



Annual Accounts 2023 to 2024



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath



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Management Commentary

The Annual Accounts presents North Ayrshire residents, Elected Members and other stakeholders with detailed information on the financial management and performance of the Council and its Group for 2023 to 2024, demonstrating the stewardship of the public funds which have been used to support the Council's key priorities.

The format and content of the Annual Accounts accord with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Management Commentary outlines the key messages on the Council's financial and service performance for 2023 to 2024 and looks ahead to the challenges and risks which we face in the future. Key areas which the Management Commentary covers include:

- North Ayrshire by Numbers
- Political and Management Structures
- Key Strategies and Priorities
- Performance and Achievements during 2023 to 2024
- Financial Planning and Performance for 2023 to 2024
- Our Future Plans for 2024 to 2025 and beyond.

North Ayrshire by Numbers

The Place

North Ayrshire covers an area of around 886 square kilometres with over 50% of our land area being islands, including Arran and the Cumbraes. The main settlements are Irvine, Kilwinning, Ardrossan, Saltcoats, Stevenston, Beith, Dalry, Kilbirnie, Largs, Dreghorn, Springside, West Kilbride, Seamill, Fairlie, Skelmorlie, Brodick and Millport.

North Ayrshire is a great place to live, work and visit. With access to open countryside, towns, villages, and islands, there are excellent lifestyle choices. The area's natural assets provide access to wonderful outdoor activities from walking and cycling to climbing North Ayrshire's highest mountain Goat Fell – on the Isle of Arran. There are several golf courses, some of the finest sailing waters, rich culture and heritage, and a wealth of great places to eat, visit and explore.





The People

North Ayrshire is home to 133,490 residents living across 65,237 households, making us the fifteenth largest local authority in Scotland in terms of population.

North Ayrshire is home to 2.45% of Scotland’s population. However, compared to the Scottish average, North Ayrshire has a higher proportion of older residents, resulting in increased service demands:



Age Profile	North Ayrshire	%	Scotland	%
Residents aged under 16	21,214	16%	891,892	16%
Residents aged 16 to 65	82,358	62%	3,526,330	65%
Residents aged 66 or over	29,918	22%	1,029,478	19%
TOTAL	133,490	100%	5,447,700	100%

Infrastructure

North Ayrshire Council maintains 1,044 kilometres of adopted roads and supports a range of operational buildings on behalf of our communities, including:

9 Secondary Schools; 48 Primary Schools; 6 Early Learning and Childcare Centres; 1 ASN School; 28 Community Halls and Centres; 15 Libraries and 13,335 Council houses.

We maintain around 2,800 hectares of parks and woodlands.

Our Waste Services uplift 5.3 million bins each year and dispose of over 72,000 tonnes of waste annually.





Economic Activity

In terms of **Economic Activity**, there are 3,915 businesses across North Ayrshire.

However, we report higher levels of worklessness and lower levels of economic activity and qualifications than the Scottish average:

Economic Activity	North Ayrshire	Scotland
Economically Active Adults	72.3%	77.5%
Workless Households	23.8%	17.8%
Adults with no formal qualifications	9.6%	8.2%



The data on **Poverty and Deprivation** demonstrates that 39.8% of Scottish Index of Multiple Deprivation Datazones in North Ayrshire are amongst the 20% most deprived in Scotland, the third highest in Scotland. In addition, 28.5% of Children under 16 are living in relative poverty. This is the second highest in Scotland.

Our Political and Management Structures

North Ayrshire Council has 33 Elected Members representing 9 multi-member wards.

North Ayrshire Council is a minority Scottish National Party administration.

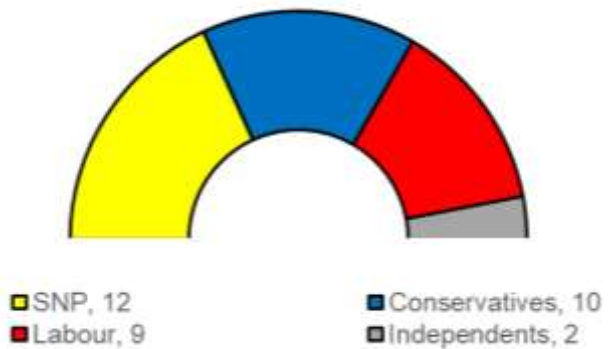
Full details of North Ayrshire’s [elected members](#) are available on our website.

Sadly, on 24 February 2024 it was announced that Councillor John Glover (Scottish Conservative and Unionist Party) had passed away following a period of ill health.

Following a by-election, held on 9 May 2024, it was confirmed that Councillor Mary Hume (Scottish Labour Party) had been elected to serve the Kilwinning Ward of North Ayrshire Council from Friday 10 May 2024.

Over the summer, Councillor Timothy Billings (Scottish Conservatives and Unionists) confirmed his resignation and a further by-election was held on 12 September 2024. Following this, it was confirmed that Councillor Charles Currie (Scottish Labour Party) had been elected to serve the Arran Ward of North Ayrshire Council from Friday 13 September 2024.

Although these by-elections changed the overall composition of the Council, there is no change in the administration.



Council Structure

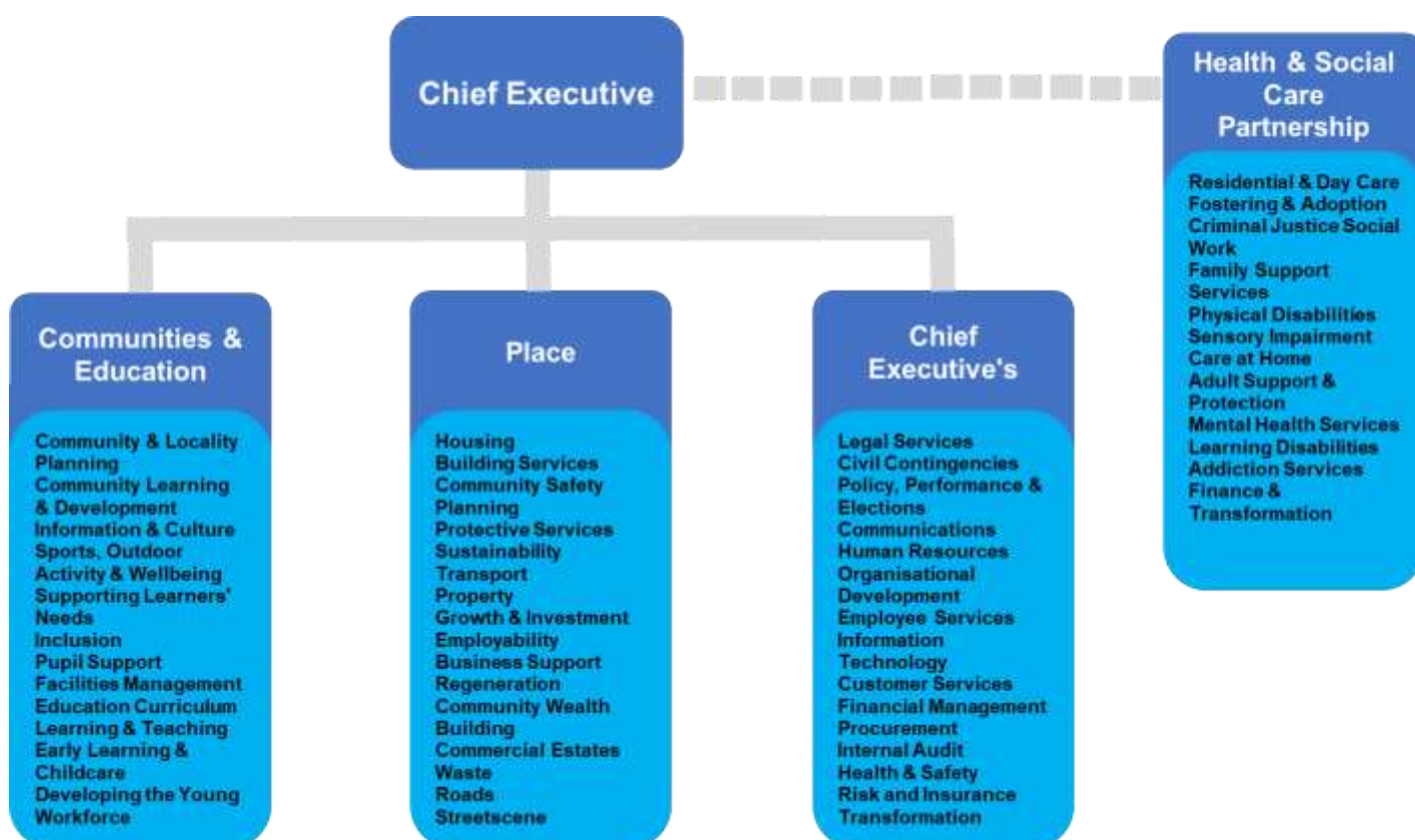
North Ayrshire Council's ambition is to ensure that North Ayrshire is a great place to work, live, visit and invest in.

Working with our partners, we deliver a range of local services from providing education, social care and housing, to libraries and waste services.

The Council employs 7,690 staff, equivalent to 6,561 full time equivalents. 76% of staff are also residents of North Ayrshire and directly benefit from the many services provided by the Council.

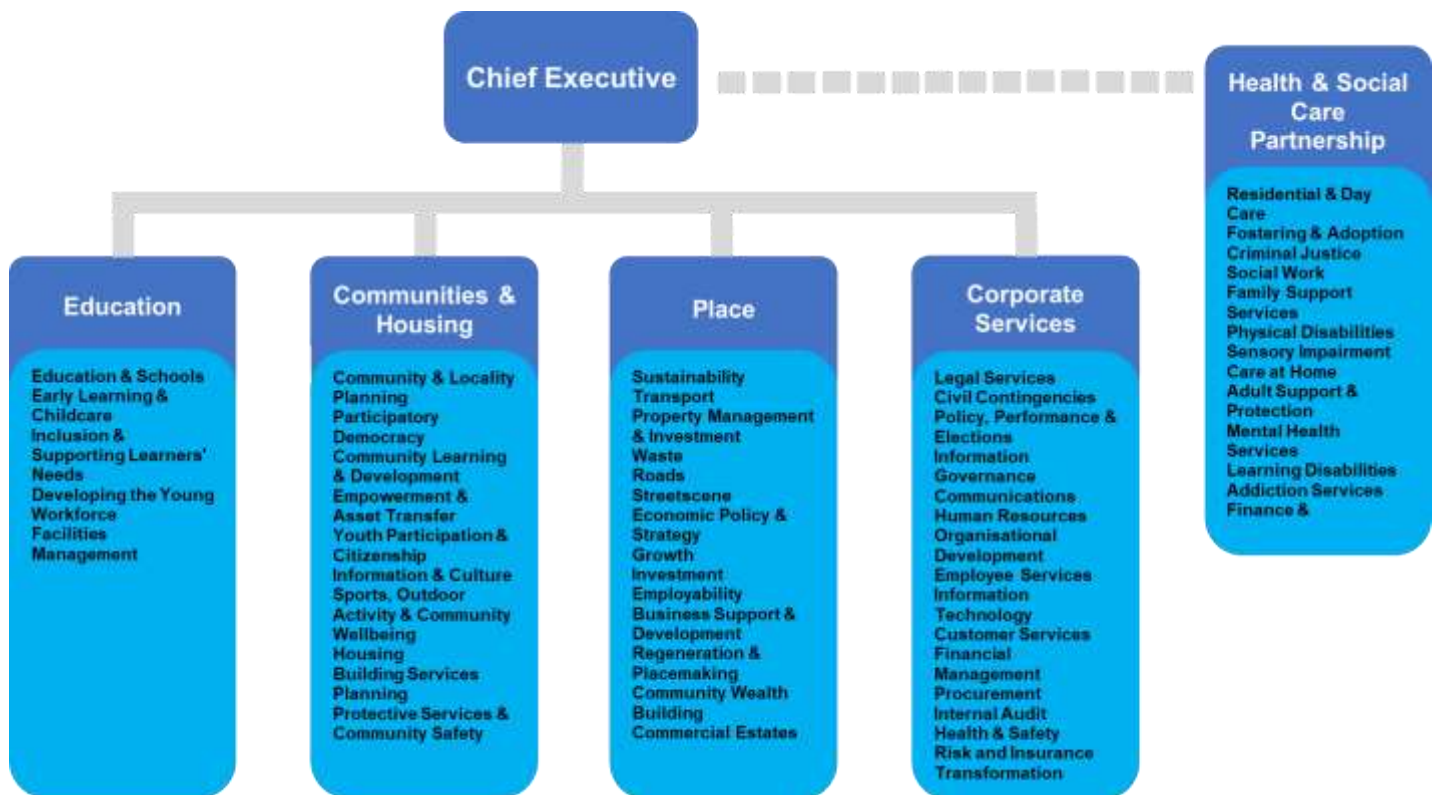


North Ayrshire Council's most senior official is the Chief Executive, Craig Hatton. Craig, along with the Executive Leadership Team, oversees the delivery of all of our services, including:





During 2023 to 2024, the management structure was reviewed in order to better align the structure to the new Council Plan and build capacity for the delivery of key priorities. The following revised structure came into effect from 1 April 2024:



Our Key Strategies and Priorities

On 23 June 2023, North Ayrshire Council agreed our [Council Plan 2023 to 2028](#). The Plan sets out our vision for North Ayrshire, building on the progress of the previous Council Plan to identify the key priorities which will inform how we allocate and target resources over the next five years.

Our Plan was developed alongside our communities and shows how we will deliver our aim of a North Ayrshire that is Fair for All.

Our four priorities are:

Wellbeing

To transition to a wellbeing economy, delivering prosperity, wellbeing and resilience for local people.



Communities and Local Democracy

We will have active, inclusive and resilient communities.





Climate Change

Achieving net-zero by 2030.



A Sustainable Council

A Community Wealth Building Council that is efficient and accessible, maximising investment and focusing resources towards our priorities.



The Council Plan aligns with [Our Partnership Plan](#).

The North Ayrshire Partnership Plan 2022 to 2030 is our Local Outcomes Improvement Plan. It is a strategic plan which sets out what we want to achieve together as a partnership in North Ayrshire. It is a binding plan on all Community Planning partner organisations and will influence how all partners operate locally. It is a requirement under the Community Empowerment (Scotland) Act 2015.

Our Partnership Plan will deliver on our vision of “North Ayrshire – Fair for All” and has three key themes:

Wellbeing

We will address health inequalities. We will promote children and young people’s wellbeing. We will enable community wellbeing.

Work

We will increase employment. We will develop volunteering. We will better support our young people.

World

We will work together to reduce carbon emissions and mitigate the impacts of climate change. We will increase active travel. We will increase carbon literacy within our organisations and communities.

Our Partners in delivering the North Ayrshire Partnership Plan are:



The Golden Thread

Every task of every employee within our Council contributes to achieving better outcomes for the people of North Ayrshire. This link is referred to as the “Golden Thread”. An overview is shown below:



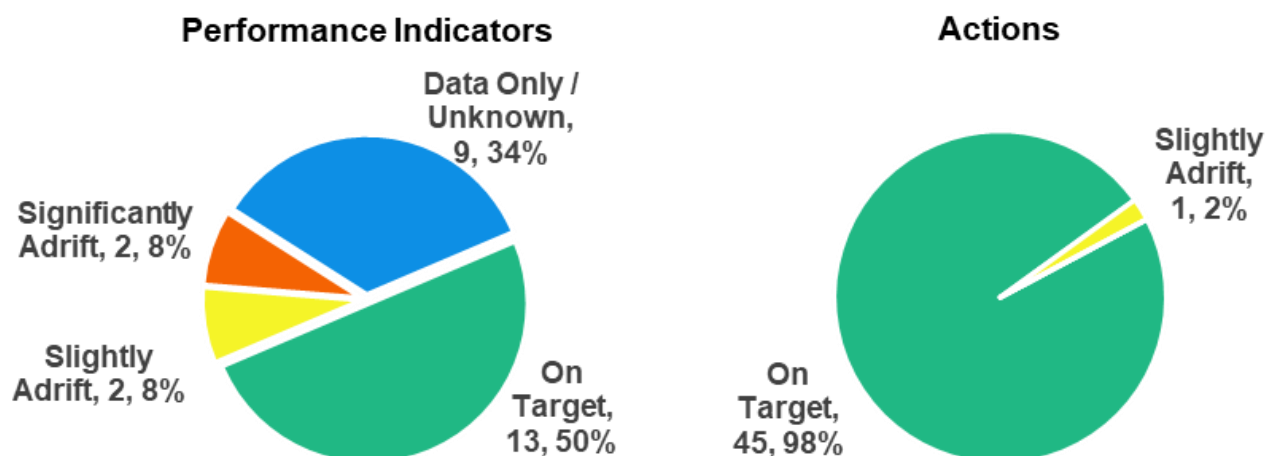
Our Performance and Achievements during 2023 to 2024

Effective performance management's core purpose is to improve the lives of the people we serve. [Our Performance Strategy](#) shows how we support a culture of continuous improvement and how the work of every employee is crucial to achieve our overall vision of a North Ayrshire that is Fair for All. It outlines future activities, including how we are developing our performance management so it is accessible, engaging and ensures our residents can scrutinise our services effectively.

The Council's Executive Leadership Team and Elected Members scrutinise our performance through six monthly reports which detail progress against our Council Plan Performance Framework and Delivery Plan. Information on all our performance reporting, including progress towards the Plan's priorities, can be viewed at [Council Performance](#).

Performance Summary

A summary of our performance against performance indicators and Council Plan delivery plan actions using the latest published data is as follows:



There are 26 performance indicators within our framework. At year end, 15 of these indicators were reported as either on or only slightly adrift of target, with only 2 indicators significantly adrift of target. These were in relation to:

Overall carbon emissions, where our total carbon emissions showed an improvement from the previous year but was still in excess of our target of 19,500 tonnes at 20,750 tonnes. A further analysis of properties with excessive energy demands will be undertaken to determine the best approach to reducign the carbon emmissions.

The North Ayrshire 2030 Tree Planting Strategy, which reported that we had planted 36,366 trees by March 2024 against a target of 40,000 trees. This reflected a decision to defer planting at one of our larger key planting sites to allow for the regrading of soil from another area of the same development site. Tree planting at the site will commence after the soil regrading works are complete.

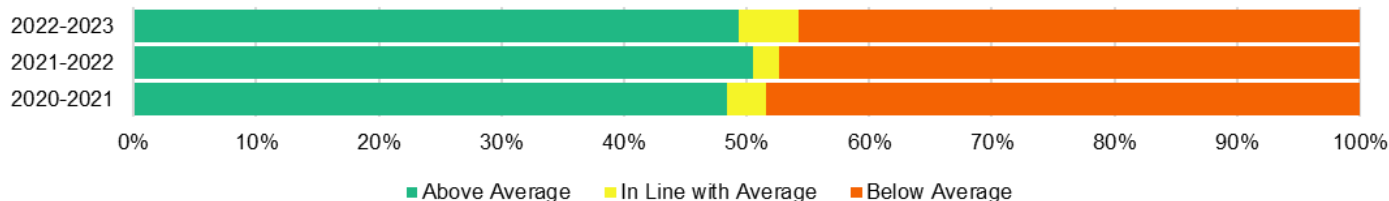
There are 47 actions within Our Council Plan, all of which were reported as either on or only slightly adrift of target at year end.

Local Government Benchmarking Framework

The Local Government Benchmarking Framework provides an opportunity to benchmark our performance with other local authorities in Scotland. This National Framework brings together performance information from each of Scotland's Councils and provides benchmarking data on 108 indicators covering a wide range of key service areas, with 33 of these directly linked to our Council Plan.

The most recent data published relates to 2022 to 2023. This indicates that, of the 25 Local Government Benchmarking Framework indicators directly linked to our Council Plan, 68% demonstrated improved performance in the short term with 4% remaining unchanged. Over a longer 10 year term, 93.75% of indicators have shown improvement.

Overall, performance against 49% of reported indicators are above the Scottish Average with 46% below the average and 5% in line with the average:



Further information on how we compare can be viewed at the [Improvement Service](#) portal.

Looking back at 2023 to 2024

Throughout 2023 to 2024 we have continued to deliver and improve services and outcomes for the people of North Ayrshire while addressing significant challenges arising from the Cost-of-Living crisis. Specific examples of the progress made in delivering our Council Plan priorities have included:

Our Council Plan 2023 to 2028

We have committed to a five-year plan that will deliver the priorities of our communities during the next five years. Our [Council Plan 2023 to 2028](#) was developed alongside our communities and shows how we will deliver our aim of a North Ayrshire that is fair for all.

The Plan was jointly created with our residents and will be delivered in partnership. Our residents are at the heart of our plan, our mission is working together to improve the lives of our people in North Ayrshire.

We are aware that many of the issues we face in North Ayrshire are extremely complex and will take longer than five years to resolve. With this in mind, each Council Plan builds on previous progress to help address areas such as child poverty in our communities and climate change.



Financial Inclusion Partnership for North Ayrshire

Under our [Financial Inclusion Strategy 2023-28](#), which set out our response to the cost of living crisis in relation to the provision of welfare rights and debt advice, we have established the Financial Inclusion Partnership for North Ayrshire.

Working with partners from across North Ayrshire, the Financial Inclusion Partnership aims to foster collaboration and enable a joint approach, making the best use of all available resources to provide the greatest benefits to individuals, families and communities in relation to entitlements, managing money, debt, financial literacy, digital inclusion, affordable lending, fuel poverty, health and wellbeing and more.



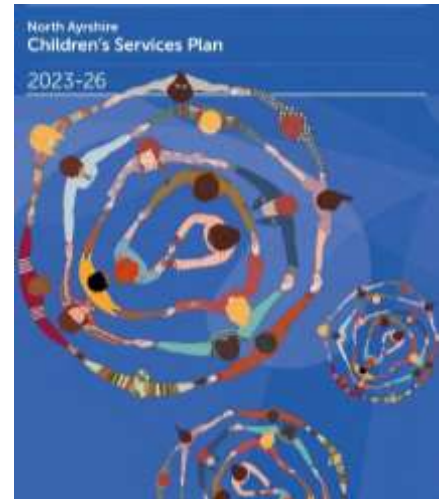
North Ayrshire Children's Services Plan

During 2023 to 2024 we submitted our [Children's Services Plan 2023-26](#) to the Scottish Government. The 2023 to 2026 plan demonstrates how we will improve the lives of our children and young people. The plan builds on the work of the previous plan, maintaining the vision:

'For all our children and young people to have the best start in life and for North Ayrshire to be the best place in Scotland to grow up'.

To achieve this vision, the plan has identified five priorities to progress:

- ❖ The rights of children and young people are promoted and protected.
- ❖ Acting early to improve what happens next.
- ❖ Making Things Fairer.
- ❖ Promoting good mental health and wellbeing.
- ❖ Inspiring children and young people to be active.



Tackling Child Poverty and the Cost of Living Crisis

Building on the work of the Child Poverty and Cost of Living Board, established during 2022 to 2023, the Child Poverty Strategy 2023 to 2026 has been developed and approved by North Ayrshire Council. The Strategy seeks to address child poverty in the context of the cost-of-living crisis through a series of key objectives over the three year period.

In practical terms, North Ayrshire Council is designing and delivering a range of investments and initiatives to mitigate the impacts of the current cost-of-living crisis for its residents. Full details of the support available, as well as links to the Scottish Government's Cost-of-Living website are available on the Council's [Cost-of-Living](#) webpage. These have included additional funding for one-off emergency energy support payments, additional support for Scottish Welfare Fund grants, funding for the expansion of free school meal provision and Islands Cost Crisis Emergency funding.



Strategic Housing Investment

The [Strategic Housing Investment Plan 2024-2029](#) sets out the priorities and locations for affordable housing investment by the Council and Registered Social Landlords across North Ayrshire over the next five years, representing a total investment of £194.5 million over the period.

The Strategic Housing Investment Plan will deliver 1,641 new build Council homes, with over 54 new homes completed during 2023 to 2024 and over 885 completed to date.



Educational Attainment

We have high aspirations for all and are committed to securing improved educational outcomes for all children and young people. The Insight School Leavers data published in February 2024 for 2022 to 20-23 highlights:

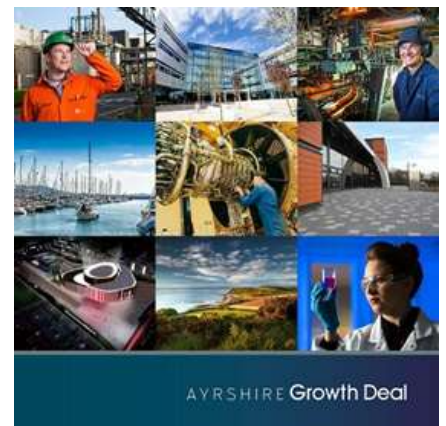
- ❖ North Ayrshire Council 'reducing the poverty-related attainment gap' data for Literacy has improved by 4 % points between 2021 to 2022 and 2022 to 2023 and for Numeracy by 2%.
- ❖ North Ayrshire school leavers recorded their highest positive destination figure in the last 5 years, with 96.5% achieving an initial positive destination.
- ❖ 94.9% of S4 leavers achieving Level 3 Numeracy, the highest in the last 5 years.
- ❖ The lowest 20% of S4 school leavers have achieved the highest amount of tariff points in the last 5 years.



Ayrshire Growth Deal, Growth & Investment

Throughout 2023 to 2024, work has continued in relation to the key investment projects:

- ❖ Great Harbour – Phase 1 Coastal Hub (including playpark) design complete; procurement process for physical works expected to commence summer 2024.
- ❖ Ardrossan Harbour – Project consists of marine and landside investment to support ferry operations. This project is currently undergoing a business case review and a decision on the way forward is expected by summer 2024.
- ❖ Marine Tourism – An updated programme business case has been developed covering Cumbrae and Arran Transit Marinas.
- ❖ I3 Digital Innovation Campus - Phase 1 Digital Processing Manufacturing Centre fitted out, including installation of demonstrators, in readiness for a 2024 launch.
- ❖ I3 Flexible Business Space programme – Construction of Phase 1 building progressing well with anticipated completion in August 2024. Design currently underway for Flex Space phase 2.
- ❖ Ardrossan North Shore enabling works - Site remediation and enabling works projects are both underway, to prepare site for Campus construction, anticipated enabling works completion by spring 2025.



Irvine Town Centre Levelling Up Award

During 2023 to 2024 it was announced that Irvine has been selected to benefit from £20 million of Levelling Up funding over the next 10 years. The investment is designed to support the development of a long-term plan to invest in and regenerate the town based on the priorities of local people.

Full guidance from the Scottish Government is expected to promote the establishment of a Town Board comprising representation from across the community, local businesses, social enterprises, the Council and other public sector interests to oversee the development of the long-term plan and the deployment of the investment over the 10-year period.



Sustainable North Ayrshire

Our vision for tackling climate change over the next four years was unveiled in our [Sustainable North Ayrshire Strategy 2024-2027](#). This is a set of actions that explain how the Council will focus on fulfilling its commitment to achieve net zero carbon emissions by 2030.

Some recent progress highlights on the net-zero journey include a 14,600 tonne reduction in carbon emissions across our estate; construction has begun on two new solar farms which will make a major contribution to renewable energy generation and carbon reduction, as well as bringing sterile land back into productive use; a partnership with Home Energy Scotland to provide energy efficiency advice to over 7,000 households and participation in the Clyde Valley Waste Project to divert 102,568 tonnes of waste from landfill and use it to generate enough power for 32,000 homes.



Active Travel

Active Travel projects haven taken place throughout 2023 to 2024 to encourage sustainable travel, with a significant level of engagement to help residents learn more about active travel in North Ayrshire, including:

- ❖ 400 people attended a Family Cycle Event at the Circuit in Irvine.
- ❖ Cycle drop-in sessions were held across North Ayrshire to help our communities get their bikes ready for autumn.
- ❖ The Ayrshire Walking Festival was organised and promoted by our Active Travel Team.
- ❖ A public consultation was held on proposed improvements of the B777 to provide walking, cycling and wheeling opportunities.



Reinforced Autoclaved Aerated Concrete (RAAC)

In response to significant public concerns around the possible presence of RAAC within our public buildings, the Council has carried out a desk-top exercise to identify any properties which may contain RAAC, primarily flat roofed buildings constructed between the 1950's and the 1990's.

Physical inspections have been carried out on all non-housing properties which were deemed to be "in scope". The investigation has identified 2 locations which contained RAAC, the PE block at Ardrossan Academy and a storage shed at Mid-Dykes Streetscene Depot. A desk-based review has been carried out for Housing properties and a risk-based survey programme of "in scope" locations is being progressed. No RAAC has been found in any of our Housing properties to-date.



Following this, further work has been undertaken to develop mitigation strategies and appoint contractors to undertake any remedial works as required.

Financial Planning and Performance

Robust financial planning and management ensures that resources are targeted to our key priorities. The financial framework to support this includes medium and long term financial planning for both revenue and capital investment, as well as specific strategies for the utilisation of reserves and the investment and management of available funds.



The General Services and Housing Revenue Account revenue budgets for 2023 to 2024 were approved by Council on 1 March 2023 and 15 February 2023, respectively. These budgets detailed planned revenue expenditure of over £464.2 million to support day to day spending on services.

Alongside this, North Ayrshire Council approved plans to invest £288.2 million in the assets which support delivery of our key priorities, including schools, housing, infrastructure and regeneration activities.

Financial Performance

Financial performance information is part of the Council's Performance Management Framework with General Fund and HRA financial performance regularly reported to Cabinet. The financial performance of the Health and Social Care Partnership is noted within the General Fund Cabinet reports, reflecting the historic challenges and financial risks presented by the delivery of these services.

The following section summarises our financial performance for 2023 to 2024.



General Fund Revenue Expenditure 2023 to 2024

For 2023 to 2024 the final expenditure on General Fund Services was £431.387 million compared to the approved budget of £406.157 million and the revised budget of £444.979 million. This resulted in a net contribution to reserves of £13.592 million.

Service	Revised Budget (£ million)	Actual Expenditure (£ million)	Variance (£ million)	Accounting Adjustments (£ million)	Net Expenditure in the Accounts (£ million)
Chief Executive's	24.243	23.288	(0.955)	1.895	25.183
Communities	186.848	187.166	0.318	(17.682)	169.484
Place	61.671	62.937	1.266	20.957	83.894
Health & Social Care Partnership	124.933	124.933	0.000	(1.563)	123.370
Other Corporate Items	17.023	10.891	(6.132)	6.644	17.535
Financing Costs	30.261	22.172	(8.089)	(23.076)	(0.904)
Total Expenditure	444.979	431.387	(13.592)	(12.825)	418.562
Government Grants	(314.404)	(314.402)	0.002	(22.642)	(337.044)
Non-Domestic Rates	(42.175)	(42.175)	0.000	(1.780)	(43.955)
Council Tax	(65.533)	(65.518)	0.015	0.001	(65.517)
Contribution from Reserves	(22.867)	(23.356)	(0.489)	23.356	0.000
Total Income	(444.979)	(445.451)	(0.472)	(1.065)	(446.516)
Contribution to Reserves	0.000	(14.064)	(14.064)	(13.890)	(27.954)

The net expenditure for each service noted above varies from that reported in the Comprehensive Income and Expenditure Statement as a result of a number of statutory accounting adjustments in relation to capital accounting, pensions and other minor adjustments. Full details of these adjustments are explained in Note 1 Expenditure and Funding Analysis on page 69

Overall, services reported an underspend of £13.592 million, 3.1% of the available budget. Significant variances reported by services included:

- ❖ (£8.089m) underspend on capital financing costs aligned to our Treasury Management and Investment Strategy, including the revision to the annual debt repayment charges under the revised service concession arrangements.
- ❖ (£3.582 million) additional funding received to support future service delivery.
- ❖ (£1.969 million) underspend in relation to vacancy management across services.
- ❖ (£1.487 million) higher than anticipated income and other recoveries across services.

Partly offset by overspends including:

- ❖ £1.822 million mandatory cover costs related to teacher absences.
- ❖ £1.098 million additional costs for external residential and non-residential placements for children.



The actual Contribution to Reserves of £14.064m includes £8.578m which will be retained in line with our Treasury Management and Investment Strategy to support future financing costs arising from our approved Capital Investment Programmes. This comprises:

- ❖ £8.089 million to the Loans Fund Reserve.
- ❖ £0.300 million capital receipts transferred to the Capital Fund.
- ❖ £0.189m reimbursement of the Capital Fund linked to prior year Information and Communications Technology investment.

Further contributions to reserves of £5.486 million were agreed by Cabinet throughout the year, these include:

- ❖ £2.433 million in relation to service activity deferred until 2024 to 2025.
- ❖ £1.700 million to support the implementation of the review of Early Learning and Childcare Services.
- ❖ £0.500 million in relation to a review of DWP funding for supported accommodation.
- ❖ £0.454 million to support transport and education related contractual inflationary pressures during 2024 to 2025.
- ❖ £0.399 million additional contribution to the Change and Service Redesign Fund to support future transformational change programmes.

After the earmarking of £14.064 million to meet future year expenditure and investment requirements, a final in-year breakeven position has been reported.

For 2023 to 2024, in-year council tax collection was 93.6% (94.7% in 2022 to 2023). The downward movement reflects the withdrawal of cost of living funding which was provided during 2022 to 2023 but not available during 2023 to 2024. Underlying performance remains below pre-pandemic levels but is showing an upward trend over the medium term.

General Fund Reserves

Reserves are an important component of our Financial Framework, supporting financial stability and providing flexibility to deliver change and transformation.

Unearmarked reserves ensure we can manage any unexpected financial demands without disrupting delivery of Council services. The level of unearmarked reserves reflects the current financial environment and degree of risk and uncertainty faced. Following the reported net in-year breakeven position, the General Fund Unearmarked Balance at 31 March 2024 is confirmed as £8.445 million. This is at the lower end of the recommended range of 2% to 4% of the annual budget.

Full details of the Council's General Fund Reserves are shown in Note 11 on page 80, along with information on future commitments. The available balances within the General Fund Reserves are summarised as follows:

General Fund Unearmarked Reserves

General Contingency Funds

In year movement is an increase of £0.392 million, from £8.053 million at 31 March 2023 to £8.445 million at 31 March 2024.



Loans Fund Reserve

Supporting the Capital Investment Programme

In year movement is an increase of £7.980 million, from £18.904 million at 31 March 2023 to £26.884 million at 31 March 2024.



Investment Fund

Supporting environmental projects, infrastructure and Community Wealth Building

In year movement is a reduction of £6.086 million, from £11.119 million at 31 March 2023 to £5.033 million at 31 March 2024.



Renewal and Recovery Fund

Supporting delivery of the Renewal and Recovery Strategy

In year movement is a reduction of £3.816 million, from £12.939 million at 31 March 2023 to £9.123 million at 31 March 2024.



Earmarked Reserves

Service projects with future year spending plans

In year movement is a reduction of £11.790 million, from £41.402 million at 31 March 2023 to £29.612 million at 31 March 2024.



Future Budget Strategy

Support for the Medium Term Financial Plan

In year movement is a reduction of £3.410 million, from £17.698 million at 31 March 2023 to £14.288 million at 31 March 2024.



Capital Fund

Statutory support for the Capital Investment Programme

In year movement is an increase of £0.949 million, from £8.882 million at 31 March 2023 to £9.831 million at 31 March 2024.



Insurance Fund

Supports outstanding insurance claims

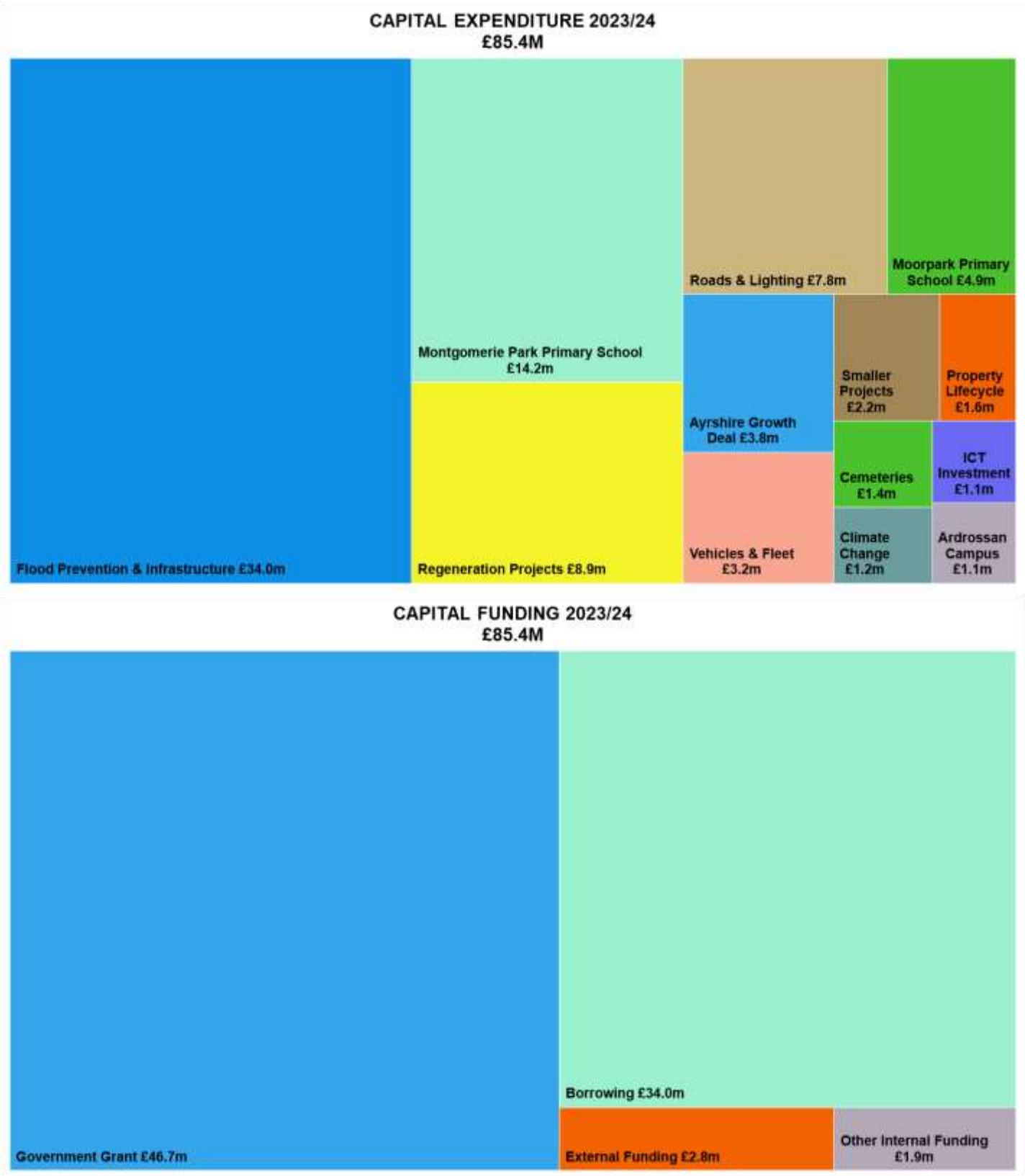
In year movement is a reduction of £0.440 million





General Fund Capital Expenditure 2023 to 2024

In 2023 to 2024 the final spend for capital investment was £85.450 million, which was in line with the revised budget. Further details, including comparative figures for 2022 to 2023 are provided in Note 17 on page 86. The exhibit below identifies the key projects and summarises how the programme was funded:



Projects with the largest capital spends during 2023 to 2024 have included:



Housing Revenue Account 2023 to 2024

For 2023 to 2024 the final expenditure on the Housing Revenue Account services was £50.601 million against an approved budget of £57.967 million and a revised budget of £58.193 million. An analysis of actual funding and expenditure is provided below. Full details are provided in the Housing Revenue Account Income and Expenditure Statement on page 60.

Service	Revised Budget (£ million)	Actual Expenditure (£ million)	Variance (£ million)	Accounting Adjustments (£ million)	Net Expenditure in the Accounts (£ million)
Employee Costs	5.482	4.960	(0.522)	(0.268)	4.692
Property Costs	22.842	23.640	0.798	0.000	23.640
Other Costs	6.559	6.483	(0.076)	0.000	6.483
Financing Costs	23.310	15.518	(7.792)	4.284	19.802
Total Expenditure	58.193	50.601	(7.592)	4.016	54.617
Council House Rents	(56.803)	(55.956)	0.847	0.000	(55.956)
Other Rent and Recharges	(1.390)	(1.526)	(0.136)	(1.148)	(2.674)
Total Income	(58.193)	(57.482)	0.711	(1.148)	(58.630)
Contribution to Reserves	0.000	(6.881)	(6.881)	2.868	(4.013)

The actual expenditure for the Housing Revenue Account noted above varies from that reported in the Comprehensive Income and Expenditure Statement as a result of a number of statutory accounting adjustments in relation to capital accounting, pensions and other minor adjustments. Full details of these adjustments are explained in Note 1 Expenditure and Funding Analysis on page 69.

The lower than budgeted expenditure across the service was primarily related to:

- ❖ Reduced loan charges linked to delayed expenditure on the Housing Revenue Account capital programme, (£7.791 million).
- ❖ Vacancy management across the services, (£0.522 million).

These have been partially offset by:

- ❖ Increased expenditure on Void Repairs, £0.781 million.
- ❖ The under recovery of Council House rents, £0.711 million.

The reported underspend of £6.881 million will be retained within the Housing Revenue Account reserves to support future service delivery, including the Council House building programme. The accumulated Housing Revenue Account reserve at 31 March 2024 is £20.566 million.

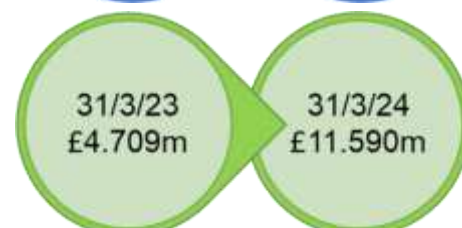
Housing Revenue Account Unearmarked Reserves

In year movement is an increase of £0.772 million, from £0.781 million at 31 March 2023 to £1.553 million at 31 March 2024.



Council House Building Fund

In year movement is an increase of £6.881 million, from £4.709 million at 31 March 2023 to £11.590 million at 31 March 2024.



Transformation Programme

In year movement is an increase of £2.000 million, from zero at 31 March 2023 to £2.000 million at 31 March 2024.



Housing Revenue Account Earmarked Reserves

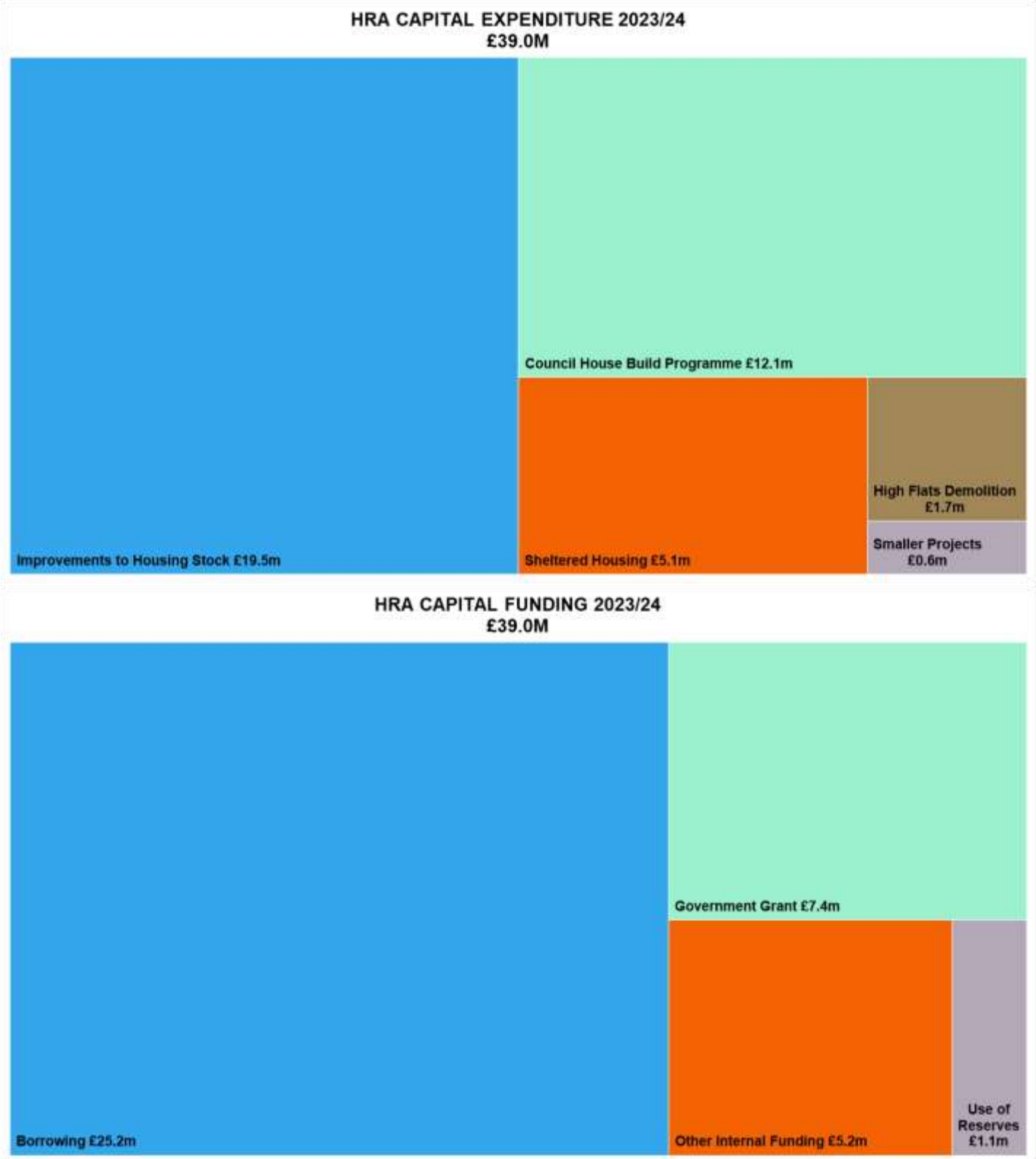
In year movement is a reduction of £2.772 million, from £8.195 million at 31 March 2023 to £5.423 million at 31 March 2024.





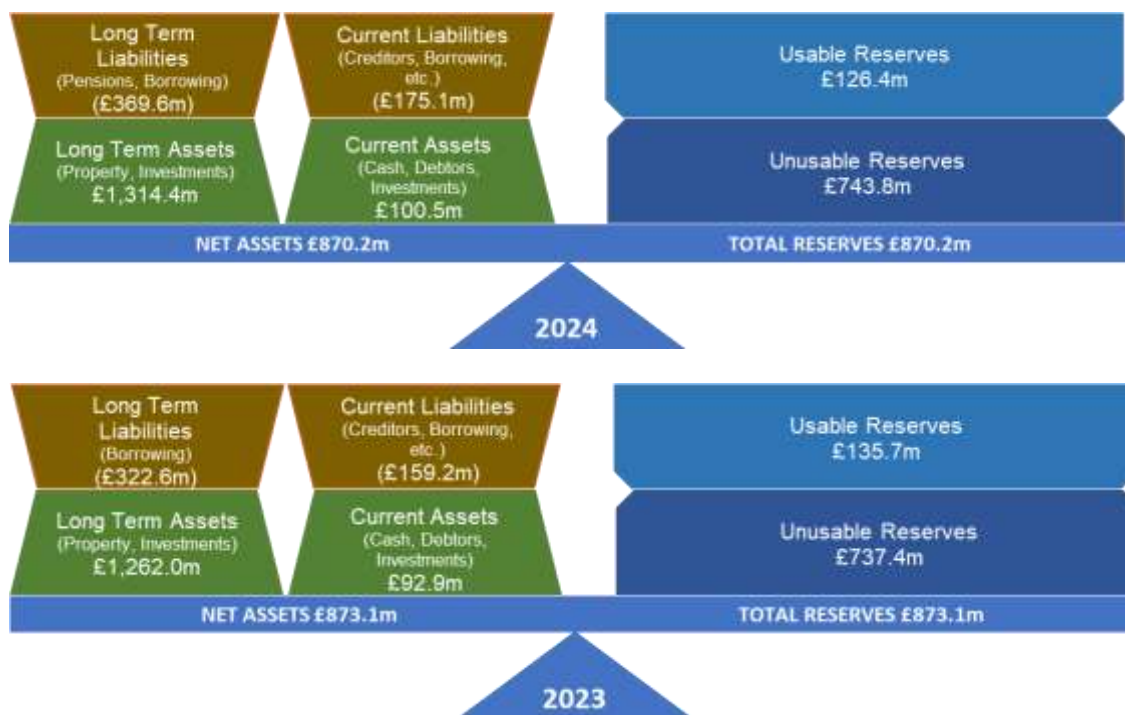
Housing Revenue Account Capital Expenditure 2023 to 2024

In 2023 to 2024 the final Housing Revenue Account expenditure on capital investment was £38.966 million against a budget of £41.863 million. The underspend was primarily in relation to lower than anticipated costs across a number of programmes. The chart below identifies the key projects and how the programme was funded. Further details, including comparative figures for 2022 to 2023, are provided in Note 17 on page 86.



The Balance Sheet

The diagram below summarises the Council's Balance Sheet as at 31 March 2024, with comparative information provided for last financial year. The Balance Sheet brings together assets and liabilities, year end balances, money owed to and by the Council and reserves. More information on the balance sheet is provided on page 58.



The Balance Sheet on page 58 summarises the Assets and Liabilities and shows a net worth of £870.2 million. This is a reduction from last year due to an increased value of Assets of £60.0 million offset by an increase in the value of Liabilities of (£62.9 million). The main changes to the Council's Balance Sheet are explained as follows.

Long Term Assets have increased in value by £52.4 million. This is primarily related to continued investment in new assets across the Council and increases in the value of our existing assets, which have been revalued as part of our five year rolling revaluation programme.

This has been partly offset by an adjustment to the Council's share of Strathclyde Pension Funds net assets from a Long Term Asset of £29.3 million during 2022 to 2023 to £zero during 2023 to 2024 as a result of a redetermination of the Council's asset ceiling. This has been driven by an adjustment to reflect the level of economic benefit which the Council may be able to derive from Pension Fund's assets in the form of potentials refunds and the impact of an agreed reduction in employers' contributions from financial year 2024 to 2025.

Current Assets have increased by £7.6 million. This is primarily related to an increase in the value of cash and cash equivalents held to meet cash flow requirements.

Increased Short and Long Term Borrowing of (£65.6 million) reflects additional borrowing undertaken across the year to support the Council's Capital Investment Programme. However, this remains lower than anticipated, reflecting the ongoing strategy of utilising internal resources and temporary borrowing to minimise costs.



Treasury Management and Investment

The [Treasury Management and Investment Strategy](#) outlines our approach to the management of our investments and cash flows in accordance with the relevant professional codes and regulations. The Strategy balances security and liquidity alongside the risks and returns from investments to ensure that sufficient cash is available to support service activity.

The Strategy sets out key prudential indicators over a 10 year period offering assurances in relation to the affordability and sustainability of our Capital Investment Strategy, managing our borrowing requirements to minimise revenue costs. The key indicators are noted below with full details provided on the Council's website:

CFR and Debt	2023 to 2024	2022 to 2023
Capital Financing Requirement	£436.9m	£384.1m
Gross External Debt	£316.8m	£245.6m
Under Borrowed	£120.1m	£138.5m
Affordability	2023 to 2024	2022 to 2023
Ratio of financing costs to net revenue stream – General Fund	2.7%	1.9%
Ratio of financing costs to net revenue stream – Housing Revenue Account	18.9%	20.1%
Interest Rate	2023 to 2024	2022 to 2023
Loans Fund Interest Rate	3.2%	3.1%
Reserves	2023 to 2024	2022 to 2023
Ratio of usable General Fund reserves to annual budget	21.0%	26.0%
Ratio of uncommitted General Fund balances to annual budget	2.0%	2.0%
Outturn	2023 to 2024	2022 to 2023
Ratio of General Fund outturn to annual budget	96.9%	96.2%

Gross External Debt

Gross External Debt is required to be within our overall Capital Financing Requirement. This is clearly demonstrated by the current under borrowed position, due to our strategy of utilising internal funds.

Affordability

We are required to consider the affordability of our capital investment plans in terms of their impact on our revenue stream, demonstrating prudence and ensuring that our investments are sustainable in the long term. The reduced ratio for the Housing Revenue Account reflects a realignment of loans fund advances based on the most appropriate useful lives of our assets. The level of loan charges is deemed prudent and affordable within the framework of the 30 year Housing Business Plan.

Interest Rate

Our effectiveness in managing our debt portfolio is demonstrated by our low average rate of interest which is benchmarked against other local authorities.

Reserves

The level of reserves supports financial sustainability and provides contingencies to support unexpected financial demands. Uncommitted reserves are maintained within the recommended range of 2% to 4% of the annual revenue budget.



Outturn

The effectiveness of our budget planning and control is demonstrated by our high performance without exceeding the planned budget.

Outlook and Risks

Outlook

The Economy

Economic performance has a significant impact on the availability of funding and demand for public services.

Internationally, the Bank of England's Monetary Policy Report for May 2024 noted that global activity is expected to grow by around 2% over 2024, with recent growth stronger in the United States than in the euro area. Headline inflation has been on a downward trend with underlying inflationary pressures continuing to moderate since the start of the year. Geopolitical factors continue to indicate upside risks to the inflationary outlook. However, the report notes the limited impact which the developments in the Middle East have had on inflation to date.

Within the UK, Gross Domestic Product is expected to rise over the first half of 2024, supported by rising real incomes. The report notes that, while Consumer Price Inflation has declined recently and private sector pay growth is easing, uncertainty around the labour market continues. Consumer Price Inflation fell to 3.2% in March and is expected to return to close to the 2% target in the near term, before increasing to around 2.5% in the second half of the year due to energy related effects. In the longer term, consumer price inflation is projected to fall to 1.9% in two years' time and 1.6% the year after as inflation on both core goods and food continues to weaken.

The impact within North Ayrshire will be felt in terms of a continuation of the recent increased demand for Council services in the short term as families continue to recover from the impact of the cost-of-living crisis. The pressures on service delivery will continue as a result of core funding failing to keep pace with increasing costs driven by wage and price inflation and the increased cost of borrowing to support capital investment.

North Ayrshire Council's Plans

Our Financial Plans

Long Term Financial Planning

In December 2023, Council approved the Long-Term Financial Outlook 2024 to 2025 to 2033 to 2034. The Long Term Financial Outlook provides the cornerstone of the Council's strategic financial framework which helps guide the Council through the challenging economic climate and continuing real terms reduction in resources and support the planning for longer term financial sustainability of priority services. This has been exacerbated in recent years by the impact of high levels of inflation.

The Long Term Financial Outlook has identified an estimated funding shortfall of £127 million over the next ten years, this includes anticipated pressures in relation to the Health and Social Care Partnership.



The key messages highlighted within the Long Term Financial Outlook include:

- North Ayrshire's overall population is forecast to reduce by 4.2% over the period, with reductions in the numbers of children and working age adults being offset by a projected 17.1% increase in the number of Older People. This will negatively impact on anticipated funding levels while resulting in increased demand for services.
- The percentage of adults claiming out of work benefits is 43% higher than the Scottish average and 26.9% of North Ayrshire's Scottish Index of Multiple Deprivation datazones are within the 15% most deprived in Scotland, resulting in increased demand for cost-of-living supports such as Council Tax Reduction benefits.
- The Council will be subject to further pressures in relation to pay and price inflation and the revenue implications of the Council's ambitious General Services Capital Investment Programme which will result in increased budget pressures across the full timeframe of the Long Term Financial Outlook.
- The Scottish Government Spending Review has indicated that a projected "flat cash" level of funding for local government over the medium-term can be anticipated. When set against a backdrop of high inflationary costs this will lead to a significant budget gap.
- North Ayrshire Council will become increasingly reliant on income from Council Tax and internal reserves to fund service delivery.

Revenue

In February 2024, the Council agreed its General Fund Medium Term Financial Plan for 2024 to 2025 to 2026 to 2027, approving a General Services Revenue Budget of £427.3 million for 2024 to 2025. The Medium Term Financial Plan includes a range of savings proposals required to deliver a balanced Budget position for 2024 to 2025 and a profiled use of reserves to help mitigate the significant financial challenges facing the Council. This was set within the context of a Council Tax freeze for 2024 to 2025 to help address the financial pressures faced by communities.

The Medium Term Financial Plan addresses significant budget pressures arising from national pay agreements and changes to teachers' pension arrangements. In addition, inflationary pressures have continued to impact on operational costs, including contractual commitments, utilities and the cost of borrowing to support delivery of the council's ambitious capital investment programmes.

The Medium Term Financial Plan recognises additional Scottish Government funding to support Adult Social Care services, the expansion of free school meals and the impact of pay awards across both teaching and non-teaching staff during 2023 to 2024. However, core grants did not keep pace with inflationary pressures and North Ayrshire continues to be impacted by reducing allocations, reflecting falling population indicators relative to other authorities. Future funding projections have been predicated on a "flat cash" funding assumption combined with increasing expenditure requirements driven by inflationary pressures, socio economic and demographic pressures and increasing revenue costs of supporting the Council's capital investment programmes.

Against this backdrop, a reduction in employer pension contributions in 2024 to 2025 provided an opportunity for non-recurring investment to support priorities, including Roads Infrastructure investment; contributions to the Business Recovery & Sustainability, Repurposing Property Grant and Wellbeing Alliance funds; and support for Community Wealth Building for Communities and School Welfare Rights Officers.



The Medium Term Financial Plan provides a balanced budget for 2024 to 2025 with indicative funding gaps remaining for 2025 to 2026 and 2026 to 2027 of £10.718 million and £8.721 million respectively. This position incorporates the full year effect of proposed savings in 2024 to 2025 and the planned use of reserves of £4.000 million in 2025 to 2026 and £3.500 million in 2026 to 2027. This continues to present a significant challenge to the sustainability of the Council's finances.

In addition to the General Fund Medium Term Financial Plan, the Council has approved the Housing Revenue Account budget for 2024 to 2025 of £61.704 million.

Following a tenant consultation, it was determined that an average rent increase of 6.0% was required to maintain the current service provision and support investment in the Strategic Housing Investment Plan.

This followed a comprehensive review of the Housing Revenue Account 30-year business plan designed to maintain planned levels of investment in our existing homes and new build homes.

Capital

North Ayrshire Council has carried out a review of its capital investment plans and approved a new 10-year General Services Capital Investment Programme covering the period from 2024 to 2025 to 2033 to 2034. This programme will result in the investment of £406.5 million over the period on key priorities including:

- £112.8 million on maintaining and improving our Roads and Lighting, including the upgrading of the B714.
- £102.8 million to deliver 3 new school campuses at Moorpark, Montgomerie Park and Ardrossan.
- £34.8 million on key regeneration projects including the development of Ardrossan North Shore.
- £25.9 million on updating and decarbonising our vehicles and fleet to support our Sustainable North Ayrshire Strategy.
- £70.6 million working in partnership with East Ayrshire, South Ayrshire, the UK and Scottish Government to deliver the Ayrshire Growth Deal which will see the regeneration of the region through investment in strategic infrastructure across various sectors, including life sciences, tourism, manufacturing and aerospace.

However, recent years have witnessed periods of significant volatility across the construction industry linked to the ongoing legacy impacts of the Covid-19 pandemic, the influence of national economic developments and international externalities arising from global conflicts and their impacts on costs and supply chains. These volatilities have manifested locally through increased borrowing costs, inflationary pressures, limited availability of contractors, supply chain issues and material shortages which are impacting on tender returns and the cost of materials.

In order to mitigate these pressures and maintain the affordability of our capital investment programme, significant earmarked reserves and incremental increases in revenue budgets have been committed to support future borrowing costs.

An annual review of the Housing Revenue Account Business Plan was undertaken during 2023. The Plan provides assurance of the financial sustainability of the management of the Council's housing stock over a 30-year period, taking into consideration the continued impact of the current economic climate on the provision of the Council's Housing Service and our tenants.



As a result, North Ayrshire Council has approved a Housing Revenue Account Capital Investment Programme for 2024 to 2025 of £52.8 million, including £8.7 million for stock improvements, £4.4 million to tackle climate change and £37.5 million to support the delivery of the Strategic Housing Investment Plan, which aims to deliver 1,641 new homes by 2028.

Sustainable Change Programme

Progress continues to be made in developing the Council's ambitious Sustainable Change Programme, aligned to the Council's priorities and set within the context of the Council Plan and our Community Wealth Building Strategy.

It is important that a pipeline of activity continues to be identified, with a primary focus on generating financial efficiencies to help address the significant financial pressures across the Medium Term Financial Plan. The programme is subject to regular review and monitoring. The current workstreams include:

- Use of Land and Property Assets.
- Transport and Travel efficiencies and decarbonisation of fleet.
- Sustainability initiatives including major renewable energy investment.
- Accessing Our Council and Financial Inclusion.

Climate Change

Our [Sustainable North Ayrshire Strategy 2024 to 2027](#) sets out the journey to achieving net zero carbon emissions by 2030 through the implementation of nine strategic priorities, specific actions across five workstreams and a proposed Carbon footprint and Project Register.

The nine strategic principles to help set the priorities and actions for the next 3 years are:

- We will take a whole system approach (including through behaviour change) to tackling climate change as far as possible, including identification of optimal approaches to achieve social and economic benefits alongside environmental ones.
- We will continue to clarify and report transparently on our emissions so that the North Ayrshire emissions baseline is clearly understood.
- We will complete a Local Heat and Energy Efficiency Strategy to help understand where efforts to reducing emissions and reducing fuel poverty are best focused.
- We will prioritise actions in relation to two of the biggest emissions sources where we will have the most influence, commonly referred to as 'heat and fleet', including through project pathfinder approaches for decarbonisation of domestic and non-domestic buildings and vehicles to bring scale and pace to emissions reduction.
- We will work with stakeholders, including the Scottish Government, to articulate the potential costs and skills requirements to meet our net-zero aspirations.
- We will expand on the need for adaptation measures, recognising mitigation alone will not combat the impacts of climate changes on communities.
- We will identify opportunities for expansion of carbon sinks and other carbon capture technologies, which are expected to be an essential element of our net-zero strategy to mitigate residual emissions by 2030.
- We will seek to expand the remit and membership of the Climate Change Steering Group to enable us to work more closely with communities, taking account of outcomes from recent projects such as Climate Action Towns and Carbon Neutral Islands.



- We will explore the potential for carbon accounting, including carbon budgets for Council services, to support our journey to net-zero.

Some of the key actions proposed in the new strategy include:

- Development of new municipal renewable energy projects, including at i3, Irvine, subject to further feasibility work and available funding.
- Undertaking of community carbon literacy training and development of Community Climate Actions Plans for each locality and support action identified on islands.
- Exploration of the use of Sustainable Scotland Networks' Climate Change Impact Assessment.
- Implementation of Nature Networks throughout North Ayrshire as far as possible.
- Progress the Ayrshire EVCI Pathfinder project to support a just transition to EVs.
- Investigate of the feasibility of a green hydrogen generation project using landfill gas, through the Energy Technology Partnership.
- Implement Adaptation Scotland's Framework for a Climate Ready Public Sector.

Risks

North Ayrshire Council is committed to ensuring that it is proactive in identifying and managing the risks impacting on the authority. The Council recognises that a certain amount of risk is inevitable if the organisation is to achieve its objectives.

The aim of risk management is to reduce the likelihood and/or impact of risk by identifying and controlling risks to the Council. If risk is to be managed appropriately, and Services are aware of these risks, risk management can contribute positively towards the organisation's decision-making processes, making the Council more innovative and effective in its approach to service delivery.

The most significant risks are identified through the Council's [Strategic Risk Register](#) recognising the challenges facing the Council and demonstrating the arrangements in place to manage these risks. The Council reviews and updates the Strategic Risk Register on an annual basis. North Ayrshire Council has identified eight risks which have been classified as either High or Very High. Council Services have identified high level strategic actions within their planning for 2024 to 2025 to help the Council mitigate against these strategic risks. Those risks classified as Very High are as follows:

Risk	Financial Sustainability	Inequalities	Property Asset Risk
Description	<p>The level of funding for local government will fall significantly below that required to operate services effectively, requiring North Ayrshire Council to take increasingly difficult and challenging decisions.</p> <p>North Ayrshire's position is further affected by a reducing overall population</p>	<p>Residents of North Ayrshire and, in particular, certain excluded groups will experience increasing levels of poverty and its effects as a result of the economic situation and Covid-19.</p> <p>Health inequality is closely linked to poverty, employment and people's</p>	<p>The long-term impact of restricted budget availability for investment in the Council's property assets is that they are in declining condition and have greater long term investment needs.</p> <p>Systemic building safety issues have substantially increased the burden of property asset</p>



Risk	Financial Sustainability	Inequalities	Property Asset Risk
	<p>but an increasing elderly population. This will further impact on the council's share of available funding across the short, medium and longer terms.</p> <p>Reduced Scottish government funding to support capital investment presents risks to the capital programme impacted by high, inflation driven construction costs.</p>	<p>earliest experiences as children, and will increase.</p> <p>A larger proportion of population is projected to be not economically active in future.</p>	<p>management, evidenced by issues such as national high profile safety issues, the presence of RAAC through the public sector property portfolio, critical failures of aging heating plant and equipment; and inflationary pressures and on-going volatility in the construction & related activities sphere.</p>
Impact	<p>If funding does not keep pace with demand and costs, there will be a reduction in some service areas, increasing risks for users.</p> <p>The impact on the capital programme could result in reduced levels of capital investment.</p>	<p>The impact is greatest for our children, young people and families, unemployed people and those in in-work poverty, and people exposed to the risks of drug and alcohol addiction.</p> <p>Increased demand for services, potential increase in crisis interventions and negative impact on local economy.</p>	<p>Maintenance issues and failure of building components are increasingly likely to result in disruption to service delivery.</p> <p>There is also an increasing risk of health and safety and statutory compliance obligations not being achieved.</p>
Mitigation and Controls	<p>Robust monitoring of the Revenue and Capital budgets.</p> <p>Development of the Long Term Financial Outlook to 2033 to 2034 and the Medium Term Financial Outlook 2024 to 2025 to 2026 to 2027.</p> <p>The annual budget process provides a framework to address the financial position of the Council, including control measures, the sustainable change programme and the utilisation of available statutory powers.</p>	<p>Tackling inequalities is a key priority of the HSCP's Strategic Plan, setting out actions to tackle inequality through its Partnership Pledge.</p> <p>The Council considers reducing inequality at the heart of its work and the Community Planning Partnership has developed a new Local Outcomes Improvement Plan, the purpose of which is reducing inequalities.</p> <p>The Council Leader chairs the Child Poverty and Cost of Living Board.</p>	<p>Property condition information provides the baseline to measure lifecycle replacement requirements across the estate, targeting investment on priorities.</p> <p>The property rationalisation workstream will reduce the financial burden of the estate.</p> <p>Risk based property reviews identify potential impacts on service delivery and influence investment and business continuity planning.</p>

Supplementary Information

Common Good and Trust Funds

The Council administers six Common Good Funds for the former burgh areas of Ardrossan, Irvine, Largs, Millport, Saltcoats and Stevenston. Overall, the Common Good Funds achieved an in-year surplus of £0.080 million resulting in an accumulated surplus as at 31 March 2024 of £2.219 million. Details of income and expenditure accounts and balance sheets can be found on page 62 of these accounts.

The Council administers several Trust Funds, some of which are registered charities. Details of income and expenditure accounts and balance sheets can be found on page 63 of these accounts. Overall, the Trust Funds reported an in year surplus of £0.013 million resulting in an accumulated surplus as at 31 March 2024 of £0.398 million. Separate annual accounts and a [Trustees' Annual Report](#) have been prepared for the charitable trusts. These are subject to separate external audit and are available on the Council's website.

Group Accounts

The Council has a material interest in a number of other organisations and is therefore required to produce Group Accounts. The Group results are presented alongside the results for the Council on all the main statements. The effect of including the Group entities along with the Council Accounts is an increase in both Reserves and Net Assets of £47.865 million. This represents the Council's share of the net assets in these entities. Further details of the associated entities that have been incorporated into the financial statements can be found in Note 39 on page 116.

Where to Find More Information

If you would like more information, our Council website holds detailed information on the Council's strategies, plans and policies and our performance and spending.



Craig Hatton

Craig Hatton
Chief Executive
14 November 2024



Marie Burns

Councillor Marie Burns
Leader of the Council
14 November 2024



Mark Boyd

Mark Boyd
Head of Finance
14 November 2024

Statement of Responsibilities

Responsibilities of the Council

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 authority, that officer is the Head of Finance.
- To 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).
- To approve the Statement of Accounts.

I confirm that these Annual Accounts were approved for signature by North Ayrshire Council's Audit & Scrutiny Committee at its meeting on 14 November 2024.

Marie Burns

Councillor Marie Burns
Leader of the Council
14 November 2024



Responsibilities of the Chief Financial Officer

The Head of Finance is responsible for the preparation of the authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the Chartered Institute of Public Finance and Accountancy / Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing these annual accounts, the Head of Finance has:

- Selected appropriate accounting policies and 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).
- Kept adequate accounting records that were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of North Ayrshire Council and its group at the reporting date and the transactions of North Ayrshire Council and its group for the year ended 31 March 2024.

Mark Boyd

Mark Boyd
Head of Finance
14 November 2024





Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

The following report details North Ayrshire Council's remuneration policy for its Senior Councillors and Senior employees, providing full details of the remuneration and pension benefits they receive. This report also provides information on the number of employees whose annual remuneration was £50,000 or more, as well as summary information in relation to employees' exit packages agreed during the year.

All of the information disclosed in the tables within this Remuneration Report, with the exception of tables 3 and 4, the Facility Time Statement and the Fair Pay Statement, are subject to independent audit. The other sections of the Remuneration Report are reviewed by our Auditor to ensure that they are consistent with the Financial Statements.

Remuneration of Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (Scottish Statutory Instrument Number 2007/183), as amended. The Regulations provide for the grading of Councillors, for the purposes of remuneration arrangements, as Leader of the Council, Provost, Senior Councillors and Councillor. The Leader of the Council and the Provost cannot be the same person for remuneration purposes. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political structure.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2023 to 2024 the salary for the Leader of North Ayrshire Council was set at £40,205 (2022 to 2023: £39,148) and the salary for the Provost was set at £30,154 (2022 to 2023: £29,361), the maximum level.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. For 2023 to 2024, the maximum salary which could be paid to a Senior Councillor was £30,154 (2022 to 2023: £29,361) with the maximum number of Senior Councillors set at 14. The total remuneration for Senior Councillors (excluding the Provost and Leader) should not exceed £351,771 (2022 to 2023: £342,524).

As at 31 March 2024 the Council had 10 Senior Councillors (2022 to 2023:10). The annual salaries for the Depute Leader and leader of largest minority were set at £30,154 (2022 to 2023: £29,361), the maximum level. The remaining Senior Councillors annual salary was set at £25,127 (2022 to 2023: £24,468), with total remuneration of £261,324 (2022 to 2023: £261,014).

In line with Regulations the Council pays contributions to the Local Government Pension Scheme for those Councillors who elect to become Councillor Members of the pension scheme. Glasgow City Council administers the Local Government Pension Scheme on behalf of twelve unitary local authorities including North Ayrshire Council. Information on the scheme is available at [SPFO](#).

Details of the Remuneration of Senior Councillors are shown in Table 1.

Table 1: Remuneration of Senior Councillors

Councillor Name and Responsibility	Date From	Date To	Total Remuneration 2023 to 2024 (£)	Total Remuneration 2022 to 2023 (£)
Marie Burns Leader of the Council	April 2023	March 2024	40,205	36,997
Anthea Dickson Provost	April 2023	March 2024	30,154	25,580
Shaun Macaulay Depute Leader of the Council	April 2023	March 2024	30,154	25,580
John Sweeney Depute Provost	April 2023	March 2024	25,127	21,315
Tom Marshall Leader of the Largest Minority	April 2023	March 2024	30,154	25,580
Tony Gurney Cabinet Member	April 2023	March 2024	25,127	21,315
Alan Hill Cabinet Member	April 2023	March 2024	25,127	21,315
Margaret Johnson Cabinet Member	April 2023	March 2024	25,127	21,315
Christina Larsen Cabinet Member	April 2023	March 2024	25,127	23,725
John Bell Chair, Audit and Scrutiny Committee	April 2023	March 2024	25,127	24,206
Eleanor Collier Chair, Licensing Committee	April 2023	March 2024	25,127	21,315
Robert Foster Chair, Planning Committee	April 2023	March 2024	25,127	23,725
Total	2023	2024	331,683	291,968

Remuneration paid to the Provost and Leader of the Council in 2023 to 24 is £70,359 (2022 to 2023: £66,433). Total remuneration to the remaining 10 Senior Councillors is £261,324 (2022 to 2023: £261,014).

Note: Total remuneration consists of salaries and allowances only.



Remuneration of Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular IR-11-23b sets the salary for the Chief Executive of North Ayrshire Council for the period 2023 to 2024. The salaries of the Directors are based on a fixed percentage of the Chief Executive's salary. Senior employees do not receive any other benefits. Details of the Remuneration of Senior Employees are shown in Table 2.

During 2023 to 2024, the Chief Executive and the Executive Director (Communities) held positions of Director in North Ayrshire Ventures Trust. There was no remuneration associated with these positions.

Table 2a: Remuneration of Senior Employees of the Council

Name and Post Title	Date From	Date To	Salary and Allowances 2023 to 2024 (£)	Total Remuneration 2023 to 2024 (£)	Total Remuneration 2022 to 2023 (£)
Craig Hatton Chief Executive	April 2023	March 2024	160,745	160,745	151,571
Craig Hatton Returning Officer/ Counting Officer	April 2023	March 2024	0	0	4,954
Audrey Sutton Executive Director, Communities & Education	April 2023	March 2024	129,077	129,077	121,710
Russell McCutcheon Executive Director, Place	April 2023	March 2024	129,077	129,077	121,710
Aileen Craig Monitoring Officer	April 2023	March 2024	99,067	99,067	93,413
Andrew McClelland Chief Education Officer	April 2023	March 2024	104,317	104,317	8,222
Scott Hunter Chief Social Work Officer	April 2023	March 2024	99,067	99,067	93,413
Allan Finlayson Chief Planning Officer (Full Year Equivalent £67,124)	7 August 2023	March 2024	43,768	43,768	0
James Miller Chief Planning Officer (Full Year Equivalent £70,492)	April 2023	23 April 2023	4,406	4,406	70,738
Mark Boyd Section 95 Officer	April 2023	March 2024	104,317	104,317	98,663
Total	2023	2024	873,841	873,841	764,394



Table 2b: Remuneration of Senior Employees of the Subsidiary Bodies

Name and Post Title	Date From	Date To	Salary and Allowances 2023 to 2024 (£)	Total Remuneration 2023 to 2024 (£)	Total Remuneration 2022 to 2023 (£)
Malcolm McPhail Chief Executive North Ayrshire Leisure Limited	April 2023	March 2024	108,815	108,815	95,797

Pension Benefits

Pension benefits for Councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. Pay for pension purposes for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

Local government employees had a final salary pension scheme prior to 1 April 2015. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme up to 31 March 2015. From 1 April 2015, benefits for local government employees are based on career average pay. Benefits are based on the pay received for each year in the scheme, revalued for inflation until retirement. All benefits accumulated prior to 1 April 2015 are protected.

A five-tier contribution system is in place with contributions from scheme members based on how much pay falls into each tier. This is designed to give more equality between the costs and benefits of scheme membership.

The tiers and member contribution rates for 2022 to 2023 and 2023 to 2024 are shown in Table 3.



Table 3: Tier and Member Contribution Rates

Whole time pay bandings 2022 to 2023	Employee Contribution rate	Whole time pay bandings 2023 to 2024
On earnings up to and including £23,000	5.50%	On earnings up to and including £25,300
On earnings on or above £23,001 and up to £28,100	7.25%	On earnings on or above £25,301 and up to £31,000
On earnings on or above £28,101 and up to £38,600	8.50%	On earnings on or above £31,001 and up to £42,500
On earnings on or above £38,601 and up to £51,400	9.50%	On earnings on or above £42,501 and up to £56,600
On earnings on or above £51,401	12.00%	On earnings on or above £56,601

The rate and basis at which employees accrue their pension benefits has changed over time. This is shown in Table 4.

Table 4: Employee Benefit Calculation Rates

Time Period	Pension Benefit Accrual Basis	Pension Benefit Accrual Rate	Lump Sum Basis
From 1 April 2015	Career Average	1/49th pensionable pay each year	Not applicable
From 1 April 2009 to 31 March 2015	Final Salary	1/60th pensionable pay each year	Not applicable
Prior To 1 April 2009	Final Salary	1/80th pensionable pay each year	3/80th final pensionable salary and years of pensionable service

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

The value of the pension benefits of senior councillors is outlined in Table 5. They have been calculated without exercising any option to commute pension entitlement into a lump sum and without any adjustment for the effects of future inflation.

The pension entitlements for Senior Councillors for the year to 31 March 2024 are shown in Table 5, together with the contribution made by the Council to each Senior Councillor's pension during the year.



Table 5: Pension Benefits of Senior Councillors

Name	In-year pension contributions for year to 31 March 2024 (£)	In-year pension contributions for year to 31 March 2023 (£)	Accrued Pension Benefits at 31 March 2024 (£)	Accrued Lump Sum at 31 March 2024 (£)	Pension Benefits difference from 31 March 2023 (£)	Lump Sum difference from 31 March 2023 (£)
Alan Hill	4,850	4,114	8,337	2,341	962	60
Anthea Dickson	5,820	4,937	7,224	319	925	13
Christina Larsen	4,850	4,579	3,127	0	758	0
Eleanor Collier	4,850	4,114	1,006	0	600	0
John Bell	4,850	4,672	9,421	2,455	1,039	57
John Sweeney	4,850	4,114	3,103	0	756	0
Margaret Johnson	4,850	4,114	1,006	0	600	0
Robert Foster	4,850	4,579	3,620	0	803	0
Shaun Macaulay	5,820	4,937	3,301	0	868	0
Tony Gurney	4,850	4,114	7,681	2,074	952	64
Total	50,440	44,274	47,826	7,189	8,263	194

Councillor Burns and Councillor Marshall are not members of the pension scheme.

Accrued Pension Benefits relate to all duties and not just those of the posts shown.

Pension entitlements for senior employees for the year to 31 March 2024 are shown below in Table 6, together with the contribution made by the Council to each senior employee's pension during the year.



Table 6: Pension Benefits of Senior Employees of the Council

Name and Post Title	In-year pension contributions for year to 31 March 2024 (£)	In-year pension contributions for year to 31 March 2023 (£)	Accrued Pension Benefits at 31 March 2024 (£)	Accrued Lump Sum at 31 March 2024 (£)	Pension Benefits difference from 31 March 2023 (£)	Lump Sum difference from 31 March 2023 (£)
Craig Hatton Chief Executive	31,024	30,209	108,819	0	10,307	0
Audrey Sutton Executive Director, Communities & Education	24,912	23,490	52,526	50,577	7,585	2,885
Russell McCutcheon Executive Director, Place	24,429	23,490	67,975	103,790	3,405	(2,297)
Aileen Craig Monitoring Officer	19,120	18,029	35,031	33,495	4,398	3,414
Andrew McClelland Chief Education Officer	20,133	1,587	14,308	0	3,353	0
Scott Hunter Chief Social Work Officer	19,120	18,029	4,719	0	2,519	0
Allan Finlayson Chief Planning Officer	8,447	0	779	0	(1,421)	0
James Miller Chief Planning Officer	850	13,605	47,568	80,322	3,152	0
Mark Boyd Section 95 Officer	20,133	19,042	39,480	33,251	5,665	2,045
Total	168,168	147,481	371,205	301,435	38,963	6,047

Accrued Pension Benefits relate to all duties and not just those of the posts shown.
Chief Education Officer is based on Local Government Pension contributions only.
The Chief Executive of NALL is not a member of the pension scheme.



General Disclosure by Pay Bands

The Regulations require the Remuneration Report to provide information on the number of persons whose remuneration was £50,000 or above. Remuneration consists of all payments made to individuals, including salaries (including arrears of pay), expenses and any payments made to an individual in respect of termination costs. Table 8 provides this information in bands of £5,000.

Table 8: Employees with Remuneration over £50,000

Remuneration Bands	Number of Teachers at 31 March 2024	Number of Teachers at 31 March 2023	Number of Other Staff at 31 March 2024	Number of Other Staff at 31 March 2023
£50,000-£54,999	109	88	176	78
£55,000-£59,999	92	82	65	41
£60,000-£64,999	58	55	19	14
£65,000-£69,999	48	45	30	31
£70,000-£74,999	40	10	22	11
£75,000-£79,999	7	1	20	7
£80,000-£84,999	3	4	8	0
£85,000-£89,999	3	4	0	1
£90,000-£94,999	3	1	7	10
£95,000-£99,999	1	3	13	1
£100,000-£104,999	2	0	2	0
£105,000-£109,999	1	0	2	0
£110,000-£114,999	0	0	0	0
£115,000-£119,999	0	0	0	0
£120,000-£124,999	0	0	2	2
£125,000-£129,999	0	0	2	0
£130,000-£149,999	0	0	0	0
£150,000-£154,999	0	0	0	1
£155,000-£159,999	0	0	0	1
£160,000-£164,999	0	0	1	0
Total	367	293	369	198

Remuneration paid to Councillors

Salaries, allowances and expenses paid to all Councillors within North Ayrshire Council (including the Senior Councillors previously listed) during the year are shown in Table 7. There were no non-cash expenses or benefits in kind paid during 2023-24.



Table 7: Total Remuneration Paid to Councillors

Type of Remuneration	2023 to 2024 (£)	2022 to 2023 (£)
Salaries	752,088	720,049
Expenses	22,759	14,979
Total	774,847	735,028

The [Annual return of Councillors' salaries and expenses for 2023 to 2024](#) is available for any member of the public to view at all Council libraries and public offices during normal working hours, and is also available on the Council's website.

Exit Packages

The Council has set aside funding to support a voluntary early release scheme for employees as part of the agreed savings package and to facilitate service redesign. As a result, a number of staff left the Council during 2023 to 2024, either through the voluntary early release scheme or voluntary redundancy. There were no compulsory redundancies.

For the purposes of this note, Exit Packages in Table 9 include:

- Redundancy payment.
- Strain on the fund cost (the amount which the Council is required to pay to the pension fund because the employee has retired before the assumed retirement age).

The figures include employees who have committed to leave during 2023 to 2024, although their actual leaving date may be later than 31 March 2024. Table 9 summarises the impact of the exit packages.

Table 9: Total Exit Packages

Band	Number of Employees 2023 to 2024	Value 2023 to 2024 (£)	Number of Employees 2022 to 2023	Value 2022 to 2023 (£)
£0-£20,000	15	231,674	4	41,479
£20,001-£40,000	18	533,292	5	120,006
£40,001-£60,000	16	770,154	1	54,985
£60,001-£80,000	18	1,258,698	0	0
£80,001-£100,000	7	621,352	3	283,763
£100,001-£150,000	14	1,703,923	1	107,063
£150,001-£200,000	4	687,996	1	190,212
£200,001-£250,000	2	453,673	1	210,308
£250,001 +	1	318,237	0	0
	95	6,578,999	16	1,007,816



Facility Time Statement

Under the Trade Union (Facility Time Publication Requirements) Regulation 2017, the Council is required to collect and publish data in relation to its usage and spend of trade union facility time in respect of employees who are trade union representatives. Facility time is time off from an employee's job, granted by the Council, to enable the employee to carry out their trade union role.

For the reporting year 2023 to 2024, 131 employees (2022 to 2023: 139) were relevant trade union officials and 29 of these employees (2022 to 2023: 36) spent a proportion of their working hours on facility time:

Number of Employees who were relevant union official during the relevant period	Full-time equivalent employee number
131	120.62

Percentage of Time	Number of Employees (Headcount)
0%	102
1% - 50%	25
51% - 99%	0
100%	4

The percentage of the total paybill spent on facility time was 0.08% (2022 to 2023: 0.06%).

Total Pay Bill spent on Facility Time	Value
Total Cost of Facility Time	£240,849
Total Pay Bill	£317,355,027
Percentage of Total Pay Bill spent on Facility Time	0.08%

For those employees who were trade union officials, the time spent on paid trades union activities as percentage of their total paid facility time hours was 2.04% (2022 to 2023: 2.25%).

Time spent on Trade Union Activities	Value
Time spent on Trade Union Activities as a percentage of Total paid Facility Time hours	2.04%

The [Trade Union Facility Time Statement for 2023 to 2024](#) is available for any member of the public to view on the Council's website.



Fair Pay

It is recommended by the Hutton Review of Fair Pay in the Public Sector, that local authorities use pay multiples as a means of measuring the relationship between pay rates across the Council workforce and that of senior managers. This helps to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the authority. North Ayrshire Council does not have a policy on maintaining a specific pay multiple and there is no statutory duty to report this. However, the Council is committed to following best practice. As such, the following figures are provided:

Description	Full Time Equivalent Salary 2023 to 2024	Full Time Equivalent Salary 2022 to 2023	Change
Range of staff remuneration	£21,924 - £160,741	£19,914 - £151,571	£2,010 - £9,170
Lowest earning employee's remuneration	21,924	19,914	2,010
Staff Average (salary & allowances)	35,279	32,785	2,494
Highest earning director's total remuneration	160,741	151,571	9,170
Ratio between highest earning director's total remuneration and the lowest earning employee	7.33:1	7.61:1	-3.68%
Ratio between highest earning director's total remuneration and the average	4.56:1	4.62:1	-1.30%
Median (total pay and benefits)	31,301	28,623	2,677
Median (salary only)	30,346	28,465	1,882
Ratio between highest earning director's total remuneration and the median	5.14:1	5.30:1	-3.02%
25th percentile (total pay and benefits)	25,321	22,810	2,511
25th percentile (salary only)	24,741	22,125	2,616
Ratio between highest earning director's total remuneration and the 25th percentile	6.35:1	6.65:1	-4.51%
75th percentile (total pay and benefits)	44,323	41,802	2,521
75th percentile (salary only)	44,323	41,802	2,521
Ratio between highest earning director's total remuneration and the 75th percentile	3.63:1	3.63:1	0.00%

Note: the above figures exclude apprenticeships and training appointments which are outwith North Ayrshire's standard remuneration policy and are provided as part of the Council's commitment to address youth unemployment through the creation of training opportunities to support young people progress towards fair work.

North Ayrshire Council is a Living Wage employer and, as such, we are committed to paying all staff the real Living Wage. From October 2023, this has been set at £12.00 per hour (2022: £10.90). The highest earning director is the Chief Executive. The Chief Executive's salary is set independently by the Scottish Joint Negotiating Committee (SJNC) for Local Authority Services.

For the year to 31 March 2024, the remuneration received by the Chief Executive, increased by 6.05%, to £160,741 FTE (2022-23: £151,571) per annum excluding any pension contributions. The average FTE remuneration for the Council as a whole, excluding the Chief Executive, increase by 7.61% (2022-23: 7.48%) due to progression in Spinal Column Points (SCP) and pay award settlements agreed with Trade Unions.

In 2023-24, the highest paid directors' remuneration was 7.33 times larger than the lowest remunerated employee (2022-23: 7.61). The Council's current median FTE remuneration is £31,301 per annum making North Ayrshire Council's pay multiple 5.14:1 for 2023-24 (2022-23: 5.30:1). This reflects the pay, rewards and progression policy for employees as a whole.



Craig Hatton

Craig Hatton
Chief Executive
14 November 2024



Marie Burns

Councillor Marie Burns
Leader of the Council
14 November 2024



Annual Governance Statement

Scope of Responsibility

North Ayrshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively to achieve Best Value.

The Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a [Local Code of Corporate Governance](#) which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy and Society of Local Authority Chief Executives' Framework 'Delivering Good Governance in Local Government' (2016).

This statement explains how North Ayrshire Council complies with the Code of Corporate Governance and meets the requirements of the 'Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control.

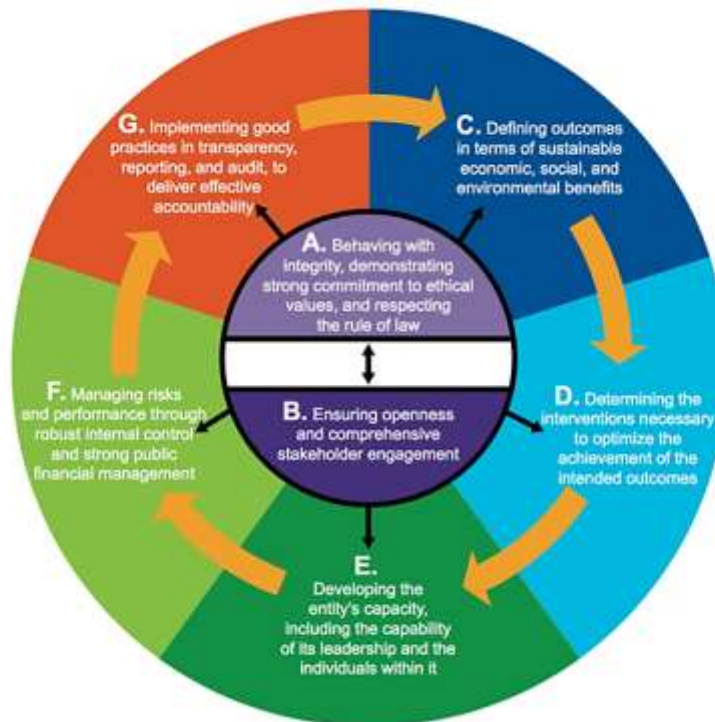
The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and the achievement of key outcomes.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. 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 objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

The Governance Framework

The Council's Framework is built around the seven core principles and 21 sub-principles that set out the key building blocks of good governance.



The key features of the governance framework that were in place during 2023 to 2024 are below:

- The Cabinet was the key decision-making Committee, comprising the Leader of the Council, the Depute Leader and four members of the Administration, each with a specific portfolio of duties. An Education Cabinet comprised the same members and included church and teaching profession representatives.
- The Audit and Scrutiny Committee, which is chaired by a Member of an Opposition party, was in place to consider all matters in relation to Internal and External Audit, Risk Management, Scrutiny and Performance, as well as receiving reports on the findings of external scrutiny bodies. An annual self-assessment process is carried out to assess the effectiveness of the Committee utilising Chartered Institute of Public Finance and Accountancy's Self Assessment of Good Practice within the publication 'Audit Committees: Practical Guidance for Local Authorities and Police 2022 Edition'.
- A cross-party Policy Advisory Panel assists in the development of policy proposals for consideration and approval by Cabinet.
- Strategic decision-making is governed by the Council's key constitutional documents including standing orders, scheme of administration, scheme of delegation to officers and financial regulations and associated codes of financial practice. These were refreshed and approved by the Council in May 2023.
- The Council has six Locality Partnerships, covering Irvine, Kilwinning, the Three Towns, Arran, the North Coast and the Garnock Valley. Chaired by a local Elected Member, the Partnerships provide the opportunity for Elected Members, Community Planning Partners and local community representatives to consider the priorities for each area.
- The integrated Health and Social Care Partnership has established a governance framework and an integrated senior management structure to support delivery of its key objectives.
- The Council's mission, vision and key priorities are outlined in the Council Plan 2023 to 2028 which is underpinned by a delivery plan and a range of performance indicators. Regular interim reports are provided to both Cabinet and the Audit and Scrutiny Committee on progress towards meeting the Council Plan priorities.



- Progress with Transformation projects continues to be governed and monitored through the Transformation Board which is chaired by the Chief Executive.
- A people strategy entitled 'Our People Connect' is in place to support the delivery of the Council Plan and its strategic priorities by focussing on developing the right culture and helping the Council transform to be a leaner, more efficient and higher performing organisation where people can develop and thrive.
- The Performance Management Strategy 2023 to 2028 demonstrates how the Council supports a culture of continuous improvement and how the work of every employee is crucial to the achievement of the overall vision of a North Ayrshire that is Fair For All. Regular reporting to Elected Members takes place, and a wide range of performance information is available on the North Ayrshire Performance Dashboard.
- The Council has adopted a 'Code of Conduct' for all its employees. Elected Members adhere to the national 'Code of Conduct for Councillors' and a register of interests is in place.
- The approach to risk management is set out in the Risk Management Policy and Strategy: "Risk Focus". The Council's strategic risk register is refreshed annually and for 2023 to 2024 was approved by Cabinet in March 2023. Monitoring of progress against action points is reported to the Audit and Scrutiny Committee at the mid-year point.
- Each Head of Service has a Workforce Plan in place for their portfolio of services which considers challenges and issues, the transformation agenda and to support career development and succession planning.
- The Council has in place a development programme for all Elected Members. In November 2023, feedback was received on the Elected Member Development sessions held from May 2022 to June 2023, and to seek views on topics for future development. Leadership and Development programmes are also established for strategic leaders and first line and middle managers across the Council, through the Leadership Academy approach.
- The 'Our Time to Talk' approach is in place to ensure that managers and employees take time to discuss how each employee is getting on at work; this focusses on the employee's contribution to their team and the Council, their wellbeing, and any development needs that contribute towards meeting the team's objectives or the employee's career aspirations.
- The Information and Communications Technology Asset Management Approach 2021 to 2024 is linked to the Information and Communications Technology Strategy and depicts the impact on hardware, software and application assets. The Council's approach to asset management planning is based on Chartered Institute of Public Finance and Accountancy guidance which covers six core classes of assets: property, open space, housing, roads, fleet, and information and communications technology.
- A Capital Programme and Assets Group, consisting of senior officers from across Council services and chaired by the Head of Finance, is in place. This group monitors the delivery of the Council's capital programme, helping to ensure that projects are delivered on time and within budget. The work of this group is supported by Service Project Boards.
- The Council has a long-term financial outlook, which covers the period 2024 to 2025 to 2033 to 2034. This sets out the scale of the potential financial challenge and the approach to pro-actively address it, ensuring financial sustainability of the Council.
- The Council has Internal Audit and Corporate Fraud teams to carry out independent and objective reviews of governance and internal control arrangements and investigate allegations of fraud and error both within and against the authority.
- An Information Governance framework is in place which complies with the General Data Protection Regulation, supported by a central team of staff within Democratic Services. This is further supported through an Information Governance Procurement Framework. A corporate training module is in place to support ongoing training, development and awareness which is completed on an annual basis.



- The Council has a robust Corporate Health, Safety and Wellbeing Policy to help ensure it complies with health and safety legislation.
- An annual report is prepared for Cabinet by the Council's statutory Chief Social Work Officer.
- The Council has a two-stage Complaints Procedure, which provides a transparent and standardised process for customers who wish to complain and enables the Council to manage complaints more effectively and to identify any service improvements which may be required.

The governance framework has been in place at North Ayrshire Council throughout the year ended 31 March 2024.

The System of Internal Financial Control

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by Chief Officers within the Council. In particular, the system includes:

- Financial regulations and codes of financial practice.
- Comprehensive budgeting systems.
- Regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital expenditure guidelines.
- Formal project management disciplines.

The Council's financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy statement on 'The Role of the Chief Financial Officer in Local Government (2016)'.

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

Review of Effectiveness of the Governance Framework

North Ayrshire Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Executive Leadership Team who have responsibility for development and maintenance of the governance environment, the annual report by the Senior Manager (Audit, Fraud, Safety and Risk) and reports from the Council's external auditors, Audit Scotland, and other review agencies.

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



The Section 95 Officer has overall responsibility for Internal Audit in North Ayrshire Council. The Senior Manager (Audit, Fraud, Safety and Risk) is responsible for the management of the section and reports directly to the Section 95 Officer on all audit matters, with the right of access to the Chief Executive and Chair of the Audit and Scrutiny Committee. The Internal Audit section is fully resourced to deliver its planned activity and complies with the Public Sector Internal Audit Standards (PSIAS) in conducting its audit work. Regular reports were made to the Council's Audit and Scrutiny Committee throughout 2023 to 2024.

As detailed in the Internal Audit Charter, most recently approved by the Audit and Scrutiny Committee in March 2023, the Internal Audit function has independent responsibility for examining, evaluating, and reporting on the adequacy of internal control. The Senior Manager (Audit, Fraud, Safety and Risk) prepares an annual report, including an assurance statement containing a view on the adequacy and effectiveness of the governance, risk management and internal control frameworks. This was reported to the Audit and Scrutiny Committee on 30 May 2024.

The Internal Audit Annual Report 2023 to 2024 highlights a number of findings by the Council's Internal Audit section. Action plans are put in place to address control weaknesses on conclusion of each audit and implementation of audit actions is tracked on a quarterly basis by the Council's Audit and Scrutiny Committee. None of these are considered material enough to have a significant impact on the overall control environment and it is the opinion of the Senior Manager (Audit, Fraud, Safety and Risk) that the Council's systems of internal control continue to provide reasonable assurance against loss.

The Council's internal audit arrangements conform to the governance requirements of the CIPFA statement on 'The Role of the Head of Internal Audit (2019)'.

Significant Governance Developments during 2023 to 2024

The Council Plan is the overarching strategy of the Council and details the Council's strategic priorities. A revised Council Plan for 2023 to 2028 was approved by Council in June 2023.

The Performance Management Strategy 2023 to 2028 has been developed which proposes a systematic approach to self-assessment. In August 2023, Cabinet approved the Council Plan 2023 to 2028 Performance Management Framework which will be used to demonstrate progress against the Council Plan priorities. The Performance Management Framework was further endorsed by the Audit and Scrutiny Committee.

A Long-Term Financial Outlook (covering the period 2024 to 2025 to 2033 to 2034) was approved by Council in December 2023. This is underpinned by a Medium-Term Financial Outlook which is updated annually. The most recent Medium-Term Financial Outlook, covering 2024 to 2025 to 2026 to 2027, was also approved by the Council in December 2023. These documents note the scale of the financial challenge which the Council faces and underpin the development of a balanced budget. The General Services Revenue Estimates 2024 to 2025 to 2026 to 2027 and Capital Investment Programme 2024 to 2025 to 2033 to 2034 were approved by Council in February 2024.



The Digital North Ayrshire Strategy 2023 to 2028 was approved by Cabinet in May 2023. The strategy recognises the many benefits that digital engagement can bring, and the need to strive for innovation and continuous improvement in light of increased customer expectations on local services and a challenging financial environment.

The Council has a variety of assets which are integral to service delivery. The North Ayrshire Asset Management Strategy and associated Asset Management Plans (including fleet, roads, housing, property, open space and information and communications technology) covering the period 2023 to 2028 were approved by Cabinet in October 2023. The strategy ensures that the Council is maximising its opportunities for the use of land and property assets, and ensures assets contribute to the Council Plan priorities. Asset management also plays a key role in the development of the Medium-Term Financial Strategy.

The Sustainable North Ayrshire Strategy 2024 to 2027 was approved by Cabinet in December 2023. The Council declared a climate emergency in 2019 and has committed to achieving net zero carbon emissions by 2030. The Strategy replaces the Council's previous Environmental Sustainability and Climate Change Strategies. Linked to supporting the Council's routemap to net-zero by 2030, a number of proposals have been agreed including the decarbonisation of the Council's vehicle fleet by 2030 and the approval of a Tree and Woodland Management Policy.

Under the Equality Act, public sector organisations are required to publish equality information every two years and consult on or develop Equality Outcomes every four years. In May 2023, Cabinet approved the content of the Equality Mainstreaming Report 2020 to 2022 and Outcomes 2021 to 2025 Mid-Term Report.

A refreshed Community Wealth Building Strategy for 2024 to 2027 aims to provide a Community Wealth Building focussed approach to economic development in North Ayrshire, allowing the Council to remain at the forefront of this innovative policy area.

The Children's Services Plan 2023 to 2026 was endorsed by Cabinet in June 2023, and builds on the progress made since the previous Children's Services Plan 2020 to 2023. The Children's Services Plan is aligned to the Children's Poverty Strategy 2023 to 2026 and Action Plan 2023 to 2024 and Children's Rights Report 2020 to 2023 (also approved in June 2023), together forming the suite of children's services planning documents.

A refreshed North Ayrshire Local Housing Strategy 2023 to 2028 is in place, which sets out the strategic priorities for tackling housing issues in the area over the next five years. The strategy will allow the Council to monitor progress against national and local priorities and targets. In line with this same period, a refreshed Housing Services' Customer Participation Strategy 2023 to 2028 which sets out Housing Services' plan for developing customer involvement over the next five years.

The regeneration of vacant and derelict land plays a key role in priorities of the Council Plan, Community Wealth Building Strategy, and the Regeneration Delivery Plan. A new Vacant and Derelict Land Strategy 2023 to 2028 sets out how vacant and derelict land fits within, and supports the wider context of, national and local priorities and objectives. It also includes a series of actions to promote the positive re-use of sites to address local priorities, support change within communities and ensure our places and economy are vibrant and inclusive.

Planned Actions for 2024 to 2025

The Council has a number of planned actions for 2024 to 2025 which will help to further strengthen the governance framework:

- Strengthening of the Council's Executive Leadership Team aligned to the new Council structure.
- Progress a work programme to embed Community Budget engagement within existing stakeholder networks, as opposed to an annual event.
- In view of the financial landscape, early development of the Council's budget programme for 2025 to 2026 to consider public consultation requirements and early political engagement.

Assurance

Subject to the above, and based on the assurances provided, we consider the governance and internal control environment operating during 2023 to 2024 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our actions will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.



Craig Hatton

Craig Hatton
Chief Executive
14 November 2024



Marie Burns

Councillor Marie Burns
Leader of the Council
14 November 2024



Independent Auditor's Report

Independent Auditor's Report to the members of North Ayrshire Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of North Ayrshire Council and its group for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973.

The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Common Good Funds and Trusts, the Non-Domestic Rates Account, and the Council Tax Account, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023 to 2024 (the 2023 to 2024 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2024 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022 to 2023 to 2026 to 2027. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Head of Service (Finance) and Audit and Scrutiny Committee for the financial statements

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

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

The Audit and Scrutiny Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;



- inquiring of the Head of Service (Finance) as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Head of Service (Finance) concerning the policies and procedures of the council and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on other requirements

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

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

Other information

The Head of Service (Finance) is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

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



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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Fiona Mitchell-Knight

Fiona Mitchell-Knight FCA

Audit Director

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place, Glasgow, G2 1BT



Core Financial Statements

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. North Ayrshire Council raises taxation and rents to cover expenditure in accordance with statutory requirements, this may be different from the accounting costs. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. 2022 to 2023 figures have been restated to reflect revised guidance in relation to the reported Pension Asset Ceiling.

Service	Notes	Authority Gross Expend 2023 to 2024 (£ million)	Authority Gross Income 2023 to 2024 (£ million)	Authority Net Expend 2023 to 2024 (£ million)	Group Net Expend 2023 to 2024 (£ million)	Authority Gross Expend 2022 to 2023 (£ million)	Authority Gross Income 2022 to 2023 (£ million)	Authority Net Expend 2022 to 2023 Restated (£ million)	Group Net Expend 2022 to 2023 (£ million)
Chief Executive	None	28.780	(3.597)	25.183	25.183	31.350	(2.860)	28.490	28.490
Communities	None	199.239	(29.755)	169.484	169.546	198.819	(30.965)	167.854	168.809
Place	None	123.519	(39.625)	83.894	83.894	122.834	(39.016)	83.818	83.818
Health and Social Care Partnership	None	296.319	(172.949)	123.370	123.370	303.511	(172.599)	130.912	130.912
Other Corporate Items	None	55.872	(38.337)	17.535	17.535	45.316	(36.780)	8.536	8.536
Cost Of General Fund Services	None	703.729	(284.263)	419.466	419.528	701.830	(282.220)	419.610	420.565
Housing Revenue Account	None	57.336	(58.630)	(1.294)	(1.294)	53.140	(54.025)	(0.885)	(0.885)
Net Cost of Services	None	761.065	(342.893)	418.172	418.234	754.970	(336.245)	418.725	419.680
Associates and joint ventures accounted for on an equity basis	None	0	0	0	3.525	0	0	0	5.790
Other Operating Expenditure and Income	6	0.278	0	0.278	0.278	0.513	0	0.513	0.513
Financing and Investment Income and Expenditure	3	63.172	(59.650)	3.522	3.130	55.225	(34.539)	20.686	20.541
Taxation and Non-Specific Grant Income	9	0	(453.939)	(453.939)	(453.939)	0	(416.222)	(416.222)	(416.222)
(Surplus) or Deficit on Provision of Services	None	824.515	(856.482)	(31.967)	(28.772)	810.708	(787.006)	23.702	30.302
Surplus on the revaluation of fixed assets	30	0	0	(7.293)	(8.485)	0	0	(72.549)	(72.452)
Remeasurement of the Net Defined Pension Asset and Liability	30	0	0	42.245	52.752	0	0	(102.453)	(136.444)
Share of other comprehensive expenditure and income of associates and joint ventures	none	0	0	0	0.953	0	0	0	1.184
Other Comprehensive Income and Expenditure	None	0	0	34.952	45.220	0	0	(175.002)	(207.712)
Total Comprehensive Income and Expenditure	None	824.515	(856.482)	2.985	16.448	810.708	(787.006)	(151.300)	(177.410)



Movement in Reserves Statement

The **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into 'usable' reserves i.e. those which can be applied to fund expenditure or reduce local taxation and 'unusable' reserves.

The Statement shows how the movements of the Council's reserves in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to Council Tax or rents for the year. The Net Increase or (Decrease) line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year, following those adjustments. 2022 to 2023 figures have been restated to reflect revised guidance in relation to the reported Pension Asset Ceiling.

Description	Notes	General Fund Balance (£ million)	Statutory Housing Revenue Account (£ million)	Capital and Other Reserves (£ million)	Total Usable Reserves (£ million)	Unusable Reserves Restated (£ million)	Total Authority Reserves (£ million)	Council's Share of Group Entity Reserves (£ million)	Total Group Reserves Restated (£ million)
Balance at 1 April 2022	11, 30	85.898	15.616	11.727	113.241	608.594	721.835	59.073	780.908
Total Comprehensive Expenditure and Income	none	(22.172)	(1.530)	0	(23.702)	175.002	151.300	2.255	153.555
<i>Adjustments between accounting basis and funding basis under regulations</i>	10	24.996	(0.401)	0	24.595	(24.595)	0	0	0
Net increase or (decrease) before transfers to other statutory reserves	none	2.824	(1.931)	0	0.893	150.407	151.300	2.255	153.555
Transfers to other statutory reserves	none	(0.153)	0	0.153	0	0	0	0	0
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	none	21.546	0	0	21.546	(21.546)	0	0	0
Net Increase or (Decrease)	none	24.217	(1.931)	0.153	22.439	128.861	151.300	2.255	153.555
Balance at 31 March 2023	11, 30	110.115	13.685	11.880	135.680	737.455	873.135	61.328	934.463
Total Comprehensive Expenditure and Income	none	28.105	3.862	0	31.967	(34.952)	(2.985)	(13.463)	(16.448)
<i>Adjustments between accounting basis and funding basis under regulations</i>	10	(44.326)	3.019	0	(41.307)	41.307	0	0	0
Net increase or (decrease) before transfers to other statutory reserves	none	(16.221)	6.881	0	(9.340)	6.355	(2.985)	(13.463)	(16.448)
Transfers to other statutory reserves	none	(0.509)	0	0.509	0	0	0	0	0
Net Increase or (Decrease)	none	(16.730)	6.881	0.509	(9.340)	6.355	(2.985)	(13.463)	(16.448)
Balance at 31 March 2024	11, 30	93.385	20.566	12.389	126.340	743.810	870.150	47.865	918.015

Balance Sheet

The **Balance Sheet** is a snapshot of the value at the reporting date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Reserves are reported as either Usable Reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, or Unusable Reserves, those reserves that the Council is not able to use to provide services including those reserves that hold unrealised gains or losses, where amounts would only become available to provide services if the assets are sold, and reserves that hold differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'. 2022 to 2023 figures have been restated to reflect revised guidance in relation to the reported Pension Asset Ceiling.

Description	Notes	Authority at 31 March 2024 (£ million)	Group at 31 March 2024 (£ million)	Authority at 31 March 2023 (£ million)	Group at 31 March 2023 (£ million)
Property, Plant & Equipment	12	1,313.269	1,314.052	1,231.513	1,232.279
Investment Property	39	0	5.192	0	4.000
Heritage Assets	15	1.016	1.016	1.029	1.029
Intangible Assets	16	0.030	0.030	0.108	0.108
Long Term Investments	39	0	0.153	0	0.153
Investment in Associates and Joint Ventures	39	0	33.457	0	37.935
Net Pension Fund Assets	29	0	0	29.324	39.231
Long Term Debtors	19	0.044	0.044	0.044	0.044
Long Term Assets	none	1,314.359	1,353.944	1,262.018	1,314.779
Inventories	22	1.501	1.542	1.517	1.562
Assets Held for Sale	14	0.883	0.883	0.230	0.230
Short Term Investments	26	10.337	10.337	12.048	12.048
Short Term Debtors	20	60.398	60.768	62.115	62.651
Cash and Cash Equivalents	38	27.356	27.449	17.003	17.128
Current Assets	none	100.475	100.979	92.913	93.619
Short Term Borrowing	23	(65.151)	(58.628)	(51.568)	(45.116)
Short Term Creditors	24	(106.934)	(105.397)	(106.559)	(104.996)
Short Term Provisions	25	(2.991)	(2.991)	(1.069)	(1.069)
Current Liabilities	none	(175.076)	(167.016)	(159.196)	(151.181)
Long Term Borrowing	26	(254.416)	(254.416)	(202.427)	(202.427)
Long Term Creditors	26	(92.009)	(92.121)	(96.318)	(96.472)
Net Pension Fund Liabilities	29	(23.183)	(23.355)	(23.855)	(23.855)
Long Term Liabilities	none	(369.608)	(369.892)	(322.600)	(322.754)
Net Assets	none	870.150	918.015	873.135	934.463
Usable Reserves	11	126.340	126.340	135.680	135.680
Unusable Reserves	30	743.810	743.810	737.455	737.455
Group Reserves	39	0	47.865	0	61.328
Total Reserves	none	870.150	918.015	873.135	934.463

The unaudited accounts were issued on 26 June 2024 and the audited accounts were authorised for issue on 14 November 2024.

Mark Boyd

Mark Boyd, Head of Finance
14 November 2024





Cash Flow Statement

The **Cash Flow Statement** shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. This includes expenditure on capital investment and income from capital receipts and grants.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council and include any repayment of borrowing or new borrowing made during the year.

The Council's share of the cash flows of its associates and joint ventures is disregarded for the purpose of this statement as their reserves are not available to fund services.

Description	Notes	Authority 2023 to 2024 (£ million)	Group 2023 to 2024 (£ million)	Authority 2022 to 2023 (£ million)	Group 2022 to 2023 (£ million)
Net deficit on the provision of services	none	(31.967)	(28.772)	23.702	30.302
Adjust for (surplus) or deficit attributable to Associates and Joint Ventures	39	0	(3.525)	0	(5.790)
Adjust for net (surplus) or deficit on the provision of services for non-cash movements	35	(39.087)	(38.757)	(94.189)	(95.074)
Adjust for items included in the net deficit on the provision of services that are investing and financing activities	35	57.243	57.393	36.395	36.101
Net cash flows from Operating Activities	none	(13.811)	(13.661)	(34.092)	(34.461)
Investing Activities	36	65.441	65.250	26.632	26.802
Financing Activities	37	(61.983)	(61.910)	16.293	16.367
Net (increase) or decrease in Cash and Cash Equivalents	none	(10.353)	(10.321)	8.833	8.708
Cash and Cash Equivalents at the beginning of the reporting period	none	(17.003)	(17.128)	(25.836)	(25.836)
Cash and Cash Equivalents at the end of the reporting period	38	(27.356)	(27.449)	(17.003)	(17.128)



Supplementary Statements

Housing Revenue Account

The **Housing Revenue Account Income and Expenditure Statement** shows the cost in the year of providing housing services after making the necessary accounting entries in line with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations, this may differ from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Housing Revenue Account Income and Expenditure Statement	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Dwelling Rents	(55.924)	(52.488)
Non-dwelling Rents	(0.253)	(0.264)
Other Income	(1.677)	(0.463)
Total Income	(57.854)	(53.215)
Repairs and Maintenance	23.228	19.873
Supervision and Management	10.406	11.179
Depreciation and Impairment on Non-Current Assets	22.328	20.705
Bad Debts and movement in Bad Debt Provision	0.584	0.356
Rent, Rates, Taxes and Other Charges	0.012	0.192
Sums directed by Scottish Government Ministers that are expenditure in accordance with International Financial Reporting Standards	0.002	0.025
Total Expenditure	56.560	52.330
Net Income of Services as included in the Comprehensive Income and Expenditure Statement	(1.294)	(0.885)
Corporate and Democratic Core	0.151	0.141
Net Income for Housing Revenue Account Services	(1.143)	(0.744)
Taxation and Non-Specific Grant Income and Expenditure	(7.423)	(3.197)
Loss on Sale of Non-Current Assets	0.063	0.010
Interest Payable and Similar Charges	5.595	5.575
Interest and Investment Income	(0.595)	(0.174)
Pension Interest Cost and Expected Return on Pension Assets	(0.359)	0.060
Total	(3.862)	1.530

Housing Stock

The Council's total housing stock at 31 March 2024 was 13,335 (13,253 at 31 March 2023) in the following categories:

Stock	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom	Six Bedroom	Total
31 March 2024	3,060	5,950	3,888	434	2	1	13,335
31 March 2023	3,034	5,897	3,885	434	2	1	13,253



Movement on the Housing Revenue Account Statement

Movement on the Housing Revenue Account Statement	2023 to 2024 (£ million)	2022 to 2023 (£ million)
(Surplus) or Deficit for the Year on Housing Revenue Account Income and Expenditure Statement	(3.862)	1.530
Adjustments between Accounting Basis and Funding Basis under statute	(3.019)	0.401
(Increase) / Reduction in Year on the Housing Revenue Account	(6.881)	1.931
Balance on the Housing Revenue Account at 1 April 2023	(13.685)	(15.616)
Balance on the Housing Revenue Account at 31 March 2024	(20.566)	(13.685)

Statutory Adjustments between Accounting Basis and Funding Basis

Statutory adjustments between Accounting Basis and Funding Basis	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Depreciation and Impairment	(22.328)	(20.705)
Repayment of Debt	4.995	5.372
Capital grants and contributions applied to capital financing	7.423	3.197
Share of contributions to the Pensions Reserve	0.268	(1.128)
Share of transfer to the Financial Instruments Adjustment Account	0.374	0.360
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory Housing Revenue Account requirements	0.016	0.032
Total Transfers to the Capital Adjustment Account	(9.252)	(12.872)
Loss on sale of non-current assets	(0.063)	(0.010)
Capital expenditure funded by the Housing Revenue Account	6.296	13.283
(Increase) / Reduction in Year on the Housing Revenue Account	(3.019)	0.401

Other Information

Other Information	2023 to 2024	2022 to 2023
Average weekly rent (52 weeks)	£84.72	£79.73
Bad debts written off in respect of former tenants	£0.269 million	£0.417 million
Total Rent Arrears	£5.530 million	£5.413 million
Bad Debt Provision - housing rents	£2.667 million	£2.590 million
Bad Debt Provision - other debtors	£1.053 million	£0.831 million
Void Rent Loss	£0.187 million	£0.294 million



Common Good and Trusts

Common Good

The **Common Good Funds** administered by the Council are for the general benefit of its communities. They were established either by Royal Charter or by former authorities.

In North Ayrshire, six funds exist for the former burghs of Ardrossan, Irvine, Largs, Millport, Saltcoats and Stevenston. Under the current policy, all properties owned by the Common Good Funds are investment properties and are held to generate an income which can be utilised to benefit the communities covered by each Fund. The income generated from rentals, or the investment of any capital sums held, are utilised to meet any expenditure commitments in relation to the maintenance of the assets or the administration of the Funds. Any balance of income after meeting these expenditure commitments is made available annually for disbursements in the form of grants to groups and individuals based within the relevant communities. Any proposals for the disbursement of funds from the capital balances held by each Common Good Fund requires the approval of North Ayrshire Council.

Movement in Reserves Statement	Ardrossan £million	Irvine £million	Largs £million	Millport £million	Saltcoats £million	Stevenston £million	2023 to 2024 (£million)	2022 to 2023 (£million)
Balance at 1 April	0.605	2.454	0.689	0.067	0.015	0.265	4.095	4.055
Surplus or (Deficit) For the Year	0.039	0.004	0.014	0.003	0.001	0.019	0.080	0.039
Surplus on the Revaluation of Fixed Assets	0.005	0.527	0.410	0	0	0	0.942	0.001
Balance at 31 March	0.649	2.985	1.113	0.070	0.016	0.284	5.117	4.095

Income and Expenditure Account	Ardrossan £million	Irvine £million	Largs £million	Millport £million	Saltcoats £million	Stevenston £million	2023 to 2024 (£million)	2022 to 2023 (£million)
Income	(0.054)	(0.114)	(0.036)	(0.003)	(0.001)	(0.024)	(0.232)	(0.170)
Expenditure	0.015	0.110	0.022	0	0	0.005	0.152	0.131
Surplus For the Year	(0.039)	(0.004)	(0.014)	(0.003)	(0.001)	(0.019)	(0.080)	(0.039)
Surplus Brought Forward	(0.325)	(1.116)	(0.431)	(0.067)	(0.015)	(0.185)	(2.139)	(2.100)
Accumulated Surplus as at 31 March	(0.364)	(1.120)	(0.445)	(0.070)	(0.016)	(0.204)	(2.219)	(2.139)



Balance Sheet	Ardrossan £million	Irvine £million	Largs £million	Millport £million	Saltcoats £million	Stevenston £million	31 March 2024 (£million)	31 March 2023 (£million)
Investment Properties	0.285	1.865	0.668	0	0	0.080	2.898	1.956
Cash invested in North Ayrshire Council on behalf of the funds	0.364	1.120	0.445	0.070	0.016	0.204	2.219	2.139
Net Assets	0.649	2.985	1.113	0.070	0.016	0.284	5.117	4.095
Unusable Reserves	(0.285)	(1.865)	(0.668)	0	0	(0.080)	(2.898)	(1.956)
Common Good Balance	(0.364)	(1.120)	(0.445)	(0.070)	(0.016)	(0.204)	(2.219)	(2.139)
Total Reserves	(0.649)	(2.985)	(1.113)	(0.070)	(0.016)	(0.284)	(5.117)	(4.095)

Details of the properties held by the Common Good Funds are listed on the [Common Good Asset Register](#). The balances reported above do not represent assets available to the Council. As such, these balances have been included in the Council's balance sheet under creditors. None of the Common Good Funds are registered charities.

Trusts

The **Trusts** administered by the Council do not represent assets available to the Council. As such, these cash balances have been included in the Council's balance sheet under creditors. The Trust statement below is prepared on an accruals basis. This differs from the Trustees' Annual Reports, required by the Office of the Scottish Charity Regulator where the Council is sole trustee, which are prepared on a receipts and payments basis. A Trustees' Annual Report has been prepared for all trusts except 'Other Bequests', which are not registered with the Office of the Scottish Charity Regulator.

Income and Expenditure Account	North Ayrshire Charitable Trust £million	Town Trusts £million	Douglas Sellers Trust £million	Anderson Park Trust £million	Margaret Archibald Trust £million	Other Bequests £million	2023 to 2024 (£million)	2022 to 2023 (£million)
Surplus at 1 April	(0.101)	(0.045)	(0.001)	(0.001)	(0.197)	(0.040)	(0.385)	(0.376)
Income	(0.010)	(0.002)	0	0	(0.012)	(0.001)	(0.025)	(0.020)
Expenditure	0.001	0.003	0	0	0.007	0.001	0.012	0.011
(Surplus) or Deficit at 31 March	(0.009)	0.001	0	0	(0.005)	0	(0.013)	(0.009)
Accumulated Surplus as at 31 March	(0.110)	(0.044)	(0.001)	(0.001)	(0.202)	(0.040)	(0.398)	(0.385)



Balance Sheet	North Ayrshire Charitable Trust £million	Town Trusts £million	Douglas Sellers Trust £million	Anderson Park Trust £million	Margaret Archibald Trust £million	Other Bequests £million	31 March 2024 (£million)	31 March 2023 (£million)
Investment Properties	0.110	0	0	0	0	0	0.110	0.145
Investments	0.013	0	0	0	0.140	0	0.153	0.153
Cash invested in North Ayrshire Council on behalf of the funds	0.097	0.044	0.001	0.001	0.062	0.040	0.245	0.232
Net Assets	0.220	0.044	0.001	0.001	0.202	0.040	0.508	0.530
Unusable Reserves	(0.110)	0	0	0	0	0	(0.110)	(0.145)
Common Good Balance	(0.110)	(0.044)	(0.001)	(0.001)	(0.202)	(0.040)	(0.398)	(0.385)
Total Reserves	(0.220)	(0.044)	(0.001)	(0.001)	(0.202)	(0.040)	(0.508)	(0.530)

Trust	Purpose of funds
North Ayrshire Charitable Trust	For the prevention or relief of poverty, the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended and the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage; and for the upkeep of war memorials and for the encouragement and promotion of education.
Town Trusts	For the prevention or relief of poverty, the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended and the relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage.
Douglas Sellers Trust	For the provision of recreational facilities, or the organisation of recreational activities in the Burgh of Irvine.
Anderson Park Trust	For the provision of recreational facilities, or the organisation of recreational activities in the Burgh of Largs.
Margaret Archibald Trust	For the relief of those in need aged 65 years and over and who reside in the Parish of Dalry.
Other Bequests	For the provision of school prizes at designated schools (Education Bequests); or for the maintenance of specific lairs within cemeteries (Burial Trusts); or other sundry purposes.



Non-Domestic Rates Account

The Non-Domestic Rates Account is a statement that shows the gross income from rates and deductions made under statute.

The net income is paid to the Scottish Government as a contribution to the National Non-Domestic Rates pool.

The table below details the actual levels of National Non-Domestic Rates collected by North Ayrshire Council, and the overall difference between the rates collected and the amount that the Council is entitled to receive under the national pooling arrangement.

Non-Domestic Rates Account	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Gross rates levied	61.555	57.095
Reliefs and other deductions	(14.862)	(14.965)
Write-offs of Uncollectable debts and allowance for impairment	(0.630)	(0.664)
Net Non-Domestic Rate Income	46.063	41.466
Adjustment for years prior to the introduction of the pool	(0.332)	(2.000)
Net contribution to National Non-Domestic Rate pool	(1.776)	(1.721)
Net NDR Income transferred to General Fund	43.955	37.745

Under the Non-Domestic Rates (Scotland) Act 2020, from 1 April 2023 Empty Property Relief is awarded at the discretion of local authorities and no longer forms part of the Reliefs and other deductions noted above.

Net Rateable Value Calculation

The amount paid for National Non-Domestic Rates is determined by the rateable value placed on the property by the Assessor multiplied by the rate per pound, which is determined each year by the Scottish Government.

The National Non-Domestic Rates poundage rate set by the Scottish Government for 2023 to 2024 was 52.4p for subjects with a rateable value more than £100,000, 51.1p for subjects with a rateable value of more than £51,000 but equal to or less than £100,000 and 49.8p for subjects with a rateable value equal to or less than £51,000.

North Ayrshire Council Rateable Values at 1 April 2023	£ million
Commercial	80.575
Industrial and Freight Transport	34.208
Public Undertakings	3.593
Others	2.812
Less: Part Residential and Fishing Rights rateable values not billed for	(0.257)
Total	120.931



Analysis of Rateable Values	2023 to 2024 (£ million)
Rateable Value at 1 April 2023	120.931
Adjustments (Full Year Rateable Value)	0.374
Rateable Value at 31 March 2024	121.305
Less: Wholly Exempt Subjects	(1.209)
Net Rateable Value at 31 March 2024	120.096



Council Tax Account

The Council Tax Account shows the gross income raised from council taxes levied and deductions made under Statute.

The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Council.

Local authorities raise taxes from their residents through Council Tax, which is a tax linked to property values. Each dwelling in a local Council area is placed into one of eight valuation bands (A to H).

The Council determines the annual tax for a band D property and all other properties are charged a proportion of this, with lower valued properties (bands A to C) paying less and higher valued properties (bands E to H) paying more.

Council Tax Account	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Gross Council Tax levied and contributions in lieu	94.026	89.053
Adjustment for prior years Council Tax	0.598	0.523
Total	94.624	89.576
Council Tax Reduction	(14.082)	(13.070)
Other discounts and reductions	(12.284)	(11.923)
Provision for Non-collection	(2.741)	(2.594)
Net Council Tax Income transferred to General Fund	65.517	61.989

North Ayrshire Council Tax per Band

Based on the Council Tax base available to North Ayrshire Council, the band D charge for 2023 to 2024 was £1,452.12.

Band	2023 to 2024 £	2022 to 2023 £
A	968.08	921.980
B	1,129.420	1,075.640
C	1,290.770	1,229.300
D	1,452.120	1,382.970
E	1,907.920	1,817.060
F	2,359.690	2,247.320
G	2,843.730	2,708.310
H	3,557.690	3,388.270



Calculation of Council Tax Base

Properties can be exempt if they are unoccupied or occupied by certain categories of resident. A reduction may be applied if a resident is disabled. A discount of 25% is available for properties occupied by one liable person aged 18 or over.

Council Tax Bands	Number of Dwellings	Number of Exempt Dwellings	Disabled Relief	Discounts	Council Tax Reduction	Total Number of Dwellings	Ratio to Band D	2023 to 2024 Band D Equivalent Dwellings	2022 to 2023 Band D Equivalent Dwellings
A*	0	0	(43)	4	28	11	56%	6	8
A	21,786	1,309	(48)	3,360	7,005	10,160	67%	6,773	7,056
B	18,655	582	50	2,217	4,318	11,488	78%	8,935	9,182
C	7,694	231	1	993	1,153	5,316	89%	4,725	4,744
D	7,332	169	(58)	773	503	5,945	100%	5,945	5,883
E	9,186	199	56	739	289	7,903	131%	10,384	10,420
F	4,243	61	28	271	83	3,800	163%	6,175	6,110
G	1,270	25	13	75	21	1,136	196%	2,225	2,213
H	57	1	1	5	0	50	245%	123	127
Total	70,223	2,577	0	8,437	13,400	45,809	none	45,291	45,743

* Band A* relates to Band A properties subject to disabled relief.

Council Tax Base Band D Equivalents	2023 to 2024	2022 to 2023
Total Band D Equivalent Dwellings	45,291	45,743
Contributions in respect of classes 17 and 24 dwellings: Band D equivalent	4	4
Sub Total	45,295	45,747
Less Bad Debt Provision at 4%	(1,812)	(1,830)
Total Council Tax Base Band D Equivalents	43,483	43,917



Notes to the Accounts

Notes to the Comprehensive Income and Expenditure Statement

Note 1: Expenditure and Funding Analysis

The **Expenditure and Funding Analysis** shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023 to 2024 Expenditure Financing Account	Net Expenditure Chargeable to the General Fund and Housing Revenue Account balances (£ million)	Adjustments between Funding and Accounting Basis (£ million)	Net Expenditure in the Comprehensive Income and Expenditure Statement (£ million)
Chief Executive	23.288	1.895	25.183
Communities	187.166	(17.682)	169.484
Place	62.911	20.983	83.894
Health and Social Care Partnership	124.933	(1.563)	123.370
Other Corporate Items	11.475	6.060	17.535
Cost of General Fund Services	409.773	9.693	419.466
Housing Revenue Account	(4.162)	2.868	(1.294)
Net Cost of Services	405.611	12.561	418.172
Other Income and Expenditure	(396.271)	(53.868)	(450.139)
(Surplus) or Deficit on the Provision of Services	9.340	(41.307)	(31.967)

Movement on General Fund and Housing Revenue Account Balances	2023 to 2024 (£ million)
General Fund and Housing Revenue Account Balance at 1 April 2023	(123.800)
(Surplus) or Deficit on the Provision of Services	9.340
Transfers to or from Other Statutory Services	0.509
General Fund and Housing Revenue Account Balance at 31 March 2024	(113.951)



2022 to 2023 Expenditure Financing Account	Net Expenditure Chargeable to the General Fund and Housing Revenue Account balances (£ million)	Adjustments between Funding and Accounting Basis (£ million)	Net Expenditure in the Comprehensive Income and Expenditure Statement (£ million)
Chief Executive	25.702	2.788	28.490
Communities	171.407	(3.553)	167.854
Place	55.113	28.705	83.818
Health and Social Care Partnership	120.549	10.363	130.912
Other Corporate Items	15.600	(7.064)	8.536
Cost of General Fund Services	388.371	31.239	419.610
Housing Revenue Account	(0.343)	(0.542)	(0.885)
Net Cost of Services	388.028	30.697	418.725
Other Income and Expenditure	(388.921)	(6.102)	(395.023)
(Surplus) or Deficit on the Provision of Services	(0.893)	24.595	23.702

Movement on General Fund and Housing Revenue Account Balances	2022 to 2023 (£ million)
General Fund and Housing Revenue Account Balance at 1 April 2022	(101.514)
(Surplus) or Deficit on the Provision of Services	(0.893)
Transfers to or from Other Statutory Services	(21.393)
General Fund and Housing Revenue Account Balance at 31 March 2023	(123.800)

For statutory accounting purposes, the following adjustments are required to be included within the Comprehensive Income and Expenditure Statement.



These adjustments are not charged to the Council for Council Tax or Rent setting purposes and are excluded from the General Fund and Housing Revenue Account Balances available to support services.

2023 to 2024 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note A) (£ million)	Net Change for Pension Adjustments (Note B) (£ million)	Other Differences (Note C) (£ million)	Total Adjustments (£ million)
Chief Executive	1.832	0.015	0.048	1.895
Communities	0.696	0.048	(18.426)	(17.682)
Place	22.623	0.040	(1.680)	20.983
Health and Social Care Partnership	0.799	0.062	(2.424)	(1.563)
Other Corporate Items	0.221	1.909	3.930	6.060
Cost of General Fund Services	26.171	2.074	(18.552)	9.693
Housing Revenue Account	3.677	(0.268)	(0.541)	2.868
Net Cost of Services	29.848	1.806	(19.093)	12.561
Other Income and Expenditure	(55.893)	(15.399)	17.424	(53.868)
Difference between the General Fund surplus and the Comprehensive Income and Expenditure Statement Surplus or Deficit	(26.045)	(13.593)	(1.669)	(41.307)

2022 to 2023 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note A) (£ million)	Net Change for Pension Adjustments (Note B) (£ million)	Other Differences (Note C) (£ million)	Total Adjustments (£ million)
Chief Executive	1.716	3.559	(2.487)	2.788
Communities	2.804	11.408	(17.765)	(3.553)
Place	20.994	9.357	(1.646)	28.705
Health and Social Care Partnership	0.218	13.014	(2.869)	10.363
Other Corporate Items	0.011	(1.080)	(5.995)	(7.064)
Cost of General Fund Services	25.743	36.258	(30.762)	31.239
Housing Revenue Account	(1.137)	1.128	(0.533)	(0.542)
Net Cost of Services	24.606	37.386	(31.295)	30.697
Other Income and Expenditure	(38.644)	2.148	30.394	(6.102)
Difference between the General Fund surplus and the Comprehensive Income and Expenditure Statement Surplus or Deficit	(14.038)	39.534	(0.901)	24.595



Note A Adjustments for Capital Purposes

This column includes depreciation and impairment of non-current assets, amortisation of intangible assets, capital grants and contributions which have been applied to capital financing, gains and losses on the disposal of non-current assets, statutory charges for the financing of capital investment, capital expenditure charged against the General Fund and Housing Revenue Account balances and any adjustments involving the Capital Fund.

Note B Pensions Adjustments

Net change for the removal of pension contributions and the addition of International Accounting Standard 19 *Employee Benefits* pension related expenditure and income. This represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs; and the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

Note C Other Differences

Other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute include the amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements, the amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements and the removal of the impact of internal recharges and Agency transactions in accordance with Code requirements.



Note 2: Expenditure and Income Analysed by Nature

This note details the subjective analysis of the Gross Income and Expenditure reported on the Comprehensive income and Expenditure Statement.

Expenditure and Income by Nature	Chief Executive (£ million)	Communities (£ million)	Place (£ million)	Health and Social Care Partnership (£ million)	Other Corporate Items (£ million)	Housing Revenue Account (£ million)	Outwith Services (£ million)	2023 to 2024 Total (£ million)	2022 to 2023 Total (£ million)
Employee Benefits Expenses	19.146	161.319	54.045	81.664	7.351	5.033	0	328.558	331.634
Other Service Expenses	7.802	37.224	46.851	213.856	48.300	29.975	0	384.008	376.888
Depreciation, Amortisation and Impairment	1.832	0.696	22.623	0.799	0.221	22.328	0	48.499	46.448
Interest Payments	0	0	0	0	0	0	63.172	63.172	55.225
Losses on Disposal of Assets	0	0	0	0	0	0	0.278	0.278	0.513
Total Expenditure	28.780	199.239	123.519	296.319	55.872	57.336	63.450	824.515	810.708
Fees, Charges and Other Service Income	(3.597)	(29.755)	(39.625)	(172.949)	(38.337)	(58.630)	0	(342.893)	(336.245)
Interest and Investment Income	0	0	0	0	0	0	(59.650)	(59.650)	(34.539)
Council Tax	0	0	0	0	0	0	(65.517)	(65.517)	(61.989)
Government Grants and Contributions	0	0	0	0	0	0	(388.422)	(388.422)	(354.233)
Total Income	(3.597)	(29.755)	(39.625)	(172.949)	(38.337)	(58.630)	(513.589)	(856.482)	(787.006)
(Surplus) or Deficit on the Provision of Services	25.183	169.484	83.894	123.370	17.535	(1.294)	(450.139)	(31.967)	23.702



Revenue from Contracts with Service Recipients

Income from service recipients is recognised as performance obligations are satisfied, normally as services are rendered or goods are provided. North Ayrshire Council has examined the revenue received from contracts with service recipients and has determined that the disclosure of Fees, Charges and Other Service Income provides sufficient information and there are no other material income factors requiring further disclosures. New income streams will be reviewed on an annual basis.

Note 3: Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Interest payable and similar charges	20.226	19.312
Pensions interest cost and expected return on pensions assets	(15.757)	2.208
Interest receivable and similar income	(0.947)	(0.834)
Total	3.522	20.686

Note 4: Material Items

The Comprehensive Income and Expenditure Statement includes material items in relation to actuarial losses on the net pension asset or liability, £42.2 million. The actuarial losses relate to pension fund obligations which have increased as a result of actual pension increases over the period and updated membership data following the 2023 valuation. These have been partly offset by a number of gains, including improved returns on assets, an increase in the discount rate applied, a reduction in pension increase assumptions and revised demographic assumptions. In addition, the Fund's actuaries have determined an increased asset ceiling which reflects the level of economic benefit which the Council may be able to derive from the movement on the Fund in the form of potentials refunds or reduced future contributions. Full details of the individual movements are available in Note 29 on Page 102.

Material items of expenditure charged to services in the year include charges for the depreciation, amortisation and impairment of non current assets and the issuing of Housing Benefit payments.

Charges for the depreciation, amortisation and impairment of non current assets during 2023 to 2024 totalled £48.5 million (2022 to 2023: £46.4 million). Full details of the charges are detailed in notes 1, 12 and 16 to the accounts.

During 2023 to 2024, North Ayrshire Council issued Housing Benefit payments of £35.2 million and received funding of (£35.5m), (2022 to 2023: payments of £34.8 million and funding of (£34.7 million)). Details of the subsidy income received and all other items of material grant income are included in Note 9 on page 77.

Note 5: Agency Services

The Council has received the following fee income in relation to the collection of water rates on behalf of Scottish Water:



Agency Income - Scottish Water	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Agency income from Scottish Water	(0.585)	(0.514)
Cost of Collection associated with Scottish Water income	0.153	0.046

Additional fee income has been recognised in relation to other agency payments made on behalf of the Scottish Government to support businesses and individuals as follows:

Other Agency Income	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Agency income from Business Grants	0	(0.044)
Agency income from Other Grants	0	(0.210)

These grants related to the payments to businesses and individuals in relation to the following schemes:

Agency Grants Issued	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Agency income from Business Grants	0.099	0.099
Agency income from Other Grants	0.041	10.520
Agency income from Business Grants	0	0.275
Agency income from Other Grants	0	0.228
Agency income from Other Grants	0	0.196

The Council also bills and collects Non-Domestic Rates on behalf of the Scottish Government. During 2023 to 2024 the Council collected £45.731 million which was reduced by (£1.776 million) from the National Non-Domestic Rates Pool (2022 to 2023: £39.466 million and reduction of (£1.721million)).

Note 6: Other Operating Expenditure and Income

Other Operating Expenditure and Income	2023 to 2024 (£ million)	2022 to 2023 (£ million)
(Gains)/losses on the disposal of non current assets	0.278	0.513
Total	0.278	0.513

Note 7: External Audit Fees

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditor:

External Audit Fees	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Fees payable with regard to external audit services carried out by the appointed auditor for the year	0.378	0.356
Rebate received in relation to prior years	0	(0.016)
Total	0.378	0.340



Note 8: Leases

Council as Lessee

Operating Leases

The Council has acquired a suite of fitness equipment, waste equipment and a fleet of electric vehicles by entering into operating leases, with typical lives of between three and five years. The Council also leases a number of other properties and pieces of land. The future minimum lease payments due under non-cancellable leases in future years are:

Future Minimum Lease Payments	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Not later than one year	0.210	0.198
Later than one year and not later than five years	0.135	0.254
Total	0.345	0.452

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

Charged in year	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Minimum Lease Payments	0.242	0.269

Finance Leases

North Ayrshire Council has no finance leases where the Council is the lessee.

Council as Lessor

Operating Leases

The Council leases out property under non-cancellable, operating leases for the provision of community services, such as leisure facilities, and for economic development purposes to provide suitable affordable premises for local businesses.

The minimum lease payments receivable under non-cancellable leases in future years are shown in the table below. (These figures do not include rents that are contingent upon events taking place after the lease was entered into, such as adjustments following rent reviews).

Future Minimum Lease Payments	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Not later than one year	0.980	1.008
Later than one year and not later than five years	2.874	3.255
More than five years	3.334	3.932
Total	7.188	8.196

Finance Leases

North Ayrshire Council has no finance leases where the Council is the lessor.



Note 9: Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023 to 2024:

Grants credited to Taxation and Non Specific Grant Income	2023 to 2024 (£ million)	2022 to 2023 (£ million)
General Revenue Grant	(287.517)	(280.389)
Council Tax	(65.517)	(61.989)
Capital Grants and Contributions	(56.950)	(36.099)
Non Domestic Rates	(43.955)	(37.745)
Total	(453.939)	(416.222)

Grants credited to Services	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Housing Benefit Funding	(35.470)	(34.747)
Health Resource Transfer	(24.944)	(24.003)
Early Years	(12.579)	(13.093)
Pupil Equity Fund	(4.419)	(4.972)
Attainment Grant	(3.900)	(5.042)
Criminal Justice Grant	(3.622)	(3.335)
Schools for the Future	(3.374)	(3.373)
UK Shared Prosperity Fund	(2.051)	(0.143)
No One Left Behind	(2.032)	(0.457)
Ayrshire Growth Deal	(1.831)	(1.531)
Alcohol and Drug Partnership Funding	(1.242)	(0.834)
Homes For Ukraine Scheme Local Authority Tariff Payment	(0.994)	(1.092)
Unaccompanied Asylum Seekers	(0.805)	(0.164)
General Capital Grant	(0.687)	(0.529)
Benefit Admin Subsidy	(0.635)	(0.641)
Sportscotland Sport Facilities Grant	(0.607)	(0.557)
Place Based Investment Programme	(0.528)	(0.580)
EMA and Activity Agreements	(0.528)	(0.576)
Syrian Relocation Grant	(0.517)	(0.436)
Care Experienced Children and Young People	(0.413)	(0.361)
Criminal Justice Concerned Backlog	(0.387)	(0.244)
Millport Town Hall Regeneration	(0.370)	(1.605)
Community Mental Health and Wellbeing Supports and Services	(0.367)	(0.517)
Paths for All	(0.338)	(0.124)
Milk & Healthy Snack Subsidy	(0.247)	(0.135)
Other Minor Grants	(2.590)	(7.009)
Total	(105.477)	(106.100)



Notes to the MiRS

Note 10: Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2023 to 2024 Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement	General Fund Balance (£ million)	Statutory Housing Revenue Account (£ million)	Capital and Other Reserves (£ million)	Total Usable Reserves (£ million)	Unusable Reserves (£ million)
Charges for depreciation of non current assets	25.618	22.413	0	48.031	(48.031)
Amortisation of intangible assets	0.078	0	0	0.078	(0.078)
Impairment of non current assets	0.475	(0.085)	0	0.390	(0.390)
Capital grants and contributions that have been applied to capital financing	(49.527)	(7.423)	0	(56.950)	56.950
(Gains) or losses on the disposal of non current assets	0.515	0.063	0	0.578	(0.578)
Statutory provision for the financing of capital investment	(5.281)	(4.995)	0	(10.276)	10.276
Capital expenditure charged against the General Fund and Housing Revenue Account balances	(1.600)	(6.296)	0	(7.896)	7.896
Amount by which finance costs charged are different from finance costs in accordance with statutory requirements	(0.469)	(0.374)	0	(0.843)	0.843
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services	(13.325)	(0.268)	0	(13.593)	13.593
Amount by which officer remuneration charged on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.810)	(0.016)	0	(0.826)	0.826
Total Adjustments	(44.326)	3.019	0	(41.307)	41.307



Comparable Movements in 2022 to 2023:

2022 to 2023 Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement	General Fund Balance (£ million)	Statutory Housing Revenue Account (£ million)	Capital and Other Reserves (£ million)	Total Usable Reserves (£ million)	Unusable Reserves (£ million)
Charges for depreciation of non current assets	34.194	20.705	0	54.899	(54.899)
Amortisation of intangible assets	0.078	0	0	0.078	(0.078)
Impairment of non current assets	(8.529)	0	0	(8.529)	8.529
Capital grants and contributions that have been applied to capital financing	(32.902)	(3.197)	0	(36.099)	36.099
(Gains) or losses on the disposal of non current assets	0.503	0.010	0	0.513	(0.513)
Statutory provision for the financing of capital investment	(5.429)	(5.372)	0	(10.801)	10.801
Capital expenditure charged against the General Fund and Housing Revenue Account balances	(0.816)	(13.283)	0	(14.099)	14.099
Amount by which finance costs charged are different from finance costs in accordance with statutory requirements	(0.422)	(0.360)	0	(0.782)	0.782
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services	38.406	1.128	0	39.534	(39.534)
Amount by which officer remuneration charged on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.087)	(0.032)	0	(0.119)	0.119
Total Adjustments	24.996	(0.401)	0	24.595	(24.595)



Note 11: Transfers to or (from) Funds

This note details the amounts set aside from balances in reserves to provide financing for future expenditure plans and the amounts posted back from reserves to meet expenditure in 2023 to 2024.

Reserve	31 March 2023 (£ million)	Income (£ million)	Expenditure (£ million)	31 March 2024 (£ million)	Purpose of Reserve
General Fund Balance unearmarked	8.053	0.392	0	8.445	The balance represents 2.0% of budgeted expenditure.
Affordable Housing	2.039	1.034	(1.148)	1.925	Contributes towards the provision of new build social housing.
Change & Service Redesign Fund	2.493	0.399	(0.461)	2.431	Earmarked for delivery of the Council's Change Programme.
Loans Fund Reserve	18.904	8.089	(0.109)	26.884	Supports borrowing linked to the Capital Investment Programme.
Investment Fund	8.399	0	(5.425)	2.974	Supports environmental projects, infrastructure investment and Community Wealth Building.
Renewal Fund	12.939	0	(3.816)	9.123	Supports delivery of the Council's Renewal and Recovery Strategy.
Energy Smart	2.720	0	(0.661)	2.059	Supports reduction of fuel poverty and increased affordable warmth.
Earmarked Funds	18.594	2.995	(5.600)	15.989	Various projects where spending plans exist relating to 2024/25 or beyond.
Workforce Planning	7.832	0	(6.549)	1.283	Supports Workforce Planning and future pay settlement risks.
Future Budget Strategy	17.698	0	(3.410)	14.288	Support for Medium Term Financial Planning strategy.
Education and Early Learning	7.164	1.700	(3.077)	5.787	Supports expansion of Early Learning provision and Education recovery plan.
Financial Insecurity	3.280	0	(1.083)	2.197	Funds earmarked to support Low Income Families.
General Fund Balance	110.115	14.609	(31.339)	93.385	Total General Fund Balances
Housing Revenue Account	13.685	6.881	0	20.566	Balance includes £11.6m earmarked for new house building and £1.6m retained as contingency.
Housing Revenue Account Balance	13.685	6.881	0	20.566	Total Housing Revenue Account Balance
Total Balances	123.800	21.490	(31.339)	113.951	Total Balances
Insurance Fund	2.998	0.143	(0.583)	2.558	Supports share of outstanding claims against the Council and its predecessors.
Capital Fund	8.882	0.949	0	9.831	Funds earmarked to support the 2024-2034 capital programme.
Total Other Reserves	11.880	1.092	(0.583)	12.389	Total Other Reserves
Total Useable Reserves	135.680	22.582	(31.922)	126.340	Available to support services



Notes to the Balance Sheet

Note 12: Property, Plant and Equipment

Movements in 2023 to 2024:

2023 to 2024 Property, Plant and Equipment	Council Dwellings (£million)	Other Land and Buildings (£million)	Vehicles, Plant and Equipment (£million)	Community Assets (£million)	Surplus Assets (£million)	Assets under Construction (£million)	Total (£million)	Service Concession Assets (£million)
Cost or Valuation at 1 April 2023	569.475	481.447	49.767	4.709	6.077	82.791	1,194.266	140.863
Reclassification of Assets	6.636	8.051	0.132	1.995	0	(19.948)	(3.134)	0
Additions	27.014	1.585	4.233	0.299	0	81.743	114.874	(0.005)
Revaluations recognised in the Revaluation Reserve	(19.641)	(1.698)	0	0	0.020	0	(21.319)	0
Impairments recognised in the Net Cost of Services	0	(2.355)	0	0	0	0	(2.355)	0
Derecognition - Disposals	0	(0.755)	(1.555)	0	0	0	(2.310)	0
Assets reclassified (to) or from Held for Sale	0	(0.542)	0	0	0	0	(0.542)	0
Balance at 31 March 2024	583.484	485.733	52.577	7.003	6.097	144.586	1,279.480	140.858
Accumulated Depreciation and Impairment at 1 April 2023	0	8.903	41.250	1.577	0	0	51.730	0.590
Reclassification of Assets	0	0	0	0	0	0	0	0
Depreciation Charge	22.322	15.685	4.047	0.431	0.004	0	42.489	3.127
Depreciation written out to the Revaluation Reserve	(22.322)	(6.052)	0	0	(0.004)	0	(28.378)	0
Depreciation written out to the Net Cost of Services	0	(1.738)	0	0	0	0	(1.738)	0
Derecognition - Disposals	0	(0.024)	(1.555)	0	0	0	(1.579)	0
Assets reclassified (to) or from Held for Sale	0	0.004	0	0	0	0	0.004	0
Balance at 31 March 2024	0	16.778	43.742	2.008	0	0	62.528	3.717
Net Book Value at 31 March 2024	583.484	468.955	8.835	4.995	6.097	144.586	1,216.952	137.141
Net Book Value at 31 March 2023	569.475	472.544	8.517	3.132	6.077	82.791	1,142.536	140.273



Comparative Movements in 2022 to 2023:

2022 to 2023 Property, Plant and Equipment	Council Dwellings (£million)	Other Land and Buildings (£million)	Vehicles, Plant and Equipment (£million)	Community Assets (£million)	Surplus Assets (£million)	Assets under Construction (£million)	Total (£million)	Service Concession Assets (£million)
Cost or Valuation at 1 April 2022	527.829	486.373	47.310	4.259	9.187	83.671	1,158.629	114.058
Reclassification of Assets	25.420	2.431	0.286	0.398	0.037	(29.312)	(0.740)	0
Additions	23.513	2.545	4.393	0.052	0	28.432	58.935	0.197
Revaluations recognised in the Revaluation Reserve	(7.287)	0.875	0	0	(3.147)	0	(9.559)	28.328
Impairments recognised in the Net Cost of Services	0	(8.320)	(0.188)	0	0	0	(8.508)	(1.720)
Derecognition - Disposals	0	(2.692)	(2.034)	0	0	0	(4.726)	0
Assets reclassified (to) or from Held for Sale	0	0.235	0	0	0	0	0.235	0
Balance at 31 March 2023	569.475	481.447	49.767	4.709	6.077	82.791	1,194.266	140.863
Accumulated Depreciation and Impairment at 1 April 2022	0	65.244	39.166	1.324	0	0	105.734	21.700
Reclassification of Assets	0	0	0	0	0	0	0	0
Depreciation Charge	20.577	24.864	4.103	0.253	0.004	0	49.801	5.511
Depreciation written out to the Revaluation Reserve	(20.577)	(61.466)	0	0	(0.004)	0	(82.047)	(23.439)
Depreciation written out to the Net Cost of Services	0	(17.841)	0	0	0	0	(17.841)	(3.182)
Derecognition - Disposals	0	(1.898)	(2.019)	0	0	0	(3.917)	0
Assets reclassified (to) or from Held for Sale	0	0	0	0	0	0	0	0
Balance at 31 March 2023	0	8.903	41.250	1.577	0	0	51.730	0.590
Net Book Value at 31 March 2023	569.475	472.544	8.517	3.132	6.077	82.791	1,142.536	140.273
Net Book Value at 31 March 2022	527.829	421.129	8.144	2.935	9.187	83.671	1,052.895	92.358



Infrastructure Assets

Due to practical difficulties in applying the Code of Practice on Local Authority Accounting in the United Kingdom's requirements in relation to the measurement of infrastructure assets and the application of component accounting for the recognition and derecognition of replaced components of infrastructure assets, the Scottish Government has issued Local Government Finance Circular 09/2022 Statutory Override – Accounting for Infrastructure Assets.

In accordance with this, North Ayrshire Council has applied the permitted statutory overrides to exclude the reporting of gross cost and accumulated depreciation in relation to this class of asset and to account for the derecognition of any replaced part of an infrastructure asset at nil value. The movements in relation to Infrastructure Assets for 2023 to 2024 and the 2022 to 2023 comparator movements are as follows:

Infrastructure Assets	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Net Book Value at 1 April	88.977	86.093
Reclassification of Assets	3.134	0.740
Additions	9.521	8.046
Revaluations	0	(0.804)
Depreciation Charge	(5.315)	(5.098)
Net Book Value at 31 March	96.317	88.977

Total Property, Plant and Equipment

Combined Property, Plant and Equipment	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Infrastructure Assets Net Book Value at 31 March	96.317	88.977
Other Property, Plant and Equipment Net Book Value at 31 March	1,216.952	1,142.536
Total Property, Plant and Equipment	1,313.269	1,231.513

Note 13: Fair Values

The Fair Value for the following 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 North 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. Fair values for the Council's Surplus Properties as at 31 March 2024 are as follows:

North Ayrshire Council	Fair Value as at 31 March 2024 (£ million)	Fair Value as at 31 March 2023 (£ million)
Land	6.037	6.015
Offices	0.060	0.062
Total	6.097	6.077



Fair values for the Investment Properties held by the Common Good and Trust Funds as at 31 March 2024 are as follows:

North Ayrshire Council	Fair Value as at 31 March 2024 (£ million)	Fair Value as at 31 March 2023 (£ million)
Land	1.145	1.150
Offices	0.600	0.620
Community use	0.570	0.278
Total	2.315	2.048

Note 14: Assets Held for Sale

The below table shows the movement in value of assets currently being held for sale expected to complete within the year.

Assets Held for Sale	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Balance at 1 April	0.230	0.375
Property, Plant and Equipment newly classified as held for sale	0.542	(0.235)
Revaluations	0.251	0.090
Assets disposed of during the year	(0.140)	0
Balance at 31 March	0.883	0.230

Note 15: Heritage Assets

The Code of Practice on Local Authority Accounting in the United Kingdom defines a heritage asset as 'a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture'.

All items are deemed to have indefinite lives and reasonably high residual values. Therefore, there is no depreciation charge associated with the Council's identified Heritage Assets.

North Ayrshire Council holds title to other Heritage Assets, whose value is not recognised in the Balance Sheet. This is either because the value is not material, or it has not been deemed practicable to obtain valuations, or there is no apparent market for their disposal. Such assets can be grouped as follows:

- Castles - including Eglinton Castle, Kilwinning; Stanecastle, Irvine; and Ardrossan Castle, Ardrossan.
- Eight Monuments - including Mackerston Fountain, Largs; Bonnie Lesley Monument, Stevenston; and the Pencil Monument, Largs.
- Twenty three War Memorials.
- Museum and Gallery items valued at less than £10,000



Valuation of some of the assets have continued to be undertaken by external valuers Lyon and Turnbull during 2023 to 2024. The list of assets will be updated regularly as and when valuations are received throughout the year.

The valuation by Lyon and Turnbull was dated March 2023. The assets presented for valuation were valued as at good gallery and retail outlet values but not for facsimile purposes. There were no limitations mentioned on the values or the certificate.

In 2023 to 2024, three revaluations have been commissioned. At this time there are still two outstanding due to the large volume of assets of these particular collections.

Reconciliation of the carrying value of Heritage Assets held by North Ayrshire Council:

Valuations	Civic Regalia and Silverware (£ million)	Fine Art (£ million)	Historical Artefacts (£ million)	Public Artworks (£ million)	Total (£ million)
Balance at 1 April 2022	0.254	0.228	0.377	0.199	1.058
Revaluations	0.034	(0.014)	(0.049)	0	(0.029)
Balance at 31 March 2023	0.288	0.214	0.328	0.199	1.029
Revaluations	0	0	(0.013)	0	(0.013)
Balance at 31 March 2024	0.288	0.214	0.315	0.199	1.016

Civic Regalia and Silverware – This is the collection of Burgh Chains and items that are made of silver. Key items include the Burgh Chains, sporting trophies and Eglinton Armour.

Fine Art – includes items classed as 2D visual art such as paintings, etchings, drawings etc. Key items include two Sir John Lavery paintings.

Historical Artefacts - This is the main collection and includes all objects and artefacts. Key items include the Ardrossan Sarcophagus, a Sculpture of Owen Kelly by Alexander Stoddart and late nineteenth century Fire Engine.

Public Artworks - Any items of "art" that are permanently outdoors such as on roundabouts. Key items includes pieces along Irvine Harbourside e.g. All at Sea, Carter and Horse and the Knight and Horse at Eglinton Country Park.

Note 16: Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular Information Technology system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are in respect of purchased licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are five to six years. The carrying amount of intangible assets is amortised on a straight-line basis. The movement on Intangible Asset balances during the year is as follows:



Long Term Intangible Assets	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Gross Carrying Amount at start of the year	4.627	4.627
Accumulation amortisation at start of the year	(4.519)	(4.441)
Net Carrying Amount at start of the year	0.108	0.186
Amortisation for the period	(0.078)	(0.078)
Net Carrying Amount at end of year	0.030	0.108
Gross Carrying Amount at end of the year	4.627	4.627
Accumulation amortisation at end of the year	(4.597)	(4.519)
Net Carrying Amount at end of year	0.030	0.108

Note 17: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The table below excludes those assets acquired under Private Finance Initiative or similar contracts (see Note 18).

Capital Financing Requirement	General Fund 2023 to 2024 (£ million)	Housing Revenue Account 2023 to 2024 (£ million)	General Fund 2022 to 2023 (£ million)	Housing Revenue Account 2022 to 2023 (£ million)
Opening Capital Financing Requirement	219.809	164.255	197.355	155.633
Property, Plant and Equipment Investment	85.450	0	36.502	0
Council Dwellings Investment	0	38.966	0	30.479
Total Investment	85.450	38.966	36.502	30.479
Sale of Assets	(0.289)	(0.004)	(0.291)	(0.005)
Grants and other contributions	(49.527)	(7.423)	(32.902)	(3.197)
Contribution from Reserves	0	0	0	0
Direct revenue contributions	(1.600)	(6.296)	(0.816)	(13.283)
Loans Fund Principal	(1.461)	(4.995)	19.961	(5.372)
Total Sources of Finance	(52.877)	(18.718)	(14.048)	(21.857)
Closing Capital Financing Requirement	252.382	184.503	219.809	164.255

The full movement in Capital Financing Requirement was due to an increase in the underlying need to borrow (unsupported by government financial assistance).

Depreciation and Revaluations

As highlighted in Note 43: Accounting Policies, under Property, Plant and Equipment on pages 135 to 138, depreciation is provided for on a straight-line basis inclusive of the year of acquisition. The period for each applicable category is shown in the following table:



Category	Useful Life (Years)	Valuer	Basis of Valuation	Date of last full valuation
Council Dwellings	25	District Valuer	Existing Use Value for Social Housing 'Beacon Principle'	31/03/2020
Other Land and Buildings	50 to 60	Internal RICS Valuer	Open Market Value Existing Use or Depreciated Replacement Cost Existing Use (Specialised Operational Properties)	Valued on a 5 year rolling programme
Other Land and Buildings - Schools	50 to 60	Internal RICS Valuer	Depreciated Replacement Cost Existing Use	31/03/2023
Surplus	50	Internal RICS Valuer	Fair Value (Market Value) Highest and Best Use	31/03/2024
Vehicles	4 to 10	n/a	Historical Cost	n/a
Infrastructure Assets	30 to 40	n/a	Historical Cost	n/a
Plant and Equipment	5 to 20	n/a	Historical Cost	n/a
Community Assets	20 to 30	n/a	Historical Cost	n/a

A desktop review was carried out during 2023 to 2024 which resulted in a revaluation adjustment for Council Dwellings, this adjustment is reported in Note 12, above.

The valuation of Land and Buildings is carried out on a rolling five year programme to ensure that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The assumptions applied in estimating the current values of property, plant and equipment are:

- The properties are in good structural condition and will be maintained to good level of standard.
 - The properties and any land are not contaminated and not subject to flooding.
- The properties are being operated as per statutory regulations.

Revaluations	Council Dwellings (£ million)	Other Land and Buildings (£ million)	Vehicles, Plant and Equipment (£ million)	Community Assets (£ million)	Surplus Assets (£ million)	Total (£ million)
Carried at Historic Cost	0	0	52.577	7.003	0	59.580
Valued at 31 March 2024	583.484	60.437	0	0	6.097	650.018
Valued at 31 March 2023	0	381.357	0	0	0	381.357
Valued at 31 March 2022	0	4.176	0	0	0	4.176
Valued at 31 March 2021	0	7.962	0	0	0	7.962
Valued at 31 March 2020	0	31.801	0	0	0	31.801
Total Cost or Valuation	583.484	485.733	52.577	7.003	6.097	1,134.894



Commitments under capital contracts

At 31 March 2024, the Council has approved capital investment programmes for both General Services and the Housing Revenue Account, for construction or enhancement of Property, Plant and Equipment. Contractual commitments in place at 31 March 2024 totalled £100.709 million as follows (2022 to 2023: £58.452 million):

General Services Programme - Major Projects	At 31 March 2024 (£ million)
Ardrossan North Shore	34.236
Solar PV Investment	11.178
Millport Coastal FPS	6.990
Montgomerie Park School	5.549
Ayrshire Growth Deal Projects	2.082
Regeneration Projects	1.521
Largs Seawall	1.128
Quarry Road Phase 1	0.638
Vehicle Replacement	0.507
Ardrossan Campus	0.415
B714 Upgrade	0.376
Irvine Public Realm	0.325
Other Minor Commitments	0.960
Total	65.905

Housing Revenue Account - Major Projects	At 31 March 2024 (£ million)
Garnock Academy	11.182
Stanecastle, Irvine	6.607
St Mary's Primary	4.018
James McFarlane	3.736
Montgomerie Park	2.496
King's Arms	2.427
Laburnum Avenue / Newhouse Drive	1.613
Cheviot Court	1.233
Central Heating / Rewiring	0.874
Other Minor Commitments	0.618
Total	34.804



Note 18: Private Finance Initiatives, Non Profit Distributing Models and Similar Contracts

North Ayrshire Council Schools Public Private Partnership Contract

2023 to 2024 was the seventeenth year of a thirty year Public Private Partnership contract for the construction, maintenance and operation of four schools: Stanley Primary, Arran High, Greenwood Academy and St Matthew's Academy. The schools provide leisure facilities to the community outwith the school day. These are run by North Ayrshire Leisure Limited. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the schools. The buildings, and any plant and equipment installed in them, will be transferred to North Ayrshire Council at the end of the contract for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.

Largs Campus Design, Build, Finance and Maintain Contract

2023 to 2024 was the sixth year for Largs Campus of a twenty five year contract. This campus was procured through a Design, Build, Finance and Maintain contract. This Campus covers a secondary school, two primary schools and one early years centre.

The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

The buildings, and any plant and equipment installed in them, will be transferred to North Ayrshire Council, for nil consideration at the end of the contract,. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.

Clyde Valley Waste Private Finance Initiative Contract

2023 to 2024 was the fifth year for Clyde Valley Waste of a twenty five year contract. This plant was procured through a Private Finance Initiative contract. The Council has a 17% share in the contract for waste recycling which utilises the waste materials recovery facility at Bargeddie with residual waste then processed at a thermal treatment site in Dunbar.

The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards.

The buildings, and any plant and equipment installed in them, will not be transferred to North Ayrshire Council at the end of the contract. The Council only has rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.

Property Plant and Equipment

The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.



Payments

For Public Private Partnership, the Council makes an agreed payment each year which is uplifted each year by 2/3 of the increase in the retail price index. For Design, Build, Finance and Maintain, the Council makes an agreed payment each year uplifted by 21% of the increase in the retail price index. The Clyde Valley Waste contract is uplifted each year by applying the consumer price index to the variable element of the contract. Payments can be reduced if the contractor fails to meet availability and performance standards in any year.

Remaining payments to be made under the Public Private Partnership, Design, Build, Finance and Maintain and Clyde Valley Waste contracts at 31 March 2024 (based on an estimate of the cash amount that will actually be paid and excluding availability or performance deductions) are as follows:

Future Repayments	Service Charges (£ million)	Liability Repayment (£ million)	Interest (£ million)	Contingent Rentals (£ million)	Total (£ million)
Payable in 2024 to 2025	11.417	4.309	5.343	2.820	23.889
Payable within 2 to 5 years	49.367	18.717	18.910	13.028	100.022
Payable within 6 to 10 years	69.739	28.622	17.015	20.608	135.984
Payable within 11 to 15 years	58.592	34.060	7.407	29.049	129.108
Payable within 16 to 20 years	34.020	10.370	1.241	4.475	50.106
Payable within 21 to 25 years	4.190	0.240	0.014	(0.002)	4.442
Total	227.325	96.318	49.930	69.978	443.551

Although the payments made to the contractors are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable while the capital expenditure remains to be reimbursed.

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

Outstanding Liability	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Balance outstanding at 1 April	100.139	103.982
Payments during the year	(3.821)	(3.843)
Balance Outstanding at 31 March	96.318	100.139

Service Concession Flexibility

North Ayrshire Council has adopted the revised accounting arrangements under Local Government Finance Circular 10/2022 – Finance Leases and Service Concession Arrangements. The application of this accounting arrangement has recalculated the annual charges to the General Fund in relation to the principal capital repayment element of service concession arrangements, including Public Private Partnership and Design, Build, Finance and Maintain contracts. As a result, the charges to the General Fund have been rescheduled over the fifty year useful economic life of the assets rather than the current contract terms, with the remaining adjustments as follows:



Repayment Adjustments	Liability Repayment (£ million)	Revised Profile (£ million)	Required Adjustment (£ million)
2023 to 2024	3.688	1.000	(2.688)
Payable in 2024 to 2025	4.196	1.058	(3.138)
Payable within 2 to 5 years	18.116	4.881	(13.235)
Payable within 6 to 10 years	28.188	7.883	(20.305)
Payable within 11 to 15 years	32.903	10.486	(22.417)
Payable within 16 to 20 years	8.919	13.979	5.060
Payable within 21 to 25 years	0	18.674	18.674
Payable within 26 to 30 years	0	24.991	24.991
Payable within 31 to 35 years	0	21.995	21.995
Payable within 36 to 40 years	0	8.981	8.981
Payable within 41 to 45 years	0	6.393	6.393
Total	96.010	120.321	24.311

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 will still transfer to North 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.

Note 19: Long Term Debtors

Amounts owed to the Council within a period greater than one year are shown in the table below:

Long Term Debtors	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Advances for House Purchases	0.044	0.044
Total	0.044	0.044

Note 20: Short Term Debtors

Amounts owed to the Council within the year as at 31 March 2024 are shown below:

Debtors	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Trade Receivables	10.708	26.238
Prepayments	2.364	2.360
Other Receivable Amounts	47.326	33.517
Total	60.398	62.115

Note 21: Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

Debtors for Local Taxation	Council Tax 2023 to 2024 (£ million)	Non-Domestic Rates 2023 to 2024 (£ million)	Council Tax 2022 to 2023 (£ million)	Non-Domestic Rates 2022 to 2023 (£ million)
Less than 1 year	2.508	0.844	0.769	0.934
1 to 2 years	0.685	0.540	1.422	0.200
2 to 5 years	2.825	0	2.546	0
More than 5 years	0.525	0	0.594	0
Total	6.543	1.384	5.331	1.134

Note 22: Inventories

Inventories include materials or supplies held to be consumed in the production process or in rendering of services. Inventories are measured at the lower of cost and net realisable value. Movement in inventories are shown in the table below:

Inventories	Balance at 1 April 2023 (£ million)	Purchases (£ million)	Recognised as an Expense (£ million)	Balance at 31 March 2024 (£ million)	Balance at 31 March 2023 (£ million)
Catering Consumables	0.154	2.683	(2.687)	0.150	0.154
Streetscene and Waste	0.049	0.150	(0.161)	0.038	0.049
Transport Fuel	0.115	1.852	(1.838)	0.129	0.115
Donated Covid Consumables	0.358	0.086	(0.201)	0.243	0.358
Other Consumables	0.001	0	0	0.001	0.001
Building Services Materials	0.570	3.811	(3.673)	0.708	0.570
Roads Maintenance Materials	0.270	0.400	(0.438)	0.232	0.270
Total	1.517	8.982	(8.998)	1.501	1.517

Note 23: Short Term Borrowing

External borrowing due for payment within the next year is shown in the table below:

Short Term Borrowing	2023 to 2024 (£ million)	2022 to 2023 (£ million)
North Ayrshire Municipal Bank Limited	(0.036)	(0.036)
Public Works Loans Board	(3.908)	(3.303)
Market Debt, Lender Option Loans and Other Local Authorities	(61.207)	(48.229)
Total	(65.151)	(51.568)



Note 24: Short Term Creditors

Amounts owed by the Council within the year as at 31 March 2024 are shown in the table below:

Creditors	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Trade Payables	(51.317)	(48.458)
Other Payables	(55.617)	(58.101)
Total	(106.934)	(106.559)

Grants and contributions which have a condition attached that remains to be satisfied at the balance sheet date are recognised as grant receipts in advance. Included within the amounts above are grant receipts in advance totalling £10.468 million (2022 to 2023 £13.327 million).

Note 25: Provisions

Provisions are made where an event has taken place that gives the authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Movement in these provisions are shown in the table below:

Provisions	Equal Pay / Single Status (£ million)	Termination Benefits (£ million)	Landfill Site Restoration (£ million)	Employee Costs - Paid Absences (£ million)	Teachers Maternity (£ million)	Former Authorities (£ million)	Total (£ million)
Balance at 1 April 2023	(0.026)	(0.096)	(0.185)	(0.267)	(0.266)	(0.229)	(1.069)
Additional provisions made	0	(1.955)	0	0	(0.238)	(0.288)	(2.481)
Amounts written off	0	0	0.190	0	0	0	0.190
Unwinding of Discounts	0	0	(0.005)	0	0	0	(0.005)
Amounts used	0	0.096	0	0.012	0.266	0	0.374
Balance at 31 March 2024	(0.026)	(1.955)	(0.000)	(0.255)	(0.238)	(0.517)	(2.991)

Equal Pay/Single Status

In 2014 to 2015 a provision of £2.867 million was made in respect of Equal Pay and Single Status with a balance of £0.026 million identified at 1 April 2023. During 2023 to 2024 no provision was utilised. The balance has been maintained at 31 March 2024 in respect of outstanding claims. The timing of the settlement of these claims is uncertain.

Termination Benefits

During 2023 to 2024 a provision of £1.955 million was required in relation to employee retiral commitments the Council had in place at 31 March 2024. These liabilities are expected to be discharged during 2024 to 2025.



Landfill Site Restoration

This provision relates to the Council's landfill site at Shewalton in Irvine. During 2023 to 2024, £0.190 million was released for aftercare costs. The increase in the provision for the unwinding of the discount was also recognised as an interest charge £0.005 million. These liabilities were discharged over the period to 2023 to 2024.

Employee Costs - Paid Absences

In accordance with International Accounting Standard 19 Employee Benefits provision has been made of £0.255 million for the costs of paid employee absences arising from Flexi Time earned but not taken prior to 31 March 2024. These liabilities are expected to be discharged during 2024 to 2025.

Teachers Maternity

During 2023 to 2024 a provision of £0.238 million was required in respect of teachers' holidays accrued while on maternity leave. These liabilities are expected to be discharged during 2024 to 2025.

Former Authorities: Claims

The Council has a liability to meet expenditure incurred in respect of the former Cunninghame District Council and Strathclyde Regional Council. This includes shared liability in connection with estimated payments made by Municipal Mutual Insurance Limited in respect of known claims against the former Councils. The timing of the settlement of these claims is uncertain.

Note 26: Financial Instruments

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

2023 to 2024 Financial Instruments at Amortised Cost	Long Term 31 March 2024 (£ million)	Current 31 March 2024 (£ million)	Total (£ million)
Cash (including bank)	0	30.105	30.105
Bank overdraft	0	(2.749)	(2.749)
Total Cash and Cash Equivalents	0	27.356	27.356
Short Term Investments	0	10.337	10.337
Investments	0.044	50.107	50.151
Total Financial Assets at Amortised Cost	0.044	87.800	87.844
Loans - Principal sums	253.636	63.460	317.096
Loans - Accrued interest	0	1.691	1.691
Effective Interest Rate adjustment	0.780	0	0.780
Total Borrowing	254.416	65.151	319.567
Trade payables	0	102.625	102.625
Service Concessions and similar liabilities	92.009	4.309	96.318
Total Creditors	92.009	106.934	198.943
Total Financial Liabilities at Amortised Cost	346.425	172.085	518.510



2022 to 2023 Financial Instruments at Amortised Cost	Long Term 31 March 2023 (£ million)	Current 31 March 2023 (£ million)	Total (£ million)
Cash (including bank)	0	19.556	19.556
Bank overdraft	0	(2.553)	(2.553)
Total Cash and Cash Equivalents	0	17.003	17.003
Short Term Investments	0	12.048	12.048
Investments	0.044	53.290	53.334
Total Financial Assets at Amortised Cost	0.044	82.341	82.385
Loans - Principal sums	201.586	50.468	252.054
Loans - Accrued interest	0	1.100	1.100
Effective Interest Rate adjustment	0.841	0	0.841
Total Borrowing	202.427	51.568	253.995
Trade payables	0	102.738	102.738
Service Concessions and similar liabilities	96.318	3.821	100.139
Total Creditors	96.318	106.559	202.877
Total Financial Liabilities at Amortised Cost	298.745	158.127	456.872

Financial Assets

A financial asset is a right to receive cash or another financial instrument. Financial assets held by the Council during the year can be classified as follows:

- Cash in hand and in bank call accounts.
- Bank fixed term deposits (investments).
- Trade receivables (debtors).
- Loans made for service purposes, including soft loans.

Cash and cash equivalents

The bank overdraft figure reflects total debit balances on the Council's group of bank accounts with Virgin Money. The figure for Cash and Cash Equivalents in the balance sheet offsets the overdraft with cash at bank and in hand, as detailed in Note 38.

Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities held by the Council during the year can be classified as follows:

- Loans from the Public Works Loan Board, commercial lenders and other local authorities.
- Overdraft with the banks.
- Trade payables (creditors).
- Finance leases.
- Public Private Partnership, Non Profit Distributing and similar contracts.



Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables 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, they have been categorised at Level 2 in the Fair Value hierarchy using the following assumptions:

- Loans borrowed by the Council have been valued by discounting cash flows over the life of the loan at appropriate market rates.
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value.
- The fair values of Public Private Partnership and Non Profit Distributing liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond rate.
- No early repayment or impairment is recognised.
- The fair value of short-term instruments, including trade payables and receivables, is taken to be the carrying amount or the billed amount.

The calculated fair values are as follows:

	Carrying Amount at 31 March 2024 (£ million)	Fair Value at 31 March 2024 (£ million)	Carrying Amount at 31 March 2023 (£ million)	Fair Value at 31 March 2023 (£ million)
Fair Value of Financial Liabilities				
Public works Loans Board Debt	246.300	259.307	178.583	190.745
Non-Public Works Loans Board Debt	147.912	170.584	153.921	176.489
Temporary Loans	21.637	21.637	21.594	21.594
Total Debt	415.849	451.528	354.098	388.828
Trade Creditors	102.625	102.625	102.738	102.738
Total Liabilities	518.474	554.153	456.836	491.566

	Carrying Amount at 31 March 2024 (£ million)	Fair Value at 31 March 2024 (£ million)	Carrying Amount at 31 March 2023 (£ million)	Fair Value at 31 March 2023 (£ million)
Fair Value of Financial Assets				
Cash and Cash Equivalents	27.356	27.356	17.003	17.003
Short Term Deposits - less than 1 year	10.337	10.337	12.048	12.048
Trade Debtors	50.151	50.151	53.334	53.334
Total Liabilities	87.844	87.844	82.385	82.385

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans in the market at the balance sheet date. This represents a notional future loss attributable to a commitment to pay interest to lenders above current market rates.



The fair value of financial assets held at amortised cost may be higher than their balance sheet carrying amount because the interest rate on similar investments is lower than that obtained when the investment was originally made. This represents a notional future gain attributable to the commitment to receive interest at more than current market rates.

Income, Expense, Gains and Losses

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

2023 to 2024 Gains and Losses	Liabilities measured at amortised cost (£ million)	Loans and receivables measured at amortised cost (£ million)	Total (£ million)
Interest expense	(21.068)	0	(21.068)
Losses on derecognition	0.842	0	0.842
Total expense in Surplus or Deficit on the Provision of Services	(20.226)	0	(20.226)
Interest income	0	0.947	0.947
Total income in Surplus or Deficit on the Provision of Services	0	0.947	0.947
Net gain or (loss) for the year	(20.226)	0.947	(19.279)

2022 to 2023 Gains and Losses	Liabilities measured at amortised cost (£ million)	Loans and receivables measured at amortised cost (£ million)	Total (£ million)
Interest expense	(20.094)	0	(20.094)
Losses on derecognition	0.782	0	0.782
Total expense in Surplus or Deficit on the Provision of Services	(19.312)	0	(19.312)
Interest income	0	0.834	0.834
Total income in Surplus or Deficit on the Provision of Services	0	0.834	0.834
Net gain or (loss) for the year	(19.312)	0.834	(18.478)

Note 27: Risks arising from Financial Instruments

The Council has adopted Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management and complies with Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities.



As part of this, the Council approves a [Treasury Management and Investment Strategy](#) before 1 April each financial year. This sets out the Council's exposure to the risks associated with financial instruments and also the measures taken to mitigate such risks.

The key risks are:

- Credit risk: the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk: the possibility that the Council might not have cash available to meet its commitments to make payments.
- Refinancing risk: the possibility that the Council may require to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk: the possibility that financial loss might arise for the Council as a result of changes in market variables, such as interest rates or equity prices.

The Treasury Management and Investment Strategy for 2023 to 2024 was approved by North Ayrshire Council on 1 March 2023.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the annual Treasury Management and Investment Strategy. These include commercial entities with a minimum long-term credit rating of A-, the United Kingdom government and other local authorities. In recognition of the fact that credit ratings are not comprehensive indicators of default, the Council has regard to other measures, including:

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

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2024 that this was likely to crystallise.

Credit Risk Exposure at 31 March 2024:

Investments by Counterparty at 31 March 2024	Up to 1 Month (£ million)	Between 1 and 3 Months (£ million)	Between 3 and 6 Months (£ million)	Between 6 and 9 Months (£ million)	Between 9 and 12 Months (£ million)	Total (£ million)
UK Banks	8.800	0	0	0	0	8.800
Other	21.300	0	10.000	0	0	31.300
Total	30.100	0	10.000	0	0	40.100

All investment counterparties met the Credit rating criteria at the point of investment and at 31 March 2024.



The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Allowances for expected credit losses have been determined for trade debtors using the simplified approach. The changes in loss allowance for our Debtors held at Amortised Cost during the year are as follows:

2023 to 2024 Lifetime Expected Credit Losses	Not credit impaired (£ million)	Simplified approach (£ million)	Total
Balance as at 1 April 2023	0	7.988	7.988
Changes due to modifications which did not result in derecognition	0	0.478	0.478
Balance as at 31 March 2024	0	8.466	8.466

2022 to 2023 Lifetime Expected Credit Losses	Not credit impaired (£ million)	Simplified approach (£ million)	Total
Balance as at 1 April 2022	0.711	7.111	7.822
Changes due to modifications which did not result in derecognition	(0.711)	0.877	0.166
Balance as at 31 March 2023	0	7.988	7.988

During the year, the Council wrote off financial assets with a contractual amount outstanding of £1.611 million (£1.100 million 2022 to 2023) which are still subject to enforcement activity.

Credit Risk Exposure

The Council has the following exposure to credit risk at 31 March 2024:

Credit Risk	Credit Risk Rating	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Simplified Approach	Historic Experience	61.014	63.639
Total	None	61.014	63.639

Liquidity Risk

The Council manages its liquidity position through the setting and approval of prudential indicators, the approval and monitoring of the Treasury Management and Investment Strategy and through a comprehensive cash flow management system, as required by the Chartered Institute of Public Finance and Accountancy's Code of Practice, which seeks to ensure that cash is available when needed.

The Council has ready access to borrowings at favourable rates from the Public Works Loans Board and other local authorities and at higher rates from banks and building societies. There is no significant risk that it will be unable to raise finance to meet its commitments.



Refinancing Risk

The Council maintains a significant debt and investment portfolio aligned to its underlying assets and capital investment programme. Whilst the cash flow procedures above are considered alongside refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters.

This includes:

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

The maturity analysis of the principal sums borrowed is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (as approved by the Council in the Treasury Management and Investment Strategy on 1 March 2023):

	At 31 March 2024 (£ million)	At 31 March 2024 (%)	Approved Upper Limit (%)	Approved Lower Limit (%)	At 31 March 2023 (£ million)
Loans Outstanding					
Less than one year	67.770	16%	50%	0%	54.290
Between one and two years	7.339	2%	50%	0%	7.260
Between two and five years	24.173	6%	50%	0%	23.545
Between five and ten years	63.061	15%	75%	0%	52.103
More than ten years	251.071	61%	90%	25%	214.995
Total	413.414	100%	100%	0%	352.193
Public Works Loan Board	245.280	59%	none	none	178.167
Market Debt / Lender Option Loans	50.293	12%	none	none	52.435
Temporary borrowing	21.523	5%	none	none	21.452
Service Concession Liabilities	96.318	23%	none	none	100.139
Total	413.414	100%	none	none	352.193

All trade and other payables are due to be paid in less than one year.

Market Risk

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



- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the borrowings will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be charged to the Surplus or Deficit on the Provision of Services and will affect the General Fund balance.

The Council's Treasury Management and Investment Strategy aims to mitigate these risks by setting upper limits on its exposure to fixed and variable interest rates. For 2023 to 2024 these limits were £306.895 million of total borrowing on fixed rate borrowing and £60.000 million for variable rate borrowing.

At 31 March 2024, £267.836 million of principal borrowing was exposed to fixed rates and £48.950 million to variable rates. This excludes liabilities in respect of Public Private Partnership and Non Profit Distributing contracts.

The Council's current portfolio of variable rate borrowing includes commercial loans known as Lender Option Borrower Option, taken out between 1985 and 2008. Under these agreements, the lender has an option at certain junctures to increase the interest rate offered. The borrower then has the option to accept the new rate or to repay the loan.

It is likely that lenders will only exercise their options when market rates have risen above the contractual loan rate. Since the average rate of the current Lender Option Borrower Option portfolio is 5.2%, the interest rate risk associated with the Council's Lender Option Borrower Option loans is not deemed to be significant and the potential penalties charges may make the redemption of the loans an uneconomic option. The Council will continue to monitor the position in terms of changes to the Bank of England base rate and the interest rates available in relation to alternative borrowing options. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

Impact on tax payers and rent payers	At 31 March 2024 (£ million)
Increase on interest payable on variable rate borrowings	0.390
Increase in interest receivable on variable rate investments	0
Impact on Surplus or Deficit on the Provision of Services	0.390
Share of overall impact debited to the Housing Revenue Account	0.172
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0



Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(36.655)
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The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk: This would only apply where an investment is held as available for sale. The Council currently holds no available for sale investments and, excluding the pension fund, does not currently invest in equity shares or marketable bonds.

Foreign exchange risk: This would apply where funds are held in a foreign currency. At 31 March 2024, the Council held no foreign currency funds.

Note 28: Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by The Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2023 to 24, the Council recognised £16.962 million in respect of teachers' retirement benefits, representing 22.69% of pensionable pay. The figures for 2022 to 2023 were £15.782 million and 22.70%. There were no contributions remaining payable at the year-end. The estimated contribution for 2024 to 2025 is £16.258 million. As a proportion of the total contributions into the Scheme during the year to 31 March 2024, North Ayrshire Council's contribution equates to approximately 2.40%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 29. There were additional costs of £0.116 million included for 2023 to 2024.

Note 29: Defined Benefit Pension Schemes

Participation in pension schemes

North Ayrshire Council participates in the Local Government (Scotland) Superannuation Scheme, administered by Glasgow City Council through the Strathclyde Pensions Fund. This is a funded defined benefits scheme, with both employer and employee making contributions, intended to balance the pension liabilities with investment assets.

As part of the terms and conditions of employment for its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be made until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time the employees earn their future entitlement.

In response to significant net asset values reported for 2022 to 2023, Strathclyde Pension Fund has confirmed that the employer contribution rates for 2024 to 2025 and 2025 to 2026 will be reduced from 19.3% to 6.5%. The rate will then increase to 17.5% from 2026 to 2027.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policy note.

Transactions relating to post-employment benefits

The cost of retirement benefits is recognised in the cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge against Council tax is based on the cash payable in the year, so the real cost of post-employment or retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Local Government Pension Scheme	2023 to 2024 (£ million)	2022 to 2023 Restated (£ million)
Current service cost within Cost of Services	33.161	66.221
Past service cost (including curtailments) within Cost of Services	3.824	0.660
Net interest expense or (income) within Financing and Investment	(1.342)	2.209
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	35.643	69.090
Expected return on pension fund assets (excluding amounts included in net interest)	(63.320)	53.303
Actuarial (gains) or losses arising on changes in financial assumptions	105.565	(155.756)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	77.888	(33.363)
Movement in Reserves: Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	13.593	(39.534)
Movement in Reserves: Actuarial gains or (losses) on pension assets and liabilities	(42.245)	102.453
Contributions from employer payable to scheme	49.236	29.556

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is normally the net liability represented by the present value of the defined benefit obligation and the fair value of the plan assets. However, for 2022 to 2023 and 2023 to 2024 the actuarial gains arising from changes in the financial assumptions have resulted in a net asset position.



International Accounting Standard 19 Employee Benefits requires that the net defined benefit asset recognised in the Balance Sheet is measured at the lower of the net asset position in the defined benefit fund and the asset ceiling, which is defined as 'the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan'.

As a result, the net pension asset to be recognised in the Balance Sheet has been revised to reflect the Asset Ceiling adjustment advised by Strathclyde Pension Fund's actuaries, Hymans Robertson:

Net Asset and Liability	2023 to 2024 (£ million)	2022 to 2023 Restated (£ million)
Present value of the defined benefit obligation	(965.483)	(899.826)
Fair value of plan assets	1,359.027	1,232.630
Asset Ceiling adjustment	(393.544)	(303.480)
Net funded asset and (liability) arising from defined benefit obligation	0	29.324
Present Value of Unfunded Obligations	(23.183)	(23.855)
Total net asset / (liability) arising from defined benefit obligation	(23.183)	5.469

As a result of the Asset Ceiling adjustment, the net liability of £23.183 million has been recognised at 31 March 2024. This is equivalent to the present value of the Council's unfunded obligations under the Local Government Pension Scheme.

Assets and Liabilities in Post-Employment Benefits

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

Fair Value of Scheme Liabilities	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Balance as at 1 April	(899.826)	(1,301.889)
Current service cost	(33.161)	(66.221)
Interest cost	(42.946)	(35.913)
Contributions by scheme participants	(9.319)	(8.443)
Actuarial gains arising on changes in financial assumptions	44.118	533.427
Changes in demographic assumptions	15.480	9.710
Other experience	(73.618)	(60.046)
Past service cost (including curtailments)	(3.824)	(0.660)
Benefits paid	37.613	30.209
Balance as at 31 March	(965.483)	(899.826)



Reconciliation of Fair Value of Scheme Assets

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

Fair Value of Scheme Assets	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Balance as at 1 April	1,232.630	1,244.439
Interest income	58.703	33.704
Return on plan assets excluding amounts included in net interest	63.320	(53.303)
Other experience	(2.153)	0
Contributions from employer payable to the scheme	34.821	29.556
Contributions by scheme participants	9.319	8.443
Benefits paid	(37.613)	(30.209)
Balance as at 31 March	1,359.027	1,232.630

Asset Ceiling Adjustment

In accordance with International Accounting Standard 19 and the guidance issued under International Financial Reporting Interpretations Committee – Interpretation 14, the Asset Ceiling has been determined as follows:

Asset Ceiling	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Net present value of estimated future service costs	2,169.275	352.646
Net present value of future contributions	(2,325.833)	(323.322)
Asset Ceiling	(156.558)	29.324

For 2023 to 2024, as the net present value of estimated future service costs is less than the net present value of future contributions, the Asset Ceiling is determined to be nil. A net liability of £23.183 million has been recognised at 31 March 2024. This is equivalent to the present value of the council's unfunded obligations under the Local Government Pension Scheme.

Analysis of Pension Fund's Assets

North Ayrshire Council's share of the Pension Fund assets as at 31 March 2024 comprised:

2023 to 2024 Portfolio Composition	Quoted Prices in Active Markets (£ million)	Quoted Prices not in Active Markets (£ million)	Total (£ million)	Percentage
Equity Investments	280.062	622.457	902.519	66%
Debt Instruments	0	324.456	324.456	24%
Property	0	106.860	106.860	8%
Cash	2.117	23.076	25.193	2%
Balance as at 31 March 2024	282.179	1,076.849	1,359.028	100%



2022 to 2023 Portfolio Composition	Quoted Prices in Active Markets (£ million)	Quoted Prices not in Active Markets (£ million)	Total (£ million)	Percentage
Equity Investments	246.012	558.671	804.683	65%
Debt Instruments	0	302.966	302.966	25%
Property	0	101.630	101.630	8%
Cash	17.048	6.303	23.351	2%
Balance as at 31 March 2023	263.060	969.570	1,232.630	100%

Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy as this is used mainly by mature funds. The fund does match, to the extent possible, the 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 being invested into too narrow a range. The Fund invests in equities, bonds, property and in cash.

Impact on the Council's Cash Flow

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

The actuary has estimated the total amount of contributions expected to be made by the Council to Strathclyde Pension Fund in the year to 31 March 2025 at £10.215 million, compared to estimated contributions for 2023 to 2024 of £27.193 million.

The assumed weighted average duration of the defined benefit obligation is 17 years.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2023. The valuation results have been projected forward to 31 March 2024 based on a range of assumptions.



The significant assumptions used by the actuary were:

Local Government Pension Scheme Assumptions	At 31 March 2024	At 31 March 2023
Long term expected rate of return on Equity Investments	4.9%	4.8%
Long term expected rate of return on Bonds	4.9%	4.8%
Long term expected rate of return on Other Assets	4.9%	4.8%
Long term expected rate of return on Cash	4.9%	4.8%
Longevity assumptions for current pensioners: Men	19.9	19.3
Longevity assumptions for current pensioners: Women	22.6	22.2
Longevity assumptions for future pensioners: Men	20.7	20.5
Longevity assumptions for future pensioners: Women	24.4	24.2
Rate of Inflation	2.8%	3.0%
Rate of increase in salaries	3.4%	3.3%
Rate of increase in pensions	2.8%	3.0%
Rate for discounting scheme liabilities	4.9%	4.8%
Take up of option to convert annual pension into retirement lump sum for pre April 2009 service	50.0%	50.0%
Take up of option to convert annual pension into retirement lump sum for post April 2009 service	75.0%	75.0%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The following sensitivity analyses have been based on possible changes to the assumptions which could reasonably occur at the end of the reporting period. For each change they assume that the assumption being analysed changes while all other assumptions remain constant.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

Increase in Employer Liability	£ million	%
0.1% decrease in Real Discount Rate	17.024	2.0%
0.1% increase in the Salary Increase Rate	2.535	0.0%
0.1% increase in the Pension Increase Rate	14.779	2.0%
1 year increase in the member life expectancy	38.619	4.0%

The impact of a decrease in these assumptions would be as above but with the movements reversed.

Court of Appeal ruling and regulatory changes

As part of the actuarial valuation of Strathclyde Pension Scheme, carried out at 31 March 2023, the Scheme's actuaries, Hymans Robertson, included the impact of recent Court of Appeal rulings and other regulatory changes in their assessment of the Scheme's liabilities. This included the impact of a recent Court of Appeal in relation to transitional protection, consideration of the cost cap mechanism, regulatory changes in relation to Guaranteed Minimum Pension provision and a recent employment tribunal decision in relation to survivor benefit, known as the Goodwin ruling.



When the Local Government Pension Scheme Scotland benefit structure was reformed in 2015, transitional protections were applied to certain older members close to normal retirement age. Following a Court of Appeal ruling that similar transitional protections in other Schemes were unlawful on the grounds of age discrimination, there was a clear expectation that restitution would see many more members receiving enhanced benefits. Members in service in 2012 and remaining in active service at the time of the scheme change in 2015, are subject to an 'underpin' which ensures that these members do not lose out from the introduction of the new scheme. The Scheme's liabilities have been valued to include the impact of this ruling, in line with the instructions issued by the Scottish Public Pensions Agency.

The planned implementation of a Cost Cap mechanism, designed to protect employers from significant increases in future pension costs, has been deferred pending resolution of the McCloud judgement and no further adjustments to contributions rates or liabilities have been included at this time.

Following the introduction of the new Single State Pension in April 2016, regulations in relation to the Guaranteed Minimum Pension were revised to make pensions schemes responsible for ensuring that the Guaranteed Minimum Pension for members reaching state pension age after 6 April 2016 keep pace with inflation. Strathclyde Pension Fund's actuary revised their assumptions on the basis that all increases will be paid for by employers. This has served to increase the value placed on the Scheme's liabilities. The impact of Guaranteed Minimum Pension equalisation on historical transfers is considered unlikely to be significant and no allowances have been included within the actuarial calculations at this time.

Following a Supreme Court ruling in 2017, all public service pension schemes were required to provide equal survivor benefits for same-sex couples to that provided for widows. Following a recent employment tribunal decision, a Written Ministerial Statement has concluded that female members in opposite sex marriages are treated less favourably than female members in same sex marriage or civil partnership and it is anticipated that regulatory amendments will now need to be made to extend equal survivor benefits to male survivors of female members resulting in additional liabilities for female members who died on or after 5 December 2005. The actuarial valuation in relation to this estimates a very small impact for the typical Fund and no adjustments to account for this have been included at this time.

There are additional court cases, namely Walker and O'Brien, that may also impact Local Government Pension Scheme benefits in the future. Allowances for potential remedies to these judgements have been deferred pending further guidance from the relevant governing bodies in the Local Government Pension Scheme.

No additional allowances have been made for the 2023 legal judgement for Section 37 confirmations from the Virgin Media versus NTL Pension Trustees II Limited ruling as it is unknown whether there would be any potential remedy required to public service schemes and the legal judgement is being appealed.



Note 30: Unusable Reserves

Unusable reserves are those reserves that the Council is not able to utilise to provide services and comprise:

Unusable Reserves	2023 to 2024 (£ million)	2022 to 2023 Restated (£ million)
Revaluation Reserve	227.245	227.562
Capital Adjustment Account	554.771	521.116
Financial Instruments Adjustment Account	(4.362)	(5.205)
Pensions Reserve	(23.183)	5.469
Accumulated Absences Account	(10.661)	(11.487)
Total Unusable Reserves	743.810	737.455

Revaluation Reserve

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

- Re-valued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation.
- Disposed of and the gains are realised.

Only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created, are contained here. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Balance at 1 April	227.562	165.213
Surplus or (deficit) on revaluation of non-current assets posted to the CIES	7.293	72.549
Difference between fair value depreciation and historical cost depreciation	(5.166)	(9.102)
Amount written off to the Capital Adjustment Account	(2.444)	(1.098)
Total Revaluation Reserve	227.245	227.562

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.



The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Balance at 1 April	521.116	518.424
Charges for depreciation and impairment of non current assets	(40.889)	(37.346)
Gains/(losses) on the disposal of non current assets	(0.578)	0.585
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	56.950	36.099
Statutory provision for the financing of capital investment charged against the General Fund and Housing Revenue Account balances	10.276	10.801
Capital expenditure charged against the General Fund and Housing Revenue Account balances	7.896	14.099
Transfer to General Fund in relation to Service Concession arrangements	0	(21.546)
Total Capital Adjustment Account	554.771	521.116

Financial Instruments Adjustment Account

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

Financial Instruments Adjustment Account	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Balance at 1 April	(5.205)	(5.987)
Premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.776	0.777
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.067	0.005
Total Financial Instrument Adjustment Account	(4.362)	(5.205)



Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible.

The balance on the Pensions Reserve indicates a net liability. This has been determined by the Scheme actuaries as the net present value of any economic benefits available in the form of refunds or reductions in future contributions to Strathclyde Pension Fund, assuming that minimum funding levels are maintained. 2022 to 2023 figures have been restated to reflect a change in the reported Pension Asset Ceiling.

Pensions Reserve	2023 to 2024 (£ million)	2022 to 2023 Restated (£ million)
Balance at 1 April	5.469	(57.450)
Actuarial gains or (losses) on pensions assets and liabilities	47.147	429.788
Actuarial gains or (losses) on pensions assets and liabilities due to asset ceiling	(89.392)	(327.335)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	13.593	(39.534)
Total Pensions Reserve	(23.183)	5.469

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absence Account	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Balance at 1 April	(11.487)	(11.606)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.826	0.119
Total Accumulated Absence Account	(10.661)	(11.487)



Note 31: Related Parties

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

Scottish Government

The Scottish Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 9.

Members

Elected Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023 to 2024 is shown in the Remuneration Report. During 2023 to 2024 payment to voluntary organisations/charities to the value of £0.051 million were made in which three members had an interest. Details of all member interests are recorded in the [Register of Members' Interest](#).

Officers

The Chief Executive of North Ayrshire Council and the Director of Communities are Directors in North Ayrshire Ventures Trust. There is no remuneration associated with these positions. Details of the Council's interests in these organisations are outlined in the Group Accounts at Note 39.

North Ayrshire Integration Joint Board

The North Ayrshire Integration Joint Board was established on 1 April 2015 as a partnership between North Ayrshire Council and Ayrshire and Arran Health Board and is responsible for planning and overseeing the delivery of a full range of community health and social work/social care services, including those for older people, adults, children and families, people in the Criminal Justice System and allied health professions. In the year 2023 to 2024 the following North Ayrshire Council financial transactions were made with North Ayrshire Integration Joint Board relating to the integrated and social care functions:

Related Parties	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Contribution made to North Ayrshire Integration Joint Board	124.933	120.549
Commissioning income received from North Ayrshire Integration Joint Board	158.982	143.907
North Ayrshire Integration Joint Board balance due from the Council	5.363	13.855

The balance due (to) or from the Council reflects the year end variance on health and social care activities. For 2023 to 2024 expenditure exceeded income by £2.629 million which has been drawn from earmarked reserves by the Integration Joint Board.



Other Public Bodies

The Council has substantial interests in other public bodies, details of which are disclosed in the Group Balance Sheet.

In addition, the Council received grants and income from other public bodies in 2023 to 2024 as follows:

- Ayrshire & Arran Health Board (Health Resource Transfer) – grants and income of £24.944 million.

Other entities controlled or significantly influenced by the Council

Details of all other public bodies in which the Council has a significant interest are explained in the Group Accounts at Note 39.

Note 32: Contingent Asset

At 31 March 2024, the Council has identified a contingent asset in relation to future developer contributions.

In relation to the granting of planning permission for the erection of dwellings in the West Kilbride area, the developer has entered into an agreement under Section 75 of the Town and Country Planning (Scotland) Act 1997 to provide North Ayrshire Council with an education contribution of up to £0.758 million towards alleviating accommodation pressures at West Kilbride Primary School. Receipt of the contribution is contingent on the completion of each individual dwelling.

Note 33: Contingent Liabilities

At 31 March 2024, the Council had identified a number of material contingent liabilities:

Municipal Mutual Insurance (MMI)

In March 2012 the Supreme Court judgement in the Employers' Liability Policy Trigger Litigation ruled that MMI will be held liable for asbestos related cases up to 30 September 1992 when they ceased writing employee liability business and went into run off. Although the company is still considering the overall liability position, it has now been confirmed that 'clawback' arrangements will be activated in relation to claims paid. The Council has an earmarked balance of £0.459 million in the Insurance Fund to accommodate known claims and actual and estimated settlement costs in this respect. However, there is the possibility that further claims may emerge resulting in a future liability.

Financial Guarantees

The Council has provided a letter of financial guarantee in relation to the Scottish Maritime Museum Trust future pension fund liability for £0.099 million (with the potential for this to rise to £0.232 million). The guarantee avoids the Scottish Maritime Museum Trust's pension fund liability becoming due when the one remaining active member of the pension scheme within the Trust leaves or retires. While the Trust continues to trade it will make annual payments to the Pension Fund to reduce this debt over a number of years. There is no direct additional cost to the Council through this guarantee, although the Council is exposed to a potential risk that could increase its overall pension liability by any pension deficit sum not cleared by the Trust.



Historic Child Abuse

The Limitation (Childhood Abuse) (Scotland) Act 2017 received royal assent on 28 July 2017. The principal effect of the legislation is to remove 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. Under the terms of the Local Government (Transitional Financial Provisions) (Scotland) Order 1996, Glasgow City Council acts as the relevant accounting authority for residual matters relating to the former Strathclyde Regional Council. Glasgow City Council has identified a number of outstanding claims at 31 March 2024 which may give rise to costs for North Ayrshire Council. However, the value of any potential settlements remains uncertain pending completion of the legal process.

Equal Pay Claims

Following significant progress in the settlement of Equal Pay claims, the Council has been notified of a number of new claims in relation to the validity and implementation of the Job Evaluation Scheme within North Ayrshire Council. Although there is a potential for significant costs associated with the settlement of such claims, it is not currently possible to determine either the probability of any liability being upheld by an Employment Tribunal or the potential costs of a successful claim.

Supply Chain Issues and Cost Volatility

The impact of supply chain issues and cost volatility across the construction sector has resulted in significant pressures for contractors who entered fixed price contracts. The Council is not contractually liable for any additional payments, however, this may be subject to challenge. The level of volatility may also impact on current and future projects as contractors may be less willing to enter into further fixed price contracts.

Housing Benefit Income

Following changes in the guidance in relation to Housing Benefit claims for the provision of supported accommodation, a review of current and historic claims submitted to the Department for Work and Pensions is currently underway. Once completed, the review may result in partial repayment of Housing Benefit income received over a number of financial years.

Note 34: Events after the Balance Sheet Date

The unaudited accounts were authorised for issuing on 26 June 2024 by the Head of Finance. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. Events taking place after this date are not reflected in these accounts.

Following the death of Councillor John Glover (Scottish Conservative and Unionist Party) during 2023 to 2024, a by-election was held for the Kilwinning Ward on 9 May 2024. On 15 May 2024 it was confirmed that Councillor Mary Hume (Scottish Labour Party) had been elected.

Following the resignation of Councillor Timothy Billings (Scottish Conservative and Unionist Party), a by-election was held for the Arran Ward on 12 September 2024. On 18 September 2024 it was confirmed that Councillor Charles Currie (Scottish Labour Party) had been elected.

The result of these by elections resulted in Labour being confirmed as the largest political opposition group. However, there was no change to the administration of the Council.



Notes to the Cash Flow Statement

Note 35: Cash Flow – Operating Activities

Net cash flow from Operating Activities	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Net cash inflow from revenue activities	(32.143)	(51.736)
Interest received	(0.947)	(0.834)
Interest paid	19.279	18.478
Total	(13.811)	(34.092)

The net deficit on the provision of services has been adjusted for the following movements:

Non-cash Movements	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Depreciation and Impairment	(48.421)	(46.370)
Amortisation	(0.078)	(0.078)
Movement in Pension Liability	13.593	(39.534)
Decrease in Inventories	(0.016)	(0.649)
(Decrease) or Increase in Debtors	0.210	(9.988)
Increase in Bad Debt Provision	(1.927)	(1.374)
Decrease in Creditors	0.345	4.465
Carrying amount of non current assets sold	(0.871)	(0.809)
Other non cash items charged to the net surplus or deficit on the provision of services	(1.922)	0.148
Total	(39.087)	(94.189)

Investing and Financing Activities	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Proceeds from sale of non current assets	0.293	0.296
Capital Grants	56.950	36.099
Total	57.243	36.395

Note 36: Cash Flow – Investing Activities

Net cash flow from Investing Activities	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Purchase of property, plant and equipment, investment property and intangible assets	124.395	66.981
Proceeds from short term and long term investments	(1.711)	(3.954)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(0.293)	(0.296)
Other receipts from investing activities	(56.950)	(36.099)
Total	65.441	26.632



Note 37: Cash Flow – Financing Activities

Net cash flow from Financing Activities	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Cash receipts of short term and long term borrowing	(85.000)	(15.000)
Cash payments for the reduction of the outstanding liabilities relating to service concession contracts	3.589	3.667
Repayments of short and long term borrowing	19.428	27.626
Total	(61.983)	16.293

Note 38: Cash Flow – Cash and Cash Equivalents

Cash and cash equivalents	2023 to 2024 (£ million)	2022 to 2023 (£ million)
Cash held by officers	0.006	0.006
Bank current accounts	(2.749)	(2.553)
Short-term deposits	30.099	19.550
Total	27.356	17.003

Notes to the Group Accounts

Note 39: Notes to the Group Accounts

The Code of Practice on Local Authority Accounting in the United Kingdom 2023 to 2024 (The Code) requires local authorities to consider their interests in all types of entity. This includes other local authorities or similar bodies defined in section 106 of the Local Government (Scotland) Act 1973 e.g. statutory bodies such as transport authorities and valuation boards. Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities. The financial statements in the Group Accounts of North Ayrshire Council are prepared in accordance with the accounting policies set out in Note 43, with the additions and exceptions shown below.

The Group Accounts consolidate the results of the Council with eight other entities. These organisations are entirely independent of the Council under law and for taxation.

Retirement Benefits

North Ayrshire Leisure Limited, a subsidiary of the Council, also participates in the Strathclyde Pension Scheme. In the accounts of North Ayrshire Leisure Limited, however, the cost of retirement benefits is not reversed out after the Surplus or Deficit on provision of services.

The net pension liability is included within its share of the overall deficit on the Group Comprehensive Income and Expenditure Statement.



Valuation of Property, Plant and Equipment and Investment Properties

The basis of valuation across the combining entities is in accordance with the Code and there are no material inconsistencies with the policies adopted by North Ayrshire Council. The Strathclyde Concessionary Travel Scheme Joint Committee has no Property, Plant or Equipment.

2023 to 2024 Group Property, Plant and Equipment	Common Good Funds (£ million)	Trust Funds (£ million)	North Ayrshire Ventures Trust (£ million)	North Ayrshire Leisure Limited (£ million)	Total (£ million)
Cost or Valuation at 1 April 2023	1.956	0.145	1.899	0.821	4.821
Additions	0	0	0	0.114	0.114
Revaluations recognised in the Revaluation Reserve	0.942	(0.035)	0.285	0	1.192
Impairments recognised in the Net Cost of Services	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0
Balance at 31 March 2024	2.898	0.110	2.184	0.935	6.127
Accumulated Depreciation and Impairment at 1 April 2023	0	0	0	0.055	0.055
Depreciation Charge	0	0	0	0.097	0.097
Depreciation written out to the Revaluation Reserve	0	0	0	0	0
Balance at 31 March 2024	0	0	0	0.152	0.152
Net Book Value at 31 March 2024	2.898	0.110	2.184	0.783	5.975
Net Book Value at 31 March 2023	1.956	0.145	1.899	0.766	4.766



2022 to 2023 Group Property, Plant and Equipment	Common Good Funds (£ million)	Trust Funds (£ million)	North Ayrshire Ventures Trust (£ million)	North Ayrshire Leisure Limited (£ million)	Total (£ million)
Cost or Valuation at 1 April 2022	1.955	0.145	1.997	1.383	5.480
Additions	0	0	0	0.390	0.390
Revaluations recognised in the Revaluation Reserve	0.001	0	(0.098)	(0.952)	(1.049)
Impairments recognised in the Net Cost of Services	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0
Balance at 31 March 2023	1.956	0.145	1.899	0.821	4.821
Accumulated Depreciation and Impairment at 1 April 2022	0	0	0	1.174	1.174
Depreciation Charge	0	0	0	0.055	0.055
Depreciation written out to the Revaluation Reserve	0	0	0	(1.174)	(1.174)
Balance at 31 March 2023	0	0	0	0.055	0.055
Net Book Value at 31 March 2023	1.956	0.145	1.899	0.766	4.766
Net Book Value at 31 March 2022	1.955	0.145	1.997	0.209	4.306

Depreciation

The useful lives and categories of assets for the Group are:

Category of Asset	Useful Economic Life
Buildings	1 to 100 years
Infrastructure	up to 40 years
Plant and Equipment	1 to 30 years
Vehicles	1 to 25 years

Inventories

The Council, North Ayrshire Leisure Limited and Strathclyde Partnership for Transport use the lower of cost or net realisable value. None of the other bodies in the group hold inventories.

Consideration for Acquisition of Associates' Net Assets or Liabilities

The Council has acquired its share of the net assets of its associates for a nil consideration and no goodwill has been included in the Group Balance Sheet.



Basis of Consolidation

Subsidiaries are consolidated on a line-by-line basis. All other entities are accounted for under the accounting conventions of the “acquisition basis” using the equity method – the Council’s share of the net assets or liabilities of each entity is incorporated and adjusted each year by the Council’s share of the entities’ results and its share of other gains and losses (recognised in the Group Comprehensive Income and Expenditure Statement).

All entities have the same reporting date as the Council.

Restrictions on transfer of funds

The Council’s share of the reserves of its associate and joint ventures is unusable i.e. it cannot be used to fund the Council’s services or to reduce taxation. The subsidiary, North Ayrshire Leisure Limited, is entirely independent of the Council under law and for taxation. The Council is unable to access its reserves, whether classified as usable or otherwise in North Ayrshire Leisure Limited’s own accounts.

Combining Entities

Subsidiaries

A subsidiary is a body controlled by North Ayrshire Council. The Common Good Funds, Trust Funds, North Ayrshire Ventures Trust Limited and North Ayrshire Leisure Limited have been treated as subsidiaries with assets, liabilities, reserves, income and expenses being consolidated on a line-by-line basis.

North Ayrshire Leisure Limited’s annual accounts for the period ended March 2024 are not available at this time. The Group accounts have been prepared using North Ayrshire Leisure Limited’s annual accounts for the period ended March 2023.

The Group Comprehensive Income and Expenditure Statement on page 56 includes net comprehensive expenditure for the year of £8.985 million.

The Group Balance Sheet on page 58 includes net assets of £14.408 million in relation to these bodies. Further details for each entity are as follows:

Subsidiary	Nature of Body	Accounts available from
Common Good Fund	To award community grants across North Ayrshire	North Ayrshire Council, Cunninghame House, Irvine, KA12 8EE
Trust Funds	To provide school prizes at designated schools, maintain specified lairs within cemeteries and for the benefit of the poor	North Ayrshire Council, Cunninghame House, Irvine, KA12 8EE
North Ayrshire Ventures Trust	To award community grants across North Ayrshire	North Ayrshire Council, Cunninghame House, Irvine, KA12 8EE
North Ayrshire Leisure Ltd	Provide facilities for recreation, sport, cultural and other leisure activities for the benefit of the community in North Ayrshire. North Ayrshire Council have an agreement in place whereby they will pay for any redundancy or early	North Ayrshire Leisure Limited, 22 Quarry Road, Irvine, KA12 0TH



2023 to 2024 Share of Subsidiaries	Share	Share of Assets (£ million)	Share of Liabilities (£ million)	Share of Revenues (£ million)	Share of (Profit) or Loss (£ million)
Common Good Funds	100%	5.117	0	(0.221)	(0.080)
Trust Funds	100%	0.508	0	(0.023)	(0.013)
North Ayrshire Ventures Trust	100%	8.291	0	(0.110)	0.148
North Ayrshire Leisure Limited	100%	1.226	(0.734)	(5.320)	(0.385)

2022 to 2023 Share of Subsidiaries	Share	Share of Assets (£ million)	Share of Liabilities (£ million)	Share of Revenues (£ million)	Share of (Profit) or Loss (£ million)
Common Good Funds	100%	4.095	0	(0.170)	(0.039)
Trust Funds	100%	0.530	0	(0.020)	(0.009)
North Ayrshire Ventures Trust	100%	8.168	(0.014)	(0.436)	(0.159)
North Ayrshire Leisure Limited	100%	11.564	(0.950)	(4.695)	1.017

Associates

An associate is a body over which North Ayrshire Council has significant influence. Strathclyde Partnership for Transport, the Strathclyde Concessionary Travel Scheme Joint Committee and the Ayrshire Valuation Joint Board have been treated as associates and have been consolidated on an equity basis with a share of the surplus or deficit and net assets included within the group statements. This is based on North Ayrshire Council's contribution to the estimated running costs of each body.

The Group Comprehensive Income and Expenditure Statement on page 56 includes net comprehensive income for the year of £1.598 million.

The Group Balance Sheet on page 58 includes net assets of £30.702 million in relation to these bodies. Further details for each entity are as follows:

Associate	Nature of Body	Accounts available from
Strathclyde Partnership for Transport	Regional transport partnership for the West of Scotland	Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow, G2 5JF
Strathclyde Concessionary Travel Scheme Joint Committee	Oversees the operation of the Concessionary Fares scheme for public transport in the West of Scotland	Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow, G2 5JF
Ayrshire Valuation Joint Board	Maintains the electoral, council tax and non-domestic rates registers for the three councils of North Ayrshire, East Ayrshire and South Ayrshire	Ayrshire Valuation Joint Board, 9 Wellington Square, Ayr, KA7 1HL



2023 to 2024 Share of Associates	Share	Share of Assets (£ million)	Share of Liabilities (£ million)	Share of Revenues (£ million)	Share of (Profit) or Loss (£ million)
Strathclyde Partnership for Transport	6%	31.812	(1.838)	(8.012)	(2.154)
Strathclyde Concessionary Travel Scheme Joint Committee	7%	0.416	(0.050)	(0.311)	0.004
Ayrshire Valuation Joint Board	36%	0.452	(0.090)	(0.963)	0.066

2022 to 2023 Share of Associates	Share	Share of Assets (£ million)	Share of Liabilities (£ million)	Share of Revenues (£ million)	Share of (Profit) or Loss (£ million)
Strathclyde Partnership for Transport	6%	29.631	(1.520)	(5.318)	(0.154)
Strathclyde Concessionary Travel Scheme Joint Committee	7%	0.379	(0.024)	(0.294)	(0.030)
Ayrshire Valuation Joint Board	36%	0.701	(0.064)	(0.978)	0.190

Joint Ventures

A joint venture is a body in which two or more parties have contractually agreed to share control. North Ayrshire Council is a partner in one joint venture, the North Ayrshire Integration Joint Board. The joint venture has been consolidated on an equity basis with a share of the surplus or deficit and net assets included within the group statements.

The Group Comprehensive Income and Expenditure Statement on page 56 includes net comprehensive expenditure for the year of £6.077 million. In addition, the Group Comprehensive Income and Expenditure Statement includes a 50% share of the reported (surplus) or deficit of the North Ayrshire Integration Joint Board based on the agreed share of control.

The Group Balance Sheet on page 58 includes net assets of £2.755 million in relation to these bodies. Further details for this entity are as follows:

Joint Venture	Nature of Body	Accounts available from
North Ayrshire Integration Joint Board	Its purpose is to improve the well being of families, our communities and of people who use health and social care services. The Integration Scheme determines when the Council will have shared responsibility for additional funding with NHS Ayrshire and Arran and is linked to demographic shifts and demand volumes linked to service delivery. There is an agreement that any over or underspends are shared between the controlling entities. The % splits vary depending on which service is involved.	North Ayrshire Council, Cunninghame House, Irvine, KA12 8EE



2023 to 2024 Share of Joint Ventures	Share	Share of Assets (£ million)	Share of Liabilities (£ million)	Share of Revenues (£ million)	Share of (Profit) or Loss (£ million)
North Ayrshire Integration Joint Board	50%	2.755	0	(176.554)	5.609

2022 to 2023 Share of Joint Ventures	Share	Share of Assets (£ million)	Share of Liabilities (£ million)	Share of Revenues (£ million)	Share of (Profit) or Loss (£ million)
North Ayrshire Integration Joint Board	50%	8.832	0	(160.749)	5.784

The net investments and liabilities included within the Group Balance Sheet for each Associate or Joint Venture are as follows:

Investment in Associates and Joint Ventures	Strathclyde Partnership for Transport (£ million)	Strathclyde Concessionary Travel Scheme Joint Committee (£million)	Ayrshire Valuation Joint Board (£ million)	North Ayrshire Integration Joint Board (£ million)	Total (£ million)
Total	29.974	0.366	0.362	2.755	33.457

Accounting Policies and Assumptions

Note 40: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The financial statements contain estimated figures that are based on assumptions made by the Council about which there is a degree of uncertainty. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are outlined in the table that follows:



Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Asset or Liability	<p>Estimation of the net asset or liability in relation to pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Pension Fund with expert advice about the assumptions to be applied.</p> <p>In accordance with the requirements of International Accounting Standard 19 and International Financial Reporting Interpretations Committee – Interpretation 14, the Council has applied an asset ceiling of nil. This is on the basis that a minimum funding requirement exists in relation to the Strathclyde Pension Fund.</p>	<p>The effects on the net pensions asset or liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the pension increase rate assumption would result in an increase in the pension liability of £14.779 million. However, the assumptions interact in complex ways.</p> <p>If the current triennial valuation of the Strathclyde Pension Fund determined that no minimum funding requirement exists, an additional net pension asset of up to £416.727 million may be recognised.</p>
Collection Levels of Arrears	<p>At 31 March 2024, the Council had a balance of trade debtors of £18.134 million. A review of significant balances suggested that an allowance for potential impairment losses of 28.9% (£5.244 million) was appropriate. However, in the current economic climate, it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate, a 10% increase in the amount of potential impairment losses would require an additional amount of £0.524 million to be set aside as an allowance.</p>
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>Any reduction in the current spend on repairs and maintenance may reduce the useful lives assigned to assets.</p>	<p>If the useful life of an asset is reduced, depreciation increases and the carrying value of the asset falls. It is estimated that the annual depreciation charge for properties including Council houses would increase by £2.233 million if useful lives were reduced by one year.</p>
Private Finance Initiatives, Non Profit Distributing Models and Similar Contracts	<p>The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for Public Private Partnership schemes and similar arrangements have been applied and the assets under the contracts are included within Property, plant and equipment on the Council's Balance Sheet. In terms of financial modelling, Retail Price Index and Retail Price Index X indices are used.</p>	<p>Any increase in these indices above that which are set in the funding models will require the Council to identify and allocate additional funding to the schemes. For instance, a 0.5% increase in the index rate used in the model would result in an increase of £13.892 million in unitary charge payments over the remaining term of the arrangements.</p>



Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Asset Values	Operational property assets are valued on a rolling 5-year basis. Intervening changes in market conditions, including rising building costs could mean that the carrying value of these assets is materially different from their true value based on market conditions or updated replacement cost value. A materiality threshold of £15.6 million, per asset group, has been set in order to determine if the value of assets (with a valuation date other than 31 March 2024) was materially different from their carrying values as at 31 March 2024.	A proportion of the Council's property assets were valued as at 31 March 2024, as part of the Council's 5-year rolling valuation programme and the percentage change in the values of those assets was calculated. Of this group, the assets valued on a Depreciated Replacement Cost basis showed an increase of 4.8%. A review in conjunction with colleagues from the Royal Institute of Chartered Surveyors, assessed the possible impact of this movement on the values of all other assets not revalued this year within the DRC category of assets. Having considered the market for these assets, the impacting factors of construction costs and valuation guidance, it has been concluded that there is no material movement in the value of this asset group in 2023 to 2024. Similarly, it has been confirmed that there has not been a material movement in the valuation of the remainder of the operational property assets, valued on a non-Depreciated Replacement Cost basis. It has been concluded that there is no need to review the 5-year program of valuation in accordance with CIPFA guidance, for these assets. The total carrying amount of Depreciated Replacement Cost assets at 31 March 2024 is £427 million.

Note 41: 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 2024 to 2025 Code due to be adopted in future years and the possible impact.

For the 2023 to 2024 accounts, the accounting policy changes that require to be reported are covered by the following accounting standards:

International Financial Reporting Standard 16 Leases supersedes International Accounting Standard 17 Leases and is being applied by the Code, and adopted by the Council, 1 April 2024. International Financial Reporting Standard 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities and provides enhanced disclosures to improve transparency of reporting on capital employed.



Under International Financial Reporting Standard 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, the Council have elected to utilise the capitalisation threshold of £10,000 to determine the assets to be disclosed. The Council expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of International Financial Reporting Standard 16 under the 'grandfathering' rules mandated in the Code for the initial transition to International Financial Reporting Standard 16. In future years new contracts and contract renegotiations will be reviewed for consideration under International Financial Reporting Standard 16 as implicitly identified right-of-use assets. Assets recognised under International Financial Reporting Standard 16 will be held on the Balance Sheet as (i) right of-use assets which represent the Council's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Balance Sheet will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by International Accounting Standard 7.

The Council has assessed the likely impact to i) comprehensive net expenditure and ii) the Balance Sheet of applying International Financial Reporting Standard 16. The figures below represent existing leases as at 31 March 2024.

The standard is expected to increase total expenditure by £0.087 million. Right-of-use assets totalling £0.144 million will be brought onto the Balance Sheet, with an associated lease liability of £0.144 million.

Amendments issued in September 2022 added subsequent measurement requirements for sale and leaseback transactions which clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in International Financial Reporting Standard 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

Classification of Liabilities as Current or Non-current (Amendments to International Accounting Standard 1) issued in January 2020. The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period.
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.
- clarify how lending conditions affect classification.
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

Lease Liability in a Sale and Leaseback (Amendments to International Financial Reporting Standard 16) - amendments to International Financial Reporting Standard 16 issued in September 2022 add subsequent measurement requirements for sale and leaseback transactions.

Non-current Liabilities with Covenants (Amendments to International Accounting Standard 1) - amendments issued in October 2022 improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.



International Tax Reform: Pillar Two Model Rules (Amendments to International Accounting Standard 12) was issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:

- a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
- targeted disclosure requirements for affected entities.

The amendments will help to ensure consistency in the financial statements whilst the new rules are implemented and will help users of the financial statements to better understand an entity's exposure to income taxes arising from the reform.

Supplier Finance Arrangements (Amendments to International Accounting Standard 7 and International Financial Reporting Standard 7) - amendments issued in May 2023 require an entity to provide additional disclosures about its supplier finance arrangements. The International Accounting Standards Board developed the new requirements to provide users of financial statements with information to enable them to:

- assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
- understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

In the applicable cases detailed above, implementation is required from 1 April 2024 or beyond, meaning that there is no impact on the 2023 to 2024 financial statements.

Note 42: Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 43, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the financial statements are:

Future Levels of Local Government Funding

There is a high degree of uncertainty about future levels of funding for local government. Under the Council's Medium Term Financial Plan and Long Term Financial Outlook, a potential funding gap of £127million has been identified for the period to 2033 to 2034. Through the development of robust financial planning and management to ensure that resources are targeted at key priorities, the Council has determined that any uncertainty over future funding is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Cost Volatility

The long-term impact of the cost of living crisis and the wider international impacts arising from the war in Ukraine have resulted in significant volatility in supply chain costs and contractor availability in relation to the energy, food, fuel and construction sectors. This is likely to impact both on the costs of providing services and in the demand for services from North Ayrshire residents going forward. The Council continues to monitor the situation carefully and has determined that the potential increase to operating costs is not yet sufficient to indicate that the assets of the Council might be impaired or that service levels may be reduced.



Treatment of North Ayrshire Leisure Limited

In accordance with International Financial Reporting Standard 10, the 2023 to 2024 financial results of North Ayrshire Leisure Limited have been consolidated on a Subsidiary basis within the Council's group accounts. As a result, 100% of North Ayrshire Leisure Limited's assets and liabilities, with a net value of £10.614 million, have been consolidated within the Group Balance Sheet.

Exposure to Possible Losses

The Council has considered its exposure to possible losses and, in accordance with International Accounting Standard 37, made adequate 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, and its existence is dependent on future events, material contingent liabilities have been disclosed in Note 33. These judgements have included the potential for future litigation in relation to events prior to the formation of North Ayrshire Council in areas including employers' liability and historic child abuse and reflect North Ayrshire Council's position as the statutory successor to a number of former local authorities.

Private Finance Initiatives and Non-Profit Distributing Models

The Council has entered into Private Finance Initiatives, Non-Profit Distributing Models and similar contracts for the provision of educational buildings, their maintenance and related facilities, and a share in a contract for waste recycling, recovery and treatment. The Council has considered the tests under International Financial Reporting Interpretations Committee – Interpretation 12 and determined that it controls the services provided under the contracts and the residual value of the schools at the end of the agreements. The accounting policies relating to Public Private Partnership or Non Profit Distributing and similar contracts have been applied to these arrangements and assets with a net book value of £137.141 million have been recognised as Property, Plant & Equipment on the Council's Balance Sheet.

Note 43: Accounting Policies

General Principles

The Accounts summarise the Council's transactions for the 2023 to 2024 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014 and Section 12 of the Local Government in Scotland Act 2003 requires that they are prepared in accordance with proper accounting practices.

These practices, under Section 21 of the 2003 Act, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023 to 2024, supported by International Financial Reporting Standards and statutory guidance under Section 12 of the 2003 Act.

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

The accounts have been prepared on a going concern basis.



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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Suppliers' invoices paid in the two weeks following the year-end have been included together with specific accruals in respect of further material items, provided the goods and services were received prior to 31 March.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. The de minimis level for recognition of such transactions has been agreed at £5,000, therefore all known transactions of £5,000 or above have been included.
- Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Allocation of Central Support Costs

A proportion of net central support services is allocated to services outwith the general fund. The balance of the net central support services is reported on the basis of how the services are structured and how the Council operates, monitors and manages financial performance.

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 three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or performance.



When a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior years are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Services are charged with the following amounts 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 by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with the Statutory Repayment of Loans Fund Advances. This is known as the Loans Fund Principal Repayment. Depreciation, revaluation and impairment losses and amortisation are replaced by the Loans Fund Principal Repayments in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, wages, overtime and paid annual leave for current employees and are recognised as an expense in the year in which employees render service to the Council. All salaries and wages earned up to 31 March are included in the financial statements irrespective of when the payment was made. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following year, being the period in which the benefits will be taken. Such accruals are required, under statute, to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant services line in the Comprehensive Income and Expenditure Statement at the point when the offer of termination can no longer be withdrawn by the Council. Where termination benefits include the enhancement of pensions, the General Fund balance is charged with the amount payable by the Council to the pension fund or pensioner in the year.



Post-Employment Benefits

The Council participates in two separate pension schemes:

- The Scottish Teachers' Pension Scheme administered by the Scottish Government.
- The Local Government (Scotland) Pension Scheme administered by the Strathclyde Pension Fund.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned while employees work for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. No liability for future payments of benefits is recognised in the Balance Sheet and the Communities line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The assets and liabilities of Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the 'projected credit unit method', i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.

Assets and liabilities are discounted to their value at current prices, as advised by the actuaries, Hymans Robertson, using an appropriate discount rate.

The assets and liabilities of Strathclyde Pension Fund attributable to North Ayrshire Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

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

Service Costs:

- Current service cost – the increase in liabilities as a result of service earned by employees this year. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost (including curtailments) – the increase in liabilities as a result of changes to the scheme, including amendments or curtailments, where the changes impact on the service earned by employees in previous years. These costs are charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.



- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability or asset that arises from the passage of time. This is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period – taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments.

Remeasurements:

- Return on plan assets – excludes amounts included in net interest on the net defined liability (asset). This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Strathclyde Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. This is not accounted for as an expense.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement or pension enhancement termination benefits and replace them with charges for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards to retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff, including teachers, are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events After the Reporting Period

These are events, both favourable and unfavourable, that occur between the end of the reporting period (31 March) and the date when the financial statements are authorised for issue.

The Statement of Accounts are adjusted to reflect events where they provide evidence of conditions that existed at the end of the reporting period.

Where events indicate conditions, which arose after the reporting period, which would have had a material effect, the Statement of Accounts are not adjusted but a disclosure is made in the notes of the nature of the event and the estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.



Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes party to the contractual provisions of a financial liability. Liabilities are initially measured at fair value and then carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate of the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Costs associated with debt restructuring (premiums and discounts) are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repayment of the original debt in accordance with accounting regulations.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations permit the costs of restructuring to be released to revenue over the period of the replacement loan. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified and measured based on the reasons, or business model, for holding the financial assets and the characteristics of the anticipated cash flows. There are three main classes of financial assets measured at:

- Amortised cost.
- Fair value through profit or loss.
- Fair value through other comprehensive income.

The Council's business model is to hold assets to collect contractual cash flows and our financial assets are therefore classified as amortised cost.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised costs are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial asset and are initially measured at fair value and then carried at amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.



For the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains or losses which arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

Potential impairment losses on Financial Assets Measured at Amortised Cost are determined using the Expected Credit Loss Model. The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors).

Impairment losses are calculated to reflect the expectation that the future cash flows may not take place because the borrower may default on their obligations. Credit risk plays a crucial part in assessing the potential losses. Where risk has increased significantly since an asset was 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.

For any identified impairment losses, a charge is made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant have been satisfied.

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

Capital grants are then reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account within the Capital Fund.

Capital grants which are used and amounts previously posted to the Capital Grants Unapplied Account which have now been applied, are transferred to the Capital Adjustment Account.



Heritage Assets

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

The Council holds heritage assets consisting of civic regalia and silverware, historical artefacts, fine art and public artworks. The assets are held at valuation and no depreciation is charged on the assets. Expenditure to maintain the assets is written off to the Comprehensive Income and Expenditure Statement in the year of expenditure. Donated heritage assets are reflected in the balance sheet at valuation with a gain equivalent to the value of the asset reported in the Comprehensive Income and Expenditure Statement in the year of donation.

Measurement

The Council's heritage assets are recognised on the Balance Sheet at values determined by specialist external valuers and by experienced officers within the Connected Communities service. Valuations have been largely undertaken on an insurance basis at retail level. Only items deemed to have a value of £10,000 and above have been disclosed in the Balance Sheet.

Disclosure

Not all of the Council's identified heritage assets will be disclosed in the Balance Sheet. It is not deemed practicable to obtain external valuations for all items defined as heritage assets. These include: Museum and Gallery items with a value of less than £10,000, Castles, Monuments and War Memorials.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that it will bring benefits to the Council for more than twelve months. Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life (generally between 5 and 10 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Interest in Companies and Other Entities

The Council has interests in companies and other entities which have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's single entity accounts, these interests are recorded as financial assets at cost, less any provision for losses.

Internal Transactions

Internal transactions between operational segments of the Council are included within the management accounts for budgetary control purposes only. All internal transactions between services have been excluded from the service expenditure analysis within the Comprehensive Income and Expenditure Statement resulting in reductions in both the gross expenditure and gross income reported, with no overall net impact.

Inventories

Inventories include consumable stock and work-in-progress and are recognised in the Balance Sheet at the lower of cost and net realisable value.



The valuation of work-in-progress has been made at cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but reviewed annually and revalued regularly to ensure their carrying value reflects market conditions at the year-end.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The Council as Lessee

North Ayrshire Council currently has no finance leases where the Council is the lessee.

Rentals paid under operating leases for vehicles, plant and equipment are charged to the appropriate service account in the Comprehensive Income and Expenditure Statement as an expense of the services benefiting for use of the leased assets.

The Council as Lessor

North Ayrshire Council has no finance leases where the Council is the lessor.

The Council leases out property under non-cancellable leases.

Income received is recognised in the Comprehensive Income and Expenditure Statement against the services managing the leases.

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

All valuations of land and buildings are carried out by Royal Institution of Chartered Surveyors qualified valuers, with the exception of valuations of council dwellings which are based on beacon values calculated by the District Valuer. Both valuations are in accordance with the methodologies and bases of estimation as set out in the professional standards of Royal Institution of Chartered Surveyors.



Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Council has a de minimis level of £10,000 for expenditure to be classed as capital. Land and Buildings with a valuation below £10,000 are not recognised on the Council Balance Sheet.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of any asset acquired other than by purchase is deemed to be its fair value.

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

- Council Dwellings - Fair value, determined using the basis of existing use value for social housing.
- Other Land and Buildings - Fair value, determined by the amount that would be paid for the asset in its existing use. Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.
- Other Land and Buildings (Schools) - Fair value, because of the specialist nature of the asset, depreciated replacement cost is used as an estimate of fair value.
- Vehicles, Plant and Equipment - depreciated historical cost.
- Infrastructure Assets - depreciated historical cost.
- Community Assets - depreciated historical cost.
- Surplus Assets - fair value based on market value in highest and best use.
- Assets Under Construction - historical cost.
- Investment Properties (Common Good and Trusts only) - fair value based on market value in highest and best use.

Assets included in the Balance Sheet at fair value are revalued on a rolling basis over a period not exceeding 5 years, with the exception of Surplus Assets and Investment Properties which are revalued annually.

Where a sample of assets in each category has been valued in the current financial year, the change in values for the sample assets shall be assessed and extrapolated to determine if a potential material movement in the value of all assets within that category is indicated. The materiality threshold has been determined as 1.5% of the previous formal valuation, for 2023 to 2024 this is equivalent to £15.6 million. Where a material movement is indicated, this will be disclosed within the annual accounts and additional valuation work will be undertaken in conjunction with colleagues from the Royal Institute of Chartered Surveyors to assess the valuations of all other assets within that category.



Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, the revaluation loss is accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end to establish whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction). Investment Properties and Assets Held for Sale are not subject to depreciation.

Depreciation is charged on a straight-line basis over the useful life of the assets (as advised by a suitably qualified officer). Depreciation is charged in the year of acquisition but not in the year of sale.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. For the purposes of component accounting the Council considers significant components being those with a cost that is at least 20% of the overall cost of the asset. Individual assets shall be disregarded for component accounting where their carrying value is below £2 million.



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

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. 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 sale in its present condition.
- The sale is highly probable.
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale is expected to qualify for recognition as a completed sale within one year.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

To comply with statutory guidance, this gain or loss is excluded when determining the General Fund balance within the Movement in Reserves Statement.

The Council has determined, in accordance with Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets for Scottish Local Authorities, that the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be, and accounted for, as a nil amount. In accordance with the circular the Council is not required to make subsequent adjustments to the carrying amount of the asset with respect to that part.

Public Private Partnership, Non Profit Distributing and similar contracts

Public Private Partnership, Non Profit Distributing and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the Public Private Partnership or Non Profit Distributing contractor. As the Council is deemed to control the services that are provided under its Public Private Partnership and Non Profit Distributing schemes and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.



The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For North Ayrshire Council Schools Public Private Partnership contract, the liability was written down by an initial capital contribution of £1.743 million.

The amounts payable to the Public Private Partnership and Non Profit Distributing operators each year are analysed into four elements:

- Service charges and lifecycle replacement costs – value of services including cleaning and janitorial services, repairs and maintenance, energy, non domestic rates and insurances debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Interest payments – the interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Liability repayment – repayment of the principal owed to the Public Private Partnership operator, applied to write down the Balance Sheet liability.

In accordance with Scottish Local Government Finance Circular 10/2022, the Council has applied a statutory accounting flexibility to the Public Private Partnership and Non Profit Distributing contracts to realign the value of the Liability Repayment element of the unitary charge to reflect a prudent charge for the repayment of the Liability across the useful economic life of the assets.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate, at the balance sheet date, of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.



Contingent Liabilities

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

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the balance sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council. These reserves are explained in the relevant notes.

Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Value Added Tax

All income and expenditure excludes amounts relating to Value Added Tax, as all Value Added Tax collected is payable to His Majesty's Revenue and Customs and net Value Added Tax paid is fully recoverable by the Council.

Fair Value Measurement

The Council values some of its non-financial assets, such as Surplus Assets and Investment Properties (Common Good Funds and Trusts only), and some of its financial instruments at Fair Value. Fair Value is the price that would be received either on the sale of an asset or to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:



- In the principal market for the asset.
- In the absence of a principal market, in the most advantageous market for the asset.

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

When measuring the Fair Value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which Fair Value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

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



Glossary of Terms

Although the majority of the terminology used throughout the accounts is self-explanatory or defined within the relevant sections, the following additional definitions and interpretations are provided to assist readers' understanding.

Accruals

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

Actuarial Gains or Losses

Actuarial gains or losses represent the movements in pension scheme liabilities which have arisen because actual events have not coincided with the actuarial assumptions made at the last valuation. These result in unforeseen movements in the net pension liability recognised by the Council.

Amortisation

Amortisation is the cost of reducing the value of an intangible asset over its useful economic life. A charge is made against services for the value of the assets they have used during the year.

Assets

An asset is any item which has value including cash, investments, properties, vehicles, etc. Assets are classified as short term, which will be consumed within the current year, or long term, which will be used to provide services over more than one year.

Asset Ceiling

The asset ceiling is the maximum net asset recognised in relation to the Council's share of the net assets of Strathclyde Pensions Fund and is calculated as the present value of any economic benefits available in the form of refunds from the Fund or reductions in future contributions to the Fund.

Capital Expenditure

Capital expenditure is expenditure on assets of lasting value whose useful life exceeds the current year. This includes schools, roads, community facilities, council housing, etc. and is financed from grants, receipts from the sale of assets, revenue contributions and borrowing.

Capital Financing

The methods used to pay for capital expenditure. This can include borrowing, grants, leasing, capital receipts and revenue funding.

Capital Receipt

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

Community Assets

Long term assets which have no determinable useful economic life and are held in perpetuity by the Council, including parks and open spaces.



Contingent Assets and Liabilities

Contingent assets or liabilities are where an asset or liability is either uncertain and will only arise if an event outwith the Council's control occurs or where the amount of the potential asset or liability cannot be reliably measured, e.g. the potential outcome of future court proceedings or insurance claims.

Creditors

Creditors are a kind of liability. They represent payments owed by the Council to another person or organisation for past events.

Debt Instruments

Debt instruments represent the value of investments in certificates of debt issued by companies or governments including bonds, debentures, certificates and mortgages.

Debtors

Debtors are a kind of asset. They represent payments owed to the Council by another person or organisation for past events.

Defined Benefit Pension Scheme

A defined benefit pension scheme is a scheme where the benefits due to participants are predetermined based on earnings, length of service and age and are not directly dependent on the contributions paid or investment returns realised.

Depreciation

Depreciation is the measure of the cost of wearing out, consuming or reducing the useful life of the Council's assets. A charge is made against services for the value of the assets they have used during the year.

Entity

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

Equity Investments

Equity investments represent the value of stocks and shares held in companies.

Fair Value

The fair value of an asset or liability is the price at which it could be exchanged or settled in an arm's length transaction between two willing, knowledgeable parties.

Financial Instrument

A financial instrument is any contract which gives rise to a financial asset or liability or an equity instrument in another entity, this includes cash, debtors, creditors, loans, borrowings and shares in other companies.

General Fund

The General Fund is the principal usable reserve of the Council. The activities financed from this includes all revenue and capital income and expenditure not related to the Housing Revenue Account.



Group Accounts

The Council's Group includes its interest in any subsidiaries, associates or joint ventures.

Housing Revenue Account

The Housing Revenue Account includes all revenue and capital income and expenditure related to the provision of social housing services.

Impairment

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

Infrastructure Assets

Long term assets which cannot be transferred or sold, including roads, bridges and footpaths.

Inventories

Inventories are raw materials or goods which have been purchased but which have not yet been consumed in the delivery of Council services.

Liabilities

A liability represents a payment owed to another person or organisation including loans, outstanding invoices, provisions, contributions owed to third parties, etc. Short term liabilities are due to be paid within the current year. Long term liabilities are amounts which will not be paid until a later year.

Net Book Value

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

Pension Scheme Liabilities

The pension scheme liabilities are the benefits to be paid to members after the valuation date of the scheme. The cost of the liabilities is recognised as a long-term liability of the Council, net of its share of any pension scheme assets.

Provisions

A provision is a kind of liability. Where a payment for a liability is certain or very likely to occur but the exact amount and timing is not known, an amount must be put aside to meet the estimated future costs.

Public Works Loan Board

A Central Government Agency which provides loans for one year and above to Councils at interest rates based on those at which the Government can borrow itself.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses or allowances (as far as these sums are chargeable to United Income income tax) and the monetary value of any other benefits received other than in cash.



Reserves

Reserves are the accumulated surpluses or deficits generated from the General Fund or Housing Revenue Account activities of the Council. Reserves are classified as either Usable, i.e. available to fund Council services, or Unusable, which hold unrealised gains or losses which will only become available to use in the provision of services once assets have been sold.

Revaluation

Revaluations are adjustments to the value of an asset to align the carrying value of an asset to an independent assessment of the asset's fair value.

Revenue Expenditure

Revenue expenditure includes the day-to-day costs of providing services including salaries and wages, property costs, transport costs and supplies and services. It also includes the costs of the repayment of loans used to finance capital expenditure.