EAST AYRSHIRE COUNCIL

Annual Accounts

2023-2024

Contents

Management Commentary

Management Commentary

This management commentary is designed to help users of the Annual Accounts to assess how the Council has performed during 2023/24 and to understand our financial performance for the year to 31 March 2024. 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.

This year has continued to be a financially challenging year for the Council. Continuing high demand for services combined with persistently high inflation and interest rates for much of the year had a significant impact on the cost of essential service provision to our communities. While the Council overall has through diligent financial planning managed to increase our Uncommitted General Fund Reserve in 2023/24, it became evident early in the year that a number of our service budgets were under significant pressure. Despite the efforts of service management to rebalance this position, the need to ensure adequate service provision has meant that a number of operational areas have ended the year in an overspend position. As per the Council's Reserve Strategy, those services require to carry this forward into the following year to become the first charge against the forthcoming year's budget. Management within areas under significant strain have been tasked with undertaking reviews to establish a future basis for continuing service provision within financial constraints and recommendations will be provided to Council in the forthcoming year.

Recognising the pressure that Council budgets were under, and the challenging financial outlook to come, in October 2023 Members directed officers to take forward a number of cross-cutting strategic reviews on Employability, Financial Inclusion, Wellbeing, Children and Young Peoples Services, and Leisure and Culture with a view to identifying any areas of duplication, synergy and potential for improvement. Reports on all of these areas were presented to Council in June 2024 with Members asked to provide officers with a future direction of travel to be undertaken in each area based on recommendations presented.

In October 2023 the Chief Financial Officer provided Members with an update to the Council's Medium Term Financial Strategy 2022 -2027 initially approved in October 2022, and after receiving notification of the Local Government Finance Settlement for 2024/25 the Council set its Revenue Budget for the forthcoming year in February 2024. It was an incredibly challenging budget, with the Council approving proposals to address a £9.7m financial gap, and recognising that despite work to balance budgets there remained a £32 million gap anticipated to 2026/27. At the same Council meeting a review of the Capital Investment Programme was presented with a further update to Cabinet to refine the programme in May 2024.

In order to inform the Council's budget setting process and future reviews of the Community Plan and Council Strategic Plan, the Council held a range of engagement events between 15 November 2023 and 14 December 2023 including public events across East Ayrshire. The initiative was driven by the need to capture a wide range of perspectives on the Council's services and provided an opportunity for communities to voice their priorities and to highlight those areas where they feel the Council can reduce what it does and how it can deliver services differently.

During the year two significant financial proposals were actioned. In February 2024 Council approved the use of flexibilities contained within a short-term statutory override provision from the Scottish Government in relation to service concession arrangements, applicable to assets built under Public Private Partnerships and Non Profit Distributing models. In the case of East Ayrshire Council this relates to specific assets within our school estate.

The option required to be used by the end of 2023/24 and provided the Council with a one-off reserve of over £18m. Secondly, following a review of the Strathclyde Pension Fund asset position, of which East Ayrshire employees are members, it was determined that for a two year period employer contributions could be reduced to 6.5%, providing the Council with a budgeted underspend in each year of over £12m. The combined value of both enabled the Council to establish a planned one-off reserve of £40m.

This has presented the Council with a unique opportunity to use that funding over the next 10 years to support early intervention and prevention activities aimed at assisting communities, planned one-off enhancing opportunities for jobs and skills and ultimately reshape the future demand for Council services. During 2024/25 the Council will take the engagement process forward establishing how best to attribute this funding, enabling it to collaborate with partners and our communities in determining a long-term strategic approach to tackling the financial challenges ahead.

East Ayrshire

About East Ayrshire

COUNCILLORS

32 elected members
14 SNP
10 Labour
4 Conservative
3 Independent
1 Rubbish Party

COUNCIL WORKFORCE

6674

Female **4,939** (74%)

Male **1,739** (26%)

BUDGETS

2023/24 *Revenue Budget*
£392.832m

2023/24 *Capital Budget*
£58.162m

LARGEST TOWNS

Kilmarnock population
46,064

Cumnock population
8,825

POPULATION

122,020

Male **48.6%** Female **51.4%**

Ages 0-15 **16.9%** Ages 16-64 **61.7%**

Ages 65+: **21.4%**

ECONOMY

71.2%
Adults in employment

3,175
Businesses operating across the area

LAND AREA

490 square miles

Urban Land **3.5%**

Rural land **96.5%**

INFRASTRUCTURE

299 council buildings

12,083 council houses

1,222.433 km of road network

POVERTY & DEPRIVATION

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

Our Vision and Priorities

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

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

(Source: East Ayrshire Community Plan 2015-2030)

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

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

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

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

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

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

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

The Council's Strategic Framework 2022-27 was approved by Council on 27 October 2022, this includes the following strategy papers:

- **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 Strategic Framework ensures good governance and a focus on improvement, to deliver the best possible outcomes for our communities. The Council's Strategic Plan strengthens and enhances the links between 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 communities, individuals and businesses we serve.

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

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

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

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 report was presented to Council in September 2023.

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 (2022/23) was published in March 2024 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 2022/23, 52.4% of our LGBF indicators in East Ayrshire were in the top two quartiles. In addition, we have seen an improving longer term trend with 67.1% of performance indicators between 2010/11 and 2022/23, and improving/maintaining performance in 53.7% of indicators between 2021/22 and 2022/23. A copy of the 2022-23 LGBF Benchmarking Report can be found at **National Benchmarking Overview Report 2022-23 (improvementservice.org.uk)**

In 2022/23, some examples of where our performance was among the top performing councils in Scotland include:

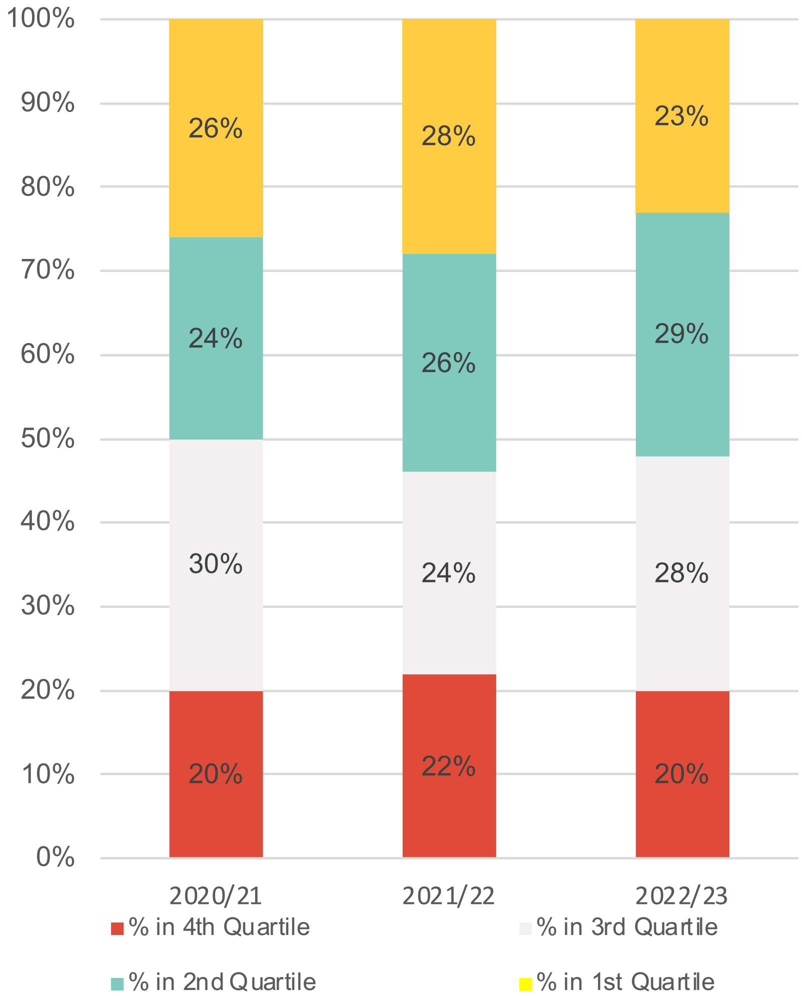
Proportion of SWF Community Care Grant Decisions within 15 days	(1)
Cost of parks and open spaces per 1,000 population	(1)
Percentage of council dwellings meeting Scottish Housing Quality Standard	(1)
Percentage of people aged 65 and over with long term care needs receiving personal care at home	(2)
Percentage of A class roads that should be considered for maintenance treatment	(3)
Proportion of SWF Crisis Grant Decisions within 1 day	(3)
Support services as a percentage of total gross expenditure	(3)

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

School attendance rate (per 100 pupils)	**(31)**
Cost per library visit	**(31)**
Claimant Count as a % of 16-24 population	**(30)**
Ratio of Financing Costs to Net Revenue Stream - General Fund	**(30)**

East Ayrshire Council -
Percentage of LGBF Indicators in Each Quartile 2020/21 -2022/23

Year	1st Quartile (%)	2nd Quartile (%)	3rd Quartile (%)	4th Quartile (%)
2020/21	26	24	30	20
2021/22	28	26	24	22
2022/23	23	29	28	20



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)**

2023/24 Highlights

Cross-Cutting Strategic Reviews

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

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

The Council Management Team agreed project Briefs for all five reviews on 28 November 2023, including details of Project Sponsors, project scope, goals and objectives, constraints and assumptions and success criteria. Lead Officers have been identified by Project Sponsors to take forward each of the five reviews, having regard to the Council's Best Value guidance. Support has also been allocated from the Corporate Support Programme Management Office, the People and Culture Service and the Finance and ICT Service.

Risk Management Strategy

Risk management is an integral part of the Council's governance arrangements which supports our commitment to identifying and maintaining a positive approach to managing risk.

The purpose of the new Risk Management Strategy, was approved by Governance and Scrutiny Committee on 18 April 2024, sets out the Council's strategic direction for the management of all types of risk for the 3-year period up to 31 March 2027. It provides a framework for the development of risk management across the Council. This aligns with both the East Ayrshire Community Plan 2015-2030 and the Council's Strategic Plan 2022-2027.

The Strategic Risk Management Improvement Plan 2024-2027 seeks to build on the existing model in operation whilst at the same time seeking approval to implement key changes and recommendations in relation to the identification, assessment, reviewing and reporting of risk.

Significant risks as currently identified by our Corporate Management Team are outlined on page 26.

Data and Analytics Strategy

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

Data is a key asset in supporting East Ayrshire Council to deliver the best possible services for our communities. It plays a crucial role in assisting the council in delivering optimal services for our communities and it is essential for the council to explore methods of 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.

Best Value Service Reviews

A number of Best Value Service Reviews/Service Redesigns were completed in 2023/24, with each review taking into account the statutory duty of Best Value. These included;

- Winter Service Review – Ayrshire Shared Services Joint Committee - 1 September 2023
- Justice Services - Integration Joint Board - 11 October 2023
- Governance Services (Operations and Regulatory Services) - East Ayrshire Council Agenda - 26 October 2023

External Validation

Our performance is subject to scrutiny by a range of external audit and inspection agencies, which provide assurance that our services are well managed, fit for purpose, value for money and, importantly, meet the needs of service users.

In addition, a range of our work has been widely recognised locally and nationally, and has been successful in attracting a number of prestigious awards over the year. Examples of our achievements in 2023/24 include the following:

APSE Awards 2023 - The Building Cleaning Service was awarded the most improved award for the *"Best Performing Building Service"* in the 2023.

Investors In People Accreditation (IIP) 2023 - Facilities and Property Management progressed from the Silver Award to the Gold Award in Investors in People (October 2023).

Audit Scotland Thematic Report: Strategic Leadership – Audit Scotland's annual report concluded that the Council continue to have strong effective financial management and robust governance and decision-making arrangements. It also commented on the clear focus on maintaining strong performance on continuous improvement and strategic leadership.

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 12 June 2024 showed a transfer to reserves of £19.203m, including £18.694m in relation to Service Concession flexibilities. However, for the purposes of these Accounts we are required to follow generally accepted accounting principles and standards which align our Accounts to those in the private sector and these include entries for pensions and depreciation on our non-current assets. The following table sets out the adjustments between East Ayrshire Performs and these Accounts.

Our Financial Performance			
	General Fund £m	**HRA £m**	**Total EAC £m**
Reduction/(Increase) in Uncommitted General Fund/ HRA Balance (EAC Performs Outturn)	**(19.203)**	**0.655**	**(18.548)**
Adjust for:			**-**
Utilisation of previous years balances	8.390	-	**8.390**
Proposed earmarked balances within the year	(3.446)	-	**(3.446)**
Movement in Balance shown in Annual Accounts (MiRS)	**(14.259)**	**0.655**	**(13.604)**
Add accounting adjustments that don't feature in the EAC Performs Outturn report			
Depreciation	26.775	14.872	**41.647**
Impairment	3.197	25.050	**28.247**
Amortisation	-	-	**-**
Capital Grants and Contributions Applied	(12.186)	(6.030)	**(18.216)**
CFCR	(0.420)	(4.933)	**(5.353)**
Net (Loss)/Gain on Disposal of Assets	0.021	(1.003)	**(0.982)**
Pension Adjustment	(1.878)	0.124	**(1.754)**
Repayment of Debt	(13.448)	(4.351)	**(17.799)**
Service Concessions Mtitigation	18.694	-	**18.694**
Other Adjustments	0.512	(0.099)	**0.413**
Transfers to Capital Fund	(0.909)	-	**(0.909)**
Transfers from Other Statutory Reserves	(0.006)	-	**(0.006)**
Interest on Revenue Balances	(0.809)	-	(0.809)
Total adjustments excluded from EAC Performs Outturn	19.543	23.630	43.173
(Surplus)/ Deficit on the Provision of Services (CIES)	**5.284**	**24.285**	**29.569**

General Fund Revenue Expenditure

The MiRS on page 39 shows an increase of £14.259m within the year and actual income and expenditure is shown below. During the year a net £0.006m was transferred to the Renewal and Repairs Fund and £0.909m transferred to the Capital Fund.

MONEY INTO THE COUNCIL

- Government Grant & Non Domestic Rates: **£304.566m**
- Council Tax: **£69.716m**

OTHER FUNDS

- Transfers from Renewal & Repairs Fund: **£0.694m**
- Capital Appropriation: **£23.170m**

TOTAL FUNDS RECEIVED WITHIN THE YEAR

TOTAL **£398.146m**

SPENT ON

Chief Executive's Services **£159.969m**	Communities & Economy **£81.693m**	Wellbeing **£103.716m**	Central Services **£16.025m**
Financing Costs **£20.698m**	Partnerships & Projects **£0.177m**	Transfer to Renewals & Repairs Fund **£0.700m**	Transfer to Capital Fund **£0.909m**

NET EXPENDITURE IN THE YEAR

£383.887m

£14.259m

Increase in the year shown in MIRS on page 39.

*The CIES on page 41 shows the accounting cost of providing services and reflects generally accepted accounting practices, rather than the amount to be funded from taxation or rents. This is the main reason for the difference in Council Tax income from the figure highlighted above.

Telling the Story

The Comprehensive Income and Expenditure Statement (CIES) sets out our funding and spending in line with accounting requirements which is different to the way we report financial performance internally. The Expenditure and Funding Analysis (EFA) provides a link between our budget management reports and the figures in the CIES. The table below provides a link between our management reporting to the first column of the EFA on page 37 and to the CIES on page 41.

East Ayrshire Performs				Building the EFA					EFA Column 1
2023/24	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	139.025	141.849	2.824	141.849	(17.907)	-	123.942	Education	123.942
Finance and ICT	9.076	8.488	(0.588)	8.488		-	8.488	Finance and ICT	8.488
People and Culture	2.968	2.702	(0.266)	2.702		-	2.702	People and Culture	2.702
Governance	6.697	5.899	(0.798)	5.899		-	5.899	Governance	5.899
Corporate Support	1.077	1.031	(0.046)	1.031		-	1.031	Corporate Support	1.031
Housing and Communities	21.024	22.110	1.086	22.110		-	22.110	Housing and Communities	22.110
Ayrshire Roads Alliance *	13.522	13.772	0.250	13.772	(5.995)	-	7.777	Ayrshire Roads Alliance	7.777
Transport Services			-	-	5.995	-	5.995	Transport (incl SPT)	8.227
SPT	2.232	2.232	-	2.232		-	2.232		
Facilities and Property Management	33.789	34.310	0.521	34.310		-	34.310	Facilities and Property Management	34.310
Economic Growth	3.260	2.731	(0.529)	2.731		-	2.731	Economic Growth	2.731
Arms Length Organisations	5.892	5.892	-	5.892		-	5.892	Arms Length Organisations	5.892
Health and Safety	0.356	0.344	(0.012)	0.344		-	0.344		
Emergency Planning	0.064	0.057	(0.007)	0.057		-	0.057	Communities & Economy Other Segments	0.646
Central Mgt Support Communities & Economy	0.255	0.245	(0.010)	0.245		-	0.245		
Children Families and CJS	23.891	24.559	0.668	24.559	(2.646)	-	21.913		
Community Care	73.508	78.775	5.267	78.775		-	78.775		
Service Strategy	6.756	6.486	(0.270)	6.486		-	6.486		
Outwith Placements	5.633	6.552	0.919	6.552		-	6.552		
Public Protection	1.281	1.273	(0.008)	1.273		-	1.273	Social Work: Provision of Services	101.070
Lead Partnership Services	0.789	0.836	0.047	0.836		-	0.836		
SG Funding for Covid Response & Recovery	-	-	-	-		-	-		
Premises Costs	0.654	0.654	-	0.654		-	0.654		
IHSC Debtor / Creditor to IJB	-	(6.623)	(6.623)	(6.623)		-	(6.623)		
Social Care Allocation from NHS	(8.796)	(8.796)	-	(8.796)		-	(8.796)		
Chief Executive Office (incl Internal Audit)	0.762	0.758	(0.004)	0.758		-	0.758	Chief Executive Office (incl Internal Audit)	0.758
Other Non Service Related Expenditure	7.571	0.271	(7.300)	0.271		-	0.271		
Insurance	2.618	2.568	(0.050)	2.568		-	2.568		
Financing Costs	21.607	20.698	(0.909)	20.698		(20.698)	-		
HB/ CT Benefit Subsidy	11.269	12.428	1.159	12.428		(10.325)	2.103	Central Services	4.330
Council Tax	(69.233)	(69.716)	(0.483)	(69.716)		69.226	(0.490)		
Government Funding	(304.449)	(304.566)	(0.117)	(304.566)	20.553	283.891	(0.122)		
Use of Balances	(8.390)	-	8.390	-		-	-		
Reserve Transfers (net position)	(4.949)	(22.255)	(17.306)	(22.255)		22.255	-		
Projects	0.241	0.177	(0.064)	0.177		-	0.177	Projects	0.177
Housing Revenue Account	-	0.655	0.655	0.655		-	0.655	Housing Revenue Account	0.655
Net Cost of Services (EFA Column 1)	**(0.000)**	**(13.604)**	**(13.604)**	**(13.604)**	**-**	**344.349**	**330.745**		**330.745**

Note 1: The Annual Revised Budget is the final revenue budget at the 31 March 2024 detailed in the East Ayrshire Summary Report approved at Cabinet on the 12 June 2024 following in-year updates as a result of additional government funding allocations, budget movements and allocations from earmarked balances. The initial 2023/24 Revenue Budget was approved at Council on 23 February 2023.

Note 2: The £17.907m and the £2.646m in Education and Children, Families and Criminal Justice Service reflect the Specific Grants for Early Learning and Childcare, 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 2023/24 the financial management results for the Alliance are as follows:

ARA Outturn

Annual Estimate 2022/23	Actual 2022/23	Variance		Annual Estimate 2023/24	Actual 2023/24	Variance
£m	**£m**	**£m**	**Council**	**£m**	**£m**	**£m**
7.133	6.809	(0.324)	East Ayrshire Council	7.803	7.777	(0.026)
6.443	5.995	(0.448)	South Ayrshire Council (SAC)	6.284	7.105	0.821
13.576	**12.804**	**(0.772)**	**Total**	**14.087**	**14.882**	**0.795**

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 39 shows an overall increase in the General Fund balance of £14.259m for the year with a closing balance of £63.391m, (£18.694m of this relating to Service Concessions), which can be analysed as follows:

General Fund

2022/23 Total £m	General Fund		Uncommitted Balance £m	Earmarked Balances £m	2023/24 Total £m
(14.187)	*Movement within the year*	Balance Used	(1.500)	(6.890)	(8.390)
6.303		Balance Added	19.203	3.446	22.649
-	Reallocation	Balances Review/In Year Transfers	2.131	(2.131)	-
(7.884)	**Total Increase / (Decrease) Shown in MiRS**		19.834	(5.575)	**14.259**
57.016	Balance brought forward		10.825	38.307	49.132
49.132	Outturn Position (Total Balance shown in MiRS)		30.659	32.732	**63.391**

When the Council set its budget for 2023/24 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 2024 the General Fund Uncommitted balance was £11.965m (excluding Service Concessions), representing 3.03% 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 £2.131m was reallocated from earmarked balances to uncommitted balances, approved by Cabinet on 7 February 2024.

Service earmarked balances total £32.732m at 31 March 2024, with £0.728m retained for transformation projects. Committed within services balances is £3m in relation to EAC Innovation Fund, £0.671m Cost of Living Funding, £1.555m for Affordable Housing and £0.676m Pupil Equity Funding & school carry forwards retained on behalf of schools. A summary of the position across the services at year-end was presented to Cabinet on 12 June 2024.

Housing Revenue Account (HRA) Balance

At 31 March 2024 the HRA had a cumulative balance of £23.153m all of which is earmarked for commitments in future years, with £12.052m 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

2022/23 Balance £m	Housing Revenue Account				2023/24 Balance £m
-	*Movement within the year*	Balance Used			(0.830)
3.003		Balance Added			0.175
3.003	**Total Increase Shown in MiRS**				**(0.655)**
21.552	Balance Brought Forward				23.808
24.555	**Outturn Position**				**23.153**

Balance Sheet

The Balance Sheet on page 42 is a snapshot summary of our assets and liabilities at 31 March 2024 and explanatory notes are provided to support the numbers. We ended the year with a net worth of £400.633m with £1,003.879m of non-current assets spread across a range of plant, property, equipment and heritage assets and usable reserves of £111.735m.

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 £134.560m General Services Capital Investment Programme and £99.380m investment in our houses through the Housing Revenue Account over the next 5 year period.

EDUCATION
£5.008m

HOUSING
£30.429m

ROADS
£12.148m

WELLBEING
£1.671m

ECONOMIC REGENERATION AND DEVELOPMENT
£1.703m

OTHER EXPENDITURE
£4.296m

Total Capital Investment 2023/24	£55.255m

Funded by:

GOVERNMENT GRANTS
£18.216m

BORROWING
£30.190m

REVENUE
£5.353m

CAPITAL RECEIPTS
£1.496m

Total	£55.255m

During the year our total capital investment on General Fund services was £24.826m spent on developing and creating key assets for communities, including investment in roads, schools and business infrastructure. This was funded by £12.186m from government grants, £0.420m of revenue funding and borrowing of £12.220m.

A further £30.429m was spent on the Housing Capital Programme on building, improving and acquiring assets in 2023/24 including the creation of council houses in our town centres, delivering new homes and local regeneration. This capital investment programme was funded by £4.933m from current revenue, borrowing of £17.970m, the utilisation of capital receipts of £1.496m and government grants of £6.030m.

Scheme Highlights

St Sophia's Primary School

The St Sophia's Primary School project in Galston includes alterations and a deep retrofit which is being delivered to EnerPHit standards. This is a highly sustainable approach applying Passivhaus design principles of super-insulation and air tightness to existing buildings. This approach, which also incorporates a zero direct emission heating system, has the potential to reduce energy demand and carbon emissions by 75% - 90%.

St Sophia's Primary School will be the first EnerPHit certified school not just in East Ayrshire, but in the UK, with the project also acting as one of the pathfinders for the Scottish Government's Net Zero Carbon Public Sector Buildings standard. Scottish Futures Trust and Zero Waste Scotland are keenly involved in delivery of the project, which promises to deliver significant knowledge development in the re-purposing of existing buildings in the zero carbon age.

The £5.800m project was awarded funding as part of the Scottish Government's Phase 2 Learning Estate Investment Programme with the work starting on site in January 2024. The current programme targets completion of works in March 2025.

Scheme Highlights

Kilmarnock Road, Mauchline

During 2023 the Council continued its strategic programme of quality new build housing for families within East Ayrshire which also included completion in November of the £5.553m assisted living development and wheelchair accessible bungalows at Kilmarnock Road, Mauchline.

The project, which is the Council's first net-zero assisted living development, was designed in conjunction with East Ayrshire Health and Social Care Partnership and follows in the footsteps of the previous award-winning facilities within Kilmarnock and Hurlford.

The development, which was built by the Council's developer CCG (Scotland) Ltd, has been designed to achieve net zero carbon emissions. Net zero is achieved through a combination of enhanced building fabric including thicker insulation and triple-glazed windows to reduce heat loss, roof mounted solar panels, heating provided by air source heat pumps and an advanced ventilation system to promote clear air-flow.

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 23 February 2023.

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

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

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

Investment activity during the year included gross transactions totalling £7.466 billion, with 692 individual transactions with an average value of £10.788m. During the year new borrowing of £75m was taken at an average interest rate of 5.24%. Long-term borrowing of £15m was taken from the Public Works Loan Board at an interest rate of 4.14%. Short term borrowing of £40m was taken from local authorities at an average interest rate of 5.58% with a further £20m of short term borrowing from PWLB at a rate of 5.38%. This treasury activity provided financing for capital activity whilst also ensuring adequate short term financing in respect of day to day transactional activity.

Group Entities

The Council has an interest in a Common Good Fund, East Ayrshire Leisure Trust, East Ayrshire Integration Joint Board, Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme Joint Committee and the Ayrshire Valuation Joint Board. As such, Group Statements require to be produced to show the financial position of the group as a collective, compared to the Council's individual financial position. The Deficit on the Provision of Services for the group for 2023/24 is £33.707m (EAC £29.569m) with Net Assets of £449.032m (EAC £400.633m). 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.

To further develop our local Climate Change response, an extensive programme of engagement was undertaken with our young people, communities, businesses and employees on our Climate Change Strategy. The outcome of this engagement activity was reported to Cabinet on 23 February 2022 as part of our 2022/23 Budget and established a £1m Climate Change Investment Fund.

CoRE

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

Our initial plans include the creation of an Innovation Centre and the delivery of Demonstrator Projects which aim to overcome a range of technical challenges that currently prevent the harnessing of local energy generation and storage. The Centre will advance the understanding of the technical, societal and economic challenges with transitioning our rural communities and will provide vocational training for local people to reskill and upskill (working with education partners). The CoRE project will act as a catalyst in helping the Council reach its target of becoming net zero by 2030 and contribute to the national target of achieving net zero by 2045.

The aims and objectives for CoRE put an emphasis on skills and training, health and wellbeing of our communities. It is intended that CoRE will act as a catalyst to provide an employability pipeline creating long term sustainable jobs to ensure that there is a skilled workforce ready to support the businesses delivering on renewable technologies and installations. Work, training and apprenticeship programmes will be developed in collaboration with academic partners, to ensure our local communities can take advantage of the economic benefits of the net-zero transition. Further details can be accessed at **Community Renewable Energy Project · East Ayrshire Council (east-ayrshire.gov.uk)**

Recycling and Food Waste Campaign

SEPA figures submitted for 2022/23 indicate that our recycling rates have improved slightly by 0.2% to reach 48.7% and we remain among the best performing Council's in Scotland. A residual waste analysis conducted in March 2021 revealed that communities within East Ayrshire were still regularly using their landfill bin to dispose of food, with an average of 30% (by weight) of avoidable food waste including unopened packets in the wrong 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 and helping to tackle the climate emergency by ensuring that unavoidable food waste is recycled properly.

Active Travel

We are investing in infrastructure around our schools, through our Safer Streets Initiative, which restricts vehicle access and encourages our children and young people to choose active means of travel to and from their school. To promote behaviour change within our schools, we developed an in-house active travel initiative – 'Mission to the Moon' which ran during the 2022/23 school year. Nineteen primary schools across East Ayrshire helped to successfully launch a Clean Green, environmentally friendly rocket powered by S-Miles (school miles) to the Moon. Each Active Traveller crew earned S-Smiles by walking, cycling or scooting to school; parking and striding or walking the S-Miles circuit within their school. This behaviour change will be supported by wider infrastructure investment in the Kilmarnock Infinity Loop, a 26km figure of eight network of cycle route and pathways around the town, which will provide connections between different communities on the outskirts of the town.

Children and Young People

Our Children and Young People are at the forefront of climate change recognised at our second Clean Green Education Awards, which saw 5 of our schools receive Silver Awards and a further 24 schools receive Bronze Awards as they all work towards achieving Gold. Over 35 education establishments created Climate Actions Plans during 2022/23 which equates to over 680 climate actions points. These plans were written and led by young people and reflect their role in changing behaviours within their school and local community. Working in partnership with local communities and business is key to achieving the Gold Award and we have key business partners in place to sponsor the awards. We have received national recognition and Keep Scotland Beautiful have on-boarded our Clean Green Awards, with 25 schools receiving their 1st EcoSchools Green Flag status through this process.

Metrics and Targets and Reporting

Our energy consumption continued to marginally reduce as we made progress in the decarbonisation of the Council's estate, through sound energy management and the shift from gas to green heating sources in our new buildings. We also saw our transport emissions continuing to fall, with the in-year introduction of Hydrotreated Vegetable Oil (HVO), a green fuel alternative to diesel, delivering a significant reduction of 1,168 tCO_2e in our fleet emissions. The vast the majority of reduction in carbon emissions was, however, attributable to our new waste contract, which diverted over 60% of our waste from landfill to Refuse Derived Fuel (RDF) and delivered 9,390 tCO_2e reduction in our carbon emissions.

The cost of many new technologies remains prohibitive and whilst we are keen to lead the way in terms of delivery of net zero, this remains our greatest obstacle to achieving our target.

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 10 risks on the Register, with 6 of these classed as medium to low risk. The risks classified as high are as follows:

Risk and impact	Mitigation
Economic Climate and Levels of Grant Funding. The Council will need to generate additional efficiencies year on year and also consider the level of non-statutory provision it can deliver as well as consider streamlined approaches to the provision of statutory provision. The effects of the pandemic on demand for services continue as does the continuing cost of living crisis.	Council on the 29 February 2024 approved the Revenue Budget for 2024/25 – including £9.7m of cuts to services - £7m initially with planned reduction options, and a further £2.7m following the announcement of the Scottish Budget on 19 December and publication of the Local Government Finance Circular on 21 December. Options to address the £2.7m additional cuts were approved as part of the budget report. Indication that a share of the £2.7m additional cuts from the Scottish Government (approx. £1.5m) may be reversed following the UK Spring Budget in March was received from the Scottish Government late in the budget setting process – confirmation of this remains outstanding. In addition, following a drop in teacher numbers across Scotland (including East Ayrshire), the Scottish Government advised that it while it will not withhold any 2023/24 funding, it does intend to enforce a required teacher number level for each individual authority in 2024/25 which if not met will result in a loss of approved funding – having revised its inclusion in the LG Settlement to a specific ring-fenced grant. EAC has been advised of the required number to be maintained which would see a required increase in the level maintained in 2023/24. Discussions continue regarding options around this but are likely to result in increased financial pressure on the Education budget in year.
UK withdrawal from the European Union. The potential loss of funding and impact on economic conditions including growth, borrowing costs, and the potential for further changes to local government funding all present significant financial risk to the Council and the local economy, including the number of public and private sector jobs. There are also potential risks in respect of the impact on supply of goods, services, and supply chains that are reliant on EU countries. We recognise that any impact is likely to be exacerbated by the concurrent continuing impact of Covid-19 and other civic emergencies, with consequent impacts on organisational capacity.	While the EU Exit Withdrawal Agreement has been reached, issues remain including the impact on EU funded projects and how specifically, the UK Shared Prosperity Fund will impact new and existing projects after December 2022. The impact has not yet materialised, with some clarity received on future year funding and requirements, but the matter remains under constant and detailed scrutiny. The four Community Renewal Fund projects that had received total funding of £1.298m have now ended with the required final evaluation and assurance process completed on 31 January 2023 in accordance with UK Government guidance. In addition, the Levelling Up Fund bid for Cultural Kilmarnock, involving the refurbishment of the Palace Theatre and Grand Hall was successful in being awarded £20m. The funding allocation from the UK Shared Prosperity Fund (UKSPF) has been announced by the UK Government and shows that East Ayrshire Council will receive £6.1m as part of the wider Ayrshire region allocation of £17m for years 2022-23 to 2024-25. East Ayrshire Council's Shared Prosperity Fund Investment Plan which was approved by Cabinet on 24 August 2022 was submitted to the UK Government on the 30 August 2022 in line with the deadline for submission. An update was provided to the meeting of Cabinet on 18 January 2023 and confirmed the validation of the Council's Shared Prosperity Fund (SPF) Investment Plan by the UK Government and set out details of how the respective programmes and projects will be implemented between now and the end of the 2024/25 financial year. However, the UK Government has provided information to local government explaining that the deadline to end UKSPF schemes and projects is now the end of 2025/26.

Risk and impact	Mitigation
Environmental Climate. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 received Royal Assent on 31 October 2019 and sets targets for reducing greenhouse gases and emissions. Climate change is having an impact on global weather patterns with unseasonal extreme events occurring regularly.	Extreme weather events are occurring more frequently leading to national agencies such as SEPA updating models on for example the regularity of flooding events. These events impact across local and national infrastructure, impact on building and development plans, and lead to an increase in the need for resources to mitigate disruption and protect our communities. There are also significant consequential impacts on insurance costs for both the Council and our communities and there is also significantly adverse impacts on the economy overall. The Council has robust resilience arrangements in place to deal with adverse weather events however national modelling shows that while these plans are in place the frequency and scale of these events will only increase over time. Multi service incident room arrangements are in place and enhanced partnership planning arrangements for severe weather warnings. SEPA issue daily flood guidance to ARA on potential areas of risk within the flood map area. SEPA's 3 day advance flood forecast is now live. During flood events ARA team maintain contact with SEPA weather forecasters and hydrologists to monitor anticipated flooding levels and determine our local response.
Pandemic and associated lockdown measures. Direct and indirect health impact, societal impact and economic impact. For some groups, the social, economic and health harms caused by both the virus and associated locked measures, will be greater and could have a profound and long lasting impact, exacerbating already existing inequalities in our communities.	Planning and preparation are critical to mitigating the risk and impact of pandemics and to managing response and recovery. The Council is experienced in planning for and managing local resilience matters and we have robust arrangements in place with community planning partners to ensure we are well equipped to respond, as and when required, to emergency situations. We work closely with colleagues locally, regionally and nationally through the Ayrshire Local Resilience Partnership and West of Scotland Regional Resilience Partnership. The Council's emergency response arrangements are overseen by our Council Management Team, with regular updating and communications provided by the Chief Executive and Communications Team. These arrangements are stepped up, as necessary, to respond to escalations in case numbers and any impact on services and communities. We have experienced greater demand for certain services, most services have required to be delivered differently, while others had to be stood down. As we have seen during the Covid Pandemic, in a very short space of time, the council was able to rapidly transform the way it works in order to maintain essential services and to ensure support for our communities. The Council has worked closely with Partners and communities, building on a well-established network of contacts, skills, knowledge and expertise to help protect and support residents. We have continued to monitor the impact on our workforce and our communities, maintaining close oversight of virus spread and the impact of lockdown measures, and we have adapted our services to protect and support employees, communities and local businesses.

More Information

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

Explanatory and Assurance Statements

Statement of Responsibilities

The Authority's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Council, that officer is the Chief Financial Officer and Head of Finance & ICT;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved by Council at its meeting on 27 June 2024.

The Chief Financial Officer's Responsibilities

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

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

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

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

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

I certify that the Annual Accounts give a true and fair view of the financial position of the Council and its Group at the reporting date and the transactions of the local authority for the year ended 31 March 2024.

Joseph McLachlan CPFA
Chief Financial Officer and Head of Finance & ICT
27 June 2024

Annual Governance Statement

Introduction

This Annual Governance Statement, prepared following the annual review of our Local Code of Corporate Governance, reflects the continued challenges for our council and the communities we serve, especially given the volatility in the wider economy and the anticipated reduction in future grant funding levels. This volatility, coupled with increasing demand and expectation for Council services, is shaping the Council's strategic direction and will impact the future delivery of services.

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

It also takes into account the introduction of the CIPFA Financial Management Code 2019 during 2020/21. The FM Code provides guidance for good and sustainable financial management in local authorities to provide assurance that authorities are managing resources effectively. We have assessed our compliance with the FM Code and are satisfied that our governance and related processes satisfy the principles of good financial management as outlined in the Code.

Scope of Responsibility

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

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

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

The Purpose of the Governance Framework

The Council's governance framework has been in place for the year ended 31 March 2024 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 to be presented to the CPP Board and Council in June 2024.

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

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

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

The Strategic Framework ensures good governance and a focus on improvement, to deliver the best possible outcomes for our communities. The introduction of the Council's Strategic Plan in 2022 strengthened and enhanced the golden thread linking our high level strategic priorities with more specific objectives for services, teams and individuals and ensures clear performance and impact measures, at each level of planning, all for the benefit of those we serve. 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 26 October 2023. The update was focussed on progress made during the last year on agreed actions and related performance measures.

At the meeting of Council on 26 October 2023, Members also agreed that five time-limited crosscutting strategic reviews be undertaken, with updates, outcomes and recommendations to be reported to Elected Members, as appropriate. The five reviews are as follows:

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

Policy and decision making is conducted through the Council's decision-making structure, which includes the Cabinet and the Governance and Scrutiny Committee. Cabinet has responsibility for discharging all of the Council's functions except those reserved to the Council and those matters specifically delegated to other statutory, quasi-judicial committees. The Governance and Scrutiny Committee is fully compliant with Audit Committee principles and full details of its responsibilities are available here. 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 Scheme of Delegation sets out the remit of Elected Member Portfolio Holders and the extent of delegations made to Committees and officers under the principle that decisions should be made at the lowest or most local level consistent with the nature of the issues involved. The Council also has Financial Regulations and Standing Orders relating to contracts in place and all of these procedural documents are regularly reviewed.

Cross-party working is supported and facilitated by the Council's Sounding Board. This was established as part of the Council's decision-making structures to provide a forum for collective consideration and scrutiny of cross-cutting 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 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 outcomes to be reported to the Governance and Scrutiny Committee in April 2024.

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.

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) are being developed and will be presented to Cabinet in 2024/25, and will reflect the updated Community Plan, Local Outcome Improvement Plan and 2022-2027 Strategic Framework.

Best Value

On 12 October 2023, the Governance and Scrutiny Committee considered Audit Scotland's annual report concluding that the Council continued to have strong effective financial management and robust governance and decision-making arrangements. It also commented that the Council has a clear focus on maintaining its strong performance on continuous improvement, and strategic leadership (the identified thematic area for Best Value review) has been working effectively with our partners, setting out a clear vision and priorities developed from sustained engagement with our communities. The thematic Best Value report produced by Audit Scotland included an Improvement Action Plan with five recommendations and these have been incorporated in to the Council's Corporate Governance Improvement Plan for 2024/25. Further Best Value Thematic Work relating to Workforce Innovation will be reported by Audit Scotland in 2024 and the Council will ensure implementation of any subsequent recommendations and actions.

Statutory Roles

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

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

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

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

The Chief Financial Officer and Head of Finance and ICT is the proper officer of the Council with statutory responsibility for the administration of its financial affairs for the purposes of Section 95 of the Local Government (Scotland) Act 1973 and is a member of the Executive Management Team. This reflects best practice identified by Audit Scotland and the CIPFA FM Code. The Council's Scheme of Delegation designates the Head of Children's Health, Care and Justice Services as Chief Social Work Officer in terms of the Social Work (Scotland) Act 1968 and requires the post holder to carry out the specified duties associated with this statutory role by ensuring the provision of effective, professional advice to Elected Members and officers in relation to the provision of social work services. As part of the Council response to the legislative changes brought about by the Public Bodies (Joint Working) (Scotland) Act 2014, the management of Social Work Services was transferred to the Integration Joint Board with effect from 1 April 2015.

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

Review of Effectiveness

During 2023/24, the Council continued to put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both appropriate and effective in practice. Specifically, the Council's governance arrangements have been reviewed and tested against the requirements of the CIPFA/SOLACE Framework. Whilst this process of review is co-ordinated corporately and approved by the Council Management Team, Heads of Service have a responsibility to ensure that their own governance arrangements are adequate and operating effectively. In line with the CIPFA/SOLACE Framework, Chief Officers are required to make an annual statement confirming that this is the case.

The Council's external auditors (Audit Scotland) began reporting on Best Value from the financial year 2022/23, reporting firstly in their annual audit report in Autumn 2023 and annually thereafter. In 2023/24, as part of their wider scope audit work, Audit Scotland undertook Best Value thematic reviews of "Leadership of the development of new local strategic priorities" and "Workforce Innovation".

The Internal Audit function within East Ayrshire Council is directly responsible to the Chief Executive for the independent appraisal of the Council's systems of internal control, governance and risk management. During 2023/24 the Internal Audit section operated in accordance with the Public Sector Internal Audit Standards (PSIAS) which were introduced on 1 April 2013. External Audit subject the work of Internal Audit to annual review. Audit Scotland, as the Council's external auditors reflected that review in their annual report with no issues arising to date. In their most recent report to the Governance & Scrutiny Committee on 12 October 2023, 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". They had reviewed the work and findings of internal audit concluding that the Council had a robust internal audit function, as well as appropriate arrangements for the prevention and detection of fraud and error. The Council conforms to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption which was evidenced most recently in the report to the meeting of the Governance and Scrutiny Committee on 9 November 2023. The arrangements for fraud and error include the operation of a shared Corporate Fraud Team with North Ayrshire Council with outcomes reported to the Governance & Scrutiny Committee twice in year. The conclusions helped inform Audit Scotland's audit work, with no specific reliance placed on the work of internal audit in line with external audit established practice.

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.

Internal Audit's overall opinion, based on the work carried out, and in line with PSIAS requirements, is that reasonable assurance can continue to be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control in the year to 31 March 2024. This is consistent with the Chief Auditor's opinion 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 2023/24 provide reasonable and objective assurance that significant risks impacting on the achievement of our strategic priorities and outcomes will be identified and actions taken to avoid or mitigate their impact. A number of improvements are proposed to further strengthen our governance arrangements and these are set out in the Improvement Action Plan for 2024/25. Progress on implementing the Action Plan will be reported to the Governance and Scrutiny Committee in 2025 in accordance with our established arrangements. The Council is committed to reviewing its corporate governance arrangements on an annual basis and will continue to take any actions as required to strengthen these arrangements.

Principal Financial Statements for the Council and its group

Expenditure and Funding Analysis

The EFA shows how our funding from government grants, rents, council tax and business rates has been allocated for decision making purposes and used in providing services, alongside the resources we consumed in accordance with and applying generally accepted accounting practices. The CIES on page 42 presents more fully the income and expenditure under generally accepted accounting practices.

Expenditure Fund Analysis

	2022/23 EAC				2023/24 EAC	
Net Expenditure chargeable to the General Fund & HRA Balances	**Adjustments between the Funding & Accounting Basis**	**Net Expenditure in the CIES**		**Net Expenditure chargeable to the General Fund & HRA Balances**	**Adjustments between the Funding & Accounting Basis**	**Net Expenditure in the CIES**
£m	**£m**	**£m**		**£m**	**£m**	**£m**
			Operating		*see EFA Note*	
120.235	26.837	147.072	Education	123.942	14.608	138.550
7.944	2.682	10.626	Finance and ICT	8.488	1.690	10.178
3.177	0.672	3.849	People and Culture	2.702	0.053	2.755
5.434	1.461	6.895	Governance	5.899	0.155	6.054
0.823	0.169	0.992	Corporate Support	1.031	0.012	1.043
18.393	4.851	23.244	Housing and Communities	22.110	0.475	22.585
6.809	11.082	17.891	Ayrshire Roads Alliance	7.777	8.226	16.003
7.666	0.098	7.764	Transport (incl SPT)	8.227	(0.082)	8.145
30.909	(6.521)	24.388	Facilities and Property Management	34.310	(10.131)	24.179
4.014	2.247	6.261	Economic Growth	2.731	1.461	4.192
5.629	0.919	6.548	Arms Length Organisations	5.892	1.389	7.281
0.604	0.134	0.738	Communities and Economy Other Segments	0.646	0.022	0.668
(4.142)	10.774	6.632	Social Work: Provision of Services	(4.095)	1.313	(2.782)
100.682	-	100.682	Contribution to the IJB	105.165	-	105.165
0.637	0.097	0.734	Chief Executive Office (incl Internal Audit)	0.758	0.007	0.765
5.475	(1.602)	3.873	Central Services	4.330	(6.595)	(2.265)
(0.225)	-	(0.225)	Projects	0.177	-	0.177
(3.003)	15.883	12.880	Housing Revenue Account	0.655	25.162	25.817
311.061	69.783	380.844	**Net Cost Of Services**	330.745	37.765	368.510
(307.581)	(7.346)	(314.927)	Other Income and Expenditure	(346.073)	7.132	(338.941)
3.480	**62.437**	**65.917**	**Difference between the Statutory Charge to the Combined General Fund and HRA Balance compared to the Surplus or (Deficit) in the CIES**	**(15.328)**	**44.897**	**29.569**

		General Fund	HRA	Total
77.821	Opening Combined General Fund and HRA Balances	49.132	23.808	72.940
(3.480)	Surplus or (Deficit) on the General Fund and HRA Balances for the Year	15.983	(0.655)	15.328
(1.401)	Transfers (to) / from Other Reserves	(1.724)	-	(1.724)
72.940	**Closing Combined General Fund and HRA Balances**	**63.391**	**23.153**	**86.544**

Note to the EFA

2022/23				Adjustments between Funding and Accounting Basis	2023/24			
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**
19.165	7.245	0.427	26.837	Education	13.501	0.451	0.656	14.608
1.210	1.464	0.008	2.682	Finance and ICT	1.588	0.098	0.004	1.690
(0.014)	0.672	0.014	0.672	People and Culture	-	0.053	-	0.053
0.076	1.385	-	1.461	Governance	0.061	0.087	0.007	0.155
-	0.169	-	0.169	Corporate Support	-	0.012	-	0.012
2.447	2.361	0.043	4.851	Housing and Communities	0.298	0.159	0.018	0.475
9.698	1.357	0.027	11.082	Ayrshire Roads Alliance	8.122	0.090	0.014	8.226
(0.094)	0.192	-	0.098	Transport (incl SPT)	(0.094)	0.012	-	(0.082)
(9.443)	2.921	0.001	(6.521)	Facilities and Property Management	(10.326)	0.194	0.001	(10.131)
1.668	0.562	0.017	2.247	Economic Growth	1.432	0.021	0.008	1.461
0.919	-	-	0.919	Arms Length Organisations	1.389	-	-	1.389
-	0.134	-	0.134	Communities and Economy Other Segments	-	0.019	0.003	0.022
0.630	9.948	0.196	10.774	Social Work: Provision of Services	0.524	0.686	0.103	1.313
-	-	-	-	Contribution to the IJB	-	-	-	-
-	0.097	-	0.097	Chief Executive Office (incl Internal Audit)	-	0.007	-	0.007
-	(2.293)	0.691	(1.602)	Central Services	(4.475)	(2.787)	0.667	(6.595)
-	-	-	-	Projects	-	-	-	-
13.296	3.218	(0.631)	15.883	Housing Revenue Account	25.567	0.232	(0.637)	25.162
39.558	29.432	0.793	69.783	**Net Cost Of Services**	37.587	(0.666)	0.844	37.765
(9.055)	2.159	(0.450)	(7.346)	Other Income and Expenditure	(10.043)	(1.088)	18.263	7.132
30.503	**31.591**	**0.343**	**62.437**	**Difference between the Statutory Charge to the Combined General Fund and HRA Balance compared to the Surplus or (Deficit) in the CIES**	**27.544**	**(1.754)**	**19.107**	**44.897**

Movements in Reserve Statement

Movement in Reserves 2023 / 2024

	Note	Usable Reserves				Total Usable Reserves	Unusable Reserves		Total Reserves	Group Usable Reserves	Group Unusable Reserves	Total Group Reserves
		General Fund Balance	HRA	Renewal and Repairs	Capital Fund		Unrealised Gains/ Losses	Statutory Adj Accounts				
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2023		**49.132**	**23.808**	**3.682**	**19.261**	**95.883**	**291.312**	**71.804**	**458.999**	**9.905**	**41.110**	**510.014**
Surplus/ (Deficit) on the Provision of Services	CIES	(5.284)	(24.285)	-	-	(29.569)	-	-	(29.569)	(4.138)	-	(33.707)
Other Comprehensive Income and Expenditure	CIES	-	-	-	-	-	35.510	(64.307)	(28.797)	-	1.522	(27.275)
Total Comprehensive Income and Expenditure		**(5.284)**	**(24.285)**	**-**	**-**	**(29.569)**	**35.510**	**(64.307)**	**(58.366)**	**(4.138)**	**1.522**	**(60.982)**
Adjustments between Accounting Basis and Funding Basis Under Statute												
Current and Past Service Pension Costs in Cost of Services	8	25.399	2.795	-	-	28.194	-	(28.194)	-	-	-	-
Net Interest on Net Defined Pension Liability	8	(0.982)	(0.108)	-	-	(1.090)	-	1.090	-	-	-	-
Employers Contributions to Pensions Fund	8	(26.295)	(2.563)	-	-	(28.858)	-	28.858	-	-	-	-
Adjustments Relating to Pensions		**(1.878)**	**0.124**	**-**	**-**	**(1.754)**	**-**	**1.754**	**0.000**	**-**	**-**	**-**
Depreciation of Non-Current Assets	12	26.775	14.872	-	-	41.647	(10.749)	(30.898)	-	0.595	(0.595)	-
Impairment of Non-Current Assets	11	3.197	25.050	-	-	28.247	-	(28.247)	-	-	-	-
Amortisation of Intangible Assets	14	-	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions Applied	5	(12.186)	(6.030)	-	-	(18.216)	-	18.216	-	-	-	-
Capital Grants and Contributions Unapplied		-	-	-	-	-	-	-	-	-	-	-
Repayment of Debt	10	(13.448)	(4.351)	-	-	(17.799)	-	17.799	-	-	-	-
Capital Expenditure Funded in Year	10	(0.420)	(4.933)	-	-	(5.353)	-	5.353	-	-	-	-
Use of HRA Capital Fund to Finance New Capital Expenditure	10	-	-	-	(1.496)	(1.496)	-	1.496	-	-	-	-
Net Gain/ (Loss) on Disposal of Assets	CIES	0.021	(1.003)	-	2.020	1.038	-	(1.038)	-	-	-	-
Adjustments Relating to Capital		**3.939**	**23.605**	**-**	**0.524**	**28.068**	**(10.749)**	**(17.319)**	**-**	**0.595**	**(0.595)**	**-**
Differences relating to Officer Remuneration required by statute		0.814	0.030	-	-	0.844	-	(0.844)	-	-	-	-
Differences relating to Financial Instruments required by statute	22	(0.302)	(0.129)	-	-	(0.431)	-	0.431	-	-	-	-
Adjustment to Statutory Repayment of debt for Service Concession arrangements - permitted flexibiltity	6	18.694	-	-	-	18.694	-	(18.694)	-	-	-	-
Adjustments for Other Items		**19.206**	**(0.099)**	**-**	**-**	**19.107**	**-**	**(19.107)**	**-**	**-**	**-**	**-**
Net Increase/ (Decrease) before Transfers		15.983	(0.655)	-	0.524	15.852	24.761	(98.979)	(58.366)	(3.543)	0.927	(60.982)
Transfers to/ (from) Capital Fund		(0.909)	-	-	0.909	-	-	-	-	-	-	-
Transfers to/ (from) Other Statutory Reserves		(0.006)	-	0.006	-	-	-	-	-	6.556	(6.556)	-
Interest on Revenue Balances		(0.809)	-	0.130	0.679	-	-	-	-	-	-	-
Increase/ (Decrease) in 2023/24		**14.259**	**(0.655)**	**0.136**	**2.112**	**15.852**	**24.761**	**(98.979)**	**(58.366)**	**3.013**	**(5.629)**	**(60.982)**
Balance as at 31 March 2024		**63.391**	**23.153**	**3.818**	**21.373**	**111.735**	**316.073**	**(27.175)**	**400.633**	**12.918**	**35.481**	**449.032**

Movements in Reserve Statement

Movement in Reserves 2022 / 2023

	Note	Usable Reserves						Unusable Reserves					
		General Fund Balance	HRA	Renewal and Repairs	Capital Grants Unapplied	Capital Fund	Total Usable Reserves	Unrealised Gains/ Losses	Statutory Adj Accounts	Total Reserves	Group Usable Reserves	Group Unusable Reserves	Total Group Reserves
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2022		**57.016**	**20.805**	**3.237**	**-**	**17.942**	**99.000**	**267.987**	**8.890**	**375.877**	**10.664**	**40.879**	**427.420**
Surplus/ (Deficit) on the Provision of Services	CIES	(51.247)	(14.670)	-	-	-	(65.917)	-	-	(65.917)	(7.773)	-	(73.690)
Other Comprehensive Income and Expenditure	CIES	-	-	-	-	-	-	29.516	119.523	149.039	-	7.245	156.284
Total Comprehensive Income and Expenditure		**(51.247)**	**(14.670)**	**-**	**-**	**-**	**(65.917)**	**29.516**	**119.523**	**83.122**	**(7.773)**	**7.245**	**82.594**
Adjustments between Accounting Basis and Funding Basis Under Statute													
Current and Past Service Pension Costs in Cost of Services	8	51.022	5.658	-	-	-	56.680	-	(56.680)	-	-	-	-
Net Interest on Net Defined Pension Liability	8	1.943	0.216	-	-	-	2.159	-	(2.159)	-	-	-	-
Employers Contributions to Pensions Fund	8	(24.808)	(2.440)	-	-	-	(27.248)	-	27.248	-	-	-	-
Adjustments Relating to Pensions		**28.157**	**3.434**	**-**	**-**	**-**	**31.591**	**-**	**(31.591)**	**-**	**-**	**-**	**-**
Depreciation of Non-Current Assets	12	25.792	12.652	-	-	-	38.444	(6.191)	(32.253)	-	0.458	(0.458)	-
Impairment of Non-Current Assets	11	11.610	12.567	-	-	-	24.177	-	(24.177)	-	-	-	-
Amortisation of Intangible Assets	14	0.221	-	-	-	-	0.221	-	(0.221)	-	-	-	-
Capital Grants and Contributions Applied	5	(9.011)	(3.129)	-	-	-	(12.140)	-	12.140	-	-	-	-
Capital Grants and Contributions Unapplied		-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Debt	10	(12.045)	(3.950)	-	-	-	(15.995)	-	15.995	-	-	-	-
Capital Expenditure Funded in Year	10	(0.143)	(3.284)	-	-	-	(3.427)	-	3.427	-	-	-	-
Use of HRA Capital Fund to Finance New Capital Expenditure		-	-	-	-	(1.609)	(1.609)	-	1.609	-	-	-	-
Net Gain/ (Loss) on Disposal of Assets	CIES	(0.227)	(0.550)	-	-	1.972	1.195	-	(1.195)	-	-	-	-
Adjustments Relating to Capital		**16.197**	**14.306**	**-**	**-**	**0.363**	**30.866**	**(6.191)**	**(24.675)**	**-**	**0.458**	**(0.458)**	**-**
Differences relating to Officer Remuneration required by statute		0.735	0.061	-	-	-	0.796	-	(0.796)	-	-	-	-
Differences relating to Financial Instruments required by statute	22	(0.325)	(0.128)	-	-	-	(0.453)	-	0.453	-	-	-	-
Adjustments for Other Items		**0.410**	**(0.067)**	**-**	**-**	**-**	**0.343**	**-**	**(0.343)**	**-**	**-**	**-**	**-**
Net Increase/ (Decrease) before Transfers		**(6.483)**	**3.003**	**-**	**-**	**0.363**	**(3.117)**	**23.325**	**62.914**	**83.122**	**(7.315)**	**6.787**	**82.594**
Transfers to/ (from) Capital Fund		(0.706)	-	-	-	0.706	-	-	-	-	-	-	-
Transfers to/ (from) Other Statutory Reserves		(0.400)	-	0.400	-	-	-	-	-	-	6.556	(6.556)	-
Interest on Revenue Balances		(0.295)	-	0.045	-	0.250	-	-	-	-	-	-	-
Increase/ (Decrease) in 2022/23		**(7.884)**	**3.003**	**0.445**	**-**	**1.319**	**(3.117)**	**23.325**	**62.914**	**83.122**	**(0.759)**	**0.231**	**82.594**
Balance as at 31 March 2023		**49.132**	**23.808**	**3.682**	**-**	**19.261**	**95.883**	**291.312**	**71.804**	**458.999**	**9.905**	**41.110**	**510.014**

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

2022/23					2023/24			
EAC			Group		EAC			Group
£m	£m	£m	£m		£m	£m	£m	£m
Exp	Income	Net	Net	**Operating**	Exp	Income	Net	Net
171.040	(23.968)	147.072	147.072	Education	164.508	(25.958)	138.550	138.550
11.830	(1.204)	10.626	10.626	Finance and ICT	11.330	(1.152)	10.178	10.178
4.250	(0.401)	3.849	3.849	People and Culture	3.183	(0.428)	2.755	2.755
9.460	(2.565)	6.895	6.895	Governance	8.346	(2.292)	6.054	6.054
1.000	(0.008)	0.992	0.992	Corporate Support	1.048	(0.005)	1.043	1.043
30.468	(7.224)	23.244	23.244	Housing and Communities	32.036	(9.451)	22.585	22.585
30.391	(12.500)	17.891	17.891	Ayrshire Roads Alliance	31.873	(15.870)	16.003	16.003
8.254	(0.490)	7.764	7.764	Transport (incl SPT)	8.497	(0.352)	8.145	8.145
36.076	(11.688)	24.388	24.388	Facilities and Property Management	34.982	(10.803)	24.179	24.179
9.112	(2.851)	6.261	6.261	Economic Growth	5.331	(1.139)	4.192	4.192
6.637	(0.089)	6.548	6.548	Arms Length Organisations	7.480	(0.199)	7.281	7.281
0.818	(0.080)	0.738	1.196	Communities and Economy Other Segments	1.846	(1.178)	0.668	1.263
146.585	(139.953)	6.632	6.632	Social Work: Provision of Services	143.811	(146.593)	(2.782)	(2.782)
100.682	-	100.682	100.682	Contribution to the IJB	105.165	-	105.165	105.165
0.738	(0.004)	0.734	0.734	Chief Executive Office (incl Internal Audit)	0.769	(0.004)	0.765	0.765
31.376	(27.503)	3.873	3.873	Central Services	22.279	(24.544)	(2.265)	(2.265)
1.772	(1.997)	(0.225)	(0.225)	Projects	5.472	(5.295)	0.177	0.177
59.560	(46.680)	12.880	12.880	Housing Revenue Account	76.270	(50.453)	25.817	25.817
660.049	**(279.205)**	**380.844**	**381.302**	**Net Cost Of Services**	**664.226**	**(295.716)**	**368.510**	**369.105**
		(0.777)	(0.777)	(Gains)/Losses on Disposals of Assets			(0.982)	(0.982)
		380.067	380.525	**Net Operating Expenditure**			367.528	368.123
		(55.488)	(55.488)	Income from Council Tax			(58.900)	(58.900)
		(247.474)	(247.474)	Government Grants (not service specific)			(253.429)	(253.429)
		(23.226)	(23.226)	Distribution from NDR Pool			(30.467)	(30.467)
		(12.140)	(12.140)	Capital Grants & Contributions		*Note 5*	(18.216)	(18.216)
		(338.328)	(338.328)	**Taxation & Non Specific Grant Income**			(361.012)	(361.012)
		41.739	**42.197**	**Net Operating Costs**			**6.516**	**7.111**
				Financing and Investment Income and Expenditure				
		2.159	2.159	Net Interest on Net Defined Pension Liability		*Note 8*	(1.090)	(1.090)
		-	7.320	Share of Surplus on Provision of Services of Associates & Joint Ventures			-	3.557
		(1.645)	(1.650)	Interest and Investment Income		*Note 22*	(3.722)	(3.736)
		23.664	23.664	Interest Payable and Similar Charges			27.865	27.865
		65.917	**73.690**	**Deficit on the Provision of Services**			**29.569**	**33.707**
		(29.516)	(38.103)	(Surplus)/ Deficit on Revaluation of Non-Current Assets			(35.510)	(37.433)
		-	-	(Surplus)/ Deficit on Revaluation of Available for Sale Financial Assets		*Note 25*	-	-
		(119.523)	(119.523)	Remeasurement of the Net Defined Pension Benefit Liability (Asset)		*Note 8*	64.307	64.307
		-	1.342	Share of Other Comprehensive (Income)/ Expenditure of Associates & Joint Ventures			-	0.401
		(83.122)	**(82.594)**	**Total Comprehensive (Income)/Expenditure**			**58.366**	**60.982**

Balance Sheet

This is a snapshot at 31 March 2024 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 2023				31 March 2024	
EAC	Group			EAC	Group
£m	£m			£m	£m
969.232	982.654	Property, Plant & Equipment	*Note 12*	989.066	1,003.791
14.429	14.429	Heritage Assets	*Note 16*	14.429	14.429
-	-	Intangible Assets	*Note 14*	-	-
-	37.203	Investments in Associates and Joint Ventures	*Note 32*	-	33.246
0.389	0.389	Non-Current Receivables (Long Term Investments)	*Note 22*	0.384	0.384
63.536	63.536	Pension Assets*	*Note 8*	-	-
1,047.586	**1,098.211**	**Non-Current Assets**		**1,003.879**	**1,051.850**
0.021	0.411	Short Term Investments	*Note 22*	0.020	0.448
1.836	1.836	Inventories	*Note 17*	1.844	1.844
33.891	33.891	Debtors	*Note 18*	51.036	51.036
0.025	0.025	Assets Held for Sale	*Note 15*	0.025	0.025
33.472	33.472	Cash and Cash Equivalents	*Note 19*	9.943	9.943
69.245	**69.635**	**Current Assets**		**62.868**	**63.296**
(43.145)	(43.145)	Short Term Borrowing		(77.868)	(77.868)
(77.265)	(77.265)	Creditors (Including Grants Receipts in Advance)	*Note 18*	(69.279)	(69.279)
(11.603)	(11.603)	Provisions	*Note 20*	(6.489)	(6.489)
(132.013)	**(132.013)**	**Current Liabilities**		**(153.636)**	**(153.636)**
(40.924)	(40.924)	Pension Liabilities*	*Note 8*	(39.941)	(39.941)
(82.049)	(82.049)	Other Long Term Liabilities	*Note 22*	(78.100)	(78.100)
(402.846)	(402.846)	Long Term Borrowing	*Note 22*	(394.437)	(394.437)
-	-	Liabilities in Associates and Joint Ventures	*Note 32*	-	-
(525.819)	**(525.819)**	**Non-Current Liabilities**		**(512.478)**	**(512.478)**
458.999	**510.014**	**Net Assets**		**400.633**	**449.032**
95.883	95.883	Usable Reserves (Available to Fund Services)	*MiRS*	111.735	111.735
-	10.189	Share of Usable Reserves of Associates and Joint Ventures		-	10.866
71.804	71.804	Unusable Statutory Adjustments Accounts	*Note 25*	(27.175)	(27.175)
291.312	291.312	Unusable Reserves (Unrealised and Deferred Impact on Taxation)	*Note 25*	316.073	316.073
-	40.826	Share of Unusable Reserves of Associates and Joint Ventures		-	37.533
458.999	**510.014**	**Net Reserves**		**400.633**	**449.032**

** Restatement of 2022/23 following revised Guidance.*

Authorised for Issue

The unaudited accounts were authorised for issue by the Council on 27 June 2024.

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

Cash Flow Statement

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

Cash Flow

2022/23					2023/24	
EAC	Group				EAC	Group
£m	£m				£m	£m
65.917	**73.690**	**Deficit on the Provision of Services**			**29.569**	**33.707**
-	(7.320)	Deficit attributable to Associates and Joint Ventures			-	(3.557)
65.917	**66.370**	**(Surplus)/ Deficit on the Provision of Services**			**29.569**	**30.150**
		Non Cash Items in the Comprehensive Income and Expenditure Statement				
(62.842)	(63.300)	Depreciation and Impairment			(69.894)	(70.489)
(1.195)	(1.195)	Carrying Amount of Non-Current Assets Sold		*Note 12*	(1.038)	(1.038)
(31.591)	(31.591)	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations		*Note 8*	1.754	1.754
0.023	0.023	EIR Stepped Loan Adjustment			0.029	0.029
(95.605)	**(96.063)**				**(69.149)**	**(69.744)**
		Changes in Working Capital				
0.356	0.356	Increase/ (Decrease) in Stock and Work in Progress		*Note 17*	0.008	0.008
(15.772)	(15.772)	Increase/ (Decrease) in Debtors			15.789	15.789
0.469	0.469	Increase/ (Decrease) in Bad Debt Provision			1.236	1.236
1.140	1.140	(Increase)/ Decrease in Creditors			12.123	12.123
(13.807)	**(13.807)**				**29.156**	**29.156**
		Adjustments for Items which are included in the net surplus or deficit on the provision of services that are investing or financing activities				
0.012	0.012	Net Increase / (Decrease) in Short Term Deposits			0.005	0.005
12.140	12.140	Capital Grants Received			18.216	18.216
1.972	1.972	Sale of Non-Current Assets			2.020	2.020
14.124	**14.124**				**20.241**	**20.241**
(29.371)	**(29.376)**	**Net Cash Outflow/ (Inflow) from Operating Activities**			**9.817**	**9.803**
		Investing Activities				
72.544	72.544	**Cash Outflows:**	Purchase of Non-Current Assets	*Note 10*	55.256	55.256
-	0.005		Increase in Short Term Deposits		-	0.014
72.544	72.549				**55.256**	**55.270**
(1.972)	(1.972)	**Cash Inflows:**	Sale of Non-Current Assets		(2.020)	(2.020)
(0.012)	(0.012)		Decrease in Short Term Deposits		(0.005)	(0.005)
(12.140)	(12.140)		Capital Grants Received	*Note 5*	(18.216)	(18.216)
(14.124)	**(14.124)**				**(20.241)**	**(20.241)**
58.420	**58.425**	**Net Cash Outflow/ (Inflow) from Investing Activities**			**35.015**	**35.029**
		Financing	Repayments of Amounts Borrowed			
-	-	**Cash Outflows:**	Repayments of Amounts Borrowed		-	-
3.159	3.159		Capital Element of Finance Lease Rental Payments		3.766	3.766
(33.608)	(33.608)	**Cash Inflows:**	New Loans Raised		(25.069)	(25.069)
(30.449)	**(30.449)**	**Net Cash Outflow/ (Inflow) from Financing Activities**			**(21.303)**	**(21.303)**
(1.400)	**(1.400)**	**Net (Increase)/Decrease in Cash and Cash Equivalents**			**23.529**	**23.529**
32.072	**32.072**	**Cash and Cash Equivalents at the start of the reporting period**		*Note 19*	**33.472**	**33.472**
33.472	**33.472**	**Cash and Cash Equivalents at the end of the reporting period**		*Note 19*	**9.943**	**9.943**

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 2023/24.

Expenditure and Income Analysis		
2022/23		**2023/24**
£m	**Expenditure and Income Analysed by Nature**	**£m**
	Expenditure	
289.804	Employee Benefit Expenses	278.718
309.562	Other Service Expenses	314.524
62.842	Depreciation, Amortisation and Impairment	69.894
23.664	Interest Payable and Similar Charges	27.865
(0.777)	(Gain)/ Losses on Disposals of Assets	(0.982)
685.095	**Total Expenditure**	**690.019**
	Income	
(279.205)	Fees, Charges and Other Service Income	(295.716)
(1.645)	Interest and Investment Income	(3.722)
(78.714)	Income from Council Tax and Non Domestic Rates	(89.367)
(259.614)	Government Grants and Contributions	(271.645)
(619.178)	**Total Income**	**(660.450)**
65.917	**Deficit on the Provision of Services**	**29.569**

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 contracts 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 2023/24 were £0.356m (2022/23 £0.320m).

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 2023/24 we collected £20.057m (2022/23 £19.704m) and paid over £19.613m (2022/23 £19.278m). We received £0.444m for providing this service (2022/23 £0.426m). We also act as an agent on behalf of the Scottish Government collecting non-domestic rates. During 2023/24 we billed £32.055m (2022/23 £27.810m) on their behalf and we received £30.467m (2022/23 £23.226m) in Distributable income from the Non-Domestic Rates pool.

Note 4 – Material Items of Income and Expenditure

During 2023/24 Council approved the adoption of the Service Concession Arrangement flexibility, which generated a retrospective one-off non cashed back gain of £18.694m. This gain will be held as a reserve to be utilised in future years.

As at the 31st March 2024 the Council's actuaries, Hymans Robertson, advised that the Council's net pension position in relation to its share of the Strathclyde Pension Fund had increased from a net asset of £294.509m to £350.170m. As a result of IAS19 provisions, the Council has applied an asset ceiling cap, reducing the funded element of the net asset to nil (£63.536m in 2022/23). The unfunded pension element of £39.941m is disclosed separately as a liability (£40.924m in 2022/23). More detail on the implications of this can be found at Note 8.

Note 5 – Grant Income

The following grants were credited to the CIES in 2023/24.

Grant Income		
2022/23		**2023/24**
£m	**Credited to Taxation and Non-Specific Grant Income**	**£m**
247.474	Revenue Support Grant	253.429
23.226	Non-Domestic Rates	30.467
7.702	General Capital Grant	7.206
3.129	Council House Building Programme	6.030
1.309	Other Capital Grants	4.980
282.840	**Total**	**302.112**
£m	**Credited to Services/ IJB**	**£m**
24.167	DWP Housing Benefits	23.990
21.256	NHS Resource Transfer	23.085
6.931	Scottish Attainment Challenge	6.310
3.163	William McIlvanney Campus	3.166
2.646	Criminal Justice Grant	2.646
13.124	Scottish Government - Early Learning & Childcare	13.959
1.339	Home Energy Efficiency Programmes Scotland (HEEPS) Grants	2.946
0.809	Private Sector Housing Grant	1.103
0.537	DWP Benefits Administration Grants	0.493
0.332	Education Maintenance Allowance	0.295
2.060	Dean Castle Restoration	0.191
-	Palace Theatre	0.595
0.037	Syrian Resettlement Programme	0.176
0.755	Ukraninian Resettlement Programme	0.830
1.077	European Funding	0.396
-	Place Based Investment Programme	1.114
-	UK Shared Prosperity Fund	1.506
2.818	Scottish Government - Pay Award Funding	2.846
-	Scottish Government Free School Meals Funding	1.630
0.136	Skills Development Scotland Skillseeker Grant	0.187
1.311	Town Centre Regeneration	0.150
1.009	Various Minor Social Work Grants	2.380
1.999	Various Minor Chief Executive's Services Grants	3.530
2.365	Various Minor Communities and Economy Grants	5.950
0.612	Covid-19 Service Grants	0.000
88.483	**Total**	**99.474**

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 2024/25	5.883	2.462	4.851	13.196
Payable within 2 to 5 years	29.088	9.086	17.493	55.667
Payable within 6 to 10 years	35.030	16.764	24.841	76.635
Payable within 11 to 15 years	28.832	18.555	21.766	69.153
Payable within 16 to 20 years	-	-	-	-
Total	**98.833**	**46.867**	**68.951**	**214.651**

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

PPP Liability Outstanding

2022/23		2023/24
£m		£m
51.016	**Balance outstanding at start of year**	**49.241**
(1.775)	Payments during the year	(2.374)
49.241	**Balance outstanding at year-end**	**46.867**

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 2024/25	0.741	1.487	1.980	4.208
Payable within 2 to 5 years	4.464	5.833	6.878	17.175
Payable within 6 to 10 years	7.666	8.185	6.454	22.305
Payable within 11 to 15 years	10.475	9.505	3.370	23.350
Payable within 16 to 20 years	8.174	10.172	1.165	19.511
Total	**31.520**	**35.182**	**19.847**	**86.549**

2022/23		2023/24
£m		£m
37.958	**Balance outstanding at start of year**	**36.574**
(1.384)	Payments during the year	(1.392)
36.574	**Balance outstanding at year-end**	**35.182**

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.

East Ayrshire Council has approved the application of this flexibility and the adoption of the resultant revised accounting arrangements in respect of its PPP and NPD contracts and the capital repayment element of the contracts have been reviewed and adjusted in a manner consistent with the accounting for other local authority fixed asset financing arrangements.

Reprofiled PPP and NPD Liabilities

	PPP Liability Repayment	PPP Revised Profile	NPD Liability Repayment	NPD Revised Profile	Total Movement
	£m	£m	£m	£m	£m
Pre 2023/24	26.893	14.674	6.323	1.826	(16.716)
2023/24	2.374	1.363	1.392	0.425	(1.978)
Payable within 2 to 5 years	9.322	6.185	5.936	1.94	(7.133)
Payable within 6 to 10 years	15.090	9.678	7.895	3.066	(10.241)
Payable within 11 to 15 years	21.483	12.411	9.274	3.972	(14.374)
Payable within 16 to 20 years	0.973	15.914	12.077	5.148	8.012
Payable within 21 to 25 years	-	15.910	-	6.671	22.581
Payable within 26 to 30 years	-	-	-	8.645	8.645
Payable within 31 to 35 years	-	-	-	11.204	11.204
	76.135	**76.135**	**42.897**	**42.897**	**-**

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 current 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 – Operating Leases

Council as Lessee: We have a number of assets under operating leases including properties, vehicles and plant and IT hardware. The expenditure charged to the Net Cost of Services in the CIES during the year in relation to these leases was £0.348m (£0.474m in 2022/23).

Council as Lessor: We lease out properties under operating leases 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 £1.079m (£1.075m in 2022/23).

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

Leases				
31 March 2023			**31 March 2024**	
Council as Lessee	**Council as Lessor**		**Council as Lessee**	**Council as Lessor**
£m	**£m**		**£m**	**£m**
0.351	1.048	Not later than 1 year	0.327	1.089
0.378	3.283	Later than 1 year and not later than 5 years	0.444	3.315
0.056	7.486	Later than 5 years	0.066	8.022
0.785	**11.817**	**Total**	**0.837**	**12.426**

The International Accounting Standards Board (IASB) issued IFRS 16 Leases in January 2016. The IFRS 16 Leases standard replaces the current guidance in International Accounting Standard IAS 17 on leases. The implementation of IFRS16 was due to be applied by the Code from 1 April 2022, however was deferred to be effective from 1 April 2024 and will be included in the 2024/25 Code.

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 27 (F).

Transactions Relating to Post Employment Benefits

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

Defined Benefit Pension Scheme

2022/23	Local Government Pension Scheme	2023/24
£m	***Comprehensive Income and Expenditure Statement (CIES)***	**£m**
	Cost of Services:	
56.206	Current service costs	27.957
0.474	Past service costs (including curtailments)	0.237
	Financing and Investing Income and Expenditure:	
2.159	Net Interest Expense	(14.005)
	Changes in the Effect of the Asset Ceiling	12.915
58.839	Total Post Employment Benefit Charged to Surplus or Deficit on Provision of Services	27.104
	Other Post Employment Benefit Charged to the CIES:	
	Re-measurement of the net defined benefit liability comprising:	
49.438	Return on pension fund assets	(58.581)
(9.293)	Actuarial (gains) arising on changes in demographic assumptions	(13.908)
(492.142)	Actuarial (gains) or losses arising on changes in financial assumptions	(49.021)
60.577	Actuarial losses arising from other experience	80.518
	Changes in the Effect of the Asset Ceiling	(284.812)
(332.581)		(298.700)
271.897	Effect of Asset Ceiling Limitation	390.111
(60.684)	Total Post Employment Benefit Charged to the CIES	91.411
	Movement in Reserves Statement (MiRS)	
(31.591)	Reversal of net charges made to the Surplus/ Deficit for the Provision of Services for post employment benefits in line with the Code	1.754
27.248	**Employers' contributions payable to Strathclyde Pension Fund**	**28.858**

2022/23	Pension Assets and Liabilities on the Balance Sheet	2023/24
£m		**£m**
(806.969)	Present Value of The Defined Benefit Obligation	(860.617)
1,142.402	Fair Value of Pension Fund Assets	1,250.728
(271.897)	De-Recognition of Pension Fund Assets (Surplus) to Asset Ceiling	(390.111)
63.536	**Net Funded Asset from Defined Benefit Obligation**	-
(40.924)	Present Value of the Unfunded Liability Accounted for Separately	(39.941)
22.612	**Net Total Asset (Liability) arising from Defined Benefit Obligation**	(39.941)
(17.184)	Unfunded liabilities for Pension Fund	(16.860)
(19.122)	Teachers unfunded pensions	(18.799)
(4.618)	Unfunded liabilities prior to 1996 local government reorganisation	(4.282)

2022/23	Reconciliation of Present Value of Scheme Liabilities	2023/24
£m		**£m**
(1,220.350)	Opening balance at 1 April	(1,119.790)
(56.206)	Current Service Cost	(27.957)
(33.419)	Interest Cost	(40.303)
	Changes in the Effect of the Asset Ceiling	(12.915)
(7.173)	Contributions from scheme Participants	(7.907)
	Re-measurement gains and (losses)	
9.293	Actuarial gains from changes in demographic assumptions	13.908
492.142	Actuarial gains or (losses) from changes in financial assumptions	49.021
(60.577)	Actuarial gains or (losses) from other experience	(74.091)
	Changes in the Effect of the Asset Ceiling	284.812
(0.474)	Past service cost	(0.237)
28.871	Benefits Paid	34.901
(847.893)	**Closing Actuarial Balance at 31 March**	**(900.558)**
(271.897)	Effect of Asset Ceiling Limitation	(390.111)
(1,119.790)	**Closing Accounting Balance at 31 March**	**(1,290.669)**

2022/23	Reconciliation of Movements in Fair Value Scheme Assets	2023/24
£m		**£m**
1,155.030	Opening Fair Value of Pension Fund Assets	1,142.402
31.260	Interest Income	54.308
-	Re-measurement gains and (losses)	-
(49.438)	Return on pension fund assets	58.581
	Other Experience	(6.427)
27.248	Contributions from employers	28.858
7.173	Contributions from employees into the scheme	7.907
(28.871)	Benefits Paid (including settlements)	(34.901)
1,142.402	**Closing Balance at 31 March**	**1,250.728**

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

	2023/24				2022/23			
Asset Category	**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	252.608	0.274	252.882	20%	223.083	2.048	225.131	20%
Private Equity	-	298.600	298.600	24%	-	280.789	280.789	25%
Real Estate	-	98.344	98.344	8%	-	94.190	94.190	8%
Investment Funds and Unit Trusts	5.136	572.580	577.717	46%	4.921	515.730	520.651	45%
Derivatives	-	-	-	0%	-	(0.001)	(0.001)	0%
Cash & Cash Equivalents	1.948	21.237	23.185	2%	15.800	5.842	21.642	2%
Closing balance at 31 March	**259.692**	**991.035**	**1,250.728**	**100%**	**243.804**	**898.598**	**1,142.402**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed based on the latest full valuation of the scheme as at 31 March 2024.

Basis for Estimating Assets and Liabilities

2023/24 **Local Government Pension Scheme**		**2023/24**	**2022/23**
Mortality assumptions (years):			
Longevity at 65 for current pensioners:	Men	19.6	19.3
	Women	22.5	22.2
Longevity at 65 for future pensioners:	Men	20.7	20.5
	Women	24.3	24.2
Rate of inflation (RPI)		3.10%	3.20%
Rate of inflation (CPI)		2.75%	2.95%
Rate of increase in salaries		3.45%	3.65%
Rate of increase in pensions		2.75%	2.95%
Rate for discounting scheme liabilities		4.85%	4.75%
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 2024

Assumptions at 31 March 2024

	Approximate % increase in Employer Liability	**Approximate monetary amount £m**
0.1% decrease in Real Discount Rate	2%	£15,786
1 Year increase in Member Life Expectancy	4%	£36,002
0.1% increase in the Salary Increase Rate	0%	£2,371
0.1% increase in the Pension Increase Rate	2%	£13,682

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 19.3% for 2023/24. 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 2025 is £8.695m. 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 2024 at a surplus meaning that we hold a pension asset rather than a liability. This was also the case in 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 relates to the amount of economic benefit available as a contribution reduction and it is this section of the Interpretation that requires to be given consideration as to to whether the Defined Benefit Scheme has a minimum funding requirement. The instructed methodology use 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 2022/23 the Council recognised a pension asset of £22.612m; this was after a pension asset ceiling adjustment of £271.897m (the unadjusted asset position value being £294.509m). In 2023/24 our independent actuary notes the following values as being:

(a) a net funded asset of £390.111m; 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 £39.941m. When this is considered alongside the asset ceiling adjustment, the final net value of the defined benefit pension scheme is a liability of £39.941m. 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 31 on Page 82 - 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 2024 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 2023/24.

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 2024 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 2023/24 amounted to £14.259m, employer pension rates were 23% (2022/23 £13.867m). In addition, contributions totaling £0.578m, 0.9% of pensionable pay, were made for discretionary payments (2022/23 £0.575m, 1.0% 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 2023/24 and the resources used to finance it are shown below. Also shown are the capital commitments at 31 March 2024.

Capital Expenditure and Capital Financing

2022/23		2023/24
£m		**£m**
583.052	**Opening Capital Financing Requirement**	**622.425**
	Capital Investment	
72.544	Property, Plant and Equipment	55.256
5.818	Revenue Expenditure Funded from Capital under Statute	6.276
	Sources of Finance	
(1.609)	Capital receipts	(1.496)
(17.958)	Government grants and other contributions	(24.492)
	Sums set aside from revenue:	
(3.427)	Direct revenue contributions	(5.353)
(3.159)	Repayment of PPP/Finance Lease Capital Debt	(3.766)
(12.836)	Loans Fund Principal	(14.033)
622.425	**Closing Capital Financing Requirement**	**634.817**
	Explanation of movements in year	
39.373	Increase/ (Decrease) in underlying need to borrow (unsupported by government financial assistance)	12.392
39.373	**Increase/ (Decrease) in Capital Financing Requirement**	**12.392**

Capital Contract Commitments at 31 March - Property, Plant & Equipment	
	£m
Housing Investment Programme	13.636
Affordable Housing Projects	7.368
Schools & ELC	4.306
Other Projects	3.645
Total	**28.955**

Note 11 – Impairment Losses

An impairment loss of £28.247m was recognised in 2023/24 due to the revaluation of PPE and other changes in asset condition, such as planned demolitions (2022/23 £24.177m). 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 2023/24. The valuation bases, useful lives and depreciation methods used are disclosed within Note 27 - Accounting Policies, Section N. Assets included on the balance sheet at fair value are formally revalued by the Council on a rolling basis over a 5 year period, for 2023/24 the category was Council Dwellings and we have also valued 20% of the Council's land and property portfolio including a selection from each property type, in order to capture any material changes affecting the various property types.

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

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

- For accounting periods commencing from 1 April 2021 until 31 March 2024, 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 2024, 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

2023/24	OPERATIONAL ASSETS			NON-OPERATIONAL ASSETS		2023/24	2023/24
	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets - Surplus Assets Not Held for Sale	Assets Under Construction	Total PPE	PPP/ NPD Assets included in Total PPE
Cost or Valuation:	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2023	**392.274**	**501.654**	**37.416**	**21.399**	**16.643**	**969.386**	**137.245**
Expenditure	20.585	6.957	3.579	1.748	12.413	**45.282**	**0.038**
Revaluations (Effective 31 March):							
To Revaluation Reserve	(24.816)	(2.655)	-	(0.183)	-	**(27.654)**	**-**
Impairment to Net Cost of Services	(25.050)	(1.771)	-	(1.426)	-	**(28.247)**	**-**
Disposals	(0.599)	-	(10.628)	(0.544)	-	**(11.771)**	**-**
Other movements	15.433	-	-	-	(15.433)	**-**	**-**
At 31 March 2024	**377.827**	**504.185**	**30.367**	**20.994**	**13.623**	**946.996**	**137.283**
Depreciation and Impairment:							**-**
At 1 April 2023	(45.229)	(1.635)	(25.569)	(0.328)	-	**(72.761)**	**-**
Depreciation charge	(14.559)	(15.340)	(3.556)	(0.377)	-	**(33.832)**	**(3.001)**
Depreciation written out							
To Revaluation Reserve	59.683	3.319	-	0.161	-	**63.163**	**-**
Disposals	0.105	-	10.615	0.013	-	**10.733**	**-**
At 31 March 2024	**(0.000)**	**(13.656)**	**(18.510)**	**(0.531)**	**-**	**(32.697)**	**(3.001)**
Net Book Value at 31 March 2023	**347.045**	**500.019**	**11.847**	**21.071**	**16.643**	**896.625**	**137.245**
Net Book Value at 31 March 2024	**377.827**	**490.529**	**11.857**	**20.463**	**13.623**	**914.299**	**134.282**

2022/23	OPERATIONAL ASSETS			NON-OPERATIONAL ASSETS		2022/23	2022/23
	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Community Assets - Surplus Assets Not Held for Sale	Assets Under Construction	Total PPE	PPP/ NPD Assets included in Total PPE
Cost or Valuation:	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2022	**335.296**	**486.435**	**48.861**	**21.529**	**15.895**	**908.016**	**131.336**
Expenditure	11.888	15.851	4.921	0.684	27.201	**60.545**	-
Revaluations (Effective 1 April):							
To Revaluation Reserve	42.981	3.189	-	(0.168)	-	**46.002**	**5.909**
To Net Cost of Services	(12.582)	(11.059)	-	(0.536)	-	**(24.177)**	-
Disposals	(1.229)	(0.290)	(16.366)	(0.110)	-	**(17.995)**	-
Other movements	15.920	10.533	-	-	(26.453)	**-**	-
At 31 March 2023	**392.274**	**501.654**	**37.416**	**21.399**	**16.643**	**969.386**	**137.245**
Depreciation and Impairment:							**-**
At 1 April 2022	**(33.209)**	**(1.707)**	**(38.780)**	**(0.088)**	**-**	**(73.784)**	**-**
Depreciation charge	(12.191)	(13.722)	(3.124)	(0.373)	-	**(29.410)**	**(2.856)**
Depreciation written out							
To Revaluation Reserve	-	13.504	-	0.129	-	**13.633**	**2.856**
Disposals	0.171	0.290	16.335	0.004	-	**16.800**	**-**
At 31 March 2023	**(45.229)**	**(1.635)**	**(25.569)**	**(0.328)**	**-**	**(72.761)**	**-**
Net Book Value at 31 March 2022	**302.087**	**484.728**	**10.081**	**21.441**	**15.895**	**834.232**	**131.336**
Net Book Value at 31 March 2023	**347.045**	**500.019**	**11.847**	**21.071**	**16.643**	**896.625**	**137.245**

Infrastructure Assets		
2022/23		**2023/24**
£m		**£m**
69.642	**Net Book Value at 1 April**	**72.607**
11.999	Expenditure	9.975
(9.034)	Depreciation	(7.815)
72.607	**Infrastructure Assets Closing Net Book Value**	**74.767**
959.018	Other PPE Assets (see table above)	914.299
1,031.625	**Total PPE Assets**	**989.066**

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

Non-current assets: software and purchased licenses are accounted for as non-current intangible assets. All software is assigned a finite useful life of 5 years. All intangible assets were fully amortised in 2022/23.

Note 15 – Assets Held for Sale

Assets held for sale		
2022/23		**2023/24**
£m	**Current Assets**	**£m**
0.025	**Balance outstanding at start of year**	**0.025**
-	Assets declassified as held for sale	-
-	Assets sold	-
0.025	**Balance outstanding at year-end**	**0.025**

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		
2022/23		**2023/24**
£m		**£m**
41.543	**Cost or Valuation at 1 April**	**14.429**
(27.114)	Revaluations during the year	-
14.429	**Cost or Valuation at 31 March**	**14.429**
41.543	**Opening Net Book Value**	**14.429**
14.429	**Closing Net Book Value**	**14.429**

Note 17 – Inventories

Inventories						
2022/23				2023/24		
Consumable Stores	**Maintenance Materials**	**Total**		**Consumable Stores**	**Maintenance Materials**	**Total**
£m	**£m**	**£m**		**£m**	**£m**	**£m**
0.744	0.736	1.480	Opening Balance	0.956	0.880	1.836
-	-	-	Transfers In	-	-	-
2.507	3.129	5.636	Purchases	2.216	3.021	5.237
(2.295)	(2.985)	(5.280)	Recognised as expense in the year	(2.216)	(3.013)	(5.229)
0.956	**0.880**	**1.836**	**Closing Balance**	**0.956**	**0.888**	**1.844**

Note 18 – Short Term Debtors and Creditors

Debtors & Creditors				
31 March 2023	**31 March 2023**		**31 March 2024**	**31 March 2024**
Debtors	**Creditors**	**Short Term Debtors and Creditors**	**Debtors**	**Creditors**
£m	**£m**		**£m**	**£m**
13.505	(15.615)	Central Government bodies	17.276	(11.730)
5.010	(20.972)	Other Local Authorities	9.894	(12.132)
6.025	(1.716)	NHS bodies	7.696	(0.513)
-	(0.325)	Public Corporations and trading funds	-	(0.456)
9.351	(38.637)	Other entities and individuals	16.170	(44.448)
33.891	**(77.265)**	**Total**	**51.036**	**(69.279)**

Grants and contributions which have a condition attached that remains to be satisfied at the balance sheet date are recognised as grants receipts in advance. Included within the amounts above are grant receipts in advance totalling £5.231m (2022/23 £6.134m).

Note 19 – Cash and Cash Equivalents

Cash & Cash Equivalents		
31 March 2023		**31 March 2024**
£m		**£m**
0.036	Cash held by the Council	0.036
3.455	Callable deposits	10.564
(5.793)	Bank current accounts	(2.798)
35.774	Short term deposits	2.141
33.472	**Total Cash and Cash Equivalents**	**9.943**

Note 20 – Provisions

Provisions					
Provisions	**Training & Employment**	**Severances**	**Legal Cases**	**Other**	**Total**
Balance as at 1 April 2023	**6.176**	**0.081**	**5.346**	**-**	**11.603**
Additional Provisions made during the year	-	0.024	-	-	0.024
Costs Incurred against provision	(1.843)	(0.038)	(0.443)	-	(2.324)
Unused amounts reversed during the year	-	(0.043)	(2.771)	-	(2.814)
Balance as at 31 March 2023	**4.333**	**0.024**	**2.132**	**-**	**6.489**

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 2024 is £4.3m (2022/23 £6.2m).

At 31 March 2024 £0.025m (2022/23 £0.081m) was provided for the cost of severances within services where arrangements have been agreed by Cabinet and the payments will be made in the coming months.

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

- Employment Tribunal proceedings have been raised against the Council by a number of staff relating to Equal Pay. The majority of claims have been agreed, however some costs remain as at 31 March 2024;
- 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 4 live claims.
- The information usually required by International Accounting Standard 37 (Provisions, Contingent Liabilities and Contingent Assets) is not disclosed in respect of individual legal case provisions on the grounds that it can be expected to prejudice the outcome of the proceedings

Note 21 – Contingent Assets and Liabilities

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

We have an obligation to indemnify and reimburse any cumulative deficit sustained by the Kilmarnock Leisure Centre Trust up to a maximum of £0.200m in each financial year once the reserves held by the Trust have been depleted.

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.

The Council is in discussion with a contactor regarding claims for additional payment for works undertaken in relation to a flood prevention scheme. The likelihood and level of any cash outflow as a result of claims is not yet known with any certainty.

Note 22 – Financial Instruments

Financial Assets and Financial Liabilities

Financial Assets and Financial Liabilities

31 March 2023				31 March 2024		
Non Current	**Current**	**Total**	**Amortised Cost**	**Non Current**	**Current**	**Total**
£m	**£m**	**£m**		**£m**	**£m**	**£m**
0.389	0.021	**0.410**	Investments	0.384	0.020	**0.404**
-	73.271	**73.271**	Debtors	-	63.777	63.777
0.389	**73.292**	**73.681**	**Total Financial Assets**	**0.384**	**63.797**	**64.181**
(484.895)	(48.938)	**(533.833)**	Borrowings	(472.537)	(80.666)	**(553.203)**
-	(66.604)	**(66.604)**	Creditors	-	(57.801)	**(57.801)**
(484.895)	**(115.542)**	**(600.437)**	**Total Financial Liabilities**	**(472.537)**	**(138.467)**	**(611.004)**

Items of Income

Items of income

2022/23			2023/24	
Surplus or Deficit on the Provision of Services	**Other Comprehensive Income and Expenditure**		**Surplus or Deficit on the Provision of Services**	**Other Comprehensive Income and Expenditure**
£m	**£m**	**Net gains/losses on:**	**£m**	**£m**
-	-	Total net gains/losses	-	-
		Interest revenue:		
(1.645)	-	Financial assets measured at amortised cost	(3.722)	-
-	**-**	**Total Interest Revenue**	**(3.722)**	**-**
23.297	**-**	**Interest expense**	**27.479**	**-**

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

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

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

The fair values are calculated as follows:

Financial Instruments Fair Value and Carrying Value				
31 March 2023			31 March 2024	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
0.021	0.021	Short Term Investments	0.020	0.020
0.389	0.389	Long Term Investments	0.384	0.384
73.271	73.271	Short Term Debtors	63.777	63.777
73.681	**73.681**	**Financial Assets**	**64.181**	**64.181**
(356.799)	(349.899)	PWLB Debt	(373.837)	(341.100)
(85.426)	(99.297)	Non-PWLB Debt	(94.519)	(99.465)
(5.793)	(5.793)	Short Term Borrowing	(2.798)	(2.798)
(66.719)	(66.719)	Short Term Creditors	(57.801)	(57.801)
(3.766)	(3.766)	Short Term Finance Lease Liability	(3.949)	(3.949)
(82.049)	(82.725)	Other Long Term Liabilities	(78.100)	(75.935)
(600.552)	**(608.199)**	**Financial Liabilities**	**(611.004)**	**(581.048)**

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 2024) 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 £373.837m would be valued at £306.323m. 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 £341.100m.

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 23 February 2024, and is available on our website. The key areas within the strategy were:

- The Authorised Limit for 2023/24 was set at £746.318m, the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £728.115m. This is the expected level of debt and other long term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 40% based on our net debt; and
- The maximum and minimum exposures to the maturity structure of debt.

Risk management is coordinated by a central treasury team, under the approved Treasury Management Strategy and we have in place written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

Credit Risk Management Practices

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

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

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

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

The 2023/24 Annual Investment Strategy approved by Council on 23 February 2023 is available on our website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set.

Our maximum exposure to credit risk in relation to investments in financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

For investments at amortised cost there are no expected credit losses.

Credit Risk Exposure at 31 March 2024

Credit Risk Exposure									
Counterparty	**Credit Rating Criteria met when investment placed**	**Credit Rating Criteria met on 31 March 2023**	**Balance Invested at 31 March 2024**						
			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	10.561	-	-	-	-	-	**10.561**
Debt Management Office	YES	YES	2.140	-	-	-	-	-	**2.140**
Other	YES	YES	0.002	-	0.002	-	0.002	0.382	**0.388**
Total			**12.703**	**-**	**0.002**	**-**	**0.002**	**0.382**	**13.089**

Liquidity Risk

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

We have ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term fund and are also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that we will be unable to raise finance to meet commitments under financial instruments.

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

Liquidity Risk		
31 March 2023		**31 March 2024**
£m		**£m**
0.021	Less than 1 year	0.020
0.004	Between 1 and 2 years	0.003
0.002	Between 2 and 3 years	0.003
0.383	More than 3 years	0.378
0.410		**0.404**

Refinancing and Maturity Risk

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

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

- Financial liabilities and amending the profile through new borrowing or the rescheduling of existing debt; and
- Investments to ensure sufficient liquidity is available for day to day cash flow needs and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

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

Maturity Risk				
	Approved Minimum Limits	**Approved Maximum Limits**	**31 March 2024**	
			£m	**%**
Less than 1 year	0%	35%	80.666	14.58%
Between 1 and 2 years	0%	35%	23.714	4.29%
Between 2 and 5 years	0%	60%	64.245	11.61%
Between 5 and 10 years	0%	50%	67.726	12.24%
More than 10 years	0%	50% - 90%	316.852	57.28%
Total			**553.203**	**100.00%**

Trade Receivables

At 31 March 2024 potential maximum exposure credit risk based on the level of default trade debtors is a gross debtor of £17.841m with a bad debt provision of £3.511m. The amount does not include debtors related to council tax, community charge, non-domestic rates and council house rents as these are not considered to be finance assets. Analysis of the Gross Debtor amount by age is:

Trade Receivables		
31 March 2023		**31 March 2024**
£m		**£m**
11.051	Less than 3 months	14.125
0.303	Between 3 and 6 months	0.201
0.270	Between 6 months and 1 year	0.453
4.461	More than 1 year	3.062
16.085		**17.841**

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 2024, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Market Risk	
	£m
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	0.364
Impact on Surplus or Deficit on the Provision of Services	**0.364**
Share of overall impact debited to the HRA	**0.129**
Decrease in fair value of fixed rate investment assets	-
Impact on Other Comprehensive Income and Expenditure	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**44.907**

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 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 interests. There were no related party transactions in the year.

Chief Officers

All Chief Officers completed and signed a Related Party declaration for the year to 31 March 2024. 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 2022/23		As at March 2023			During 2023/24		As at 31 March 2024	
Charges to	**Charges from**	**Due from**	**Due to**	**Entity**	**Charges to**	**Charges from**	**Due from**	**Due to**
£m	**£m**	**£m**	**£m**		**£m**	**£m**	**£m**	**£m**
1.101	5.623	0.010	0.318	East Ayrshire Leisure Trust	0.513	6.779	0.012	0.387
112.834	100.682	-	10.356	Integration Joint Board	128.809	105.165	-	2.756

Note 25 – Unusable Reserves

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

Unusable Reserves								
2022/23		Unusable Reserves		Unusable Statutory Adjustment Accounts				2023/24
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
276.877	**Balance as at 1 April 2023**	**291.312**	**-**	**69.954**	**22.612**	**(10.213)**	**(10.549)**	**363.116**
149.039	Other Comprehensive Income and Expenditure	35.510	-	-	(64.307)	-	-	**(28.797)**
149.039	**Total Comprehensive Income and Expenditure**	**35.510**	**-**	**-**	**(64.307)**	**-**	**-**	**(28.797)**
	Adjustments between Accounting Basis and Funding Basis Under Statute							
(56.680)	Current and Past Service Pension Costs in Cost of Services	-	-	-	(28.194)	-	-	(28.194)
(2.159)	Net Interest on Net Defined Pension Liability	-	-	-	1.090	-	-	1.090
27.248	Employers Contributions to Pensions Fund	-	-	-	28.858	-	-	28.858
(31.591)	**Adjustments Relating to Pensions**	**-**	**-**	**-**	**1.754**	**-**	**-**	**1.754**
(38.444)	Depreciation of Non-Current Assets	(10.749)	-	(30.898)	-	-	-	(41.647)
(24.177)	Impairment of Non-Current Assets	-	-	(28.247)	-	-	-	(28.247)
(0.221)	Amortisation of Intangible Assets	-	-	-	-	-	-	-
12.140	Capital Grants & Contributions Applied	-	-	18.216	-	-	-	18.216
15.995	Repayment of Debt	-	-	17.799	-	-	-	17.799
3.427	Capital Expenditure Funded in Year	-	-	5.353	-	-	-	5.353
1.609	Use of HRA Capital Fund to Finance New Capital Expenditure	-	-	1.496	-	-	-	1.496
(1.195)	Net Gain/ Loss on Disposal of Non-Current Assets	-	-	(1.038)	-	-	-	(1.038)
(30.866)	**Adjustments Relating to Capital**	**(10.749)**	**-**	**(17.319)**	**-**	**-**	**-**	**(28.068)**
(0.796)	Differences relating to Officer Remuneration required by statute	-	-	-	-	-	(0.844)	**(0.844)**
0.453	Differences relating to Financial Instruments required by statute	-	-	-	-	0.431	-	**0.431**
	Adjustment to Statutory Repayment of debt for Service Concession arrangements - permitted flexibiltity	**-**	**-**	**(18.694)**	**-**	**-**	**-**	**(18.694)**
(0.343)	**Adjustments for Other Items**	**-**	**-**	**(18.694)**	**-**	**0.431**	**(0.844)**	**(19.107)**
86.239	**Increase (decrease) before transfers**	**24.761**	**-**	**(36.013)**	**(62.553)**	**0.431**	**(0.844)**	**(74.218)**
363.116	**Balance as at 31 March 2024**	**316.073**	**-**	**33.941**	**(39.941)**	**(9.782)**	**(11.393)**	**288.898**

General Accounting Policies and Assumptions

Note 27 – Accounting Policies

(A) General Principles

The Accounts summarise our transactions for the 2023/24 financial year and the position as at 31 March 2024. 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 2023/24* (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: are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property to the lessee; all others are classified as operating leases. Where a lease covers both land and buildings, the elements are separately classified.

The Council as Lessee - Operating Leases: we rent offices and buildings as tenant on a variety of lease terms accounted for as operating leases. Rentals paid are charged to the CIES as an expense of the service using the leased property over the term of the lease.

The Council as Lessor - Operating Leases: where we grant an operating lease for a property/PPE, the asset is retained in the Balance Sheet. Rental income is credited to the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. a premium is paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the relevant asset's carrying amount and expended over the lease term in line with rental income.

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

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

Recognition: expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided it is probable that we'll receive future economic benefits or service potential associated with the item and the cost can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when incurred. Plant, furniture and computer equipment costing less than £6,000 are not treated as PPE and are charged to the CIES. De-minimis does not apply where certain categories of assets are grouped together and form part of the approved capital programme.

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

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

Assets are carried on the Balance Sheet using the following measurement bases:

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

Where there is no market based evidence of fair value because of the specialist nature of an asset, in a limited number of instances depreciated replacement cost or insurance replacement cost has been used as an estimate of fair value. Where non-property assets have short useful lives or low values, depreciated historical cost basis is used as a proxy for fair value. Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure their carrying amount is not materially different from their fair value at year-end but as a minimum every 5 years. We revalue 20% of all categories of land and buildings over a 5 year rolling programme at 31 March. Valuations have been compiled by an external valuer. Surplus assets not held for sale are depreciated. Housing stock was formally revalued at 31 March 2024 in line with our revaluation policy. Heritage assets are revalued in line with EALT policy.

Differs Materially: Following the revaluation of the 20% share of assets a review is undertaken by Royal Institute Chartered Surveyors (RICS) colleagues to assess that the carrying value of all assets under each category does not materially differ from that held on the balance sheet. The materiality threshold has been determined to be 1.5% of the previous year value for Land, Buildings & PPE (which for 2023/24 is £13.272m). Where a material movement is indicated, this will be disclosed within the annual accounts and additional valuation work will be undertaken in conjunction with RICS colleagues to estimate the impact of this movement.

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. 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	20-25 years	• Operational Buildings	20-60 years
• Community Assets	20-25 years	• Vehiclesand Equipment	4-20 years

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

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

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

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

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

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

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

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

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

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

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

When a component of the Network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. The written-off amounts of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where a part of the network is replaced, an adaptation provided in a separate update to the Code assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed. Disclosure in the notes is on a net book value basis only. Gross historic cost and accumulated depreciation have not been disclosed.

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

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

Heritage Assets do not include:

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

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

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

The original recognition of the schools PPP assets at fair value (based on the cost of construction) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Schools PPP assets are revalued and depreciated in the same way as other non-current assets we own. The amounts payable to the PPP operator each year are analysed into:

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

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

(R) Provisions: are made in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and charged as an expense in the CIES when we become aware of the obligation, measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking account of relevant risks and uncertainties. Payments made are charged to the provision. Estimated settlements are reviewed annually. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is credited back to the relevant service.

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

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

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

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

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

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

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

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

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

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

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

Note 28 – 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 2024/25 Code:

- IFRS 16 Leases
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Non-current Liabilities with Covenants
- Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The International Accounting Standards Board (IASB) issued IFRS 16 Leases in January 2016. The IFRS 16 Leases standard replaces the current guidance in International Accounting Standard IAS 17 on leases. The implementation of IFRS 16 was due to be applied by the Code from 1 April 2022, however was deferred to be effective from 1 April 2024 and will be included in the 2024/25 Code.

In 2024/25, the Authority will apply IFRS 16 Leases as adopted by the Code of Accounting Practice. IFRS 16 will mean that the majority of leases where the Council acts as lessee will come onto the balance sheet and lessor accounting is effectively unchanged.

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

IFRS 16 will be applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. Implementation is effective from 1st April, therefore no impact on 2023/24 Accounts.

As a lessee, the Authority has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the 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 has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Outwith IFRS 16, implementation of the amendments listed above is effective from 1st April, therefor no impact on the 2023/24 Accounts. Overall, these amended standards are not expected to have a significant impact on the Annual Accounts.

Note 29 – Events after the Balance Sheet Date

We are required to disclose material matters that arise between the Balance Sheet date 31 March 2024 and the date when the Accounts are authorised for issue which took place at the Council meeting on 27 June 2024. The Chief Financial Officer and Head of Finance & ICT, being the responsible officer for the Council's affairs, signed the unaudited Annual Accounts on 27 June 2024. Subsequent events taking place after this date are not reflected in the Annual Accounts or notes.

Note 30 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 27, 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 2026/27 of £32m 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 31 – 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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- PPE assets are depreciated over useful lives that are dependent on the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may require us to review current spending levels on asset repairs and maintenance bringing into doubt the useful lives assigned to assets. If the useful lives of assets reduce then depreciation increases and the carrying amount falls. It is estimated that the annual depreciation charge would increase and the carrying value would fall by £5.835m for each year that useful lives were reduced by one year.
- Assets held at fair value are revalued on a five year rolling basis, as set out in the accounting policy at Note 27 (N). Additional valuations are carried out on an ad hoc basis outwith the rolling programme arrangements, for example, property deemed as surplus or where a need for impairment has been identified. A review is undertaken by RICS colleagues to assess that the carrying value of all assets within each category does not differ materially from that held on the Balance Sheet. No adjustments have been made for this reason in 2023/24.
- At 31 March 2024, the Council had an outstanding gross debtors balance of £16.085m. In line with the requirements of IFRS 9 around expected credit losses a detailed review of outstanding debtors was undertaken at 31 March 2024 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 19.7% (£3.511m). In terms of financial modelling a 1% increase in the allowance could lead to an additional cost of £0.035m. A 100% provision for sundry debts aged 6 months and over is applied and reviewed annually.
- Estimation of the net obligation 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 2023/24. 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 £15.786m. During 2023/24, the Pension Fund's actuaries advised that our net pension position had moved from a net surplus of £294.509m to a net surplus of £350.170m – a movement of £55.661m.

  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 £39.941m. 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 2024/25 as the valuation provided can change in light of prevailing market conditions and insurance options.

Notes to the Group Entites

Note 32 – 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 2024. 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 101. The group entities have been consolidated as follows:

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

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

Group Entities Comprehensive Income and Expenditure Statement Extract

2022/23				2023/24		
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**
4.328	(4.467)	(0.139)	Strathclyde Partnership for Transport	4.602	(6.554)	(1.952)
0.217	(0.242)	(0.025)	Strathclyde Concessionary Travel Scheme Joint Committee	0.253	(0.258)	(0.005)
0.972	(0.815)	0.157	Ayrshire Valuation Joint Board *	0.852	(0.804)	0.048
4.390	(4.062)	0.328	East Ayrshire Leisure Trust	4.526	(4.440)	0.086
148.575	(141.576)	6.999	Integrated Joint Board	159.291	(153.911)	5.380
158.482	**(151.162)**	**7.320**	**Total Associates**	**169.524**	**(165.967)**	**3.557**

** 2022/23 restated.*

Group Entities Balance Sheet Extract

2022/23					2023/24			
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**
17.209	9.631	-	(1.377)	Strathclyde Partnership for Transport *	18.360	10.583	(0.141)	(1.560)
-	0.312	-	(0.020)	Strathclyde Concessionary Travel Scheme Joint Committee	-	0.339	-	(0.041)
0.315	0.271	(0.029)	(0.054)	Ayrshire Valuation Joint Board *	0.150	0.227	(0.029)	(0.039)
0.128	1.190	-	(0.483)	East Ayrshire Leisure Trust	0.057	1.114	-	(0.481)
-	10.086	-	-	Integrated Joint Board	-	4.707	-	-
17.652	**21.490**	**(0.029)**	**(1.934)**	**Total Associates**	**18.567**	**16.970**	**(0.170)**	**(2.121)**

** 2022/23 restated.*

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 5.44%. SPT Accounts can be obtained by contacting the Director of Finance and 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 5.83%. A copy of the Annual Accounts for SCTS can be obtained from the Director of Finance and Corporate Support, Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow, G2 5JF.

Ayrshire Valuation Joint Board (AVJB)

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

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

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

East Ayrshire Leisure Trust

East Ayrshire Leisure Trust was established by the Council as a Scottish Charitable Incorporated Organisation to manage the range of leisure services agreed with the Council. The Trust became fully operational on 1 July 2013 and is responsible for its own governance and appointments to its board of Trustees. The Council has Member representation on the board of the Trust as part of the agreement establishing the Trust, as well as two non-voting positions. The Council provides funding to the Trust based on agreed service plans but does not have a controlling interest in the strategic direction or financial management of the organisation. East Ayrshire Council's allocation of this associate is based on representation to the Board. Five councillors from East Ayrshire Council act as Trustees on the Board out of a total of eleven Trustees and the percentage share is 45%. The Leisure Trust is treated as a structured entity within the group, responsible for risks arising from the payment of severance costs.

A copy of the Annual Accounts for the Leisure Trust can be obtained from the Chief Officer, East Ayrshire Leisure, Dower House, Dean Castle Country Park, Dean Road, Beansburn, Kilmarnock, East Ayrshire, KA3 1XB.

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 2023/24 was £105.165m. The IJB Board comprises eight voting members with four made up of East Ayrshire councillors. The IJB is consolidated as a joint venture and therefore the percentage share is 50%. A copy of the Annual Accounts for the East Ayrshire Integration Joint Board can be obtained from the Interim Chief Finance Officer, East Ayrshire Council, London Road, Kilmarnock, East Ayrshire, KA3 7BU.

Alignment of Accounting Policies

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

Title

Category of Asset	Period
Buildings	20-60 years
Infrastructure	Up to 120 years
Plant and Equipment	1-18 years
Vehicles	1-25 years

Inventories

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

Ayrshire Growth Deal

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

During the year the all three councils made an equal contribution to the Project Management Office costs of £0.221m.

Supplementary Financial Statements and notes

Housing Revenue Account (HRA) Income and Expenditure Statement

Housing Revenue Account Income and Expenditure Statement		
2022/23		**2023/24**
£m		**£m**
	Income	
(46.740)	Dwelling Rents	(48.820)
(0.491)	Non Dwelling Rents	(0.328)
(0.939)	Any Other Income	(2.786)
1.490	Elimination Of Internal Recharges	1.481
(46.680)	**Total Income**	**(50.453)**
	Expenditure	
21.211	Repairs and Maintenance	23.022
12.412	Supervision and Management	12.711
25.219	Depreciation and Impairment of Non-Current Assets	39.922
0.536	Bad and Doubtful Debts	0.486
1.672	Any Other Expenditure	1.610
(1.490)	Elimination Of Internal Recharges	(1.481)
59.560	**Total Expenditure**	**76.270**
12.880	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**	**25.817**
0.645	**HRA Share of Corporate and Democratic Core**	**0.644**
0.047	**HRA Share of Non Distributed Costs**	**0.023**
13.572	**Net Cost of HRA Services**	**26.484**
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	
(3.129)	Capital Grants and Contributions Receivable	(6.030)
(3.129)	**Income**	**(6.030)**
(0.550)	(Gain) or Losses on Disposals of Assets	(1.003)
(0.550)	Expenditure	(1.003)
(3.679)	**HRA Share of Other Operating Expenditure**	**(7.033)**
	Investment	
(3.121)	Expected Return on Pension Assets	(5.385)
(3.121)	**Income**	**(5.385)**
(3.121)	**HRA Share of Investment Income**	**(5.385)**
	Financing	
(0.465)	Interest and Investment Income	(1.324)
(0.465)	**Income**	**(1.324)**
3.336	Pension Interest Cost	5.277
5.027	Interest Payable and Similar Charges	6.266
8.363	**Expenditure**	**11.543**
7.898	**HRA Share of Net Finance Expenditure**	**10.219**
14.670	**(Surplus) /Deficit on the HRA**	**24.285**

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

2022/23		2023/24
£m		£m
(20.805)	**Balance on the HRA brought forward**	**(23.808)**
14.670	Deficit on the HRA	24.285
(17.673)	Adjustments between accounting basis and funding basis under statute	(23.630)
(3.003)	**(Increase)on the HRA Balance for the Year**	**0.655**
(23.808)	**Balance on the HRA carried forward**	**(23.153)**

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 39 for 2023/24 and are shown as Adjustments relating to Pensions, Capital and Other Items.

Note 33 - 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 2023		31 March 2024		
Total		Flats	Houses	Total
2,207	One Bedroom	1,433	792	2,225
6,080	Two Bedroom	2,929	3,170	6,099
3,476	Three Bedroom	538	2,944	3,482
270	Four Bedroom	14	257	271
5	Five Bedroom	2	3	5
1	Seven Bedroom	-	1	1
12,039	**Total**	**4,916**	**7,167**	**12,083**

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

2022/23				2023/24
£76.62	Average Weekly Rent (52 weeks)			£79.79
£3.696	Total Rent Arrears			£3.990
£3.064	Provision for Bad Debt			£3.182

We are required to disclose the loss on void properties and in 2023/24 this amounted to £1.624m. The comparator figure for 2022/23 was £1.529m.

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		
2022/23		**2023/24**
£m		**£m**
76.063	**Gross Council Tax levied and contributions in lieu**	**80.916**
	Deduct:	
(9.879)	Council Tax Reduction	(10.325)
(8.854)	Other discounts and reductions	(9.782)
(2.177)	Provision for bad and doubtful debts	(2.309)
0.335	Adjustments to previous years Council Tax and Community Charge	0.400
55.488	**Net Council Tax Income Transferred to General Fund**	**58.900**

Council Tax Bands

Occupiers of domestic properties are liable to pay Council Tax. This is a tax levied by local authorities on domestic properties within their area. Dwellings fall within a valuation band 'A' to 'H' which is determined by the Assessor, employed by Ayrshire Valuation Joint Board (AVJB). In setting its budget the Council determines the Council Tax level each year.

Charges for other bands are proportionate to the Band 'D' figure. The Band 'D' Council Tax for 2023/24 was £1,487.44 (2022/23 £1,416.61). Properties can be exempt if they are unoccupied or occupied by certain categories of occupant. A reduction may be applied if a resident is disabled and the property adapted. A discount of 25% is available for properties occupied by one liable person aged 18 years and over.

BAND	2023/24
	£ per year
A	991.63
B	1,156.90
C	1,322.17
D	1,487.44
E	1,954.33
F	2,417.09
G	2,912.90
H	3,644.23

Note 34 – Calculation of the Council Tax bands

Calculation of the Council Tax base											
2022/23											**2023/24**
Total	**Bands**	**A(d)**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**Total**
58,973	Properties		25,720	9,342	5,599	7,074	6,750	3,731	1,038	51	**59,305**
(1,533)	Exemptions		(940)	(252)	(133)	(112)	(85)	(30)	(6)	(2)	**(1,560)**
-	Disabled Reliefs	75	(12)	(14)	10	41	(58)	(25)	(17)	0	**0**
(23,375)	Discounts (25%)	(26)	(13,401)	(3,839)	(2,267)	(2,104)	(1,447)	(522)	(117)	(6)	**(23,729)**
(751)	Discounts (50%)	0	(370)	(95)	(60)	(65)	(35)	(16)	(10)	(3)	**(654)**
51,222	**Total equivalent**	69	21,233	8,069	4,879	6,445	6,228	3,538	981	46	**51,488**
	Ratio	5/9	6/9	7/9	8/9	9/9	12/9	15/9	18/9	22/9	
46,840	**Band 'D' equivalent**	**38**	**14,155**	**6,276**	**4,338**	**6,445**	**8,183**	**5,749**	**1,921**	**113**	**47,218**
(6,917)	Council Tax Reduction	(13)	(4,241)	(1,123)	(603)	(357)	(248)	(93)	(27)	0	**(6,705)**
39,923	**Band 'D' equivalent after CTR**	**25**	**9,914**	**5,153**	**3,735**	**6,088**	**7,935**	**5,656**	**1,894**	**113**	**40,513**
(1,515)	Bad debt provision										**(1,416)**
38,408											**39,097**

Non-Domestic Rate Account

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

Non-Domestic Rate Account		
2022/23		**2023/24**
£m		**£m**
41.948	**Gross rates levied and contributions in lieu**	**44.483**
	Deduct:	
(12.349)	Reliefs and reductions	(10.741)
(0.882)	Provision for bad and doubtful debts	(0.977)
28.717	**Net Non-Domestic Rate Income**	**32.765**
(0.907)	Prior year pool	(0.710)
(4.584)	Contributions from National Non-Domestic Rate Pool	(1.588)
23.226	**Income credited to the Comprehensive Income and Expenditure Statement**	**30.467**

Analysis of Rateable Values

Analysis of Rateable Values		
	Number	**£m**
Shops	1,090	21.421
Public Houses	91	2.032
Offices (including Banks)	621	7.568
Hotels, Boarding Houses, etc.	75	1.472
Industrial & Freight Transport Subjects	1,205	16.981
Leisure, Entertainment, Caravans and Holiday Sites	209	4.376
Garages and Petrol Stations	141	1.761
Cultural	14	0.924
Sporting Subjects	414	0.583
Education and Training	62	11.908
Public Service Subjects	164	5.544
Quarries, Mines, etc.	4	0.409
Petrochemical	1	0.155
Religious	92	0.957
Health Medical	73	4.302
Other	385	5.662
Care Facilities	62	2.652
Advertising	20	0.062
Undertaking	14	0.173
	4,737	**88.942**

Note 36 – 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 2023/24 was 49.8p, with supplements of 1.3p and 2.6p.

Remuneration Report

Remuneration Report

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

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

For 2023/24 the salary for the Leader of East Ayrshire Council was set by Scottish Ministers at £40,205. The Regulations permit the Council to remunerate a Provost and set out the maximum salary that may be paid to them at £30,154.

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 £40,205 = £30,154). 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 £351,780. 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 2023/24 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 £351,780. The total remuneration to these councillors and to the Leader of the Council and Provost totalled £422,140. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

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

Remuneration of Councillors

Remuneration of Councillors		
2022/23		**2023/24**
£m		**£m**
0.757	Salaries	0.784
0.012	Expenses	0.013
0.769	**Total**	**0.797**

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 2023/24.

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

Members Remuneration

Total Remuneration 2022/23 £	Name	Designation	Total Remuneration 2023/24 £
39,086	D Reid	Leader of the Council	40,205
28,100	J McMahon	Depute Leader	29,890
2,734	J McGhee	Leader of the Labour Group (1 April 2022 to 5 May 2022)	-
24,826	M McKay	Leader of the Labour Group	29,315
27,638	B Douglas	Depute Leader of the Labour Group	29,315
2,654	T Cook	Leader of the Conservative Group (1 April 2022 to 4 May 2022) (Note 3)	-
24,826	J McFadzean	Leader of the Conservative Group	29,315
25,536	Jim Todd	Provost	30,154
2,654	G Mair	Chair of Governance and Scrutiny Committee (1 April 2022 to 4 May 2022) (Note 3)	-
24,826	L Jones	Chair of Governance and Scrutiny Committee	29,315
2,681	S Cogley	Depute Provost (1 April 2022 to 5 May 2022)	-
27,074	C Leitch	Depute Provost	28,741
27,560	C Maitland	Senior Councillor	29,315
2,654	F Campbell	Senior Councillor (1 April 2022 to 4 May 2022) (Note 3)	-
27,560	I Linton	Senior Councillor	29,315
2,654	N McGhee	Senior Councillor (1 April 2022 to 4 May 2022) (Note 3)	-
2,654	J Roberts	Senior Councillor (1 April 2022 to 4 May 2022) (Note 3)	-
2,874	Jacqui Todd	Senior Councillor (1 April 2022 to 5 May 2022)	-
24,826	G Barton	Senior Councillor	29,315
24,826	E Cowan	Senior Councillor	29,315
24,826	A Filson	Senior Councillor	29,315
24,826	N Ingram	Senior Councillor	29,315
399	J McFadzean	Chair of Ayrshire Valuation Joint Board (1 April 2022 to 5 May 2022)	-
398,294			**422,140**

Note 1: The 2023/24 costs relate to salary, fees and allowances; there were no taxable expenses or non-cash benefits in kind.
Note 2: Details for 2022/23 at: **Annual Accounts 2022-23 (east-ayrshire.gov.uk)**
Note 3: Did not stand for re-election in 2022.

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/152 sets the amount of salary for the Chief Executive of the Council for the year ended 31 March 2024. The Council does not pay bonuses or performance related pay. Chief Officers are entitled to reimbursement for business travel and business related costs in accordance with amounts agreed nationally by the SJNC or as approved by the Council. Chief Officers are eligible to join the Local Government Pension Scheme.

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

Chief Officers Remuneration

Total Remuneration 2022/23 £ (Note 1)	Name	Designation	Salary, Fees and Allowances	Taxable Expenses	Total Remuneration 2023/24 £ (Note 1)
146,549	E Fraser	Chief Executive	154,609	-	154,609
125,765	K Kelly	Depute Chief Executive (Note 2)	63,956	-	63,956
-	R Grieveson	Depute Chief Executive (Note 2)	71,610	-	71,610
126,325	C McArthur	Director of Health & Social Care	132,947	-	132,947
106,104	D Mitchell	Chief Governance Officer	111,929	-	111,929
105,994	J McLachlan	Chief Financial Officer and Head of Finance & ICT	111,929	-	111,929
105,544	L McAulay-Griffiths	Chief Education Officer and Head of Education	111,929	317	112,246
105,206	M MacAulay	Head of Children's Health, Care and Justice Services	109,397	-	109,397
821,487			**868,306**	**317**	**868,623**

Note 1: 2023/24 costs relate to salary, fees and allowances and taxable expenses; there was no compensation for loss of employment

Note 2: Depute Chief Executive Katie Kelly left the Council on 22/09/2023.
Richard Grieveson undertook the Depute Chief Executive post on 19/09/23.

Note 3: Details of Senior employees who left the Council during 2022/23 can be found at [Annual Accounts 2022-23 (east-ayrshire.gov.uk)]

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 2023/24. In accordance with the disclosure requirement of the Regulations, the information in the table which follows shows the number of employees in bands of £5,000 and includes the senior employees who are subject to the full disclosure requirements.

Employees Remuneration over £50k

2022/23		2023/24	2023/24	2023/24	Left During
Total	Remuneration band	Officers	Teachers	Total	Year
86	£50,000 – £54,999	82	77	**159**	2
126	£55,000 – £59,999	38	63	**101**	-
91	£60,000 – £64,999	50	57	**107**	2
45	£65,000 – £69,999	22	60	**82**	-
32	£70,000 – £74,999	27	24	**51**	-
8	£75,000 – £79,999	4	6	**10**	-
4	£80,000 – £84,999	3	6	**9**	-
2	£85,000 – £89,999	1	1	**2**	2
9	£90,000 – £94,999	4	2	**6**	-
-	£95,000 – £99,999	6	1	**7**	-
1	£100,000 – £104,999	-	-	**-**	-
5	£105,000 – £109,999	1	1	**2**	-
-	£110,000 – £114,999	3	-	**3**	-
2	£125,000 – £129,999	-	-	**-**	-
-	£130,000 – £134,999	1	-	**1**	-
1	£145,000 – £149,999	-	-	**-**	-
-	£150,000 – £154,999	1	-	**1**	-
412		**243**	**298**	**541**	**6**

Pension Benefits

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

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

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

Senior Councillors

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

Members Pension Benefits					
	In-year Pension Contributions			**Accrued Pension Benefits**	
Name and Position Held	**For year to 31 March 2024**	**For year to 31 March 2023**		**As at 31 March 2024**	**Difference from 31 March 2023**
	£	**£ (Note 1)**		**£000**	**£000**
D Reid	6,671	7,181	Pension	13	1
Leader of the Council			Lump Sum	3	-
J McMahon	4,677	5,423	Pension	4	1
Depute Leader			Lump Sum	-	-
J McGhee	-	528	Pension	-	1
Leader of the Labour Group (1 April 2022 to 5 May 2022)			Lump Sum	-	-
M McKay	5,658	4,791	Pension	2	1
Leader of the Labour Group			Lump Sum	-	-
B Douglas	5,658	5,334	Pension	4	1
Depute Leader of the Labour Group			Lump Sum	-	-
T Cook	-	512	Pension	-	8
Leader of Conservative Group (1 April 2022 to 4 May 2022) (Note 2)			Lump Sum	-	2
J McFadzean	5,658	4,748	Pension	6	1
Leader of Conservative Group			Lump Sum	-	-
Jim Todd	5,820	4,928	Pension	10	2
Provost			Lump Sum	3	-
G Mair	-	512	Pension	-	5
Chair of Governance and Scrutiny Committee (1 April 2022 to 4 May 2022) (Note 2)			Lump Sum	-	-
L Jones	5,658	4,791	Pension	2	1
Chair of Governance and Scrutiny Committee			Lump Sum	-	-
S Cogley	-	517	Pension	-	-
Depute Provost (1 April 2022 to 5 May 2022)			Lump Sum	-	-
C Leitch	5,547	5,225	Pension	4	1
Depute Provost			Lump Sum	-	-
C Maitland	5,658	5,319	Pension	4	1
Senior Councillor			Lump Sum	-	-
I Linton	5,658	5,319	Pension	10	1
Senior Councillor			Lump Sum	3	-
N McGhee	-	512	Pension	-	7
Senior Councillor (1 April 2022 to 4 May 2022) (Note 2)			Lump Sum	-	2
J Roberts	-	512	Pension	-	3
Senior Councillor (1 April 2022 to 4 May 2022) (Note 2)			Lump Sum	-	-
Jacqui Todd	-	555	Pension	-	2
Senior Councillor (1 April 2022 to 5 May 2022)			Lump Sum	-	-
G Barton	5,658	4,791	Pension	1	1
Senior Councillor			Lump Sum	-	-
E Cowan	5,658	4,791	Pension	1	1
Senior Councillor			Lump Sum	-	-
A Filson	5,658	4,791	Pension	5	1
Senior Councillor			Lump Sum	1	-
N Ingram	5,658	4,791	Pension	1	1
Senior Councillor			Lump Sum	-	-
J McFadzean	-	147	Pension	-	1
Chair of Ayrshire Valuation Joint Board (1 April 2022 to 5 May 2022)			Lump Sum	-	-
Total	**79,295**	**76,018**			

Note 1: The Accrued Pension Benefits figures have been provided by Strathclyde Pension Fund.
Note 2: Did not stand for re-election in 2022.

Senior Employees

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

Chief Officers Pension Benefits

	In-year Pension Contributions			Accrued Pension Benefits	
Name and Position Held	**For year to 31 March 2024**	**For year to 31 March 2023**		**As at 31 March 2024**	**Difference from 31 March 2023**
	£	**£ (Note 1)**		**£000**	**£000**
E Fraser	26,093	24,390	Pension	81	16
Chief Executive			Lump Sum	123	25
K Kelly	12,344	23,757	Pension	60	3
Depute Chief Executive (Until 22/09/2023) (Note 1)			Lump Sum	79	-
R Grieveson	12,327	-	Pension	1	1
Depute Chief Executive (From 19/09/2023) (Note 1)			Lump Sum	-	-
C McArthur	22,261	20,849	Pension	63	12
Director of Health & Social Care			Lump Sum	88	16
D Mitchell	21,602	20,370	Pension	59	8
Chief Governance Officer			Lump Sum	82	8
J Mclachlan	19,169	18,056	Pension	65	11
Chief Financial Officer and Head of Finance & ICT			Lump Sum	109	18
L MacAulay-Griffiths	19,651	19,322	Pension	14	3
Chief Education Officer and Head of Education			Lump Sum	-	-
M McAulay	20,173	18,941		44	7
Head of Children's Health, Care and Justice Services				47	6
Total	**153,620**	**145,685**			

Note 1: Depute Chief Executive Katie Kelly left the Council on 22/09/2023.
Richard Grieveson undertook the position of Depute Chief Executive on 19/09/2023.

Exit Packages

The Code requires disclosure of all exit packages agreed, in rising bands. Exit package values include redundancy, pension strain, and compensatory lump sum for all retirees. The values also include the notional capitalised cost of compensatory added years ("added years"). These are based on an assessment by the pension's provider of the present value of all future payments to the retiree until death. The number of exit packages with total cost per band and cost of the compulsory and other redundancies are set out below. Notional capitalised compensatory added years and pension strain costs relating to teachers are based on a calculation provided by the Scottish Public Pensions Agency. In 2023/24 £0.024m was approved either by Cabinet or under the Head of Human Resources' delegated authority.

Exit Packages

2022/23						2023/24				
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**
1	-	-	3	-	£0 – £20,000	-	-	-	-	-
-	-	-	-	-	£20,001 – £40,000	1	-	-	24	10
2	-	-	62	36	£40,001 – £60,000	-	-	-	-	-
2	-	-	110	30	£60,001 – £80,000	-	-	-	-	-
1	-	-	94	-	£80,001 – £100,000	-	-	-	-	-
6	**-**	**-**	**269**	**66**		**1**	**-**	**-**	**24**	**10**

Trade Union Facility Time Statement

Under the Trade Union (Facility Time Publication Requirements) Regulation 2017, we are required to collect and publish data in relation to our usage and spend of trade union facility time in respect of employees who are trade union representatives.

During 2023/24 there were 51 employees who were trade union representatives (47.57 FTE) and the percentage on facility time was:

The percentage of the total paybill spent on facility time was 0.03% and the time spent on paid trade union activities as a percentage of total paid facility time hours was 2.82%

These disclosures are not subject to testing as part of the year-end audit. Details for the period 1 April 2023 to 31 March 2024 are available on our website at:
Equality in employment · East Ayrshire Council (east-ayrshire.gov.uk)

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 2024

	2022/23				2023/24	
Usable Reserve: Capital and Revenue	Unusable Reserves : Revaluation Reserve	Total Reserves		Usable Reserve: Capital and Revenue	Unusable Reserves: Revaluation Reserve	Total Reserves
£m	£m	£m		£m	£m	£m
0.385	**5.293**	**5.678**	**Balance as at 31 March 2023**	**0.390**	**13.422**	**13.812**
0.385	5.293	5.678	Balance as at 31 March 2023	0.390	13.422	13.812
(0.453)	-	(0.453)	Deficit on Provision of Services	(0.582)	-	(0.582)
-	8.587	8.587	Surplus/ (Deficit) on Revaluation of Non Current Assets	-	1.923	1.923
0.458	(0.458)	-	Depreciation of Non Current Assets	0.595	(0.595)	-
-	**-**	**-**	**Net Gain / (Loss) on Disposal of Fixed Assets**	**0.025**	**(0.025)**	**-**
0.390	**13.422**	**13.812**	**Balance as at 31 March 2024**	**0.428**	**14.725**	**15.153**

Income and Expenditure Statement for the Year ended 31 March 2024

	2022/23				2023/24	
Expenditure	Income	Net		Expenditure	Income	Net
£m	£m	£m		£m	£m	£m
0.458	-	**0.458**	Net Cost Of Services	0.595	-	**0.595**
-	(0.005)	**(0.005)**	Interest and Investment Income	-	(0.014)	**(0.014)**
		0.453	(Surplus) or Deficit			**0.581**
		(8.587)	(Surplus)/ Deficit on the Revaluation of Non Current Assets			**(1.923)**
		(8.134)	**Total Comprehensive Expenditure**			**(1.342)**

Balance Sheet at 31 March 2024

2022/23			2023/24
£m			£m
13.422		Property Plant and Equipment	14.725
13.422		**Non Current Assets**	**14.725**
0.390		Short Term Investments - Loans Fund	0.428
0.390		**Current Assets**	**0.428**
13.812		**Net Assets**	**15.153**
0.390		Usable Reserves: Capital and Revenue Reserves	0.428
13.422		Unusable Reserves: Revaluation Reserve	14.725
13.812		**Net Reserves**	**15.153**

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

Property Plant and Equipment					
Cost or Valuation:	**Darvel**	**Newmilns**	**Cumnock**	**Kilmarnock**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
At 1 April 2023	**0.905**	**0.027**	**0.733**	**12.184**	**13.849**
Revaluations	-	-	0.125	1.015	1.140
Disposals	-	(0.027)	-	-	(0.027)
At 31 March 2024	**0.905**	**-**	**0.858**	**13.199**	**14.962**
Depreciation and Impairment:					
At 1 April 2023	**-**	**-**	**-**	**(0.425)**	**(0.425)**
Depreciation charge	(0.062)	(0.001)	(0.045)	(0.487)	(0.595)
Depreciation written out - Revaluations	-	0.001	0.046	0.736	0.783
At 31 March 2024	**(0.062)**	**-**	**0.001**	**(0.176)**	**(0.237)**
Net Book Value at 31 March 2023	**0.905**	**0.025**	**0.733**	**11.759**	**13.422**
Net Book Value at 31 March 2024	**0.843**	**-**	**0.859**	**13.023**	**14.725**

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.

Summary Trusts and Bequests

	2022/23				2023/24	
Capital Fund £	Revenue Fund £	Total Funds £	Fund Balances	Capital Fund £	Revenue Fund £	Total Funds £
32,990.91	75,338.63	108,329.54	Opening Balances at 1 April 2023	32,990.91	4,049.47	37,040.38
-	(72,248.24)	(72,248.24)	Expenditure	-	(11,726.26)	(11,726.26)
-	959.08	959.08	Income	-	760.85	760.85
-	(71,289.16)	(71,289.16)	(Deficit)	-	(10,965.41)	(10,965.41)
32,990.91	**4,049.47**	**37,040.38**	**Closing Balance at 31 March 2024**	**32,990.91**	**(6,915.94)**	**26,074.97**

2022/23 £	Balance Sheet as at 1 April 2023	2023/24 £
-	Investments - External	-
108,329.54	Investments - Loans Fund	26,074.97
108,329.54		**26,074.97**
	Financed By:	
32,990.91	Capital Funds	32,990.91
4,049.47	Revenue Funds	(6,915.94)
37,040.38	**Closing Balance at 31 March 2024**	**26,074.97**

Name	Origin and Purpose	Loans Fund £	External Investment £	Total £
Archibald Taylor Fund (SC019308)	To provide special nursing or convalescent treatment or a holiday during convalescence	-	-	-
Miss Annie Smith Mair Bequest (SC021095)	To assist persons from Newmilns and Greenholm	1,805.71	-	1,805.71
EAC Charitable Trusts (SC025073)	To maintain burial grounds at Dalmellington	24,269.26	-	24,269.26
		26,074.97	**-**	**26,074.97**

We also administer 33 Trusts not registered with OSCR with total assets at 31 March 2024 of £186,232. The combined income of these Trusts in 2023/24 was £5,202 and no expenditure was incurred in the year.

During 2023/24 The Archibald Taylor Trust was wound down with all funds being disbursed.

Glossary of Terms

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

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

Actuarial Gains and Losses (Pensions). The changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

National Non-Domestic Rates Pool. All non-domestic rates collected by local authorities are remitted to the national pool and, thereafter, distributed to Councils by the Scottish Government.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Usable Reserve. Those reserves which the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

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

East Ayrshire Council
Comhairle Siorrachd Àir an Ear

Annual Accounts
2023-2024

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