>	<b>23.153</b>	<b>3.818</b>	<b>21.373</b>	<b>111.735</b>	<b>315.850</b>	<b>(27.145)</b>	<b>400.440</b>	<b>12.862</b>	<b>35.373</b>	<b>448.675</b>
Surplus/ (Deficit) on the Provision of Services	CIES	(14.038)	(15.585)	-	-	(29.623)	-	-	(29.623)	(1.062)	-	(30.685)
Other Comprehensive Income and Expenditure	CIES	-	-	-	-	-	(22.530)	21.592	(0.938)	-	0.226	(0.712)
<b>Total Comprehensive Income and Expenditure</b>		<b>(14.038)</b>	<b>(15.585)</b>	<b>-</b>	<b>-</b>	<b>(29.623)</b>	<b>(22.530)</b>	<b>21.592</b>	<b>(30.561)</b>	<b>(1.062)</b>	<b>0.226</b>	<b>(31.397)</b>
<b>Adjustments between Accounting Basis and Funding Basis Under Statute</b>												
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	-	-	-	-
<b>Adjustments Relating to Pensions</b>		<b>14.384</b>	<b>1.975</b>	<b>-</b>	<b>-</b>	<b>16.359</b>	<b>-</b>	<b>(16.359)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation of Non-Current Assets	12	27.078	7.866	-	-	34.944	(9.012)	(25.932)	-	-	-	-
Impairment of Non-Current Assets	11	2.877	19.942	-	-	22.819	-	(22.819)	-	-	-	-
Amortisation of Intangible Assets	14	1.523	-	-	-	1.523	-	(1.523)	-	-	-	-
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	-	-	-	-
Capital Expenditure Funded in Year	10	(1.396)	(9.079)	-	-	(10.475)	-	10.475	-	-	-	-
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)	-	-	-	-
<b>Adjustments Relating to Capital</b>		<b>3.790</b>	<b>12.104</b>	<b>-</b>	<b>1.074</b>	<b>16.968</b>	<b>(9.012)</b>	<b>(7.956)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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 flexibility	8	2.068	-	-	-	2.068	-	(2.068)	-	-	-	-
<b>Adjustments for Other Items</b>		<b>1.797</b>	<b>(0.204)</b>	<b>-</b>	<b>-</b>	<b>1.593</b>	<b>-</b>	<b>(1.593)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase/ (Decrease) before Transfers</b>		<b>5.933</b>	<b>(1.710)</b>	<b>-</b>	<b>1.074</b>	<b>5.296</b>	<b>(31.542)</b>	<b>(4.316)</b>	<b>(30.562)</b>	<b>(1.062)</b>	<b>0.226</b>	<b>(31.398)</b>
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	-	-	-	-	-	-	-
<b>Increase/ (Decrease) in 2024/25</b>		<b>4.576</b>	<b>(1.710)</b>	<b>(1.154)</b>	<b>3.585</b>	<b>5.296</b>	<b>(31.542)</b>	<b>(4.316)</b>	<b>(30.562)</b>	<b>(2.133)</b>	<b>1.297</b>	<b>(31.398)</b>
<b>Balance as at 31 March 2025</b>		<b>67.967</b>	<b>21.443</b>	<b>2.664</b>	<b>24.958</b>	<b>117.031</b>	<b>284.308</b>	<b>(31.461)</b>	<b>369.878</b>	<b>10.729</b>	<b>36.670</b>	<b>417.277</b>

# 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									
2024/25				2025/26					
EAC			Group	EAC			Group		
£m	£m	£m	£m			£m	£m	£m	£m
Exp	Income	Net	Net	Operating		Exp	Income	Net	Net
167.593	(11.173)	156.420	156.420	Education		176.169	(12.355)	163.814	163.814
12.635	(1.179)	11.456	11.456	Finance and Digital		13.417	(1.182)	12.235	12.235
4.393	(0.737)	3.656	3.656	People and Culture		4.031	(0.551)	3.480	3.480
8.887	(2.295)	6.592	6.592	Governance		9.038	(2.893)	6.145	6.145
1.295	(0.059)	1.236	1.236	Corporate Support		1.160	(0.066)	1.094	1.094
28.806	(6.934)	21.872	21.872	Housing and Communities		27.174	(6.625)	20.549	20.549
33.367	(14.971)	18.396	18.396	Ayrshire Roads Alliance		32.575	(15.123)	17.452	17.452
8.872	(0.524)	8.348	8.348	Transport (incl SPT)		8.615	(0.846)	7.769	7.769
35.514	(11.759)	23.755	23.755	Facilities and Property Management		39.397	(14.298)	25.099	25.099
6.889	(3.882)	3.007	3.007	Economic Growth		6.289	(3.425)	2.864	2.864
7.467	(0.518)	6.949	6.949	Arms Length Organisations		14.018	(0.284)	13.734	14.527
3.957	(3.656)	0.301	1.129	Communities and Economy Other Segments		1.892	(0.024)	1.868	2.253
155.106	(153.557)	1.549	1.549	Social Work: Provision of Services		159.373	(160.356)	(0.983)	(0.983)
110.691	-	110.691	110.691	Contribution to the IJB		117.545	-	117.545	117.545
0.723	(0.004)	0.719	0.719	Chief Executive Office (incl Internal Audit)		0.701	(0.004)	0.697	0.697
30.587	(23.657)	6.930	6.930	Central Services		29.285	(24.333)	4.952	4.952
2.011	(1.694)	0.317	0.317	Projects		2.455	(2.417)	0.038	0.038
64.836	(53.608)	11.228	11.228	Housing Revenue Account		50.988	(58.160)	(7.172)	(7.172)
<b>683.629</b>	<b>(290.207)</b>	<b>393.422</b>	<b>394.250</b>	<b>Net Cost Of Services</b>		<b>694.122</b>	<b>(302.942)</b>	<b>391.180</b>	<b>392.358</b>
		0.053	0.053	(Gains)/Losses on Disposals of Assets				0.134	(0.292)
		393.475	394.303	<b>Net Operating Expenditure</b>				<b>391.314</b>	<b>392.066</b>
		(59.317)	(59.317)	Income from Council Tax				(64.626)	(64.626)
		(283.947)	(283.947)	Government Grants (not service specific)				(300.364)	(300.364)
		(33.530)	(33.530)	Distribution from NDR Pool				(33.087)	(33.087)
		(13.019)	(13.019)	Capital Grants & Contributions			Note 5	(24.795)	(24.795)
		(389.813)	(389.813)	<b>Taxation &amp; Non Specific Grant Income</b>				(422.872)	(422.872)
		<b>3.662</b>	<b>4.490</b>	<b>Net Operating Costs</b>				<b>(31.558)</b>	<b>(30.806)</b>
				<b>Financing and Investment Income and Expenditure</b>					
		2.285	2.285	Net Interest on Net Defined Pension Liability			Note 8	2.200	2.200
		-	1.062	Share of Surplus on Provision of Services of Associates & Joint Ventures				-	(1.643)
		(3.694)	(3.704)	Interest and Investment Income			Note 22	(4.299)	(4.322)
		27.371	27.371	Interest Payable and Similar Charges				28.910	28.910
		<b>29.624</b>	<b>31.504</b>	<b>(Surplus)/Deficit on the Provision of Services</b>				<b>(4.747)</b>	<b>(5.661)</b>
		22.530	22.530	(Surplus)/ Deficit on Revaluation of Non-Current Assets				(35.287)	(35.093)
		(21.592)	(21.592)	Remeasurement of the Net Defined Pension Benefit Liability (Asset)			Note 8	(10.373)	(11.435)
		-	(0.226)	Share of Other Comprehensive (Income)/ Expenditure of Associates & Joint Ventures				-	(0.608)
		<b>30.562</b>	<b>32.216</b>	<b>Total Comprehensive (Income)/Expenditure</b>				<b>(50.407)</b>	<b>(52.797)</b>

# Balance Sheet

This is a snapshot at 31 March 2026 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 2025				31 March 2026	
EAC	Group			EAC	Group
£m	£m			£m	£m
988.206	1,002.038	Property, Plant & Equipment	<i>Note 12</i>	1,038.967	1,052.383
14.429	14.429	Heritage Assets	<i>Note 16</i>	14.430	14.465
4.674	4.674	Intangible Assets	<i>Note 14</i>	3.734	3.734
-	32.311	Investments in Associates and Joint Ventures	<i>Note 32</i>	-	34.245
0.381	0.381	Non-Current Receivables (Long Term Investments)	<i>Note 22</i>	0.378	0.378
1.918	1.918	Right of Use Assets	<i>Note 7</i>	2.629	2.629
-	-	Pension Assets*	<i>Note 8</i>	-	-
<b>1,009.608</b>	<b>1,055.751</b>	<b>Non-Current Assets</b>		<b>1,060.138</b>	<b>1,107.834</b>
0.018	0.456	Short Term Investments	<i>Note 22</i>	0.017	0.465
1.682	1.682	Inventories	<i>Note 17</i>	2.009	2.060
37.216	37.216	Debtors	<i>Note 18</i>	56.035	57.410
-	-	Assets Held for Sale	<i>Note 15</i>	0.247	0.247
25.659	25.659	Cash and Cash Equivalents	<i>Note 19</i>	21.154	22.615
<b>64.575</b>	<b>65.013</b>	<b>Current Assets</b>		<b>79.462</b>	<b>82.797</b>
(60.836)	(60.836)	Short Term Borrowing	<i>Note 22</i>	(60.898)	(60.898)
(65.208)	(65.208)	Creditors (Including Grants Receipts in Advance)	<i>Note 18</i>	(73.136)	(75.085)
(0.946)	(0.946)	Short Term Lease Liabilities	<i>Note 22</i>	(1.160)	(1.160)
(4.515)	(4.515)	Provisions	<i>Note 20</i>	(3.648)	(3.648)
<b>(131.505)</b>	<b>(131.505)</b>	<b>Current Liabilities</b>		<b>(138.842)</b>	<b>(140.791)</b>
(34.708)	(34.708)	Pension Liabilities	<i>Note 8</i>	(33.991)	(34.102)
(94.535)	(94.535)	Other Long Term Liabilities	<i>Note 22</i>	(90.582)	(90.582)
(441.418)	(441.418)	Long Term Borrowing	<i>Note 22</i>	(453.887)	(453.887)
(1.164)	(1.164)	Long Term Creditors	<i>Note 22</i>	(0.686)	(0.686)
(0.974)	(0.974)	Long Term Lease Liabilities	<i>Note 22</i>	(1.326)	(1.326)
-	-	Liabilities in Associates and Joint Ventures	<i>Note 32</i>	-	-
<b>(572.799)</b>	<b>(572.799)</b>	<b>Non-Current Liabilities</b>		<b>(580.472)</b>	<b>(580.583)</b>
<b>369.878</b>	<b>416.459</b>	<b>Net Assets</b>		<b>420.286</b>	<b>469.257</b>
117.031	117.469	Usable Reserves (Available to Fund Services)	<i>MiRS</i>	125.746	127.330
-	13.002	Share of Usable Reserves of Associates and Joint Ventures		-	13.097
(31.461)	(31.461)	Unusable Statutory Adjustments Accounts	<i>Note 25</i>	(15.702)	(15.813)
284.308	298.140	Unusable Reserves (Unrealised and Deferred Impact on Taxation)	<i>Note 25</i>	310.243	323.496
-	19.309	Share of Unusable Reserves of Associates and Joint Ventures		-	21.148
<b>369.878</b>	<b>416.459</b>	<b>Net Reserves</b>		<b>420.286</b>	<b>469.257</b>

## Authorised for Issue

The unaudited accounts were authorised for issue by the Council on 25 June 2026.

**Joseph McLachlan CPFA**

*Director of Finance and Digital*

# 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).

<b>Cash Flow</b>			<b>2025/26</b>	
<b>2024/25</b>			<b>EAC</b>	<b>Group</b>
<b>EAC</b>	<b>Group</b>		<b>£m</b>	<b>£m</b>
<b>£m</b>	<b>£m</b>		<b>£m</b>	<b>£m</b>
<b>29.623</b>	<b>31.503</b>	<b>Deficit on the Provision of Services</b>	<b>(4.747)</b>	<b>(5.235)</b>
-	(1.062)	Deficit attributable to Associates and Joint Ventures	-	1.683
<b>29.623</b>	<b>30.441</b>	<b>(Surplus)/ Deficit on the Provision of Services</b>	<b>(4.747)</b>	<b>(3.552)</b>
		<b>Non Cash Items in the Comprehensive Income and Expenditure Statement</b>		
(59.286)	(60.114)	Depreciation and Impairment	(51.947)	(52.403)
(1.803)	(1.803)	Carrying Amount of Non-Current Assets Sold <i>Note 12</i>	(1.745)	(1.745)
(16.359)	(16.359)	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations <i>Note 8</i>	(9.656)	(10.717)
0.025	0.025	EIR Stepped Loan Adjustment	0.026	0.026
<b>(77.423)</b>	<b>(78.251)</b>		<b>(63.322)</b>	<b>(64.839)</b>
		<b>Changes in Working Capital</b>		
(0.161)	(0.161)	Increase/ (Decrease) in Stock and Work in Progress <i>Note 17</i>	0.327	0.335
(10.373)	(10.373)	Increase/ (Decrease) in Debtors	14.982	15.612
0.549	0.549	Increase/ (Decrease) in Bad Debt Provision	0.215	0.215
3.819	3.819	(Increase)/ Decrease in Creditors	1.199	0.143
<b>(6.166)</b>	<b>(6.166)</b>		<b>16.723</b>	<b>16.305</b>
		<b>Adjustments for Items which are included in the net surplus or deficit on the provision of services that are investing or financing activities</b>		
0.002	0.002	Net Increase / (Decrease) in Short Term Deposits	0.001	(0.012)
13.019	13.019	Capital Grants Received	24.795	24.795
1.750	1.750	Sale of Non-Current Assets	1.611	1.611
<b>14.771</b>	<b>14.771</b>		<b>26.407</b>	<b>26.394</b>
<b>(39.195)</b>	<b>(39.205)</b>	<b>Net Cash Outflow/ (Inflow) from Operating Activities</b>	<b>(24.939)</b>	<b>(25.692)</b>
		<b>Investing Activities</b>		
85.875	85.875	<b>Cash Outflows:</b> Purchase of Non-Current Assets <i>Note 10</i>	62.899	62.979
-	0.010	Increase in Short Term Deposits	-	0.010
85.875	85.885		<b>62.899</b>	<b>62.989</b>
(1.750)	(1.750)	<b>Cash Inflows:</b> Sale of Non-Current Assets	(1.611)	(1.611)
(0.002)	(0.002)	Decrease in Short Term Deposits	(0.001)	0.012
(13.019)	(13.019)	Capital Grants Received <i>Note 5</i>	(24.795)	(24.795)
<b>(14.771)</b>	<b>(14.771)</b>		<b>(26.407)</b>	<b>(26.394)</b>
<b>71.104</b>	<b>71.114</b>	<b>Net Cash Outflow/ (Inflow) from Investing Activities</b>	<b>36.492</b>	<b>36.595</b>
		<b>Financing</b>		
-	-	<b>Cash Outflows:</b> Repayments of Amounts Borrowed	-	-
(19.131)	(19.131)	Capital Element of Finance Lease Rental Payments	4.940	4.940
(28.494)	(28.494)	<b>Cash Inflows:</b> New Loans Raised	(11.988)	(11.988)
<b>(47.625)</b>	<b>(47.625)</b>	<b>Net Cash Outflow/ (Inflow) from Financing Activities</b>	<b>(7.048)</b>	<b>(7.048)</b>
<b>(15.716)</b>	<b>(15.716)</b>	<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>	<b>4.505</b>	<b>3.855</b>
<b>9.943</b>	<b>9.943</b>	<b>Cash and Cash Equivalents at the start of the reporting period</b> <i>Note 19</i>	<b>25.659</b>	<b>25.659</b>
<b>25.659</b>	<b>25.659</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b> <i>Note 19</i>	<b>21.154</b>	<b>21.804</b>

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# 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 2025/26.

<b>Expenditure and Income Analysis</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£m</b>	<b>Expenditure and Income Analysed by Nature</b>	<b>£m</b>
290.368	Employee Benefit Expenses	293.673
336.261	Other Service Expenses	349.228
59.286	Depreciation, Amortisation and Impairment	51.946
27.370	Interest Payable and Similar Charges	28.910
0.053	(Gain)/ Losses on Disposals of Assets	0.134
<b>713.338</b>	<b>Total Expenditure</b>	<b>723.891</b>
	<b>Income</b>	
(290.207)	Fees, Charges and Other Service Income	(301.468)
(3.694)	Interest and Investment Income	(4.299)
(92.847)	Income from Council Tax and Non Domestic Rates	(97.713)
(296.966)	Government Grants and Contributions	(325.159)
<b>(683.714)</b>	<b>Total Income</b>	<b>(728.639)</b>
<b>29.624</b>	<b>Deficit on the Provision of Services</b>	<b>(4.748)</b>

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 2025/26 were £0.378m (2024/25 £0.362m).

## 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 2025/26 we collected £24.629m (2024/25 £22.353m) and paid over £24.122m (2024/25 £21.845m). We received £0.507m for providing this service (2024/25 £0.508m). We also act as agent on behalf of the Scottish Government collecting non-domestic rates. During 2025/26 we billed £30.430m (2024/25 £32.660m) on their behalf and we received £33.087m (2024/25 £33.530m) in Distributable income from the Non-Domestic Rates pool.

In 2025/26 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 (£7.430m 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

Strathclyde Pension Fund members employer pension contributions were reduced to 6.5% from 17.5% for the second year. This saw an in year reduced spend on pension contributions of £14m.

## Note 5 – Grant Income

The following grants were credited to the CIES in 2025/26.

<b>Grant Income</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£m</b>	<b>Credited to Taxation and Non-Specific Grant Income</b>	<b>£m</b>
283.947	Revenue Support Grant	300.364
33.530	Non-Domestic Rates	33.087
7.817	General Capital Grant	9.402
2.682	Council House Building Programme	4.941
2.520	Other Capital Grants	10.453
<b>330.496</b>	<b>Total</b>	<b>358.247</b>
<b>£m</b>	<b>Credited to Services/ IJB</b>	<b>£m</b>
22.755	DWP Housing Benefits	17.764
23.300	NHS Resource Transfer	23.832
6.047	Scottish Attainment Challenge	5.376
3.166	William McIlvanney Campus	3.166
2.884	Criminal Justice Grant	3.506
0.599	Home Energy Efficiency Programmes Scotland (HEEPS) Grants	1.225
0.515	Private Sector Housing Grant	0.538
0.505	DWP Benefits Administration Grants	0.495
0.272	Education Maintenance Allowance	0.239
0.022	Dean Castle Restoration	0.131
1.027	Palace Theatre	-
0.286	Resettlement Programme	0.311
0.836	Ukrainian Resettlement Programme	0.485
0.650	Place Based Investment Programme	-
4.617	UK Shared Prosperity Fund	2.001
0.167	Skills Development Scotland Skillseeker Grant	0.156
0.203	Town Centre Regeneration	0.153
0.300	Fairer Futures Partnership	0.300
-	Extended Producer Responsibility	5.428
2.928	Various Minor Social Work Grants	1.600
3.010	Various Minor Chief Executive's Services Grants	2.969
2.195	Various Minor Communities and Economy Grants	1.983
<b>76.283</b>	<b>Total</b>	<b>71.658</b>

## 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 2026/27	6.054	3.805	2.971	12.830
Payable within 2 to 5 years	26.857	14.068	10.394	51.319
Payable within 6 to 10 years	27.441	28.738	7.968	64.147
Payable within 11 to 15 years	9.461	17.211	1.102	27.774
<b>Total</b>	<b>69.813</b>	<b>63.822</b>	<b>22.435</b>	<b>156.070</b>

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

PPP Liability Outstanding		
2024/25		2025/26
£m		£m
<b>46.867</b>	<b>Balance outstanding at start of year</b>	<b>66.242</b>
21.048	Liability restatement on transition to IFRS 16	-
2.066	Lease liability adjustment for inflation	1.603
(3.739)	Payments during the year	(4.023)
<b>66.242</b>	<b>Balance outstanding at year-end</b>	<b>63.822</b>

**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 2026/27	0.949	1.662	1.670	4.281
Payable within 2 to 5 years	5.107	6.138	5.878	17.123
Payable within 6 to 10 years	7.247	8.752	5.404	21.403
Payable within 11 to 15 years	8.068	10.360	2.975	21.403
Payable within 16 to 20 years	2.885	5.314	0.351	8.550
<b>Total</b>	<b>24.256</b>	<b>32.226</b>	<b>16.278</b>	<b>72.760</b>

2024/25		2025/26
£m		£m
<b>35.182</b>	<b>Balance outstanding at start of year</b>	<b>33.892</b>
0.290	Liability restatement on transition to IFRS 16	-
0.055	Lease liability adjustment for inflation	0.025
(1.635)	Payments during the year	(1.691)
<b>33.892</b>	<b>Balance outstanding at year-end</b>	<b>32.226</b>

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 original 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*

The Council adopted IFRS 16 from 1 April 2024. Properties and other vehicles, plant and equipment that fall under the scope of IFRS16 have now been reclassified as right of use assets on the balance sheet.

**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 £10k 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 (£0.056m in 2024/25).

**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 £1.141m (£1.083m in 2024/25).

The table below relate to where the Council is acting as Lessee for low value (below £10k 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:

<b>Leases</b>				
<b>31 March 2025</b>			<b>31 March 2026</b>	
<b>Council as Lessee</b>	<b>Council as Lessor</b>		<b>Council as Lessee</b>	<b>Council as Lessor</b>
<b>£m</b>	<b>£m</b>		<b>£m</b>	<b>£m</b>
0.056	1.027	Not later than 1 year	0.056	1.027
0.111	3.156	Later than 1 year and not later than 5 years	0.057	3.220
-	6.840	Later than 5 years	-	6.366
<b>0.167</b>	<b>11.023</b>	<b>Total</b>	<b>0.113</b>	<b>10.613</b>

In 2025/26, the Authority has applied IFRS 16 Leases as adopted by the Code of Accounting Practice. 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 liability), a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2025. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2025. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2025/26 and not by adjusting prior year figures. The details of the changes in accounting policies and transitional provisions are disclosed below.

#### **A. Definition of a lease**

On transition to IFRS 16, the Authority elected to apply the practical expedient not to reassess whether a contract is, or contains, a lease at 1 April 2025, except in relation to leases for nil consideration and housing tenancies. It has applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4.

#### **B. As a lessee**

As a lessee, the Authority 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 Authority. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

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

The weighted average rate of the Incremental Borrowing Rate (IBR) / Interest Rate Implicit in the Lease (IRIL) is 4.15% across the Authority's portfolio..

#### **C. As a lessor**

The Authority is not required to make any adjustment under IFRS 16 for leases in which it acts as a lessor, except for authorities acting as an intermediate lessor (subletting an asset it has acquired under a lease), or where the Authority is party to a lease for nil consideration.

The Authority was not party to any sublease arrangements as lessor as at 1 April 2025

As at 1 April 2025 the Authority was not party to as lessor to lease for nil consideration.

#### D. Sale-and-leaseback

The Authority did not have any Sale and Leaseback transactions as at 1 April 2025

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

<b>Change in the value of right-of-use assets held under leases by the authority</b>			
	<b>31 March 2026</b>		
	<b>Land &amp; Buildings £m</b>	<b>Vehicles, Plant &amp; Equipment £m</b>	<b>Total £m</b>
<b>Right of Use Assets</b>			
<b>Balance as at 1 April 2025</b>	1.624	0.294	1.918
Additions	0.515	1.614	2.129
Revaluations	0.122	0.013	0.135
Depreciation and Amortisation	(0.801)	(0.619)	(1.420)
Disposals	(0.083)	-	(0.083)
<b>Balance as at 31 March 2026</b>	<b>1.377</b>	<b>1.302</b>	<b>2.679</b>

<b>Maturity Analysis of Lease Liabilities</b>	
	<b>31 March 2026 £m</b>
<b>Maturity Analysis of Lease Liabilities</b>	
Less than one year	1.554
One to five years	1.870
More than five years	0.064
<b>Total undiscounted liabilities</b>	<b>3.488</b>

## **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 the cost of retirement benefits when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the Council Tax or HRA rents is based upon the pension contributions payable by the Council in the year, and an adjustment is made in the Movement in Reserves Statement to achieve this.

## Defined Benefit Pension Scheme

2024/25	Local Government Pension Scheme	2025/26
£m	<b>Comprehensive Income and Expenditure Statement (CIES)</b>	£m
	<i>Cost of Services:</i>	
26.489	Current service costs	19.992
0.031	Past service costs (including curtailments)	0.587
-	Effect of Settlements	(0.189)
	<i>Financing and Investing Income and Expenditure:</i>	
(16.635)	Net Interest Expense	(27.827)
18.920	Changes in the Effect of the Asset Ceiling	30.027
<b>28.805</b>	<b>Total Post Employment Benefit Charged to Surplus or Deficit on Provision of Services</b>	<b>22.590</b>
	<i>Other Post Employment Benefit Charged to the CIES:</i>	
	<i>Re-measurement of the net defined benefit liability comprising:</i>	
16.227	Return on pension fund assets	(43.525)
(1.527)	Actuarial (gains) arising on changes in demographic assumptions	5.009
(135.859)	Actuarial (gains) or losses arising on changes in financial assumptions	(31.194)
(9.474)	Actuarial losses arising from other experience	7.352
(409.031)	Changes in the Effect of the Asset Ceiling	(548.099)
<b>(510.859)</b>		<b>(587.867)</b>
518.072	Effect of Asset Ceiling Limitation	600.084
<b>7.213</b>	<b>Total Post Employment Benefit Charged to the CIES</b>	<b>12.217</b>
	<b>Movement in Reserves Statement (MiRS)</b>	
(16.359)	Reversal of net charges made to the Surplus/ Deficit for the Provision of Services for post employment benefits in line with the Code	(9.656)
<b>12.446</b>	<b>Employers' contributions payable to Strathclyde Pension Fund</b>	<b>12.934</b>

2024/25	Pension Assets and Liabilities on the Balance Sheet	2025/26
£m		£m
(763.994)	Present Value of The Defined Benefit Obligation	(782.495)
1,282.066	Fair Value of Pension Fund Assets	1,382.579
(518.072)	De-Recognition of Pension Fund Assets (Surplus) to Asset Ceiling	(600.084)
-	<b>Net Funded Asset from Defined Benefit Obligation</b>	-
(34.708)	Present Value of the Unfunded Liability Accounted for Separately	(33.991)
(34.708)	<b>Net Total Asset (Liability) arising from Defined Benefit Obligation</b>	<b>(33.991)</b>
(14.613)	Unfunded liabilities for Pension Fund	(14.487)
(16.560)	Teachers unfunded pensions	(16.258)
(3.535)	Unfunded liabilities prior to 1996 local government reorganisation	(3.246)

2024/25	Reconciliation of Present Value of Scheme Liabilities	2025/26
£m		£m
<b>(1,290.669)</b>	<b>Opening balance at 1 April</b>	<b>(1,316.774)</b>
(26.489)	Current Service Cost	(19.992)
(43.678)	Interest Cost	(45.936)
(18.920)	Changes in the Effect of the Asset Ceiling	(30.027)
(8.412)	Contributions from scheme Participants	(8.513)
-	Re-measurement gains and (losses)	-
1.527	Actuarial gains from changes in demographic assumptions	(5.009)
135.859	Actuarial gains or (losses) from changes in financial assumptions	31.194
9.474	Actuarial gains or (losses) from other experience	(7.352)
409.031	Changes in the Effect of the Asset Ceiling	548.099
(0.031)	Past service cost	(0.587)
33.606	Benefits Paid (including settlements)	38.411
<b>(798.702)</b>	<b>Closing Actuarial Balance at 31 March</b>	<b>(816.486)</b>
(518.072)	Effect of Asset Ceiling Limitation	(600.084)
<b>(1,316.774)</b>	<b>Closing Accounting Balance at 31 March</b>	<b>(1,416.570)</b>

2024/25	Reconciliation of Movements in Fair Value Scheme Assets	2025/26
£m		£m
<b>1,250.728</b>	<b>Opening Fair Value of Pension Fund Assets</b>	<b>1,282.066</b>
60.313	Interest Income	73.763
-	Re-measurement gains and (losses)	-
(16.227)	Return on pension fund assets	43.525
-	Other Experience	-
12.446	Contributions from employers	12.934
8.412	Contributions from employees into the scheme	8.513
(33.606)	Benefits Paid (including settlements)	(38.222)
<b>1,282.066</b>	<b>Closing Balance at 31 March</b>	<b>1,382.579</b>

## 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	2025/26				2024/25			
	Prices quoted in Active Markets	Prices not quoted in Active Markets	Total	%	Prices quoted in Active Markets	Prices not quoted in Active Markets	Total	%
	£m	£m	£m		£m	£m	£m	
Equity Securities	290.736	0.999	291.735	21%	265.595	0.829	266.424	21%
Private Equity	-	331.571	331.571	24%	-	296.351	296.351	23%
Real Estate	-	95.839	95.839	7%	-	96.729	96.729	8%
Investment Funds and Unit Trusts	-	618.847	618.847	45%	4.694	586.674	591.368	46%
Derivatives	-	-	-	0%	-	(0.001)	(0.001)	0%
Cash & Cash Equivalents	-	44.586	44.586	3%	-	31.194	31.194	2%
<b>Closing balance at 31 March</b>	<b>290.736</b>	<b>1,091.843</b>	<b>1,382.579</b>	<b>100%</b>	<b>270.289</b>	<b>1,011.777</b>	<b>1,282.066</b>	<b>100%</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed based on the latest full valuation of the scheme as at 31 March 2026.

Basis for Estimating Assets and Liabilities			
2025/26			
Local Government Pension Scheme		2025/26	2024/25
Mortality assumptions (years):			
Longevity at 65 for current pensioners:	Men	19.9	19.7
	Women	22.6	22.5
Longevity at 65 for future pensioners:	Men	21.0	20.5
	Women	24.4	24.2
Rate of inflation (RPI)		3.25%	3.05%
Rate of inflation (CPI)		3.00%	2.75%
Rate of increase in salaries		3.70%	3.45%
Rate of increase in pensions		3.00%	2.75%
Rate for discounting scheme liabilities		6.30%	5.80%
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 2026

Assumptions at 31 March 2026		
	Approximate % increase in Employer Liability	Approximate monetary amount £m
0.1% decrease in Real Discount Rate	2%	£13,085
1 Year increase in Member Life Expectancy	4%	£32,659
0.1% increase in the Salary Increase Rate	0%	£858
0.1% increase in the Pension Increase Rate	1%	£12,222

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 2025/26. 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 2027 is £25.170m. 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 2026 at a surplus meaning that we hold a pension asset rather than a liability. This has been the position since 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 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 2024/25 the Council recognised a pension asset of nil; this was after a pension asset ceiling adjustment of £518.072m. In 2025/26 our independent actuary notes the following values as being:

- (a) a net funded asset of £600.084m; 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 £33.991m. When this is considered alongside the asset ceiling adjustment, the final net value of the defined benefit pension scheme is a liability of £33.991m. 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 86 - 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 2026 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 of 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 2026 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 2025/26 amounted to £16.553m, employer pension rates were 26% (2024/25 £16.234m and employer rate of 26%). As a proportion of the total contributions into the scheme during the year ended 31 March 2025 (£897.6m), the Council's own contributions paid that year equate to approximately 1.80%. Data for total contributions in the year ending 31 March 2026 will be published in October 2026 and the Council's share of this will be published in next year's annual accounts. In addition, contributions totalling £0.526m, 0.8% of pensionable pay, were made for discretionary payments (2024/25 £0.557m, 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 2025/26 and the resources used to finance it are shown below. Also shown are the capital commitments at 31 March 2026.

<b>Capital Expenditure and Capital Financing</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£m</b>		<b>£m</b>
<b>653.711</b>	<b>Opening Capital Financing Requirement</b>	<b>695.151</b>
	<i>Capital Investment</i>	
58.478	Property, Plant and Equipment	64.549
0.710	Intangible Assets	0.876
1.080	Revenue Expenditure Funded from Capital under Statute	1.369
23.459	<i>Right of Use Asset Service Concession remeasurement recognised in year</i>	1.628
1.918	Right of Use Asset remeasurement recognised in year	0.711
	<i>Sources of Finance</i>	
(0.675)	Capital receipts	(1.136)
(14.099)	Government grants and other contributions	(26.164)
	Sums set aside from revenue:	
(10.475)	Direct revenue contributions	(14.615)
(5.375)	Repayment of PPP/Finance Lease Capital Debt	(5.713)
(1.920)	Repayment of Right Of Use lease	(0.566)
(13.729)	Loans Fund Principal	(14.472)
-	Application of PPP retrospective flexibility	-
2.068	Application of PPP in year flexibility	2.144
-	Application of Future Direct Revenue Contributions	-
<b>695.151</b>	<b>Closing Capital Financing Requirement</b>	<b>703.762</b>
	<b>Explanation of movements in year</b>	
41.440	Increase/ (Decrease) in underlying need to borrow (unsupported by government financial assistance)	8.611
<b>41.440</b>	<b>Increase/ (Decrease) in Capital Financing Requirement</b>	<b>8.611</b>
	<b>Capital Contract Commitments at 31 March - Property, Plant &amp; Equipment</b>	<b>£m</b>
	Housing Investment Programme	14.211
	Affordable Housing Projects	8.185
	Schools & ELC	2.518
	Other Projects	1.430
	<b>Total</b>	<b>26.344</b>

## Note 11 – Impairment Losses

An impairment loss of £12.200m was recognised in 2025/26 due to the revaluation of PPE and other changes in asset condition, such as planned demolition (2024/25 £22.819m). 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 2025/26. The valuation bases, useful lives and depreciation methods used are disclosed within Note 26 - Accounting Policies, Section N.

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 supported by indexation in intervening years. Where no indexation is available a desktop valuation in year 3 will be undertaken. Valuations have been compiled by an external valuer. Additional valuations are undertaken outwith the rolling programme where necessary. For example, properties will be revalued where there is a material change or an impairment has been noted. We also revalue each year any property deemed as surplus to requirements.

Infrastructure asset values have been disclosed in accordance with the Scottish Government's Finance Circular 6/2025 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 2027, 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 2027, 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

2025/26	OPERATIONAL ASSETS			NON-OPERATIONAL ASSETS		2025/26	2025/26
				Community Assets - Surplus			PPP/ NPD Assets included in Total PPE
	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Assets Not Held for Sale</b>	<b>Assets Under Construction</b>	<b>Total PPE</b>	<b>Total PPE</b>
	£m	£m	£m	£m	£m	£m	£m
<b>Cost or Valuation:</b>							
<b>At 1 April 2025</b>	<b>382.056</b>	<b>513.067</b>	<b>30.329</b>	<b>19.397</b>	<b>16.966</b>	<b>961.815</b>	<b>143.413</b>
Expenditure	32.075	9.738	6.450	0.176	11.247	<b>59.686</b>	<b>0.022</b>
Revaluations (Effective 31 March):							
To Revaluation Reserve	13.748	(22.265)	-	0.307	-	<b>(8.210)</b>	<b>(3.159)</b>
Impairment to Net Cost of Services	(5.645)	(6.849)	-	0.294	-	<b>(12.200)</b>	-
Disposals	(1.433)	(0.050)	(3.071)	(0.336)	-	<b>(4.890)</b>	-
Derecognition	-	-	-	-	-	-	-
Other movements	-	9.866	-	0.255	(10.524)	<b>(0.403)</b>	-
<b>At 31 March 2026</b>	<b>420.801</b>	<b>503.507</b>	<b>33.708</b>	<b>20.093</b>	<b>17.689</b>	<b>995.798</b>	<b>140.276</b>
<b>Depreciation and Impairment:</b>							
<b>At 1 April 2025</b>	<b>(4.934)</b>	<b>(23.835)</b>	<b>(16.459)</b>	<b>(0.595)</b>	<b>(0.039)</b>	<b>(45.862)</b>	<b>(3.607)</b>
Depreciation charge	(7.672)	(16.295)	(2.666)	(0.409)	-	<b>(27.042)</b>	<b>(3.233)</b>
Depreciation written out							
To Revaluation Reserve	3.273	39.979	-	0.244	-	<b>43.496</b>	<b>6.840</b>
Disposals	0.050	0.019	3.066	0.010	-	<b>3.145</b>	-
Reclassifications	-	<b>0.120</b>	-	<b>(0.004)</b>	<b>0.039</b>	<b>0.155</b>	-
<b>At 31 March 2026</b>	<b>(9.283)</b>	<b>(0.012)</b>	<b>(16.059)</b>	<b>(0.754)</b>	-	<b>(26.108)</b>	-
<b>Net Book Value at 31 March 2025</b>	<b>377.122</b>	<b>489.232</b>	<b>13.870</b>	<b>18.802</b>	<b>16.927</b>	<b>915.953</b>	<b>139.806</b>
<b>Net Book Value at 31 March 2026</b>	<b>411.518</b>	<b>503.495</b>	<b>17.649</b>	<b>19.339</b>	<b>17.689</b>	<b>969.690</b>	<b>140.276</b>
<b>2024/25</b>	<b>OPERATIONAL ASSETS</b>			<b>NON-OPERATIONAL ASSETS</b>		<b>2024/25</b>	<b>2024/25</b>
				Community Assets - Surplus			PPP/ NPD Assets included in Total PPE
	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Assets Not Held for Sale</b>	<b>Assets Under Construction</b>	<b>Total PPE</b>	<b>Total PPE</b>
	£m	£m	£m	£m	£m	£m	£m
<b>Cost or Valuation:</b>							
<b>At 1 April 2024</b>	<b>377.827</b>	<b>498.692</b>	<b>29.639</b>	<b>20.844</b>	<b>18.169</b>	<b>945.171</b>	<b>137.283</b>
Expenditure	27.373	26.697	4.947	1.274	15.019	<b>75.310</b>	23.514
Revaluations (Effective 1 April):							
To Revaluation Reserve	(15.353)	(15.765)	-	0.232	-	<b>(30.886)</b>	<b>(17.384)</b>
To Net Cost of Services	(19.942)	(0.604)	-	(2.273)	-	<b>(22.819)</b>	-
Disposals	(0.876)	-	(4.257)	(0.680)	-	<b>(5.813)</b>	-
Derecognition	-	-	-	-	-	-	-
Other movements	13.027	4.047	-	-	(16.222)	<b>0.852</b>	-
<b>At 31 March 2025</b>	<b>382.056</b>	<b>513.067</b>	<b>30.329</b>	<b>19.397</b>	<b>16.966</b>	<b>961.815</b>	<b>143.413</b>
<b>Depreciation and Impairment:</b>							
<b>At 1 April 2024</b>	<b>(0.000)</b>	<b>(13.545)</b>	<b>(18.510)</b>	<b>(0.531)</b>	<b>(0.039)</b>	<b>(32.625)</b>	<b>(3.001)</b>
Depreciation charge	(7.557)	(15.179)	(2.098)	(0.389)	-	<b>(25.223)</b>	<b>(3.002)</b>
Depreciation written out							
To Revaluation Reserve	2.606	5.442	-	0.308	-	<b>8.356</b>	<b>2.396</b>
Disposals	0.017	-	4.149	0.017	-	<b>4.183</b>	-
Reclassifications	-	(0.553)	-	-	-	<b>(0.553)</b>	-
<b>At 31 March 2025</b>	<b>(4.934)</b>	<b>(23.835)</b>	<b>(16.459)</b>	<b>(0.595)</b>	<b>(0.039)</b>	<b>(45.862)</b>	<b>(3.607)</b>
<b>Net Book Value at 31 March 2024</b>	<b>377.827</b>	<b>485.147</b>	<b>11.129</b>	<b>20.313</b>	<b>18.130</b>	<b>912.546</b>	<b>134.282</b>
<b>Net Book Value at 31 March 2025</b>	<b>377.122</b>	<b>489.232</b>	<b>13.870</b>	<b>18.802</b>	<b>16.927</b>	<b>915.953</b>	<b>139.806</b>

### Infrastructure Assets

2024/25		2025/26
£m		£m
<b>74.767</b>	<b>Net Book Value at 1 April</b>	<b>72.248</b>
6.627	Expenditure	6.491
(0.299)	Transfers	-
-	Disposals	(0.233)
(8.847)	Depreciation	(9.234)
<b>72.248</b>	<b>Infrastructure Assets Closing Net Book Value</b>	<b>69.272</b>
915.953	Other PPE Assets (see table above)	969.690
<b>991.608</b>	<b>Total PPE Assets</b>	<b>1,038.962</b>

## 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.

<b>Intangible Assets</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£m</b>	<b>Balance at start of year:</b>	<b>£m</b>
6.943	Gross carrying amounts	7.653
(1.456)	Accumulated amortisation	(2.979)
<b>5.487</b>	<b>Net carrying amount at start of year</b>	<b>4.674</b>
0.710	Purchases	0.872
(1.523)	Amortisation for the period	(1.812)
<b>4.674</b>	<b>Net carrying amount at end of year</b>	<b>3.734</b>
	<b>Comprising:</b>	
7.653	Gross carrying amounts	8.525
(2.979)	Accumulated amortisation	(4.791)

## Note 15 – Assets Held for Sale

Assets held for sale		
2024/25		2025/26
<b>£m</b>	<b>Current Assets</b>	<b>£m</b>
<b>0.170</b>	<b>Balance outstanding at start of year</b>	-
0.004	Assets newly classified as held for sale	0.247
-	Additions	-
(0.174)	Assets declassified as held for sale	-
-	<b>Balance outstanding at year-end</b>	<b>0.247</b>

## 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		
2024/25		2025/26
<b>£m</b>		<b>£m</b>
<b>14.429</b>	<b>Cost or Valuation at 1 April</b>	<b>14.429</b>
-	Expenditure	0.001
<b>14.429</b>	<b>Cost or Valuation at 31 March</b>	<b>14.430</b>
<b>14.429</b>	<b>Opening Net Book Value</b>	<b>14.429</b>
<b>14.429</b>	<b>Closing Net Book Value</b>	<b>14.430</b>

## Note 17 – Inventories

Inventories						
2024/25				2025/26		
Consumable Stores	Maintenance Materials	Total		Consumable Stores	Maintenance Materials	Total
£m	£m	£m		£m	£m	£m
0.956	0.888	1.844	Opening Balance	0.848	0.834	1.682
-	-	-	Transfers In	-	-	-
1.751	3.143	4.894	Purchases	1.915	3.113	5.028
(1.859)	(3.197)	(5.056)	Recognised as expense in the year	(1.631)	(3.070)	(4.701)
<b>0.848</b>	<b>0.834</b>	<b>1.682</b>	<b>Closing Balance</b>	<b>1.132</b>	<b>0.877</b>	<b>2.009</b>

## Note 18 – Short Term Debtors and Creditors

Debtors & Creditors				
31 March 2025			31 March 2026	
Debtors	Creditors	Short Term Debtors and Creditors	Debtors	Creditors
£m	£m		£m	£m
14.064	(12.674)	Central Government bodies	21.613	(14.614)
6.401	(5.964)	Other Local Authorities	6.794	(5.739)
1.548	(1.058)	NHS bodies	6.702	(0.588)
-	(0.354)	Public Corporations and trading funds	-	(0.288)
15.203	(45.158)	Other entities and individuals	20.926	(51.907)
<b>37.216</b>	<b>(65.208)</b>	<b>Total</b>	<b>56.035</b>	<b>(73.136)</b>

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 £7.121m (2024/25 £5.989m).

## Note 19 – Cash and Cash Equivalents

Cash & Cash Equivalents		
31 March 2025		31 March 2026
£m		£m
0.036	Cash held by the Council	0.035
2.674	Callable deposits	9.629
(0.094)	Bank current accounts	(3.639)
23.043	Short term deposits	15.129
<b>25.659</b>	<b>Total Cash and Cash Equivalents</b>	<b>21.154</b>

\*The Council also holds £5.195m of Third Party Cash relating to Escrow arrangements.

## Note 20 – Provisions

Provisions					
Provisions	Training & Employment	Severances	Legal Cases	Other	Total
<b>Balance as at 1 April 2025</b>	<b>2.880</b>	<b>0.117</b>	<b>1.518</b>	-	<b>4.515</b>
Additional Provisions made during the year	0.212	0.011	0.057	-	0.280
Costs Incurred against provision	(0.611)	(0.117)	(0.419)	-	(1.147)
Unused amounts reversed during the year	-	-	-	-	-
<b>Balance as at 31 March 2026</b>	<b>2.481</b>	<b>0.011</b>	<b>1.156</b>	-	<b>3.648</b>

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 its expected obligations from Scottish Government provided funding to support economic recovery following the Covid-19 pandemic. The assessed liability at 31 March 2026 is £2.481m (2024/25 £2.9m).

At 31 March 2026 £0.011m (2024/25 £0.117m) 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:

- 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 1 live claim.
- The Council currently has 3 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**

East Ayrshire Council is a member of Business Loans Scotland (BLS), a consortium of Scottish Local Authorities established to provide loan finance to small and medium-sized enterprises (SMEs) across Scotland.

In July 2024, the Scottish Government confirmed that BLS would not be recapitalised beyond 2024/25. Following consideration of available options, the Directors resolved to make all staff redundant, with this process completed in August 2025. BLS continues to fulfil its contractual obligation to manage the Realisation Phase (collection of outstanding loan repayments) on behalf of the Scottish Government until March 2029, supported by two part-time employees. The future of the organisation beyond this period remains under review; however, it is anticipated that Business Loans Scotland and its subsidiary companies will be wound up and dissolved thereafter.

As lead and host authority, East Ayrshire Council provided a financial guarantee to Strathclyde Pension Fund (SPF) to underwrite BLS's membership in the scheme, including any potential pension fund liabilities. Following the redundancy of staff in August 2025, BLS ceased its membership in SPF. No pension liability arose on exit and, accordingly, the Council's guarantee has expired with no call made against it.

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 2025				31 March 2026		
Non Current	Current	Total	Amortised Cost	Non Current	Current	Total
£m	£m	£m		£m	£m	£m
0.381	0.018	<b>0.399</b>	Investments	0.378	0.017	<b>0.395</b>
-	62.969	<b>62.969</b>	Debtors	-	75.633	<b>75.633</b>
<b>0.381</b>	<b>62.987</b>	<b>63.368</b>	<b>Total Financial Assets</b>	<b>0.378</b>	<b>75.650</b>	<b>76.028</b>
(536.927)	(61.876)	<b>(598.803)</b>	Borrowings	(545.795)	(65.697)	<b>(611.492)</b>
(1.164)	(53.769)	<b>(54.933)</b>	Creditors	(0.686)	(55.452)	<b>(56.138)</b>
<b>(538.091)</b>	<b>(115.645)</b>	<b>(653.736)</b>	<b>Total Financial Liabilities</b>	<b>(546.481)</b>	<b>(121.149)</b>	<b>(667.630)</b>

### Items of Income

Items of income				
2024/25			2025/26	
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		£m	£m
-	-	<b>Net gains/losses on:</b>		
		Financial assets measured at amortised cost	-	-
-	-	<b>Total net gains/losses</b>	-	-
		Interest revenue:		
3.694	-	Financial assets measured at amortised cost	4.299	-
<b>3.694</b>	-	<b>Total interest revenue</b>	<b>4.299</b>	-
-	-		-	-
<b>26.477</b>	-	<b>Interest expense</b>	<b>28.345</b>	-

*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:

<b>Financial Instruments Fair Value and Carrying Value</b>				
<b>31 March 2025</b>			<b>31 March 2026</b>	
<b>Carrying Amount</b>	<b>Fair Value</b>		<b>Carrying Amount</b>	<b>Fair Value</b>
<b>£m</b>	<b>£m</b>		<b>£m</b>	<b>£m</b>
0.018	0.018	Short Term Investments	0.017	0.017
0.381	0.381	Long Term Investments	0.378	0.378
62.969	62.969	Short Term Debtors	75.633	75.633
<b>63.368</b>	<b>63.368</b>	<b>Financial Assets</b>	<b>76.028</b>	<b>76.028</b>
(443.217)	(386.634)	PWLB Debt	(435.043)	(367.124)
(53.438)	(54.107)	Non-PWLB Debt	(74.276)	(72.416)
(0.094)	(0.094)	Short Term Borrowing	(3.639)	(3.639)
(53.769)	(53.769)	Short Term Creditors	(55.452)	(55.452)
(5.599)	(5.599)	Short Term Finance Lease Liability	(5.466)	(5.466)
(0.946)	(0.946)	Short Term Lease Liability	(1.160)	(1.160)
(1.164)	(1.164)	Long Term Creditors	(0.686)	(0.686)
(94.535)	(90.479)	Other Long Term Liabilities	(90.582)	(82.100)
(0.974)	(0.974)	Long Term Lease Liabilities	(1.326)	(1.326)
<b>(653.736)</b>	<b>(593.766)</b>	<b>Financial Liabilities</b>	<b>(667.630)</b>	<b>(589.369)</b>

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 2026) 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 £435.042m would be valued at £339.629m. 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 £367.124m.

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 27 February 2025, and is available on our website. The key areas within the strategy were:

- The Authorised Limit for 2025/26 was set at £748.446m, the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £730.191m. 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 MUFG Asset Management 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 2025/26 Annual Investment Strategy approved by Council on 27 February 2025 is available on our website.

### *Credit Risk Exposure at 31 March 2026*

<b>Credit Risk Exposure</b>									
Counterparty	Credit Rating Criteria met when investment placed	Credit Rating Criteria met on 31 March 2026	Balance Invested at 31 March 2026						
			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	9.607	-	-	-	-	-	<b>9.607</b>
Debt Management Office	YES	YES	15.120	-	-	-	-	-	<b>15.120</b>
Other	YES	YES	0.001	-	0.001	-	0.001	0.378	<b>0.381</b>
<b>Total</b>			<b>24.728</b>	<b>-</b>	<b>0.001</b>	<b>-</b>	<b>0.001</b>	<b>0.378</b>	<b>25.108</b>

### *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:

<b>Liquidity Risk</b>		
31 March 2025		31 March 2026
£m		£m
0.018	Less than 1 year	0.017
0.003	Between 1 and 2 years	0.003
0.004	Between 2 and 3 years	0.002
0.374	More than 3 years	0.373
<b>0.399</b>		<b>0.395</b>

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):

<b>Maturity Risk</b>				
	<b>Approved Minimum Limits</b>	<b>Approved Maximum Limits</b>	<b>31 March 2026</b>	
			<b>£m</b>	<b>%</b>
Less than 1 year	0%	35%	65.697	10.74%
Between 1 and 2 years	0%	35%	62.291	10.19%
Between 2 and 5 years	0%	60%	89.376	14.62%
Between 5 and 10 years	0%	50%	91.329	14.93%
More than 10 years	0%	50-90%	302.799	49.52%
<b>Total</b>			<b>611.492</b>	<b>100.00%</b>

### *Trade Receivables*

At 31 March 2026 potential maximum exposure credit risk based on the level of default trade debtors is a gross debtor of £12.445m with a bad debt provision of £2.747m. 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:

<b>Trade Receivables</b>		
<b>31 March 2025</b>		<b>31 March 2026</b>
<b>£m</b>		<b>£m</b>
5.857	Less than 3 months	9.252
0.342	Between 3 and 6 months	0.267
0.413	Between 6 months and 1 year	0.552
2.591	More than 1 year	2.374
<b>9.203</b>		<b>12.445</b>

### *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 2026, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

<b>Market Risk</b>	
	<b>£m</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	0.600
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>0.600</b>
<b>Share of overall impact debited to the HRA</b>	<b>0.168</b>
Decrease in fair value of fixed rate investment assets	0.005
Impact on Other Comprehensive Income and Expenditure	-
<b>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)</b>	<b>35.653</b>

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 £0.169m for 2025/26.

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 108.

## Chief Officers

All Chief Officers completed and signed a Related Party declaration for the year to 31 March 2026. 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 2024/25		As at March 2025		Entity	During 2025/26		As at 31 March 2026	
Charges to	Charges from	Due from	Due to		Charges to	Charges from	Due from	Due to
£m	£m	£m	£m		£m	£m	£m	£m
0.618	6.429	0.060	0.544	East Ayrshire Leisure Trust	0.655	14.074	0.170	0.552
134.003	110.691	-	2.217	Integration Joint Board	141.250	117.545	-	1.755

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								
2024/25		Unusable Reserves		Unusable Statutory Adjustment Accounts				2025/26
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
<b>288.705</b>	<b>Balance as at 1 April 2025</b>	<b>284.308</b>	-	<b>23.947</b>	<b>(34.708)</b>	<b>(9.355)</b>	<b>(11.345)</b>	<b>252.846</b>
<b>(0.938)</b>	Other Comprehensive Income and Expenditure	35.288	-	-	10.373	-	-	<b>45.661</b>
<b>(0.938)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>35.288</b>	-	-	<b>10.373</b>	-	-	<b>45.661</b>
	<b>Adjustments between Accounting Basis and Funding Basis Under Statute</b>							
<b>(26.520)</b>	Current and Past Service Pension Costs in Cost of Services	-	-	-	(20.390)	-	-	<b>(20.390)</b>
<b>(2.285)</b>	Net Interest on Net Defined Pension Liability	-	-	-	(2.200)	-	-	<b>(2.200)</b>
<b>12.446</b>	Employers Contributions to Pensions Fund	-	-	-	12.934	-	-	<b>12.934</b>
<b>(16.359)</b>	<b>Adjustments Relating to Pensions</b>	-	-	-	<b>(9.656)</b>	-	-	<b>(9.656)</b>
<b>(34.944)</b>	Depreciation of Non-Current Assets	(9.353)	-	(28.581)	-	-	-	<b>(37.934)</b>
<b>(22.819)</b>	Impairment of Non-Current Assets	-	-	(12.200)	-	-	-	<b>(12.200)</b>
<b>(1.523)</b>	Amortisation of Intangible Assets	-	-	(1.812)	-	-	-	<b>(1.812)</b>
<b>13.019</b>	Capital Grants & Contributions Applied	-	-	24.795	-	-	-	<b>24.795</b>
-	Capital Grants & Contributions Unapplied	-	-	-	-	-	-	-
<b>19.951</b>	Repayment of Debt	-	-	21.613	-	-	-	<b>21.613</b>
<b>10.475</b>	Capital Expenditure Funded in Year	-	-	14.615	-	-	-	<b>14.615</b>
<b>0.676</b>	Use of HRA Capital Fund to Finance New Capital Expenditure	-	-	1.136	-	-	-	<b>1.136</b>
<b>(1.803)</b>	Net Gain/ Loss on Disposal of Non-Current Assets	-	-	(1.745)	-	-	-	<b>(1.745)</b>
<b>(16.968)</b>	<b>Adjustments Relating to Capital</b>	<b>(9.353)</b>	-	<b>17.821</b>	-	-	-	<b>8.468</b>
<b>0.048</b>	Differences relating to Officer Remuneration required by statute	-	-	-	-	-	(1.063)	<b>(1.063)</b>
<b>0.427</b>	Differences relating to Financial Instruments required by statute	-	-	-	-	0.428	-	<b>0.428</b>
<b>(2.068)</b>	Adjustment to Statutory Repayment of debt for Service Concession arrangements - permitted flexibility	-	-	(2.144)	-	-	-	<b>(2.144)</b>
<b>(1.593)</b>	<b>Adjustments for Other Items</b>	-	-	<b>(2.144)</b>	-	<b>0.428</b>	<b>(1.063)</b>	<b>(2.779)</b>
<b>(35.858)</b>	<b>Increase (decrease) before transfers</b>	<b>25.935</b>	-	<b>15.677</b>	<b>0.717</b>	<b>0.428</b>	<b>(1.063)</b>	<b>41.694</b>
<b>252.847</b>	<b>Balance as at 31 March 2026</b>	<b>310.242</b>	-	<b>39.624</b>	<b>(33.991)</b>	<b>(8.927)</b>	<b>(12.409)</b>	<b>294.540</b>

2025-2026

East Ayrshire Council **Unaudited Annual Accounts**

# General Accounting Policies and Assumptions

## Note 26 – Accounting Policies

### (A) General Principles

The Accounts summarise our transactions for the 2025/26 financial year and the position as at 31 March 2026. 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 2025/26 (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 £10,000 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 £10,000 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 £2.000m.

**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 supported by indexation in intervening years. Where no indexation is available a desktop valuation in year 3 will be undertaken. 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 acquisition, 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
- Vehicles and 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.

<b>Infrastructure Assets</b>	
<b>Infrastructure Asset Element</b>	<b>Useful Life</b>
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;
- 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 2026/27 Code:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (amendments to heritage assets)
- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7)
- Annual improvements to IFRS accounting standards.
- Contracts Referencing Nature-dependent Electricity (amendments to IFRS 9 and IFRS 7)

Implementation of the amendments listed above is effective from 1st April 2026, and therefore have no impact on the 2025/26 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 2026 and the date when the Accounts are authorised for issue which took place at the Council meeting on 25 June 2026. The Director of Finance and Digital, being the responsible officer for the Council's affairs, signed the unaudited Annual Accounts on 25 June 2026. 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 2026 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 £4.688m for each year that useful lives were reduced by one year.
- Assets included in the Balance Sheet at fair value, as set out in the accounting policy at Note 26 (N), 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 supported by indexation in intervening years. Where no indexation is available a desktop valuation in year 3 will be undertaken. Valuations have been compiled by an external valuer. Additional valuations are undertaken outwith the rolling programme where necessary. For example, properties will be revalued where there is a material change or an impairment has been noted. We also revalue each year any property deemed as surplus to requirements. Social housing assets continue to be valued on a 5 year rolling programme in accordance with current guidance on an EUV- SH basis as they are excluded from the indexation changes.
- At 31 March 2026, the Council had an outstanding gross debtors balance of £12.445m. In line with the requirements of IFRS 9 around expected credit losses a detailed review of outstanding debtors was undertaken at 31 March 2026 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 22.1% (£2.747m). In terms of financial modelling a 1% increase in the allowance could lead to an additional cost of £0.027m. 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 2025/26. 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 £13.085m. During 2025/26, the Pension Fund's actuaries advised that our net pension position had moved from a net surplus of £518.072m to a net surplus of £600.084m – a movement of £82.012m. 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 £33.991. 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 2026/27 as the valuation provided can change in light of prevailing market conditions and insurance options.

# Notes to the Group Entities

## 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 2026. 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 105. The group entities have been consolidated as follows:

- East Ayrshire Leisure Trust (consolidated as a Subsidiary)
- 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:

2024/25					2025/26			
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
19.785	10.042	(0.119)	(0.861)	Strathclyde Partnership for Transport	21.581	11.642	(0.110)	(1.988)
-	0.287	-	(0.072)	Strathclyde Concessionary Travel Scheme Joint Committee	-	0.279	-	(0.016)
0.140	0.254	(0.025)	(0.046)	Ayrshire Valuation Joint Board	0.134	0.231	(0.025)	(0.052)
0.086	0.727	(0.051)	(0.405)	East Ayrshire Leisure Trust	Now classed as a subsidiary.			
-	2.569	-	-	Integrated Joint Board	-	2.569	-	-
<b>20.011</b>	<b>13.879</b>	<b>(0.195)</b>	<b>(1.384)</b>	<b>Total Associates</b>	<b>21.715</b>	<b>14.721</b>	<b>(0.135)</b>	<b>(2.056)</b>

2024/25					2025/26		
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	
4.483	(6.194)	(1.711)	Strathclyde Partnership for Transport	4.805	(6.530)	(1.725)	
0.336	(0.252)	0.084	Strathclyde Concessionary Travel Scheme Joint Committee	0.202	(0.251)	(0.049)	
0.926	(0.854)	0.072	Ayrshire Valuation Joint Board	0.997	(0.906)	0.091	
4.801	(4.276)	0.525	East Ayrshire Leisure Trust	Now classed as a subsidiary			
166.551	(164.459)	2.092	Integrated Joint Board	-	-	-	
<b>177.097</b>	<b>(176.035)</b>	<b>1.062</b>	<b>Total Associates</b>	<b>6.004</b>	<b>(7.687)</b>	<b>(1.683)</b>	

The accounts of the East Ayrshire Leisure Trust are fully consolidated into the Group Accounts of the Council on a line by line basis:

<b>Council's share of East Ayrshire Leisure Trust subsidiary</b>								
<b>2024/25</b>					<b>2025/26</b>			
<b>Balance Sheet extract</b>					<b>Balance Sheet extract</b>			
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
-	-	-	-	East Ayrshire Leisure Trust	0.198	2.887	(0.111)	(1.949)
-	-	-	-	<b>Total</b>	<b>0.198</b>	<b>2.887</b>	<b>(0.111)</b>	<b>(1.949)</b>

<b>Comprehensive Income and Expenditure Statement Extract</b>						
<b>2024/25</b>				<b>2025/26</b>		
<b>CIES Extract</b>				<b>CIES Extract</b>		
Gross Expenditure	Gross Income	(Surplus)/ Deficit on Operating Activities		Gross Expenditure	Gross Income	(Surplus)/ Deficit on Operating Activities
£m	£m	£m		£m	£m	£m
-	-	-	East Ayrshire Leisure Trust	17.798	(16.978)	0.820
-	-	-	<b>Total</b>	<b>17.798</b>	<b>(16.978)</b>	<b>0.820</b>

### *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 5.35%. 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 5.73%. 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. Five councillors from East Ayrshire Council act as Trustees on the Board out of a total of eleven Trustees. The Council provides funding to the Trust based on agreed service plans.

Since its inception, the Trust has been treated as a structured entity in the Council's Group Accounts. After a revised assessment of the relationship between the two organisations, the Trust has been reclassified as a subsidiary, and its accounts are now fully consolidated into the Council's Group Accounts on a line-by-line basis. On 1 April 2026, the East Ayrshire Leisure Trust rebranded to Ayrshire 360.

A copy of the Annual Accounts for the Leisure Trust can be obtained from the Chief Officer, Ayrshire 360, 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 2025/26 was £116.071m. The IJB Board comprises nine voting members with five 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 26. 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.

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

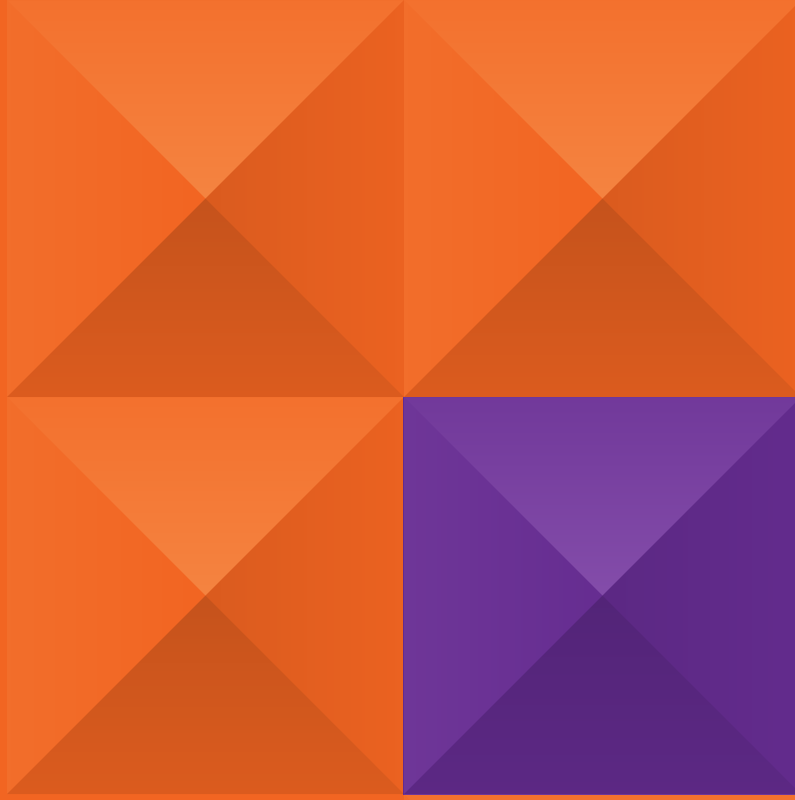
### ***Inventories***

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 all three councils made an equal contribution to the Project Management Office costs of £0.299m.



# Supplementary Financial Statements and notes

# Housing Revenue Account (HRA) Income and Expenditure Statement

This statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

<b>Housing Revenue Account Income and Expenditure Statement</b>		
<b>2024/25</b>		<b>2025/26</b>
<b>£m</b>		<b>£m</b>
	<b>Income</b>	
(52.411)	Dwelling Rents	(56.776)
(0.340)	Non Dwelling Rents	(0.347)
(1.229)	Any Other Income	(1.500)
0.372	Elimination Of Internal Recharges	0.463
<b>(53.608)</b>	<b>Total Income</b>	<b>(58.160)</b>
	<b>Expenditure</b>	
21.852	Repairs and Maintenance	22.932
13.387	Supervision and Management	13.509
27.808	Depreciation and Impairment of Non-Current Assets	13.622
0.519	Bad and Doubtful Debts	0.649
1.642	Any Other Expenditure	0.739
(0.372)	Elimination Of Internal Recharges	(0.463)
<b>64.836</b>	<b>Total Expenditure</b>	<b>50.988</b>
<b>11.228</b>	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(7.172)</b>
<b>0.617</b>	<b>HRA Share of Corporate and Democratic Core</b>	<b>0.730</b>
<b>0.003</b>	<b>HRA Share of Non Distributed Costs</b>	<b>0.060</b>
<b>11.848</b>	<b>Net Cost of HRA Services</b>	<b>(6.382)</b>
	<b>HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>	
(2.682)	Capital Grants and Contributions Receivable	(4.941)
<b>(2.682)</b>	<b>Income</b>	<b>(4.941)</b>
0.262	(Gain) or Losses on Disposals of Assets	0.247
0.262	Expenditure	0.247
<b>(2.420)</b>	<b>HRA Share of Other Operating Expenditure</b>	<b>(4.694)</b>
	<b>Investment</b>	
(6.112)	Expected Return on Pension Assets	(7.509)
<b>(6.112)</b>	<b>Income</b>	<b>(7.509)</b>
<b>(6.112)</b>	<b>HRA Share of Investment Income</b>	<b>(7.509)</b>
	<b>Financing</b>	
(1.085)	Interest and Investment Income	(1.203)
<b>(1.085)</b>	<b>Income</b>	<b>(1.203)</b>
6.344	Pension Interest Cost	7.733
7.011	Interest Payable and Similar Charges	7.963
<b>13.354</b>	<b>Expenditure</b>	<b>15.696</b>
<b>12.269</b>	<b>HRA Share of Net Finance Expenditure</b>	<b>14.493</b>
<b>15.585</b>	<b>(Surplus) /Deficit on the HRA</b>	<b>(4.092)</b>

# 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		
2024/25		2025/26
<b>£m</b> <b>(23.153)</b>	<b>Balance on the HRA brought forward</b>	<b>£m</b> <b>(21.443)</b>
15.585	Deficit on the HRA	(4.092)
(13.875)	Adjustments between accounting basis and funding basis under statute	2.320
<b>1.710</b>	<b>(Increase) on the HRA Balance for the Year</b>	<b>(1.772)</b>
<b>(21.443)</b>	<b>Balance on the HRA carried forward</b>	<b>(23.215)</b>

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 43 for 2025/26 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 2025		31 March 2026		
Total		Flats	Houses	Total
2,224	One Bedroom	1,434	797	2,231
6,151	Two Bedroom	2,961	3,231	6,192
3,491	Three Bedroom	528	2,965	3,493
274	Four Bedroom	14	262	276
6	Five Bedroom	2	4	6
1	Seven Bedroom	-	1	1
1	Eight Bedroom	-	1	1
<b>12,148</b>	<b>Total</b>	<b>4,939</b>	<b>7,261</b>	<b>12,200</b>

### 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		
2024/25		2025/26
£84.97	Average Weekly Rent (52 weeks)	£90.89
£3.932	Total Rent Arrears	£4.134m
£3.220	Provision for Bad Debt	£3.445m

We are required to disclose the loss on void properties and in 2025/26 this amounted to £1.227m. The comparator figure for 2024/25 was £1.418m.

# 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		
2024/25		2025/26
<b>£m</b>		<b>£m</b>
<b>81.413</b>	<b>Gross Council Tax levied and contributions in lieu</b>	<b>88.431</b>
	Deduct:	
(10.354)	Council Tax Reduction	(10.998)
(9.753)	Other discounts and reductions	(10.529)
(2.328)	Provision for bad and doubtful debts	(2.540)
0.339	Adjustments to previous years Council Tax and Community Charge	0.262
<b>59.317</b>	<b>Net Council Tax Income Transferred to General Fund</b>	<b>64.626</b>

Council Tax Bands		
	BAND	2025/26
		£ per year
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 2025/26 was £1,606.44 (2024/25 £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. A Council Tax premium of up to 100% may be applied on second homes and long-term empty properties.	A	1,070.96
	B	1,249.45
	C	1,427.95
	D	1,606.44
	E	2,110.68
	F	2,610.47
	G	3,145.94
	H	3,935.78

## Note 33 – Calculation of the Council Tax Base

Calculation of the Council Tax base per the 25/26 Budget											
2024/25											2025/26
Total	Bands	A(d)	A	B	C	D	E	F	G	H	Total
<b>59,305</b>	Properties		25,726	9,360	5,836	7,213	6,929	3,856	1,074	51	<b>60,045</b>
<b>(1,560)</b>	Exemptions		(1,003)	(258)	(147)	(129)	(87)	(19)	(2)	(2)	<b>(1,647)</b>
	- Disabled Reliefs	71	(10)	(5)	25	12	(43)	(32)	(18)	0	<b>0</b>
<b>(23,729)</b>	Discounts (25%)	(21)	(13,293)	(3,770)	(2,409)	(2,090)	(1,441)	(533)	(110)	(5)	<b>(23,672)</b>
<b>(654)</b>	Discounts (50%)	0	(327)	(116)	(48)	(71)	(40)	(16)	(8)	(2)	<b>(628)</b>
<b>51,488</b>	<b>Total equivalent</b>	66	21,226	8,097	5,088	6,538	6,419	3,664	1,023	47	<b>52,168</b>
	Ratio	5/9	6/9	7/9	8/9	9/9	12/9	15/9	18/9	22/9	
<b>47,218</b>	<b>Band 'D' equivalent</b>	<b>37</b>	<b>14,151</b>	<b>6,298</b>	<b>4,524</b>	<b>6,538</b>	<b>8,434</b>	<b>5,954</b>	<b>2,003</b>	<b>115</b>	<b>48,054</b>
<b>(6,705)</b>	Council Tax Reduction	(9)	(4,377)	(1,150)	(717)	(392)	(252)	(104)	(34)	-	<b>(7,036)</b>
<b>40,513</b>	<b>Band 'D' equivalent after CTR</b>	<b>28</b>	<b>9,774</b>	<b>5,148</b>	<b>3,807</b>	<b>6,146</b>	<b>8,182</b>	<b>5,850</b>	<b>1,969</b>	<b>115</b>	<b>41,018</b>
<b>(1,416)</b>	Bad debt provision										<b>(1,794)</b>
<b>39,097</b>											<b>39,224</b>

# 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		
2024/25		2025/26
<b>£m</b>		<b>£m</b>
<b>47.577</b>	<b>Gross rates levied and contributions in lieu</b>	<b>47.121</b>
	Deduct:	
(12.033)	Reliefs and reductions	(12.437)
(1.106)	Provision for bad and doubtful debts	(1.017)
<b>34.438</b>	<b>Net Non-Domestic Rate Income</b>	<b>33.667</b>
(1.778)	Prior year pool	(3.238)
0.870	Contributions from National Non-Domestic Rate Pool	2.657
<b>33.530</b>	<b>Income credited to the Comprehensive Income and Expenditure Statement</b>	<b>33.086</b>

## Note 34 - Analysis of Rateable Values

Analysis of Rateable Values		
	Number	£m
Shops	1,090	20.758
Public Houses	88	1.955
Offices (including Banks)	663	7.329
Hotels, Boarding Houses, etc.	77	1.573
Industrial & Freight Transport Subjects	1,497	17.761
Leisure, Entertainment, Caravans and Holiday Sites	208	4.376
Garages and Petrol Stations	140	1.806
Cultural	14	0.903
Sporting Subjects	412	0.582
Education and Training	63	11.957
Public Service Subjects	168	5.567
Quarries, Mines, etc.	4	0.409
Petrochemical	1	0.155
Religious	91	0.945
Health Medical	71	4.285
Other	386	6.474
Care Facilities	62	2.685
Advertising	20	0.062
Undertaking	13	0.168
	<b>5,068</b>	<b>89.749</b>

## 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 2025/26 was 49.8p, with supplements of 5.6p and 7p.

# 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) Amendment Regulations 2025 (SSI No. 2025/8). 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 2025/26 the salary for the Leader of East Ayrshire Council was set by Scottish Ministers at £50,063. The Regulations permit the Council to remunerate a Provost and set out the maximum salary that may be paid to them at £37,548.

- 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 £50,063 = £37,548). 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 £444,705. 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 2025/26 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 £444,000. The total remuneration to these Councillors and to the Leader of the Council and Provost totalled £531,984. 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](http://www.east-ayrshire.gov.uk) is available at [www.east-ayrshire.gov.uk](http://www.east-ayrshire.gov.uk).

## Remuneration of Councillors

Remuneration of Councillors		
2024/25		2025/26
£m		£m
0.813	Salaries	1.000
0.011	Expenses	0.008
<b>0.824</b>	<b>Total</b>	<b>1.008</b>

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 2025/26.

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

<b>Members Remuneration</b>			
<b>Total Remuneration 2024/25 £</b>	<b>Name</b>	<b>Designation</b>	<b>Total Remuneration 2025/26 £</b>
42,789	D Reid	Leader of the Council	50,063
31,743	J McMahon	Depute Leader	37,500
31,133	B Douglas	Leader of the Labour Group	37,000
7,337	L Mabon	Depute Leader of the Labour Group	37,000
31,133	J McFadzean	Leader of Conservative Group (1 April 2025 to 28 August 2025)	15,417
-	N Watts	Leader of Conservative Group (from 27 August 2025)	21,583
31,385	C Leitch	Provost	37,921
10,481	J McGhee	Depute Provost	36,500
15,894	P Mabon	Chair of Governance and Scrutiny Committee	37,000
31,133	G Barton	Senior Councillor	37,000
31,133	E Cowan	Senior Councillor	37,000
31,231	A Filson	Senior Councillor	37,000
31,133	N Ingram	Senior Councillor	37,000
31,133	I Linton	Senior Councillor	37,000
31,133	C Maitland	Senior Councillor	37,000
20,045	M McKay	Leader of the Labour Group (1 April 2024 to 21 November 2024)	-
16,167	J Todd	Provost (1 April 2024 to 31 October 2024)	-
10,378	L Jones	Chair of Governance and Scrutiny Committee (1 April 2024 to 30 August 2024)	-
<b>435,380</b>			<b>531,984</b>
<p>Note 1: The 2025/26 costs relate to salary, fees, allowances and taxable expenses; there were no non-cash benefits in kind.</p> <p>Note 2: Details for 2024/25 at: <a href="#">East Ayrshire Council Audited Annual Accounts 2024-2025</a></p>			

## 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/155 sets the amount of salary for the Chief Executive of the Council for the year ended 31 March 2026. 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.

<b>Chief Officers Remuneration</b>					
<b>Total Remuneration 2024/25 £</b>	<b>Name</b>	<b>Designation</b>	<b>Salary, Fees and Allowances</b>	<b>Taxable Expenses</b>	<b>Total Remuneration 2025/26</b>
160,183	E Fraser	Chief Executive	170,428	-	170,428
138,182	R Grieveson	Depute Chief Executive	143,702	-	143,702
135,601	C McArthur	Depute Chief Executive and Director of Health & Social Care	141,488	-	141,488
115,964	J McLachlan	Chief Financial Officer and Director of Finance and Digital	153,023	-	153,023
115,421	L McAulay-Griffiths	Chief Education Officer and Director of Education	130,101	196	130,297
115,964	D Mitchell	Chief Governance Officer	120,596	-	120,596
112,376	M MacAulay	Head of Children's Health, Care and Justice Services	120,596	-	120,596
<b>893,689</b>			<b>979,934</b>	<b>196</b>	<b>980,130</b>

*Note 1: 2025/26 costs relate to salary, fees, allowances and taxable expenses; there was no compensation for loss of employment.*

<b>Chief Officer Remuneration - Leisure Trust</b>					
<b>Total Remuneration 2024/25 £</b>	<b>Name</b>	<b>Designation</b>	<b>Salary, Fees and Allowances</b>	<b>Taxable Expenses</b>	<b>Total Remuneration 2025/26</b>
-	A Freel	Chief Officer of East Ayrshire Leisure Trust	108,787	-	108,787

*Note 1: 2025/26 costs relate to salary, fees, allowances and taxable expenses; there was no compensation for loss of employment*

*Note 2: East Ayrshire Leisure Trust was previously consolidated in the Group Accounts as a Structured Entity. 2025/26 sees it consolidated as a Subsidiary, hence no data is reported for 2024/25.*

## 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 2025/26. 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.

<b>Employees Remuneration over £50k</b>					
<b>2024/25</b>		<b>2025/26</b>	<b>2025/26</b>	<b>2025/26</b>	<b>Left During</b>
<b>Total</b>	<b>Remuneration band</b>	<b>Officers</b>	<b>Teachers</b>	<b>Total</b>	<b>Year</b>
204	£50,000 - £54,999	134	330	<b>464</b>	-
111	£55,000 - £59,999	39	55	<b>94</b>	1
111	£60,000 - £64,999	36	76	<b>112</b>	1
73	£65,000 - £69,999	40	57	<b>97</b>	4
62	£70,000 - £74,999	26	44	<b>70</b>	2
35	£75,000 - £79,999	10	35	<b>45</b>	2
8	£80,000 - £84,999	18	8	<b>26</b>	1
5	£85,000 - £89,999	7	4	<b>11</b>	-
4	£90,000 - £94,999	2	3	<b>5</b>	-
2	£95,000 - £99,999	2	-	<b>2</b>	-
8	£100,000 - £104,999	1	-	<b>1</b>	-
1	£105,000 - £109,999	7	1	<b>8</b>	-
2	£110,000 - £114,999	-	1	<b>1</b>	-
3	£115,000 - £119,999	-	1	<b>1</b>	-
-	£120,000 - £124,999	2	-	<b>2</b>	-
-	£130,000 - £134,999	1	-	<b>1</b>	-
2	£135,000 - £139,999	-	-	<b>-</b>	-
-	£140,000 - £144,999	2	-	<b>2</b>	-
-	£150,000 - £154,999	1	-	<b>1</b>	-
1	£160,000 - £164,999	-	-	<b>-</b>	-
-	£170,000 - £174,999	1	-	<b>1</b>	-
<b>632</b>		<b>329</b>	<b>615</b>	<b>944</b>	<b>11</b>

## 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.

<b>Members Pension Benefits</b>					
<b>Name and Position Held</b>	<b>In-year Pension Contributions</b>			<b>Accrued Pension Benefits</b>	
	<b>For year to 31 March 2026</b>	<b>For year to 31 March 2025</b>		<b>As at 31 March 2026</b>	<b>Difference from 31 March 2025</b>
	<b>£</b>	<b>£ (Note 1)</b>		<b>£000</b>	<b>£000</b>
<b>D Reid</b> <i>Leader of the Council</i>	2,888	2,409	Pension	16	1
			Lump Sum	4	-
<b>J McMahon</b> <i>Depute Leader</i>	1,996	1,622	Pension	6	1
			Lump Sum	-	-
<b>B Douglas</b> <i>Leader of the Labour Group</i>	2,405	2,024	Pension	6	1
			Lump Sum	-	-
<b>L Mabon</b> <i>Depute Leader of the Labour Group</i>	2,405	477	Pension	2	1
			Lump Sum	-	-
<b>J McFadzean</b> <i>Leader of Conservative Group (1 April 2025 to 28 August 2025)</i>	817	2,024	Pension	8	1
			Lump Sum	-	-
<b>N Watts</b> <i>Leader of Conservative Group (from 27 August 2025)</i>	1,236	-	Pension	2	2
			Lump Sum	-	-
<b>C Leitch</b> <i>Provost</i>	1,944	1,528	Pension	6	1
			Lump Sum	-	-
<b>J McGhee</b> <i>Depute Provost</i>	2,373	681	Pension	10	1
			Lump Sum	2	-
<b>P Mabon</b> <i>Chair of Governance and Scrutiny Committee</i>	2,235	1,033	Pension	2	1
			Lump Sum	-	-
<b>G Barton</b> <i>Senior Councillor</i>	2,405	2,024	Pension	3	1
			Lump Sum	-	-
<b>E Cowan</b> <i>Senior Councillor</i>	2,405	2,024	Pension	3	1
			Lump Sum	-	-
<b>A Filson</b> <i>Senior Councillor</i>	2,405	2,024	Pension	6	1
			Lump Sum	1	-
<b>N Ingram</b> <i>Senior Councillor</i>	2,405	2,024	Pension	3	1
			Lump Sum	-	-
<b>I Linton</b> <i>Senior Councillor</i>	2,405	2,024	Pension	12	1
			Lump Sum	3	-
<b>C Maitland</b> <i>Senior Councillor</i>	2,405	2,024	Pension	6	1
			Lump Sum	-	-
<b>M McKay</b> <i>Leader of the Labour Group (1 April 2024 to 21 November 2024)</i>	-	1,303	Pension	-	-
			Lump Sum	-	-
<b>J Todd</b> <i>Provost (1 April 2024 to 31 October 2024)</i>	-	1,051	Pension	-	11
			Lump Sum	-	3
<b>L Jones</b> <i>Chair of Governance and Scrutiny Committee (1 April 2024 to 30 August 2024)</i>	-	675	Pension	-	2
			Lump Sum	-	-
<b>Total</b>	<b>32,728</b>	<b>26,968</b>			

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					
Name and Position Held	In-year Pension Contributions			Accrued Pension Benefits	
	For year to 31 March 2026	For year to 31 March 2025		As at 31 March 2026	Difference from 31 March 2025
	£	£		£000	£000
<b>E Fraser</b> <i>Chief Executive</i>	9,653	8,987	Pension	97	9
			Lump Sum	140	12
<b>R Grieveson</b> <i>Depute Chief Executive</i>	8,018	7,660	Pension	76	5
			Lump Sum	111	4
<b>C McArthur</b> <i>Depute Chief Executive and Director of Health &amp; Social Care</i>	8,716	7,805	Pension	73	5
			Lump Sum	95	4
<b>J McLachlan</b> <i>Chief Financial Officer and Director of Finance and Digital</i>	9,380	7,055	Pension	83	13
			Lump Sum	136	23
<b>L MacAulay-Griffiths</b> <i>Chief Education Officer and Director of Education</i>	7,759	6,615	Pension	19	3
			Lump Sum	-	-
<b>D Mitchell</b> <i>Chief Governance Officer</i>	7,839	7,538	Pension	68	4
			Lump Sum	88	3
<b>M MacAulay</b> <i>Head of Children's Health, Care and Justice Services</i>	7,249	7,020	Pension	52	4
			Lump Sum	50	2
<b>Total</b>	<b>58,613</b>	<b>52,679</b>			

Chief Officer Pension Benefits - Leisure Trust					
Name and Position Held	In-year Pension Contributions			Accrued Pension Benefits	
	For year to 31 March 2026	For year to 31 March 2025		As at 31 March 2026	Difference from 31 March 2025
	£	£ Note 1		£000	£000
<b>A Freel</b> <i>Chief Officer of East Ayrshire Leisure Trust</i>	6,526	-	Pension	42	-
			Lump Sum	42	-
Note 1: East Ayrshire Leisure Trust was previously consolidated in the Group Accounts as a Structured Entity. 2025/26 sees it consolidated as a Subsidiary, hence no data is reported for 2024/25.					

## 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, where relevant, 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 2025/26 £0.802m was approved either by Cabinet or under the Head of Human Resources' delegated authority.

Exit Packages										
2024/25					2025/26					
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
21	-	-	150	-	£0 – £20,000	23	-	-	95	-
-	-	-	-	-	£20,001 – £40,000	1	-	-	28	-
-	-	-	-	-	£40,001 – £60,000	1	-	-	60	-
-	-	-	-	-	£60,001 – £80,000	-	-	-	-	-
-	-	-	-	-	£80,001 – £100,000	-	-	-	-	-
-	-	-	-	-	£100,001 – £150,000	1	-	-	110	-
-	-	-	-	-	£150,001 – £200,000	-	-	-	-	-
-	-	-	-	-	£200,001 – £250,000	-	-	-	-	-
-	-	-	-	-	£250,001 – £300,000	2	-	-	509	-
<b>21</b>	-	-	<b>150</b>	-		<b>28</b>	-	-	<b>802</b>	-

*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.*

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# 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.

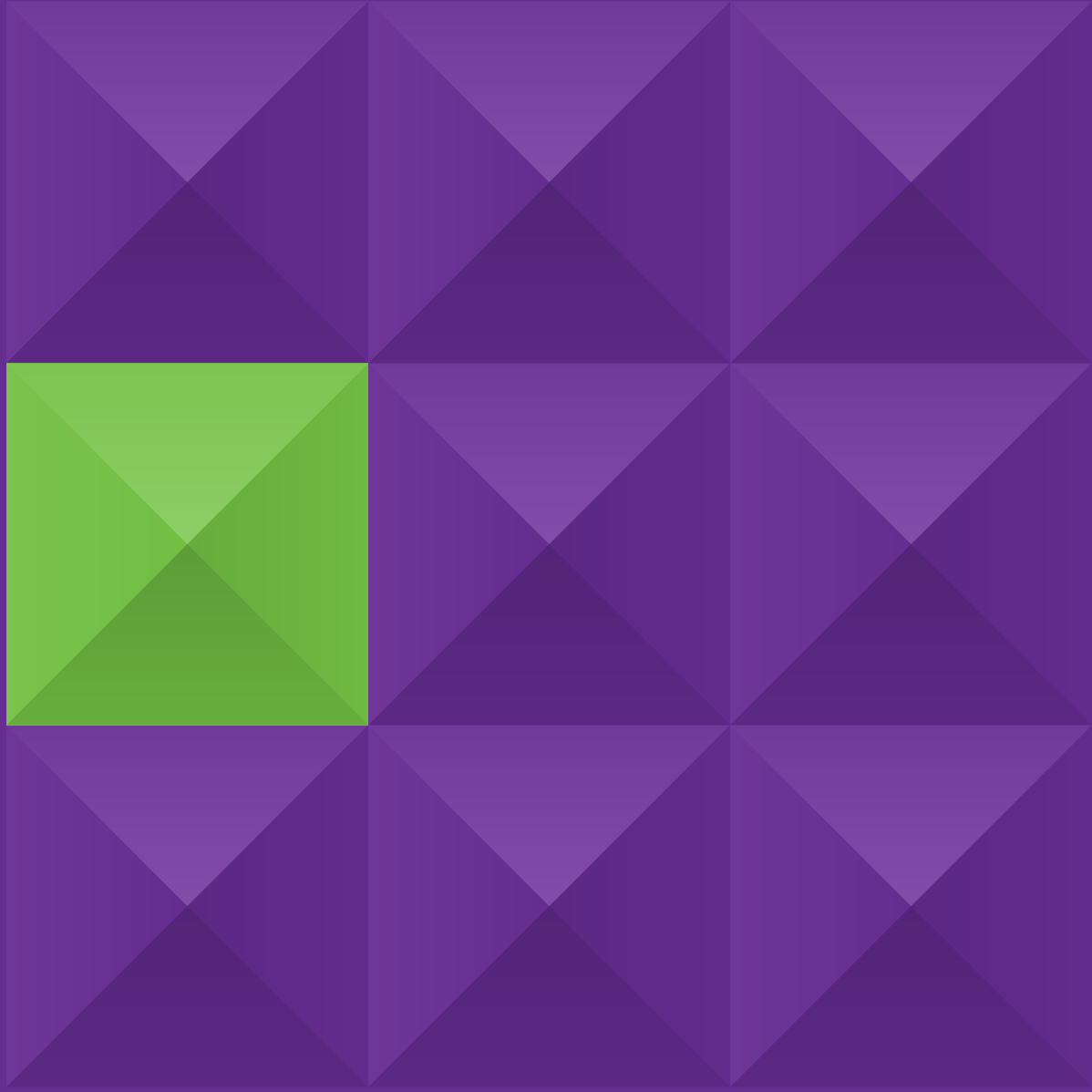
Movement in Reserves Statement for the Year ended 31 March 2026						
2024/25				2025/26		
Usable Reserve: Capital and Revenue	Unusable Reserves: Revaluation Reserve	Total Reserves		Usable Reserve: Capital and Revenue	Unusable Reserves: Revaluation Reserve	Total Reserves
£m	£m	£m		£m	£m	£m
<b>0.428</b>	<b>14.660</b>	<b>15.088</b>	<b>Balance as at 31 March 2025</b>	<b>0.438</b>	<b>13.832</b>	<b>14.270</b>
(0.818)	-	(0.818)	Deficit on Provision of Services	(0.375)	-	(0.375)
-	-	-	Surplus/ (Deficit) on Revaluation of Non Current Assets	-	(0.194)	(0.194)
0.828	(0.828)	-	Depreciation of Non Current Assets	0.385	(0.385)	-
-	-	-	Disposal of Fixed Assets	-	-	-
<b>0.438</b>	<b>13.832</b>	<b>14.270</b>	<b>Balance as at 31 March 2026</b>	<b>0.448</b>	<b>13.253</b>	<b>13.701</b>

Income and Expenditure Statement for the Year ended 31 March 2026						
2024/25				2025/26		
Expenditure	Income	Net		Expenditure	Income	Net
£m	£m	£m		£m	£m	£m
0.828	-	<b>0.828</b>	Net Cost Of Services	0.385	-	<b>0.385</b>
-	(0.010)	<b>(0.010)</b>	Interest and Investment Income		(0.010)	<b>(0.010)</b>
		<b>0.818</b>	(Surplus) or Deficit			<b>0.375</b>
		-	(Surplus)/ Deficit on the Revaluation of Non Current Assets			<b>0.194</b>
		<b>0.818</b>	<b>Total Comprehensive Expenditure</b>			<b>0.569</b>

Balance Sheet at 31 March 2026			
2024/25			2025/26
£m			£m
13.832		Property Plant and Equipment	13.253
<b>13.832</b>		<b>Non Current Assets</b>	<b>13.253</b>
0.438		Short Term Investments - Loans Fund	0.448
<b>0.438</b>		<b>Current Assets</b>	<b>0.448</b>
<b>14.270</b>		<b>Net Assets</b>	<b>13.701</b>
0.438		Usable Reserves: Capital and Revenue Reserves	0.448
13.832		Unusable Reserves: Revaluation Reserve	13.253
<b>14.270</b>		<b>Net Reserves</b>	<b>13.701</b>

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

<b>Property Plant and Equipment</b>				
<b>Cost or Valuation:</b>	<b>Darvel</b>	<b>Cumnock</b>	<b>Kilmarnock</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>At 1 April 2025</b>	<b>0.905</b>	<b>0.858</b>	<b>13.134</b>	<b>14.897</b>
Revaluations			(0.226)	(0.226)
Disposals				-
Other movements	-	-	-	-
<b>At 31 March 2026</b>	<b>0.905</b>	<b>0.858</b>	<b>12.908</b>	<b>14.671</b>
<b>Depreciation and Impairment:</b>				
<b>At 1 April 2025</b>	<b>(0.124)</b>	<b>(0.053)</b>	<b>(0.888)</b>	<b>(1.065)</b>
Depreciation charge	(0.062)	(0.054)	(0.269)	(0.385)
Depreciation written out - Revaluations			0.032	0.032
Impairments	-	-	-	-
Disposals	-	-	-	-
Other movements	-	-	-	-
<b>At 31 March 2026</b>	<b>(0.186)</b>	<b>(0.107)</b>	<b>(1.125)</b>	<b>(1.418)</b>
<b>Net Book Value at 31 March 2025</b>	<b>0.781</b>	<b>0.805</b>	<b>12.246</b>	<b>13.832</b>
<b>Net Book Value at 31 March 2026</b>	<b>0.719</b>	<b>0.751</b>	<b>11.783</b>	<b>13.253</b>



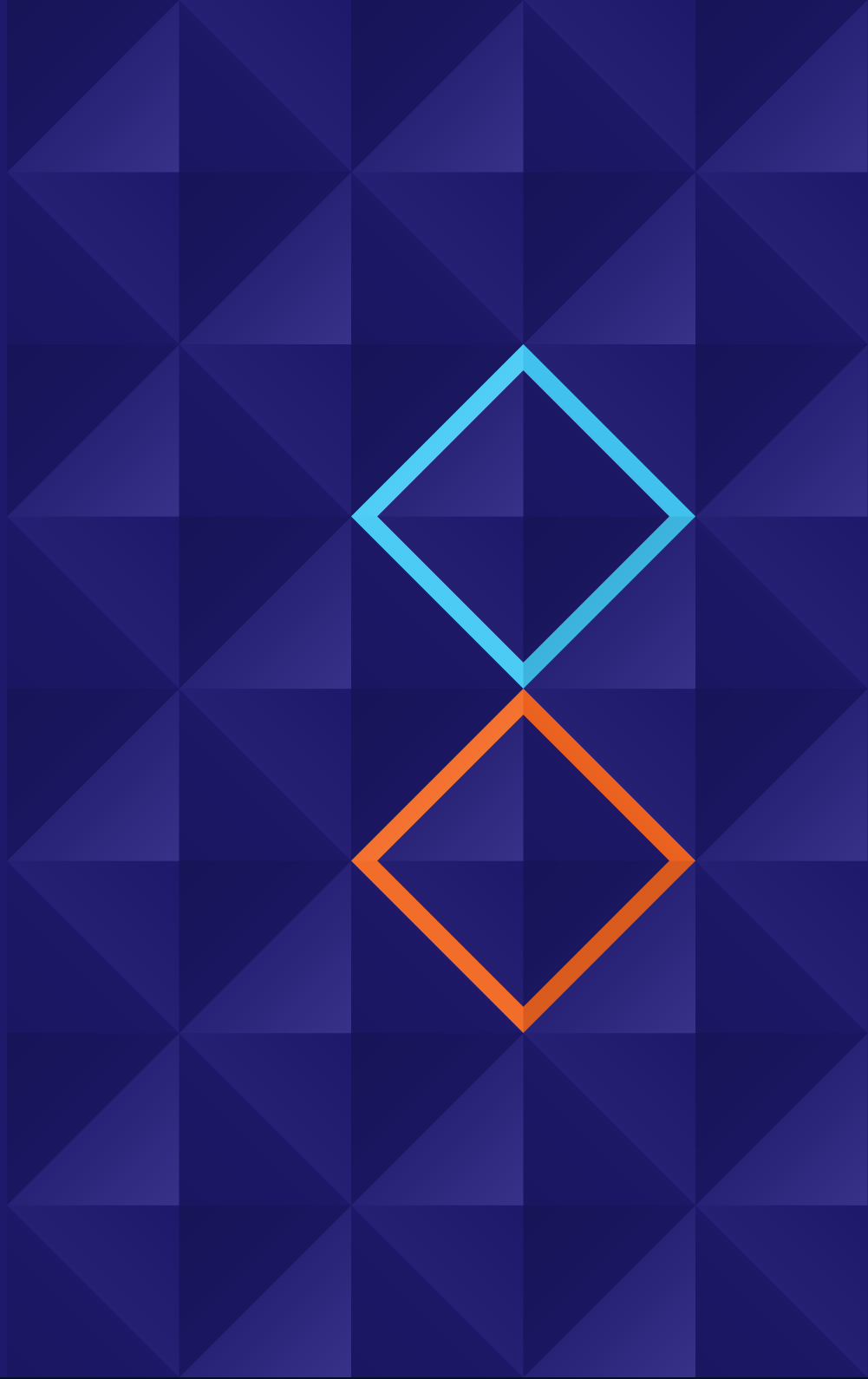
# Trusts and Bequests

# 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).

We also administer 33 Trusts not registered with OSCR with total assets at 31 March 2026 of £187,903. The combined income of these Trusts in 2025/26 was £4,302 and expenditure of £277 was incurred in the year.

<b>Summary Trusts and Bequests</b>							
<b>Capital Fund</b>	<b>2024/25</b>			<b>Fund Balances</b>	<b>2025/26</b>		
	<b>Revenue Fund</b>	<b>Total Funds</b>	<b>Capital Fund</b>		<b>Revenue Fund</b>	<b>Total Funds</b>	
<b>£</b>	<b>£</b>	<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>	
32,990.91	(6,915.94)	37,040.38	Opening Balances at 1 April 2025	32,990.91	(11,643.41)	21,347.50	
-	(5,156.53)	(11,726.26)	Expenditure	-	(7,176.10)	(7,176.10)	
-	429.06	760.85	Income	-	397.45	397.45	
-	(4,727.47)	(10,965.41)	(Deficit)	-	(6,778.65)	(6,778.65)	
<b>32,990.91</b>	<b>(11,643.41)</b>	<b>26,074.97</b>	<b>Closing Balance at 31 March 2026</b>	<b>32,990.91</b>	<b>(18,422.06)</b>	<b>14,568.85</b>	
<b>Balance Sheet as at 1 April 2025</b>							
<b>2024/25</b>				<b>2025/26</b>			
<b>£</b>				<b>£</b>			
-			Investments - External			-	
21,347.50			Investments - Loans Fund			14,568.85	
<b>21,347.50</b>						<b>14,568.85</b>	
<b>Financed By:</b>							
32,990.91			Capital Funds			32,990.91	
(11,643.41)			Revenue Funds			(18,422.06)	
<b>21,347.50</b>			<b>Closing Balance at 31 March 2026</b>			<b>14,568.85</b>	
<b>Details of Loans Fund and External Investment</b>							
<b>Name</b>	<b>Origin and Purpose</b>		<b>Loans Fund</b>	<b>External Investment</b>	<b>Total</b>		
			<b>£</b>	<b>£</b>	<b>£</b>		
"Miss Annie Smith Mair Bequest (SC021095)"	To assist persons from Newmilns and Greenholm		14,568.85	-	14,568.85		
"EAC Charitable Trusts (SC025073)"	To maintain burial grounds at Dalmellington		-	-	-		
			<b>14,568.85</b>	<b>-</b>	<b>14,568.85</b>		



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# 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.

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

**Indexation.** A tool used to apply an inflationary increase to assets in the years between professional valuations. Indexation works by considering the relative change in value using indices based on a range of factors – for example, normal inflation, local cost pressures and, for some assets, the scarcity of resources for replacing the assets.

**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.

**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.

**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.

2025-2026

East Ayrshire Council **Unaudited Annual Accounts**



East Ayrshire Council  
Comhairle Siorrachd Àir an Ear

# Annual Accounts 2025-2026