ANNUAL ACCOUNTS

2025/26









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 2025/26, 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 2025/26 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
- Our Political and Management Structures
- Our Key Strategies and Priorities
- Our Performance and Achievements during 2025/26
- Financial Planning, Performance and Sustainability for 2025/26
- Our Future Plans for 2026/27 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 134,010 residents living across 65,107 households, making us the fifteenth largest local authority in Scotland in terms of population.

19,019 children and young people attend our schools and early years centres.

North Ayrshire is home to 2.42% 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	20,897	16%	896,833	16%
Residents aged 16 to 65	82,254	61%	3,583,029	65%
Residents aged 66 or over	30,859	23%	1,067,038	19%
TOTAL	**134,010**	**100%**	**5,546,900**	**100%**

Infrastructure

North Ayrshire Council maintains 1,044 kilometres of adopted roads, 44 burial grounds and around 2,400 hectares of parks and woodlands across North Ayrshire. Over 275 hectares are dedicated to woodlands playing a crucial role in enhancing biodiversity, mitigating climate change and providing accessible natural spaces for our communities.

The Council supports a range of operational buildings on behalf of our communities, including:

9 Secondary Schools; 49 Primary Schools; 6 Early Learning and Childcare Centres; 1 Additional Special Needs School; 32 Community Halls and Centres; and 15 Libraries.

In addition, we manage the provision of 13,405 council houses.

Our Waste Services uplift 5.3 million bins each year and dispose of over 71,000 tonnes of waste annually. Our Council continues to perform well with a recycling rate of 53%, making the Council the 9th highest performing in Scotland.

Through our partnership with North Ayrshire Leisure Limited, we provide a wide range of sport, leisure and recreational facilities for our residents, including:

4 Leisure Centres; 6 Community Sports Hubs; 3 Campuses (providing gym and fitness facilities); 3 Golf Courses and a range of other outdoor sports facilities supporting a wide range of activities.






Economic Activity



In terms of **Economic Activity**, there are 2,995 businesses across North Ayrshire.

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

Economic Activity	North Ayrshire	Scotland
Economically Active Adults	72.80%	77.70%
Workless Households	24.70%	17.40%
Adults with no formal qualifications	6.90%	7.20%
Unemployment Rate	4.50%	3.70%

Poverty and Deprivation

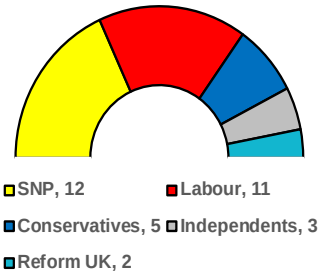
The Scottish Index of Multiple Deprivation (SIMD) highlights that 74 of the 186 data zones within North Ayrshire are among the 20% most deprived in Scotland. At 39.8%, this is the third highest in Scotland.

28% of households within North Ayrshire are defined as being in relative fuel poverty.

In addition, 20.8% of Children under 16 are living in relative low income families, the second highest in Scotland, while 16.7% of Children under 16 are reported as living in absolute low income families (before housing costs).

Our Political and Management Structures

Political Structure



North Ayrshire Council has 33 Elected Members representing 9 multi-member wards. North Ayrshire Council is a minority Scottish National Party administration.

The Council comprises 12 SNP Group Members, 11 Labour Group Members, 5 Conservative and Unionist Group Members, 3 Independent Members and 2 Reform UK Group Members.

During 2025/26, one councillor resigned from the Conservative and Unionist Group and is currently an Independent Member. Although this changed the overall composition of the Council, there was no change to the administration. At the Council Meeting on 11 February 2026, following the resignations of Councillors Burns and Macaulay as Leader and Depute Leader of the Council, Councillor Gurney was elected as Leader and Councillor Larsen as Depute Leader.

Full details of North Ayrshire's elected members are available on our website.

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 7,575 staff, equivalent to 6,402 full time equivalents. 75% 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:





Our Key Strategies and Priorities

North Ayrshire Council's Council Plan 2023 to 2028 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:

Priorities	Description
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” through three key themes:

Key themes	Description
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 include Scottish Fire and Rescue, Scottish Enterprise, Skills Development Scotland, Strathclyde Partnership for Transport. Police Scotland, KA Leisure, Ayrshire College, TSI North Ayrshire, the Department for Work and Pensions, NHS Ayrshire and Arran and the Scottish Government.

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:



Key Plans and Strategies supporting the delivery of the Council Plan include our Community Wealth Building Strategy; Regional Economic Strategy; Community Plan; Health and Social Care Partnership Strategic Plan; Education Service Improvement Plan; Child Poverty Action Plan; Children's Services Plan; Children's Rights Report; Youth Participation and Citizenship Strategy; Island Plans; Regeneration Delivery Plan; Local Housing Strategy; Strategic Housing Investment Plan; Local Development Plan; Environmental Sustainability and Climate Change Strategy; and the KA Leisure (North Ayrshire Leisure Limited) Business Plan.

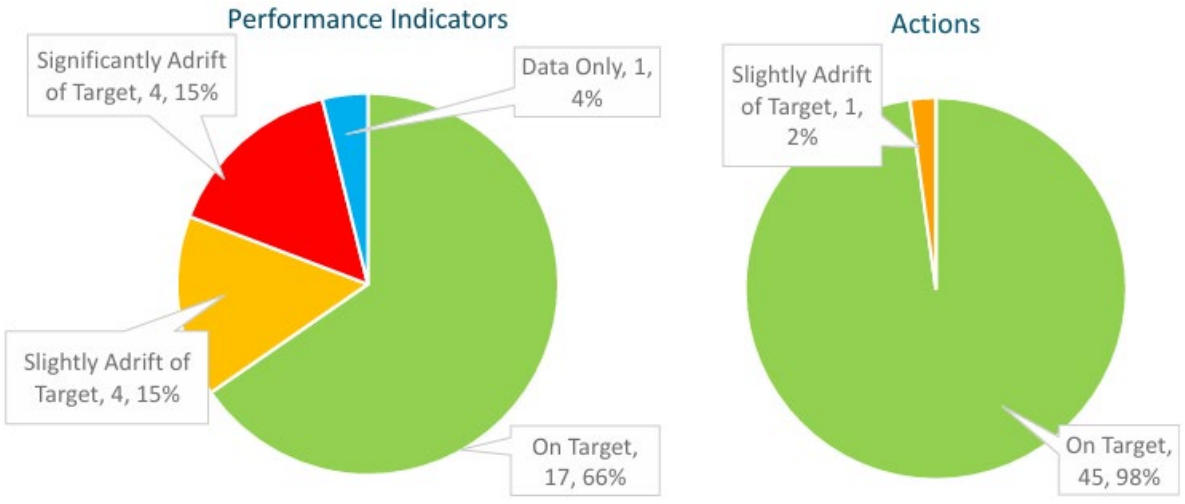
Our Performance and Achievements during 2025/26

Effective performance management's core purpose is to improve the lives of the people we serve. Our Performance Management Strategy shows how we support a culture of continuous improvement within our Council to support our priorities and so provide the best outcomes for our people. It includes an overview of planned developments to deliver continuous improvement and ensure that effective and transparent performance management is central to our activities.

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 (year ended 2025/26) is as follows:



There are 26 performance indicators within our framework. At year end, the status of the framework shows that 17 are on target and eight are slightly adrift/significantly adrift of target. Data only performance indiciators are performance indicators where no targets have been set. The full mid year report can be viewed on our website.

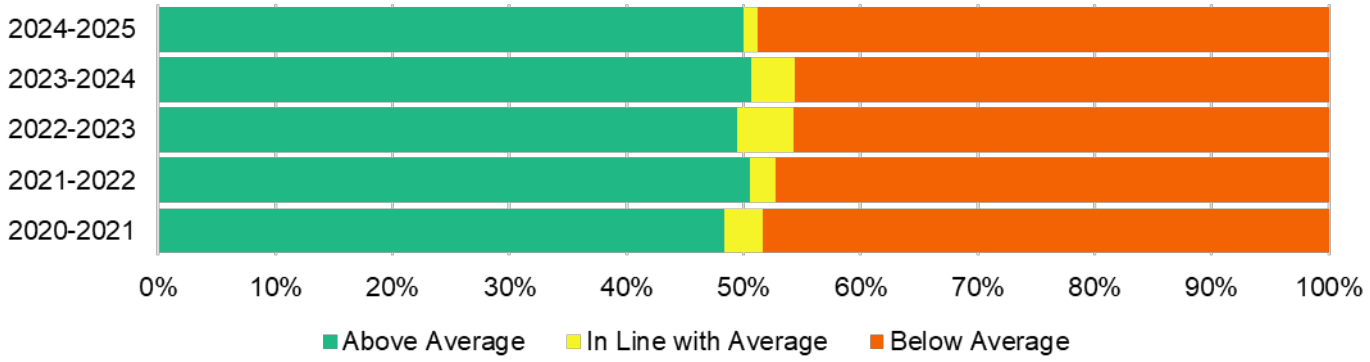
Local Government Benchmarking Framework

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. The Local Government Benchmarking Framework provides benchmarking data on one hundred and eight indicators covering a wide range of key service areas. Of these, thirty three align directly with the priorities and outcomes contained within the Council Plan and are therefore the indicators we use to assess and report performance against our strategic objective – this is in line with the SPI Direction 2024. At the time of the Mid-Year Report 2025/26, fifteen of these thirty three Council Plan aligned indicators had been updated since the publication of our previous report. The remaining eighteen indicators were not due to be updated in that period as the information was not yet available and so could not be included in the analysis.

As at 30th September 2025, the most recently published data, eleven of our fifteen updated priority indicators are in the top two quartiles, when compared with other Scottish local authorities, which includes areas such as percentage of invoices sampled that were paid within thirty days, proportion of the highest paid 5% of employees who are women, and proportion of council dwellings meeting Scottish Housing Quality Standards.

Our short term most recent one year comparison is showing an improvement in ten of our fifteen updated priority indicators, with only four demonstrating a decline in performance. Improved indicators include CO2 emissions area wide per capita, percentage of income due from Council Tax received by the end of the year, and percentage of A class roads considered for maintenance treatment.

Overall, performance against 48% of reported indicators are above the Scottish Average with 48% below the average and 4% in line with the average:



Further information on how we compare can be viewed at the Improvement Service portal. The full analysis of the October 2025 data release, the most recent release approved by North Ayrshire Council's Cabinet, is available on our website.

Looking back at 2025/26

Revaluation Rolling Programme

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. In addition to these formal valuations, the 2025/26 Code brings in a requirement to apply annual indexation to these assets in the years between formal valuations, to ensure the value of an asset is kept materially up to date as an approximation of market changes. North Ayrshire Council has applied indexation using BCIS indexation for properties valued on a depreciated replacement cost basis and CBRE indices for all other property assets.

Council Plan Progress



We have committed to a five-year plan that will deliver the priorities of our communities over the life of the plan. 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.

Throughout 2025/26 we have continued to deliver and improve services and outcomes for the people of North Ayrshire while addressing significant financial challenges. Specific examples of the progress made in delivering our Council Plan priorities have included the following:

Strategic Housing Investment



Our Housing Service continues to deliver our social house building programme in the form of new build properties, refurbishment projects, and buybacks of ex-local authority properties via the Strategic Housing Investment Plan (SHIP) which aims to deliver 1,666 affordable new homes. As at 31 March 2026 a total of 975 new homes had been delivered and there are a number of projects currently on site, including:

- 202 units at the Ayrshire Central Hospital site, Irvine.
- 50 units at the Garnock Academy site, Kilbirnie.
- 6 units at the former Kings Arms hotel, Irvine.
- 3 unit refurbishment project at Nelson Street, Largs.

Educational Attainment



We have high aspirations for all and are committed to securing improved educational outcomes for all children and young people. This is reflected in our strategic priorities of improving literacy and numeracy attainment and closing the attainment gap. The latest attainment and school leavers data 2024/25 highlights:

- The overall performance in literacy and numeracy attainment was strong with 92% of school leavers achieving Level 4 in both measures.
- North Ayrshire school leavers continue to record high positive destination figure with 96% achieving an initial positive destination.
- Performance in Level 5 literacy remains a strength.
- The poverty related literacy gap had reduced during 2024/25.

Ayrshire Growth Deal, Growth & Investment



Throughout 2025/26 work has continued in relation to the key investment projects:

- Great Harbour, Irvine – Phase 1, Coastal Hub - physical works including the playpark, skatepark, pump track, road realignment and car park works are expected to complete in the Summer of 2026. Phase 2, Maritime Mile - the design team for the development of the harbourside from Irvine train station to the Coastal Hub is in place, with a full business case due to be completed early in 2027.
- Marine Tourism (Arran and Cumbrae) – The outline business case for the Cumbrae project was approved by the Scottish Government. Public consultation has been completed on Arran and the outline business case for the Arran project is expected to be completed by the end of 2026.
- i3 Flexible Business Space programme, Irvine – The new unit developed as Phase 1 is now occupied. Flex Space phase 2 – the full business case was submitted to the Scottish Government for their endorsement, with the construction planned to commence in Summer 2026. Design of Phase 3 - the final phase of this programme - has commenced, with construction expected to start in Summer 2027.
- i3 Digital Process Manufacturing Centre, Irvine - Phase 1 was launched in February 2025, with the final phase of equipment installation anticipated in Spring 2026. By Summer 2026 an evaluation of Phase 1 operations will be complete, this will inform the feasibility and design for Phase 2.
- The International Marine Science and Environmental project (IMSE) is being developed in conjunction with partners the Field Studies Council at Millport and The Community of Arran Seabed Trust (COAST). The outline business case was submitted to both Governments in May 2026 for their consideration and approval.
- Ardrossan North Shore enabling works – the main site enabling works including site remediation were completed during Summer 2025. The Ardrossan Campus area has been handed over to the Campus development team and construction is underway.

Solar PV Farms



Energisation of our two new solar photovoltaic farms, the first to be owned and operated by a Scottish Local Authority, are now complete. The two solar farms are expected to generate £0.4 million of revenue per year over a 25-year period resulting in a total gross income of approximately £10 million.

Both stations have brought the sterile land at these former landfill sites back into use, demonstrating how we are embracing sustainable transformational change to meet our council's challenges as well as realising community benefits from the use of our land assets. The site at Nethermains will also see an additional 4,000 trees planted, supporting our council's Tree Planting and Nature Network strategies.

Ardrossan Community Campus

Construction of the 'state-of-the-art' new Ardrossan Community Campus began in July. The campus provide education from age 2-18 and will feature shared community facilities – including a library, learning hub, and indoor sports facilities featuring a swimming pool, sports hall, gymnasium, dance studio and fitness studio. It will also have outdoor sports facilities including two sports pitches and a multi-use games area, an outdoor learning landscape, recreational and growing spaces, along with associated parking and infrastructure.

Financial Inclusion - Money Smart



Our welfare rights and debt advice service for North Ayrshire residents launched as: 'Money Smart'. North Ayrshire Health and Social Care Partnership's Money Smart service incorporates the former Money Matters and Welfare Reform Advice teams, and will provide free, confidential and impartial welfare rights advice. This forms part of the new Financial Inclusion Strategy for 2025-30 which was approved in September 2025.

Financial Planning, Performance and Sustainability

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 2025/26 were approved by Council on 26 February 2025 and 12 February 2025, respectively. These budgets detailed planned revenue expenditure of over £523.2 million to support day to day spending on services.

Alongside this, North Ayrshire Council approved plans to invest £141.8 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 Housing Revenue Account 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 2025/26.

General Fund Revenue Expenditure 2025/26

Service	Revised Budget (£ million)	Actual Expenditure / Income (£ million)	Variance (£ million)	Accounting Adjustments (£ million)	Net Expenditure in the Accounts (£ million)
Corporate Services	22.748	21.767	(0.981)	2.912	24.679
Education	191.980	192.050	0.070	(50.991)	141.059
Communities and Housing	17.116	16.344	(0.772)	1.852	18.196
Place	60.889	58.371	(2.518)	28.157	86.528
Health and Social Care Partnership	142.676	140.858	(1.818)	2.006	142.864
Other Corporate Items	15.971	10.781	(5.190)	0.543	11.324
Financing Costs	23.938	13.751	(10.187)	(28.028)	(14.277)
Total Expenditure	**475.318**	**453.922**	**(21.396)**	**(43.549)**	**410.373**
Government Grants	(351.766)	(351.766)	0.000	(14.560)	(366.326)
Non-Domestic Rates	(42.847)	(42.871)	(0.024)	(1.296)	(44.167)
Council Tax	(71.939)	(72.984)	(1.045)	0	(72.984)
Contribution from Reserves	(8.766)	(8.766)	0	8.766	0
Total Income	**(475.318)**	**(476.387)**	**(1.069)**	**(7.090)**	**(483.477)**
Contribution to Reserves	**0**	**22.465**	**22.465**	**50.639**	**73.104**

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 74.

Overall, services reported an underspend of £21.396 million, 4.5% of the available budget. Significant variances reported by services included:

- (£10.187 million) 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 and capital receipts received during the year.
- (£4.062 million) higher than anticipated income and other recoveries across services.
- (£2.193 million) lower than anticipated expenditure on employee costs reflecting staff turnover levels and vacancy management activities across services.
- (£1.818 million) underspend within the Health and Social Care Partnership.
- (£3.373 million) underspend in relation to centrally held provisions not required in year.

These have been partly offset by overspends including:

- £1.746 million additional costs in relation to teachers including absence cover, budgeted turnover and teacher salary pay levels.
- £1.299 million additional costs for external residential and non-residential placements for children.

The actual Contribution to Reserves of £22.465 million includes £10.187 million 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. During the year cabinet approved the release of (£0.669 million) from reserves following a review of earmarked funds.

Further contributions to reserves of £12.429 million were agreed by Cabinet during the year, these include:

- £6.358 million in relation to service activity deferred until 2026/27.
- £1.496 million to deliver additional investment in street cleaning.
- £1.257 million to support workforce planning costs and equal pay.
- £1.818 million in relation to Health and Social Care
- £1.500 million Contribution to Loans Fund Reserve to address the anticipated increased in borrowing costs

After the earmarking of £21.947 million to meet future year expenditure and investment requirements, a final in-year surplus of £0.518 million has been reported. This will be transferred to the General Fund Unearmarked Reserves to maintain the available balance at 2% of the General Services Expenditure Budget, in line with the Council's Reserves Policy.

For 2025/26, in-year council tax collection was 94% (94% in 2024/25). This was stable from the previous year however, the 2025/26 financial year also included a 7% rise in Council Tax which was the highest rise so far.

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 2026 is confirmed as £9.699 million. This is at the lower end of the recommended range of 2% to 4% of the annual budget.

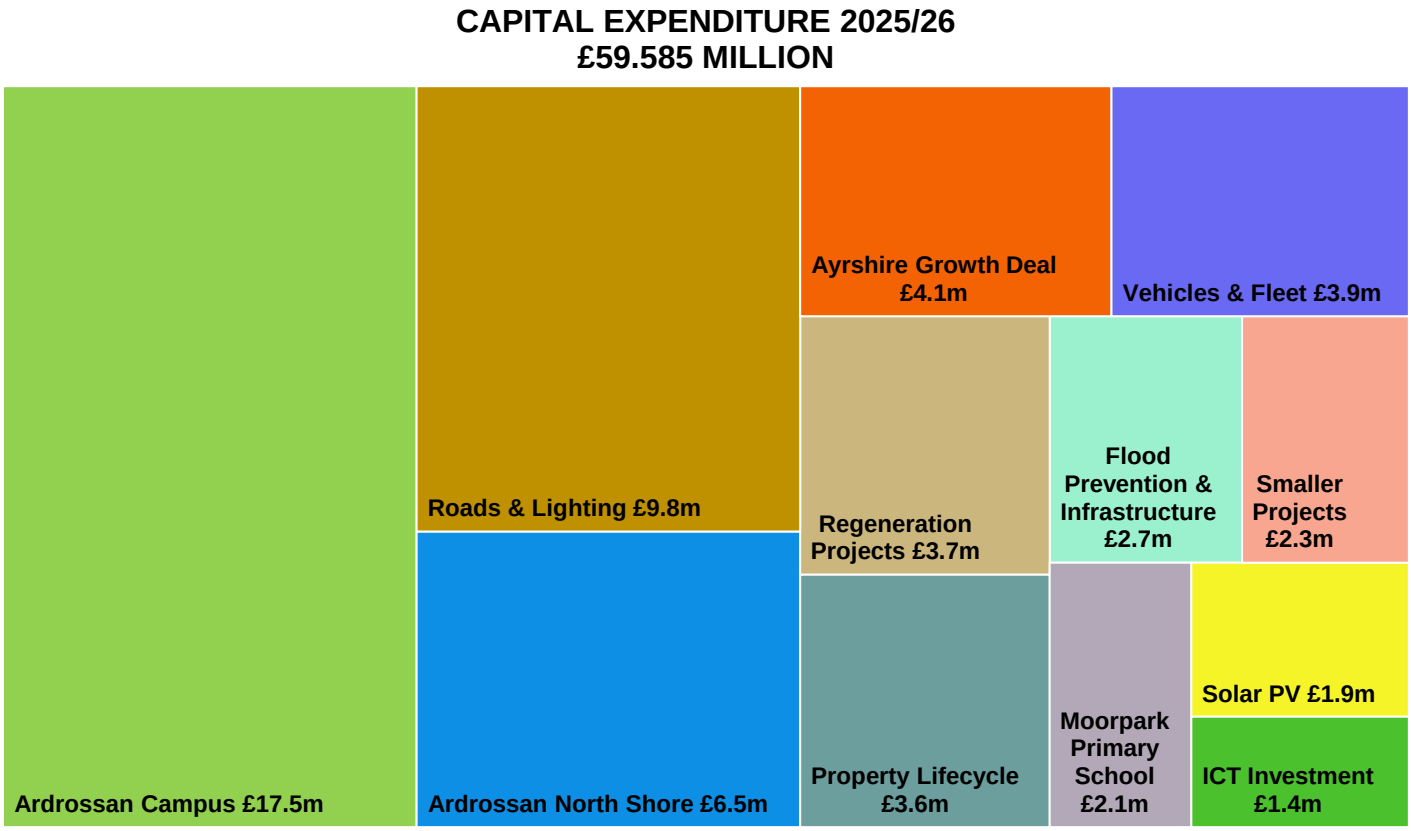
Full details of the Council's General Fund Reserves are shown in Note 11 on page 86, along with information on future commitments. The available balances within the General Fund Reserves are summarised as follows:

General Fund Reserves	1 April 2025 £ million	Movements £ million	31 March 2026 £ million
Unearmarked Reserves	**9.181**	**0.518**	**9.699**
Loans Fund Reserve	38.009	11.687	49.696
Investment Fund	2.441	0.148	2.589
Renewal and Recovery Fund	5.242	(1.186)	4.056
Affordable Housing Reserve	2.617	0.728	3.345
Change and Service Redesign Fund	2.167	1.160	3.327
Future Budget Strategy	9.288	(4.000)	5.288
Other Earmarked Reserves	25.324	4.421	29.745
Total Earmarked Reserves	**85.088**	**12.958**	**98.046**
Capital Fund	11.186	0.680	11.866
Insurance Fund	2.233	0.083	2.316
Total General Fund Reserves	**107.688**	**14.239**	**121.927**

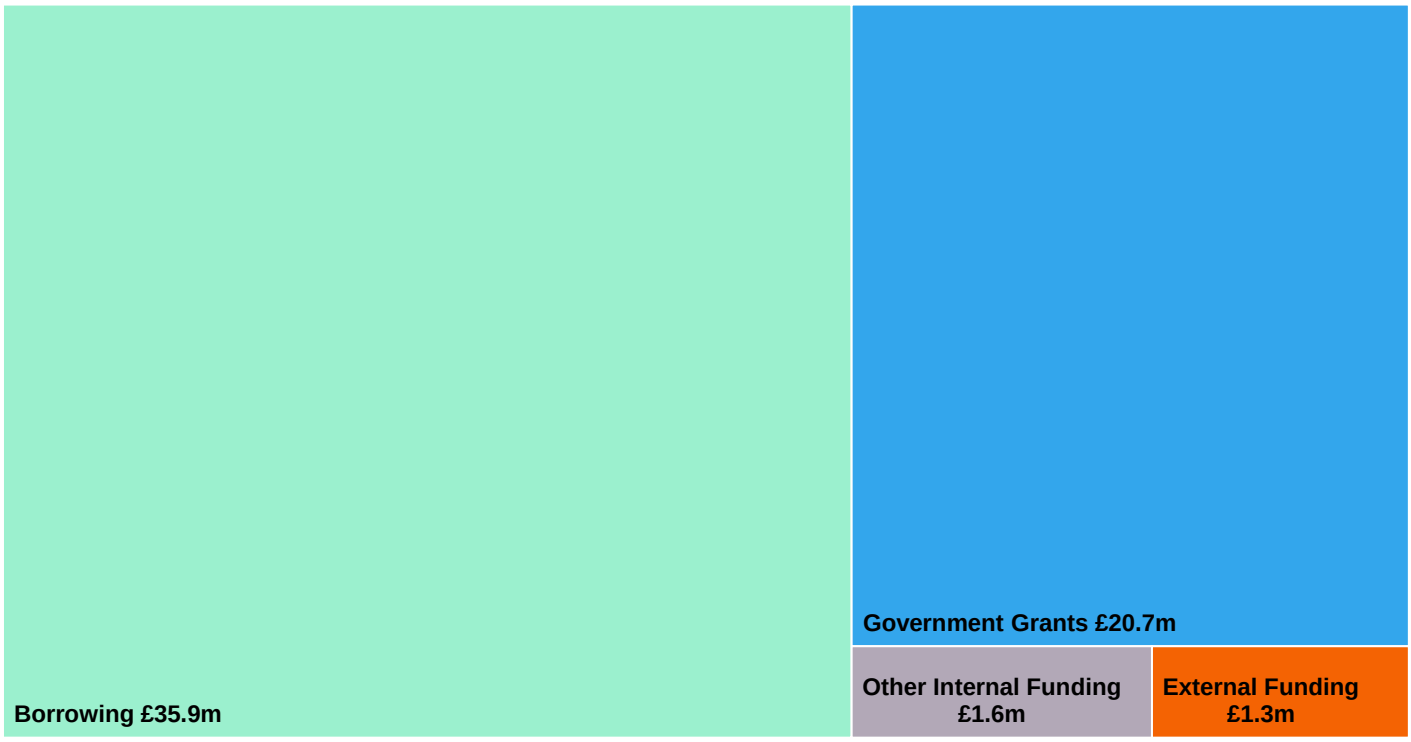
General Fund Capital Expenditure 2025/26

In 2025/26 the final spend for capital investment was £59.585 million, which was in line with the revised budget of £59.585 million. Further details, including comparative figures for 2024/25 are provided in Note 15 on page 90.

The exhibit below identifies the key projects and summarises how the programme was funded:



CAPITAL FUNDING 2025/26
£59.585 MILLION



Projects with the largest capital spends during 2025/26 have included:









Housing Revenue Account 2025/26

For 2025/26 the final expenditure on the Housing Revenue Account services was £62.554 million against an approved budget of £64.220 million and a revised budget of £66.026 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 65.

The actual expenditure for the Housing Revenue Account noted below 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 74.

Service	Revised Budget (£ million)	Actual Expenditure / Income (£ million)	Variance (£ million)	Accounting Adjustments (£ million)	Net Expenditure in the Accounts (£ million)
Employee Costs	5.294	5.294	0.000	0.348	5.642
Property Costs	25.627	24.536	(1.091)	0	24.536
Other Costs	8.835	8.890	0.055	0	8.890
Financing Costs	26.270	23.834	(2.436)	(9.379)	14.455
Total Expenditure	**66.026**	**62.554**	**(3.472)**	**(9.031)**	**53.523**
Council House Rents	(62.592)	(62.740)	(0.148)	0	(62.740)
Other Rent and Recharges	(2.712)	(3.034)	(0.322)	0	(3.034)
Contribution from Reserves	(0.722)	(0.722)	0.000	0.935	0.213
Total Income	**(66.026)**	**(66.496)**	**(0.470)**	**0.935**	**(65.561)**
Contribution to Reserves	**0**	**3.942**	**3.942**	**8.096**	**12.038**

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

- Reduced loan charges linked to a continuing strategy to delay new external borrowing by utilising cash balances, resulting in savings on external interest costs, changes in the profile of the capital programme and projected investment income returns (£2.436 million).
- Reduced expenditure on Property Repairs (£1.091 million).
- An over-recovery of rental and other income (£0.470 million).

The reported underspend of £3.942 million will be retained within the Housing Revenue Account reserves to support future service delivery, including the Council House building programme.

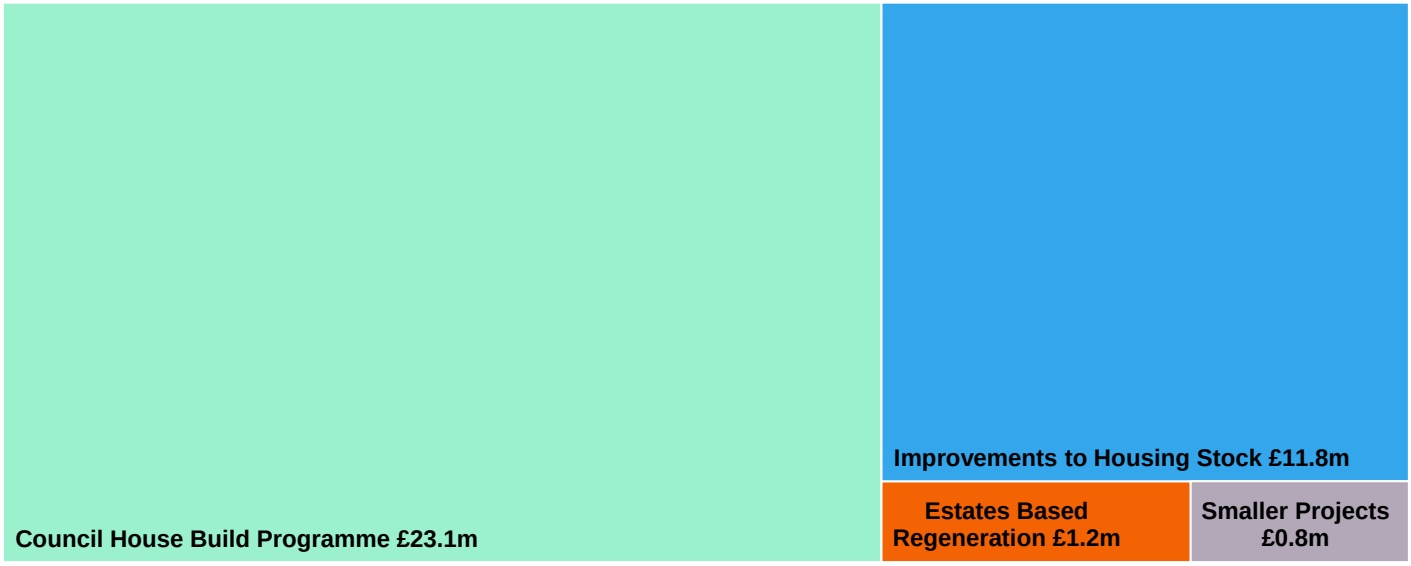
The accumulated Housing Revenue Account reserve at 31 March 2026 is £25.148 million:

Housing Revenue Account Reserves	1 April 2025 £ million	Movements £ million	31 March 2026 £ million
Unearmarked Reserves	**1.758**	**0.170**	**1.928**
Council House Building Fund	13.213	3.715	16.928
Sustainability Fund	5.000	(0.495)	4.505
Transformation Programme	2.000	(0.213)	1.787
Other Earmarked Reserves	0.170	(0.170)	0
Total Earmarked Reserves	**20.383**	**2.837**	**23.220**
Total Housing Revenue Account Reserves	**22.141**	**3.007**	**25.148**

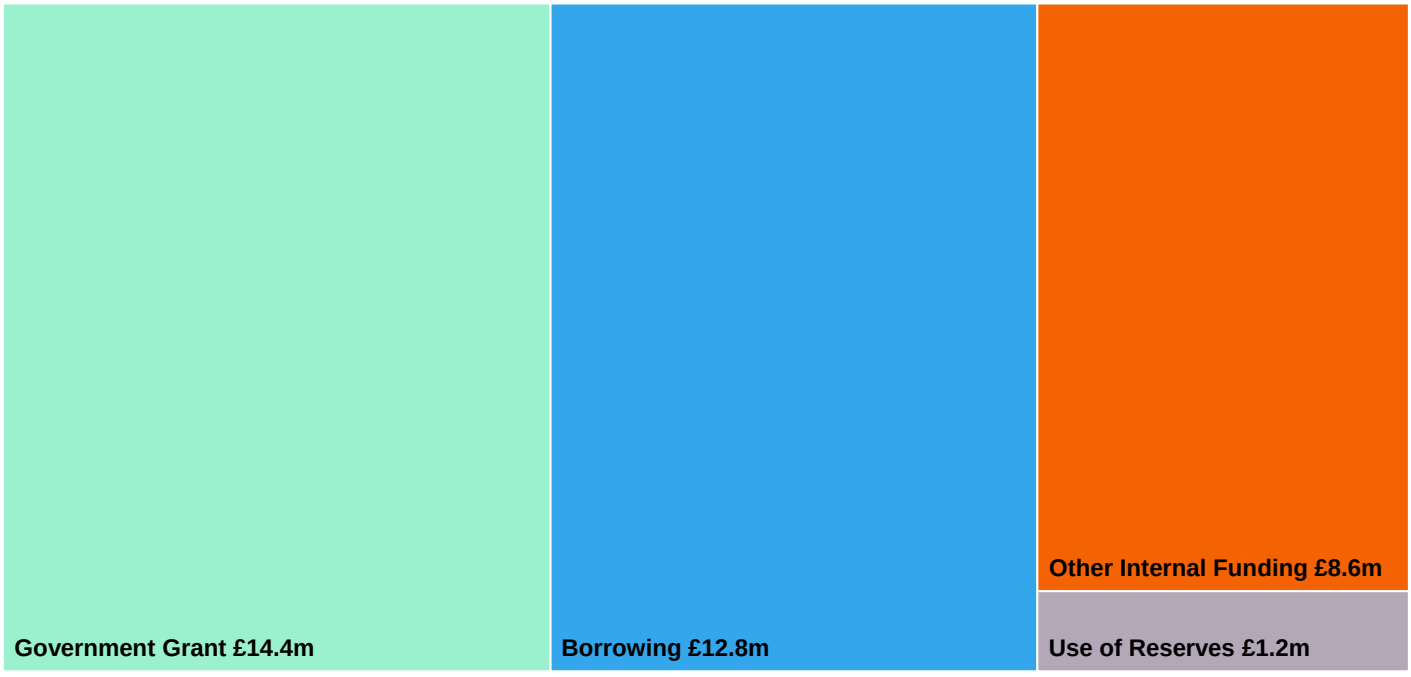
Housing Revenue Account Capital Expenditure 2025/26

In 2025/26 the final Housing Revenue Account expenditure on capital investment was £36.917 million against a budget of £41.958 million. The underspend was primarily in relation changes in the profile of expenditure on new build projects including contingency budget not required in year. The chart below identifies the key projects and how the programme was funded. Further details, including comparative figures for 2024/25, are provided in Note 15 on page 90.

HRA CAPITAL EXPENDITURE 2025/26
£36.917M



HRA CAPITAL FUNDING 2025/26
£36.917M

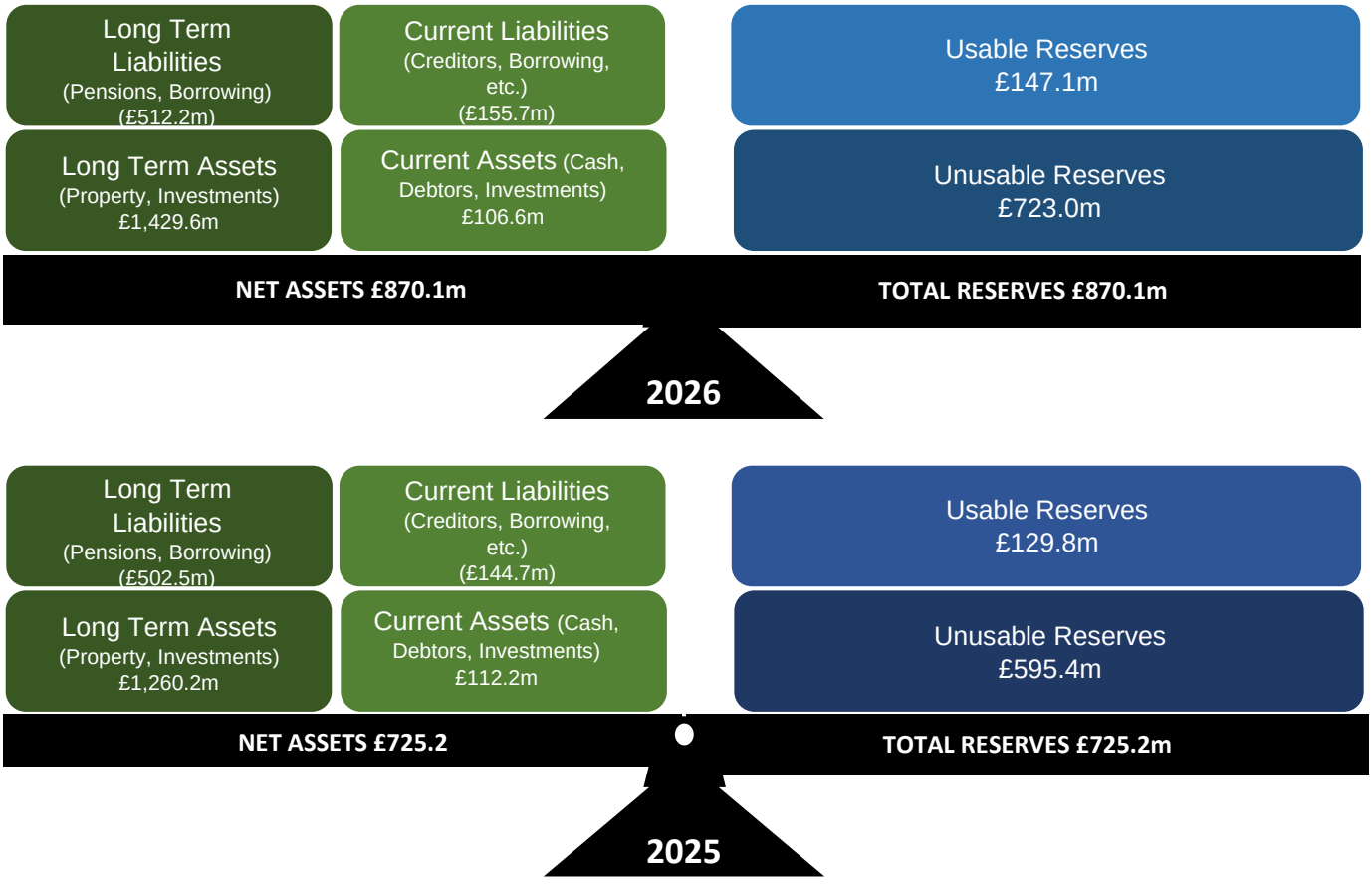


Projects with the largest capital spends during 2025/26 have included new Council House building projects across North Ayrshire.



The Balance Sheet

The diagram below summarises the Council's Balance Sheet as at 31 March 2026, 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 63.



The Balance Sheet on page 63 summarises the Assets and Liabilities and shows a net worth of £870.1 million. This is an increase from last year due to an increased value of Assets of £163.8 million offset by an increase in the value of Liabilities of (£18.9 million). The main changes to the Council's Balance Sheet are explained as follows.

Long Term Assets have increased in value by (£169.4 million). This is mostly the result of capital investment in new and existing assets during the year, combined with increases in the value of our property assets on revaluation, including the effects of applying indexation in line with new requirement of the CIPFA Code of practice from 1st April 2025.

Current Liabilities have increased by £9.2 million. This is primarily related to an increase in the value of central government grants received in advance offset by a reduction in the value of short term borrowing.

Increased Long Term Borrowing of £13.5 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.

Financial Sustainability

The future financial sustainability of the Council has been identfied as one of the key strategic risks facing the Council in the medium and longer terms. Demand pressures and funding constraints have resulted in significantly increased challenges to the delivery of balanced budgets on an annual basis with the use of unsustainable reserves and non-recurring savings options being utilised, along with delivery of permanent savings, to bridge budget gaps.

The undernoted metrics demonstrate the sufficiency of available reserves to support future service delivery, the affordability of our capital investment plans in terms of their impact on our revenue streams and the effectiveness of our budget monitoring activities. 2025/26 Scottish average data is not yet available. However, the 2024/25 data for North Ayrshire is broadly in line with the Scottish averages for most of the indicators and compares favourably for the General Fund ratio of financing costs to net revenue stream.

Financial Sustainability	North Ayrshire 2025/26	North Ayrshire 2024/25	Scottish Average 2024/25
Ratio of usable General Fund reserves to annual budget	22.6%	23.5%	23.9%
Ratio of uncommitted General Fund balances to annual budget	2.3%	2.0%	2.3%
Ratio of financing costs to net revenue stream – General Fund	3.7%	3.3%	5.8%
Ratio of financing costs to net revenue stream – Housing Revenue Account	23.5%	21.3%	20.0%
Actual outturn as a percentage of budgeted expenditure	99.8%	100%	100.0%

The level of reserves supports financial sustainability and provides contingencies to support unexpected financial demands. Although the ratio of uncommitted General Fund balances compared to annual budget was below the Scottish average of 2.3% in 2024/25, this has been increased to 2.3% in 2025/26 and is in line with the Scottish average for 2024/25. This remains in line with the Council's reserves policy and is at the lower end of the recommended range of 2% to 4%.

The ratio of financing costs to revenue streams demonstrates prudence and ensures that our capital investment plans are sustainable in the long term. Our ratio of financing costs sit below the Scottish averages, indicating that we are less leveraged than other councils and have proportionally directed more expenditure into other priority areas. The level of Housing Revenue Account loan charges is deemed prudent and affordable within the framework of the current 30 year Housing Business Plan. The effectiveness of our budget planning and control is demonstrated by our high performance without exceeding the planned budget.

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 key indicators noted below highlight our under borrowed position, as a result of our policy of utilising internal funds to defer borrowing, the competitive interest rate achieved through the management of our loans fund and the average interest rate achieved on our investments.

Treasury Management and Investment	2025/26	2024/25	2023/24
Capital Financing Requirement	£552.8 million	£513.7 million	£436.9 million
Gross External Debt	£421.9 million	£428.9 million	£316.8 million
Under Borrowed Position	£130.9 million	£84.8 million	£120.1 million
Loans Fund Interest Rate	3.7%	3.3%	3.2%
Average Investment Rate	4.1%	4.7%	4.8%

Outlook and Risks

Outlook

The Economy

Economic performance has a significant impact on the availability of funding and demand for public services. The Bank of England's Monetary Policy Report for April 2026 noted that the conflict in the Middle East has significantly increased the uncertainty surrounding the UK economic outlook. There has been a significant energy price shock. The severity and duration of the conflict is uncertain along with the impact it will have on global energy supply and broader trade disruption. This leads to highly uncertain levels of inflation and activity.

Consumer Price inflation was reported at 3.3% in March which was higher than had been projected and largely reflected the higher fuel prices arising from the higher crude oil prices. This is likely to be higher during 2026 as the effects of the energy prices pass through and there is also potential for second-round effects in relation to price and wage setting.

Within the UK, the economy started stronger than expected with GDP rising by 0.6% in the first quarter of 2026. However, growth is expected to slow later in the year amid global energy and supply chain shocks

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 face above target inflationary pressures.

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
The Council's Long-Term Financial Outlook 2024 to 2025 to 2033 to 2034 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 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 32% 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 previously indicated that a projected "flat cash" level of funding for local government over the medium-term was anticipated. When set against a backdrop of high inflationary costs this would lead to a significant budget gap. The Scottish Government published their updated Medium Term Financial Strategy on the 25 June 2025.
- North Ayrshire Council will become increasing reliant on income from Council Tax and internal reserves to fund service delivery.

Revenue

In February 2026, the Council agreed its General Fund Medium Term Financial Plan for 2026/27 to 2028/29, approving a General Services Revenue Budget of £485.0 million for 2026/27.

The Medium Term Financial Plan includes a range of savings proposals, required to deliver a balanced budget position for 2026/27, 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 increase of 8.5% for 2026/27 and a 5% uplift in fees and charges.

The Medium Term Financial Plan addresses significant budget pressures including inflationary pressures in relation to pay awards, contractual commitments and utilities, socio economic and demographic pressures and the increase in the Employer contributions to the Strathclyde pension fund following a 2 year reduction. In addition, the Council's Capital Investment Programme continues to present challenges in terms of affordability due to ongoing volatility and inflation impacts within the construction sector and the Medium Term Financial plan addresses this through further revenue investment each year.

Significant cost pressures within the Health and Social Care Partnership present ongoing risks to the financial sustainability of the Council. As a result, the Medium Term Financial Plan includes additional funding to the partnership.

The Medium Term Financial Plan recognises additional Scottish Government funding for core services. The Council has benefited from additional funding as a result of adult social care indicators based on our demographics. However, North Ayrshire continues to be negatively impacted by general population based indicators, including pupil numbers. In addition, confirmed Scottish Government funding included baselining of support for the impact of pay awards across both teaching and non-teaching staff, real living wage increases across adult social care services, children's social care services and early learning and childcare, and funding to support the expansion of free school meals and the inflationary uplifts in free personal nursing care.

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.

The Medium Term Financial Plan provides a balanced budget for 2026/27 with indicative funding gaps remaining for 2027/28 and 2028/29 of £6.918 million and £8.902 million respectively. This position incorporates the full year effect of approved savings in 2026/27 and the planned use of reserves of £1.788 million in 2027/28. 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, North Ayrshire Council has approved the Housing Revenue Account budget for 2026/27 of £68.248 million.

The impact of increasing service demand, inflation, borrowing costs and anticipated future asset management requirements presents several financial risks to the HRA 30 Year Business Plan.

Following a tenant consultation and comprehensive review of the 30-year business plan, it was determined that an average rent increase of 3.84% was required to maintain the current service provision, maintain planned levels of investment in our existing homes and support investment in the Strategic Housing Investment Plan.

Capital

North Ayrshire Council has carried out a refresh of its capital investment plans and approved revisions to the 10-year General Services Capital Investment Programme covering the period from 2026/27 to 2033/34. This programme will result in the investment of £323.9 million over the period on key priorities including:

- £90.6 million to improve our school's estate, including the delivery of a new school campus at Ardrossan.
- £69.5 million on maintaining and improving our Roads and Lighting, including the upgrading of the B714.
- £65.0 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.
- £21.6 million on updating and decarbonising our vehicles and fleet to support our Sustainable North Ayrshire Strategy.

Our Capital Investment Strategy takes account of our strategic priorities and considers new investment within the context of outcomes and affordability, recognising that decisions made over the course of the Programme will have financial consequences for the Council for many years in the future.

Recent years have witnessed significant cost volatility across the construction industry, including 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 support the management of these and other emerging risks, apply prudent financial planning 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 provided assurance of the financial sustainability of the management of the Council's housing stock over the remaining 29 years of the 30-year Plan. This recognised the increased costs arising from property repairs and insurances while delivering investment for improvements to our existing housing stock, increases to our affordable housing stock, the continued development of our sheltered housing units and investments to tackle climate change and contribute towards net zero.

As a result, North Ayrshire Council has approved a Housing Revenue Account Capital Investment Programme for 2026/27 of £70.1 million, including £18.5 million for stock improvements and £34.2 million to support the delivery of the Strategic Housing Investment Plan, which aims to deliver 1,666 affordable new homes.

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 and longer terms.

The current workstreams include:

- Use of Land and Property Assets, incorporating a review of operational and non-operational property.
- Transport and Travel efficiencies and decarbonisation of fleet.
- Sustainability initiatives including major renewable energy investment.
- Progress the Council's Digital programme through the use of technology and innovation and collaborative projects.

The programme also includes delivery of a number of Service reviews across directorates and is subject to regular review and monitoring by our Transformation Board, which includes the members of our Executive Leadership Team, and is supported by a transformation team and our Change and Service Redesign Fund to provide the investment necessary to deliver effective change. The recently published Audit Scotland report on Best Value in North Ayrshire Council highlighted the very positive progress being made and noted that £3.1m of financial efficiencies have already been delivered, with plans for up to £8.5m of further efficiencies over the next three years.

Climate Change

Climate Change is one of the Council's strategic priorities as detailed in the North Ayrshire Council Plan 2023-28 and is driven by our Sustainable North Ayrshire Strategy 2024 to 2027.

The 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.

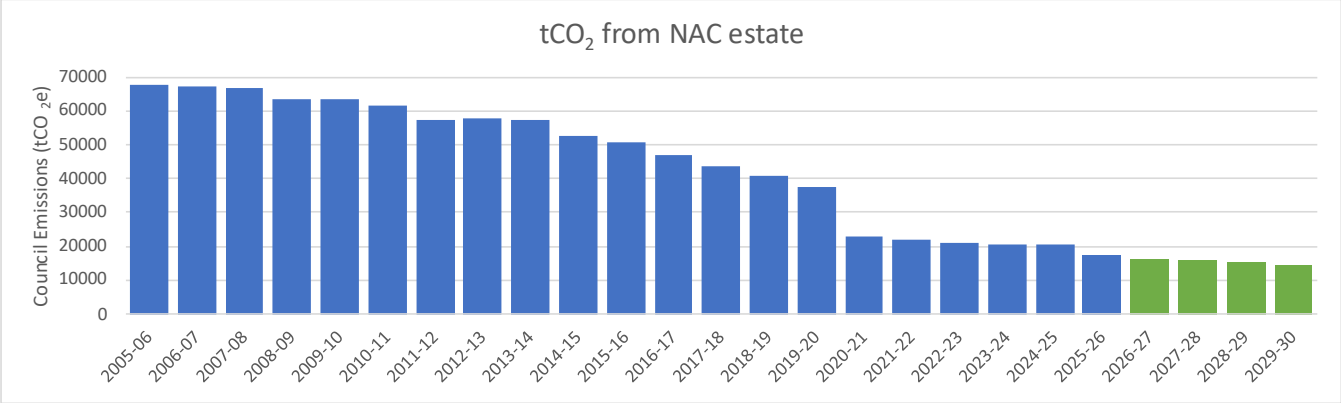
The five thematic workstreams are Energy, Nature, Transport, Waste and Adaptation and the nine strategic principles help set the priorities and actions until 2027. These are:

- 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.

In order to ensure the prioritisation of climate change action, all actions to tackle climate change are governed by the Council's Sustainability Board and all reports to Council or Cabinet must highlight any impact on climate change. In addition, a Climate Change Steering Group has been established, with members from various Council services, local businesses, voluntary sector and other public service organisations. The purpose of the group is to be a critical friend for the implementation of the Sustainable North Ayrshire Strategy, and to share knowledge and experience, whilst recognising and developing opportunities for collaboration.

Full details of the Council's annual progress on climate change activities are peer reviewed and published by the Sustainable Scotland Network in accordance with our Public Bodies Climate Change Duties report requirement. This brings together work from various services and presents the collaborative approach the Council is taking in tackling climate change. One of the key indicators of progress is the level of carbon emissions from the Council's property estate. This has shown a 75% reduction over the past 21 years with further reductions anticipated in the medium term.



Climate change risks are highlighted within our Strategic Risk Register and specific actions have been included in the General Services and Housing Revenue Account capital programmes. Project level risks are identified through collaboration with consultants, contractors, the Sustainability Team and design team members. These are assessed using the risk matrix and monitored throughout the development of each project.

In terms of our actions over the short and medium term, the Council's Investment Fund has been created to support decarbonisation projects, which are maximised through the support from external funding. In addition, actions on climate change are supported by other key strategies across the Council, including:

- North Ayrshire Nature Network Strategy
- Local Heat and Energy Efficiency Strategy
- Local Transport and Active Travel Strategy 2023 to 2028
- Local Housing Strategy 2023 to 2028
- Local Flood Risk Management Plan 2022 to 2028
- Local Outcomes Improvement Plan 2022 to 2030

The Council has also successfully developed two solar PV farms on former landfill sites, a first for a local authority in Scotland. The 7.5MW solar farm at Nethermains was energised on 19th September 2025, and aims to generate approximately 7,600MWh of electricity each year. The 5MW solar farm at Shewalton was energised on 5th March 2026, and aims to generate approximately 5,400MWh each year. The income generated from the sale will be used to support Council services, with a proportion of the income directed towards supporting local community groups.

The Council continues to engage with the Scottish Climate Intelligence Service to utilise the Climate View platform to test various climate-related scenarios, and how by changing mitigation action targets, we can better achieve decarbonisation, both across the estate and for area-wide emissions. A socialisation event has taken place in May 2026, to better understand the implications and benefits to collaboration in this area.

Adaptation to climate change is vital and is a dedicated workstream within the Sustainable North Ayrshire Strategy. Work is ongoing to raise awareness and understanding of adapting to climate change and the risk inaction poses to the natural and built environment. The Council is following Adaptation Scotland's Capability Framework, with an internal working group assessing the progress being made annually. In addition, a Climate Ready Ayrshire programme has been established between North, South and East Ayrshire Councils, to develop a strategy for regional adaptation. This will consider how to ensure resilience to climate change is enhanced now, for buildings, assets and nature to withstand future extreme weather events and sea level rise.

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, with five of these identified as Very High risks.

Council Services have identified high level strategic actions within their planning for 2026/27 to help the Council mitigate against these strategic risks. Risks identified for 2025/26 were managed in year or continue to be identified as a risk for 2026/27. The most significant risks for 2026/27 were identified through the Council's Strategic Risk Register updated in March 2026. Those risks classified as Very High are as follows:

Risk	Description	Impact	Mitigations and Controls
Financial Sustainability	The level of funding for local government will fall significantly below that required to operate services effectively, requiring the Council to take increasingly challenging decisions. Our position is further affected by a reducing overall population but an increasing elderly population. This will further impact on the Council's share of available funding across the short, medium and longer terms.	Funding not keeping pace with demand and inflationary cost pressures means that there will be a reduction in some service areas potentially resulting in higher risks for service users. The future delivery of balanced budgets will become increasingly challenging. The capital programme could also be significantly impacted leading to reduced levels of capital investment.	Robust monitoring of the Council's revenue and capital budgets is in place, including the development of the Long Term Financial Outlook and the Medium Term Financial Outlook. 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.
Financial Sustainability of the Health and Social Care Partnership	Resources have not kept pace with the demand for and cost of social care services with significant ongoing challenges across the medium-term. The ongoing work to develop new risk-sharing arrangements between the Council and Health Board present a financial risk to the Partnership and Council.	Savings requirements may not be in alignment with the strategic plan. Reductions in early intervention and prevention may mean that future demand is increased.	Active monitoring of the financial position with regular detailed reporting to the Council's Cabinet. A three-year Medium-term Financial Outlook is updated on a rolling basis each year. The Partnership has developed a new 3-year Transformation Plan
Community Capacity Building and Empowerment	Unrealistic timescales for progressing of aspects of legislation, such as Community Asset Transfer. Complying with the complex and resource	Loss of potential benefits of community capacity building and empowerment.	Ongoing commitment to community empowerment and locality partnerships. Ringfenced Community asset transfer funding and internal revenue

Risk	Description	Impact	Mitigations and Controls
	intensive consultation legislation in service redesign. Budget savings and pressure on property maintenance budgets.	Over-engagement carries disengagement and engagement fatigue. Disconnect between Council aspirations and community appetite for asset transfers, exacerbated by increased property costs.	investment focused on building condition.
Inequalities	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 public sector funding challenges. Health inequality is closely linked to poverty, employment and people's earliest experiences as children, and will increase. A larger proportion of population is projected to be not economically active in future.	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. Increased demand for services, potential increase in crisis interventions and negative impact on local economy.	Tackling inequalities is a key priority of the HSCP's Strategic Plan, setting out actions to tackle inequality through its Partnership Pledge. The Council has started work with The Collaboration for Health Equity in Scotland, an innovative partnership between Public Health Scotland and the Institute for Health Equity and is aimed at improving health expectancy and reducing health inequalities. The Council considers reducing inequality at the heart of its work and the Community Planning Partnership's Local Outcomes Improvement Plan has a central purpose of reducing inequalities.
Property Asset Risk	Restricted capital budgets for investment in the Council's property assets means they are in declining condition and have greater long term investment needs. Nationally recognised building safety issues, including RAAC, alongside ageing heating	Maintenance issues and failure of building components are increasingly likely to result in disruption to service delivery. There is also an increasing risk of health and safety and statutory compliance obligations not being achieved.	Property condition information provides the baseline to measure lifecycle replacement requirements across the estate, targeting investment on priorities. The property rationalisation workstream will reduce estate size and reduce

Risk	Description	Impact	Mitigations and Controls
	and mechanical systems, have highlighted the growing burden of asset management with critical failures occurring and limited ability to replace assets on a planned basis. Ongoing inflation and volatility in construction costs further constrains the Council's capacity to address competing priorities.	Significant property incidents requiring closures, decants, or major interventions are becoming more frequent and often coincide with severe weather events.	the financial burden of the estate. Post incident reviews are undertaken to capture lessons learned and implement actions.

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 deficit of £0.134 million resulting in an accumulated surplus as at 31 March 2026 of £2.195 million. Details of income and expenditure accounts and balance sheets can be found on page 67 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 68 of these accounts. Overall, the Trust Funds reported an in year surplus of £0.064 million resulting in an accumulated surplus as at 31 March 2026 of £0.446 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 £51.150 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 125.

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.



C Hatton

Craig Hatton
Chief Executive
24 September 2026



T Gurney

Councillor Tony Gurney
Leader of the Council
24 September 2026



M Boyd

Mark Boyd
Head of Finance
24 September 2026

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 Council has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Council, 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.

T Gurney

Councillor Tony Gurney
Leader of the Counci
24 September 2026



Responsibilities of the Chief Financial Officer

The Head of Finance is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the 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 2026.

M Boyd

Mark Boyd
Head of Finance
24 September 2026



Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (Scottish Statutory Instrument Number 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 section, 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 Councillors. 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 2025/26 the salary for the Leader of North Ayrshire Council was set at £50,063 (2024/25: £42,698) and the salary for the Provost was set at £37,548 (2024/25: £32,024), 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 2025/26, the maximum salary which could be paid to a Senior Councillor was £37,548 (2024/25: £32,024) with the maximum number of Senior Councillors set at 14. The total remuneration for Senior Councillors (excluding the Provost and Leader) should not exceed £444,710 (2024/25: £373,583).

As at 31 March 2026 the Council had 10 Senior Councillors (2024/25:10). The annual salaries for the Depute Leader and leader of largest minority were set at £37,548 (2024/25: £32,024), the maximum level. The remaining Senior Councillors annual salary was set at £31,765 (2024/25: £26,685), with total remuneration of £298,737 (2024/25: £277,064).

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 2025/26 £	Total Remuneration 2024/25 £
Tony Gurney Leader of the Council (Full Time Equivalent £50,063) Cabinet Member	12 February 2026 April 2025	March 2026 11 February 2026	34,270	26,685
Marie Burns Leader of the Council (Full Time Equivalent £50,063)	April 2025	11 February 2026	43,358	42,698
Anthea Dickson Provost	April 2025	March 2026	37,548	32,024
Christina Larsen Depute Leader of the Council (Full Time Equivalent £37,548) Cabinet Member	12 February 2026 April 2025	March 2026 11 February 2026	32,557	26,685
Shaun Macaulay Depute Leader of the Council (Full Time Equivalent £37,548)	April 2025	11 February 2026	35,999	32,024
John Sweeney Depute Provost	April 2025	March 2026	31,765	26,685
Joe Cullinane Leader of the Largest Minority	April 2025	March 2026	37,548	28,555
Alan Hill Cabinet Member	April 2025	March 2026	31,765	26,685
Margaret Johnson Cabinet Member (Full Time Equivalent £31,765) Cabinet Member	12 February 2026 April 2025	March 2026 20 August 2025	14,339	26,685
Chloe Robertson Cabinet Member (Full Time Equivalent £31,765)	21 August 2025	March 2026	19,469	0
John Bell Chair, Audit and Scrutiny Committee	April 2025	March 2026	31,765	26,685
Eleanor Collier Chair, Licensing Committee	April 2025	March 2026	31,765	26,685
Robert Foster Chair, Planning Committee	April 2025	March 2026	31,765	26,685
Total			**413,913**	**348,781**

Note: Total remuneration consists of salaries and allowances only. Remuneration paid to the Provost and Leader of the Council in 2025/26 is £87,760 (2024/25: £74,722). Total remuneration to the remaining 10 Senior Councillors is £326,153 (2024/25: £277,064).

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 CO-155 sets the salary for the Chief Executive of North Ayrshire Council for the period 2025/26. The amount was reviewed and uplifted in November 2025 in Industrial Relations Circular 11-25. Senior employees do not receive any other benefits. Details of the Remuneration of Senior Employees are shown in Tables 2a and 2b.

During 2025/26, the Chief Executive and the Executive Director (Communities & Housing) held positions of Director and the Monitoring Officer held position of Secretary 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 2025/26 £	Total Remuneration 2025/26 £	Total Remuneration 2024/25 £
Craig Hatton Chief Executive	April 2025	March 2026	176,517	176,517	166,528
Craig Hatton Returning Officer/ Counting Officer	April 2025	March 2026	0	0	3,155
Sam Anson Executive Director, Education (24/25 Full Time Equivalent £133,720)	April 2025	March 2026	139,069	139,069	111,433
David Hammond Executive Director, Communities & Housing	April 2025	March 2026	139,069	139,069	133,720
Russell McCutcheon Executive Director, Place	April 2025	March 2026	139,069	139,069	133,720
Aileen Craig Monitoring Officer	April 2025	March 2026	118,291	118,291	111,889
Mark Boyd Section 95 Officer	April 2025	March 2026	118,291	118,291	112,764
Andrew McClelland Chief Education Officer	April 2025	March 2026	113,656	113,656	109,051
Scott Hunter Chief Social Work Officer	April 2025	March 2026	106,736	106,736	102,630
Allan Finlayson Chief Planning Officer	April 2025	March 2026	74,648	74,648	72,831
Total			**1,125,346**	**1,125,346**	**1,057,721**

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

Name and Post Title	Date From	Date To	Salary and Allowances 2025/26 (£)	Total Remuneration 2025/26 (£)	Total Remuneration 2024/25 (£)
Malcolm McPhail Chief Executive North Ayrshire Leisure Limited	April 2025	March 2026	117,218	117,218	112,702

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 2024/25 and 2025/26 are shown in Table 3.

Table 3: Member Contribution Rates

Whole time pay bandings 2024/25	Employee Contribution rate	Whole time pay bandings 2025/26
On earnings up to and including £27,000	5.50%	On earnings up to and including £27,500
On earnings on or above £27,001 and up to £33,000	7.25%	On earnings on or above £27,501 and up to £33,600
On earnings on or above £33,001 and up to £45,300	8.50%	On earnings on or above £33,601 and up to £46,100
On earnings on or above £45,301 and up to £60,400	9.50%	On earnings on or above £46,101 and up to £61,400
On earnings on or above £60,401	12.00%	On earnings on or above £61,401

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		Lump Sum Basis
	Accrual Basis	Accrual Rate	
From 1 April 2015	Career Average	1/49th pensionable pay each year	n/a
From 1 April 2009 to 31 March 2015	Final Salary	1/60th pensionable pay each year	n/a
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 2026 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 2026 £	In-year pension contributions for year to 31 March 2025	Accrued Pension Benefits at 31 March 2026 £	Accrued Lump Sum at 31 March 2026 £	Pension Benefits difference from 31 March 2025 £	Lump Sum difference from 31 March 2025 £
Alan Hill	2,065	1,734	9,705	2,225	637	(57)
Anthea Dickson	2,441	2,082	9,088	327	829	(2)
Chloe Robertson	1,265	0	1,865	0	548	0
Christina Larsen	2,116	1,734	4,597	0	716	0
Eleanor Collier	2,065	1,734	2,294	0	676	0
Joe Cullinane	2,441	2,007	9,851	0	1,006	0
John Bell	2,065	1,734	10,795	2,300	903	88
John Sweeney	2,065	1,734	4,571	0	715	0
Margaret Johnson	932	1,734	2,230	0	612	0
Robert Foster	2,065	1,734	5,130	0	723	0
Shaun Macaulay	2,340	2,082	5,011	0	835	0
Tony Gurney	2,228	1,734	9,100	1,994	686	(30)
Total	**24,088**	**20,043**	**74,237**	**6,846**	**8,886**	**(1)**

Councillor Burns is not a member 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 2026 are shown below in Table 6a, together with the contribution made by the Council to each senior employee's pension during the year.

Table 6a: Pension Benefits of Senior Employees of the Council

Name and Post Title	In-year pension contributions for year to 31 March 2026 £	In-year pension contributions for year to 31 March 2025 £	Accrued Pension Benefits at 31 March 2026 £	Accrued Lump Sum at 31 March 2026 £	Pension Benefits difference from 31 March 2025 £	Lump Sum difference from 31 March 2025 £
Craig Hatton Chief Executive	11,474	11,029	128,587	0	11,533	0
Sam Anson Executive Director, Education	8,371	6,854	4,598	0	2,656	0
Russell McCutcheon Executive Director, Place	8,390	8,042	78,897	112,503	5,155	4,663
David Hammond Executive Director, Communities & Housing	8,343	8,221	35,944	2,839	3,517	116
Aileen Craig Monitoring Officer	7,689	7,273	45,037	39,996	3,674	1,538
Andrew McClelland Chief Education Officer	7,388	7,088	20,100	0	2,616	0
Scott Hunter Chief Social Work Officer	6,938	6,671	34,034	27,766	26,913	27,766
Allan Finlayson Chief Planning Officer	4,852	4,734	4,004	0	1,691	0
Mark Boyd Section 95 Officer	6,952	6,654	44,884	33,844	1,820	1,441
Total	**70,397**	**66,566**	**396,085**	**216,948**	**59,575**	**35,524**

Chief Education Officer is based on Local Government Pension contributions only and does not include pension contributions in respect of Scottish Public Pension Agency.

Table 6b: Pension Benefits of Senior Employees of the Subsidiary Bodies

Name and Post Title	In-year pension contributions for year to 31 March 2026 £	In-year pension contributions for year to 31 March 2025 £	Accrued Pension Benefits at 31 March 2026 £	Accrued Lump Sum at 31 March 2026 £	Pension Benefits difference from 31 March 2025 £	Lump Sum difference from 31 March 2025 £
Malcolm McPhail Chief Executive - North Ayrshire Leisure Limited	6,997	4,379	3,414	0	2,039	0

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 2025/26.

Table 7: Total Remuneration Paid to Councillors

Type of Remuneration	2025/26 £	2024/25 £
Salaries	961,968	789,589
Allowances	0	0
Expenses	18,435	18,395
Total	**980,403**	**807,984**

The Annual return of Councillors' salaries and expenses for 2025/26 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.

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 2026	Number of Teachers at 31 March 2025	Number of Other Staff at 31 March 2026	Number of Other Staff at 31 March 2025
£50,000-£54,999	516	165	153	172
£55,000-£59,999	93	84	172	70
£60,000-£64,999	85	63	71	42
£65,000-£69,999	49	47	17	10
£70,000-£74,999	57	60	24	33
£75,000-£79,999	37	12	14	7
£80,000-£84,999	15	6	7	8
£85,000-£89,999	1	3	1	0
£90,000-£94,999	4	4	4	2
£95,000-£99,999	1	2	0	2
£100,000-£104,999	2	1	1	7
£105,000-£109,999	3	3	8	1
£110,000-£114,999	1	0	1	4
£115,000-£119,999	0	0	3	0
£120,000-£124,999	0	0	0	0
£125,000-£129,999	0	0	0	0
£130,000-£149,999	0	0	3	2
£150,000-£154,999	0	0	0	0
£155,000-£159,999	0	0	0	0
£160,000-£164,999	0	0	0	0
£165,000-£169,999	0	0	0	1
£170,000-£174,999	0	0	0	0
£175,000-£179,999	0	0	1	0
Total	**864**	**450**	**480**	**361**

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 2025/26, 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 2025/26, although their actual leaving date may be later than 31 March 2026. Table 9 summarises the impact of the exit packages.

Table 9: Total Exit Packages

Band	Number of Employees 2025/26	Value 2025/26 £	Number of Employees 2024/25	Value 2024/25 £
£0-£20,000	14	100,046	19	189,939
£20,001-£40,000	7	189,324	16	439,776
£40,001-£60,000	0	0	10	505,890
£60,001-£80,000	0	0	12	856,740
£80,001-£100,000	0	0	5	445,639
£100,001-£150,000	0	0	6	757,334
£150,001-£200,000	0	0	1	153,693
£200,001-£250,000	0	0	1	203,315
	21	**289,370**	**70**	**3,552,328**

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 Council. 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 2025/26	Full Time Equivalent Salary 2024/25	Change
Range of staff remuneration	**£24,573 - £181,176**	**£22,947 - £166,528**	**£1,626 - £14,648**
Lowest earning employee's remuneration	24,573	22,947	**1,626**
Staff Average (salary & allowances)	38,812	37,118	**1,694**
Highest earning director's total remuneration	181,176	166,528	**14,648**
Ratio between highest earning director's total remuneration and the lowest earning employee	**7.37:1**	**7.26:1**	**1.52%**
Ratio between highest earning director's total remuneration and the average	**4.67:1**	**4.49:1**	**4.01%**
Median (total pay and benefits)	34,070	33,251	**819**
Median (salary only)	33,297	31,571	**1,726**
Ratio between highest earning director's total remuneration and the median	**5.32:1**	**5.01:1**	**6.19%**
25th percentile (total pay and benefits)	28,775	26,966	**1,809**
25th percentile (salary only)	28,775	26,966	**1,809**
Ratio between highest earning director's total remuneration and the 25th percentile	**6.3:1**	**6.18.1**	**1.94%**
75th percentile (total pay and benefits)	47,758	45,913	**1,845**
75th percentile (salary only)	47,758	45,913	**1,845**
Ratio between highest earning director's total remuneration and the 75th percentile	**3.79:1**	**3.63:1**	**4.41%**

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 2025, this has been set at £13.45 per hour (2024: £12.60). 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 2026, the remuneration received by the Chief Executive increased by 8.80% to £181,176 FTE (2024/25: £166,528) per annum excluding any pension contributions. The average FTE remuneration for the Council as a whole, excluding the Chief Executive, increased by 4.65% (2024/25: 5.21%) due to progression in Spinal Column Points (SCP) and pay award settlements agreed with Trade Unions.

In 2025/26, the highest paid directors' remuneration was 7.37 times larger than the lowest remunerated employee (2024/25: 7.26). The Council's current median FTE remuneration is £34,070 per annum making North Ayrshire Council's pay multiple 5.32:1 for 2025/26 (2024/25: 5.01:1).



C Hatton

Craig Hatton
Chief Executive
24 September 2026



T Gurney

Councillor Tony Gurney
Leader of the Council
24 September 2026

Annual Governance Statement

Executive Summary

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 CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016). In 2025 an addendum was released to the 2016 Code which replaced chapter 7 of the Framework with the seven principles of the 2016 Code remaining unchanged. The Council has reviewed its governance arrangements to ensure that the Annual Governance Statement reflects these revisions. A copy of the local code is available here.

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 UK: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control. Based on the review, the Council considers that the governance arrangements operating during 2025/26 were fit for purpose and provided reasonable assurance over the achievement of objectives and the discharge of its responsibilities.

- Arrangements were assessed as being effective in the following areas:
- Strong member oversight through Cabinet and the Audit & Scrutiny Committee, supported by a refresh of governance documents
- Effective risk management arrangements, including review of the Council's Strategic Risk Register
- Effective arrangements for financial management, supported by the development of a Medium-Term Financial Outlook and Plan.
- Positive Best Value Audit Scotland reports

Areas Requiring Further Development/Strengthening/Key Challenges

A summary of the planned actions for 2026/27 are included at the end of this statement. One of the main areas of focus is the strengthening of governance arrangements to support the HSCP. This is being progressed through the work of the Finance Working Group and closer Integration with all elected members through development of the annual budget process.

Improvement Actions

The Council has progressed a range of governance developments through 2025/26 which are included in the sections below.

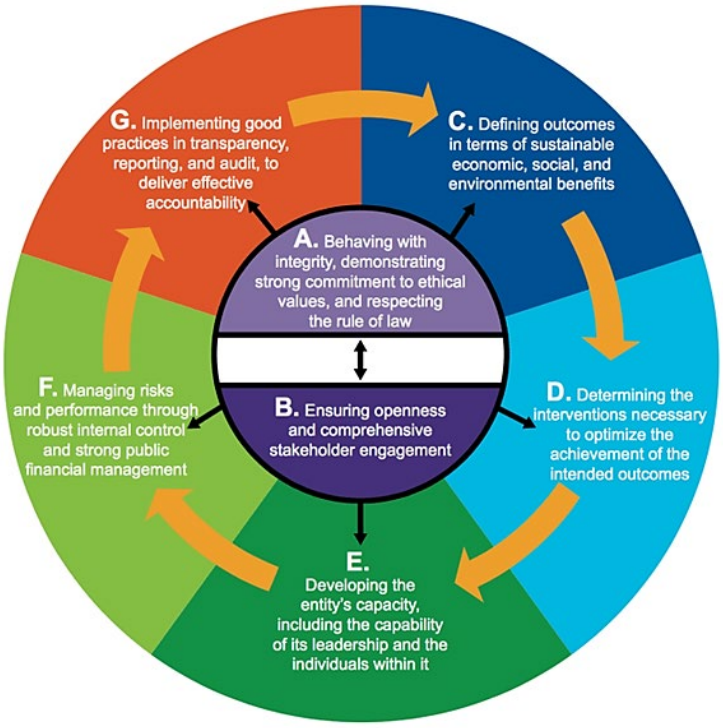
The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values by which the Council is directed and controlled. It enables the Council 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 twenty one sub-principles that set out the key building blocks of good governance.



The key features of the governance framework that were in place during 2025/26 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 the Leader 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-evaluation was carried out in October 2025 and reported to the Audit and Scrutiny Committee in November 2025, utilising the CIPFA publication 'Audit Committees: Practical Guidance for Local Authorities and Police – 2022'. 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 September 2025.
- 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 identify specific priorities for action in each area, with a corresponding action plan prepared alongside regular progress reports. A review of the Council's Locality Planning framework was completed last year through a self-assessment process with stakeholders and a number of improvement recommendations are currently being implemented.
- The Health and Social Care Partnership has an established governance framework through the Integration Joint Board 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 2023-2028 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 the Council's Transformation programme continues to be governed and monitored through the Transformation Board which is chaired by the Chief Executive.
- The Performance Management Strategy 2023-2028 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. Annual refresher training on the Councillors' Code of Conduct is provided, and Standards Commission updates are sent to Elected Members on a regular basis – when received from the Commission.
- 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 2025/26 was approved by Cabinet in March 2025. 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 PESTLE, workforce interventions and organisational change activities. These plans are aligned to the Council's Corporate Workforce Planning strategy.
- The Council has in place a development programme for all Elected Members. Leadership and Development interventions on a variety of topics are available in person and online for all employees. Leadership and management development opportunities are available through the Leadership Academy which is available for Leaders at all levels across the Council.

- 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 Council's approach to asset management planning is based on CIPFA guidance which covers six core classes of assets: property, open space, housing, roads, fleet, and ICT. Asset management plans continue to be maintained across each of these areas. The strategy and associated plans were recently reviewed, updated, and approved by Cabinet in December 2025.
- 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 individual Service Project Boards.
- The Council has a long-term financial outlook, which covers the period 2024/25 to 2033/34. This sets out the scale of the potential financial challenge and the approach to proactively address it, ensuring financial sustainability of the Council over the long-term.
- 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. A Corporate Health and Safety Group, consisting of Elected Members and various stakeholders, meet every quarter.
- 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 2026.

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, Risk and Insurance) and reports from the Council's external auditors, Audit Scotland, and other review agencies.

The annual review of the Council's governance framework was undertaken with reference to the 2016 CIPFA Good Governance Framework and confirmed that core governance arrangements and structures are operating effectively, thereby providing the basis for the conclusion set out within the statement.

The Section 95 Officer has overall responsibility for Internal Audit in North Ayrshire Council. The Senior Manager (Audit, Fraud, Safety, Risk & Insurance) is responsible for the management of the section and reports directly to the Section 95 Officer on all audit matters, with the independent right of access to the Chief Executive and Chair of the Audit and Scrutiny Committee. With effect from 1 April 2025 the Public Sector Internal Audit Standards were replaced by the Global Internal Audit Standards. A self-assessment against the new standards has taken place as part of Internal Audit's quality assurance and improvement arrangements. The results of this will be reported in the Annual Internal Audit report. An associated action plan, setting out the improvements to be implemented, will be presented to the Audit & Scrutiny Committee during 2026/27. Regular reporting was made to the Council's Audit and Scrutiny Committee throughout 2025/26.

As detailed in the Internal Audit Charter, approved by the Audit and Scrutiny Committee in March 2025, the Internal Audit function has independent responsibility for examining, evaluating, and reporting on the adequacy of internal control. The Senior Manager (Audit, Fraud, Safety, Risk & Insurance) 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 29 May 2025 and the 2025/26 Annual Audit Report was presented to the 4 June 2026 Committee.

The Internal Audit Annual Report 2025/26 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, Risk and Insurance) that the Council's systems of internal control continue to provide reasonable assurance against loss.

From 1 April 2025, the CIPFA 'Code of Practice for the Governance of Internal Audit in UK Local Government', operating alongside the new standards, replaced CIPFA's statement on 'The Role of the Head of Internal Audit (2019)'. The self-assessment undertaken against the new standards incorporated a review of this Code and, together with an action plan being developed to ensure full conformance, forms part of Internal Audit's Quality Assurance and Improvement Programme.

The Council's Audit & Scrutiny Committee continues to adopt a proactive approach to requesting items for scrutiny.

Significant Governance Developments during 2025/26

A number of significant governance related developments occurred during 2025/26. They include: -

Completed the annual review of the Council's key governance documents including Standing Orders relating to Meetings and Proceedings of the Council and Committees, Scheme of Administration, Scheme of Delegation to Officers, Guidelines on Member / Officer Relations, Standing Orders for Contracts, Financial Regulations and Codes of Financial Practice 2025.

North Ayrshire Council Unaudited Annual Accounts for 2024/25 were approved at Council in June 2025 and the Audited Accounts approved in September 2025 through the Audit and Scrutiny Committee.

Following Cabinet approval of an interim governance structure to develop a long-term town plan, North Ayrshire Council approved elected member representation to the Irvine Town Board. The Board will oversee development of a planned £20million investment for the area.

The Council's Housing Service completed an independent review of a number of key Annual Return on the Charter indicators, which are reported to the Scottish Housing Regulator. This resulted in further improvements in our approach to data collation, analysis and reporting.

The HSCP formed a Finance Working Group to address the current financial pressures and develop financial recovery plans and savings.

The Council's Best Value Section 102 report was carried out by Audit Scotland with the results presented to Council in December 2025. The report noted that the findings were extremely positive highlighting a culture of continuous improvement, a proactive approach to addressing inequalities and an exemplar in how to do transformation well.

The Best Value thematic review for Transformation was carried out by Audit Scotland with the findings presented to the Audit and Scrutiny Committee in May 2025.

The Medium-Term Financial Outlook covering the period 2025/26 to 2027/28 was presented to Council in October 2024. This also included the launch of an extensive Budget engagement and Consultation process across North Ayrshire communities. The feedback from which was presented to Council in February 2025 in advance of the Budget. The process resulted in several Petitions submitted from communities which were considered by the Council's Cabinet and Audit and Scrutiny Committee.

The Council's General Services Revenue Estimates covering the period 2026/27 to 2028/29 (the Budget) were approved on 25 February 2026.

Approval by the Audit and Scrutiny Committee of the Code of Corporate Governance statement for 2025/26. This set out details of how North Ayrshire Council complies with the Delivery of Good Governance in Local Government Framework. Approval of the 2026/27 Code of Corporate Governance took place in March 2026 at the Audit & Scrutiny Committee.

Review of the Council's main strategic risks delivered through the Council's Cabinet and Audit and Scrutiny committees.

In February 2026, the Council approved a shared Economic Development Service model in partnership with East Ayrshire Council. This revised service delivery model went live on 1 June 2026, supported by the establishment of a Project Board to oversee the governance and implementation of the service.

Planned Actions for 2026/27

The Council has a number of planned actions for 2026/27 which will help to further strengthen the governance framework:

- Further support to the Health and Social Care Partnership in addressing the financial pressures faced and ensuring appropriate reporting and governance arrangements are in place throughout the year. Progress will initially be driven through the work of the Finance Working Group.
- Following the development and approval of a Council Artificial Intelligence policy, further evaluation of the effectiveness of the Council's Artificial Intelligence pilot programmes.
- Continuation of close monitoring of the Council's Absence management performance and governed through the Council's Executive Leadership team. This remains an area of focus for the Council.
- Continued support for the governance of the Irvine Town Board and Ayrshire Growth Deal programme as they continue to progress investment plans.
- Further support and progress for the Pride In Place programme for the Three Towns covering Stevenson, Saltcoats and Ardrossan.
- Progress delivery of the Council's Transformation programme across various project workstreams including regional collaboration programmes across Ayrshire. This will be underpinned by appropriate governance arrangements.
- Development of the Council's Medium-Term Financial Plan for the period 2027/28 to 2029/30 including a robust community and elected member engagement programme.

Assurance

Subject to the above, and based on the assurances provided, we consider the governance and internal control environment operating during 2025/26 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.



C Hatton

Craig Hatton
Chief Executive
24 September 2026



T Gurney

Councillor Tony Gurney
Leader of the Council
24 September 2026

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 2026 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 Income 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 2025/26 (the 2025/26 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 2026 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 2025/26 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 1 June 2026. My period of appointment is two years, covering 2025/26 to 2026/27. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard was not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

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

As explained more fully in the Statement of Responsibilities, the Head of 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 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 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 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 Finance concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on other requirements

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

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

Other information

The Head of 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 their individual capacities, or to third parties.

L Yule

Louisa Yule CPFA, Audit Director
Audit Scotland
4th Floor, The Athenaeum Buildings
8 Nelson Mandela Place
Glasgow, G2 1BT

24 September 2026

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.

Service	Notes	Authority Gross Expend 2025/26 £ million	Authority Gross Income 2025/26 £ million	Authority Net Expend 2025/26 £ million	Group Net Expend 2025/26 £ million	Authority Gross Expend 2024/25 £ million	Authority Gross Income 2024/25 £ million	Authority Net Expend 2024/25 £ million	Group Net Expend 2024/25 £ million (restated)
Corporate Services	None	28.079	(3.400)	24.679	24.679	26.728	(3.248)	23.480	23.480
Education	None	153.212	(12.153)	141.059	141.059	256.080	(12.397)	243.683	243.683
Communities and Housing	None	37.197	(19.001)	18.196	18.311	35.766	(17.369)	18.397	18.747
Place	None	108.442	(21.914)	86.528	86.528	126.812	(22.098)	104.714	104.714
Health and Social Care Partnership	None	329.397	(186.533)	142.864	142.864	316.929	(177.313)	139.616	139.616
Other Corporate Items	None	41.308	(29.984)	11.324	11.324	50.359	(37.925)	12.434	12.434
Cost Of General Fund Services	None	**697.635**	**(272.985)**	**424.650**	**424.765**	**812.674**	**(270.350)**	**542.324**	**542.674**
Housing Revenue Account	None	53.419	(65.562)	(12.143)	(12.143)	66.710	(61.673)	5.037	5.037
Net Cost of Services	None	**751.054**	**(338.547)**	**412.507**	**412.622**	**879.384**	**(332.023)**	**547.361**	**547.711**
Associates and joint ventures accounted for on an equity basis	None	0	0	0	(1.689)	0	0	0	(0.534)
Other Operating Expenditure and Income	5	(0.225)	0	(0.225)	(0.225)	0.801	0	0.801	0.801
Financing and Investment Income and Expenditure	4	74.775	(82.106)	(7.331)	(7.589)	69.094	(67.363)	1.731	1.368
Taxation and Non-Specific Grant Income	9	0	(498.518)	(498.518)	(498.518)	0	(472.584)	(472.584)	(472.584)
(Surplus) or Deficit on Provision of Services	None	**825.604**	**(919.171)**	**(93.567)**	**(95.399)**	**949.279**	**(871.970)**	**77.309**	**76.762**
Deficit / (Surplus) on the revaluation of fixed assets	30	0	0	(69.627)	(69.071)	0	0	36.059	35.964
Remeasurement of the Net Defined Pension Asset and Liability	28	0	0	18.271	18.271	0	0	(2.056)	(2.601)
Share of other comprehensive expenditure and income of associates and joint ventures	none	0	0	0	(0.599)	0	0	0	(0.223)
Other Comprehensive Income and Expenditure	None	0	0	**(51.356)**	**(51.399)**	0	0	**34.003**	**33.140**
Total Comprehensive Income and Expenditure	None	825.604	(919.171)	**(144.923)**	**(146.798)**	949.279	(871.970)	**111.312**	**109.902**

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.

Description	Notes	General Fund Balance £ million	Statutory Housing Revenue Account £ million	Capital and Other Reserves £ million	Total Usable Reserves £ million	Unusable Reserves £ million	Total Authority Reserves £ million	Council's Share of Group Entity Reserves £ million (restated)	Total Group Reserves £ million (restated)
Balance at 31 March 2024	**11, 30**	**93.385**	**20.566**	**12.389**	**126.340**	**710.137**	**836.477**	**47.865**	**884.342**
Total Comprehensive Expenditure and Income	none	(82.431)	5.122	0	**(77.309)**	(34.003)	**(111.312)**	**1.410**	**(109.902)**
Adjustments between accounting basis and funding basis under regulations	10	84.755	(3.547)	(0.410)	**80.798**	(80.798)	**0**	**0**	**0**
Net increase or (decrease) before transfers to other statutory reserves	**none**	**2.324**	**1.575**	**(0.410)**	**3.489**	**(114.801)**	**(111.312)**	**1.410**	**(109.902)**
Transfers to other statutory reserves	none	(1.440)	0	1.440	**0**	0	**0**	**0**	**0**
Net Increase or (Decrease)	none	**0.884**	**1.575**	**1.030**	**3.489**	**(114.801)**	**(111.312)**	**1.410**	**(109.902)**
Balance at 31 March 2025	**11,30**	**94.269**	**22.141**	**13.419**	**129.829**	**595.336**	**725.165**	**49.275**	**774.440**
Total Comprehensive Expenditure and Income	none	73.209	20.358	0	**93.567**	51.356	**144.923**	1.875	**146.798**
Adjustments between accounting basis and funding basis under regulations	10	(58.970)	(17.351)	0	**(76.321)**	76.321	**0**	0	0
Net increase or (decrease) before transfers to other statutory reserves	none	**14.239**	**3.007**	**0**	**17.246**	**127.677**	**144.923**	**1.875**	**146.798**
Transfers to other statutory reserves	none	(0.763)	0	0.763	0	0	**0**	**0**	**0**
Net Increase or (Decrease)	none	**13.476**	**3.007**	**0.763**	**17.246**	**127.677**	**144.923**	**1.875**	**146.798**
Balance at 31 March 2026	**11, 30**	**107.745**	**25.148**	**14.182**	**147.075**	**723.013**	**870.088**	**51.150**	**921.238**

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 and reserves that hold differences shown in the Movement in Reserves Statement.

Description	Notes	Authority at 31 March 2026 £ million	Group at 31 March 2026 £ million	Authority at 31 March 2025 £ million (restated)	Group at 31 March 2025 £ million (restated)
Property, Plant & Equipment	12	1,423.275	1,424.189	1,258.987	1,259.901
Investment Property	39	0	4.731	0	5.287
Heritage Assets	16	1.299	1.299	1.192	1.192
Intangible Assets	17	0	0	0	0
Long Term Investments	26	5.000	5.153	0	0.153
Investment in Associates and Joint Ventures	39	0	36.504	0	34.216
Net Pension Fund Assets	28	0	0	0	0
Long Term Debtors	21	0.044	0.044	0.044	0.044
Long Term Assets	none	**1,429.618**	**1,471.920**	**1,260.223**	**1,300.793**
Inventories	22	1.385	1.437	1.357	1.409
Assets Held for Sale	14	0.035	0.035	0.432	0.432
Short Term Investments	26	15.644	15.644	10.369	10.369
Short Term Debtors	19	42.089	42.846	37.275	37.994
Cash and Cash Equivalents	38	47.371	47.524	62.729	62.882
Current Assets	none	**106.524**	**107.486**	**112.162**	**113.086**
Short Term Borrowing	23	(33.678)	(27.249)	(54.451)	(48.196)
Short Term Creditors	24	(119.170)	(117.501)	(88.364)	(86.626)
Short Term Provisions	25	(1.026)	(1.026)	(1.876)	(1.876)
Current Liabilities	none	**(153.874)**	**(145.776)**	**(144.691)**	**(136.698)**
Long Term Borrowing	26	(391.108)	(391.108)	(377.608)	(377.608)
Long Term Creditors	26	(101.627)	(101.686)	(104.854)	(104.913)
Net Pension Fund Liabilities	28	(19.445)	(19.598)	(20.067)	(20.220)
Long Term Liabilities	none	**(512.180)**	**(512.392)**	**(502.529)**	**(502.741)**
Net Assets	none	**870.088**	**921.238**	**725.165**	**774.440**
Usable Reserves	11	147.075	147.075	129.829	129.829
Unusable Reserves	30	723.013	723.013	595.336	595.336
Group Reserves	39	0	51.150	0	49.275
Total Reserves	none	**870.088**	**921.238**	**725.165**	**774.440**

The unaudited accounts were issued on 24 June 2026 and the audited accounts were authorised for issue on 24 September 2026.

M Boyd

Mark Boyd,
Head of Finance
24 September 2026



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 2025/26 £ million	Group 2025/26 £ million	Authority 2024/25 £ million	Group 2024/25 £ million (restated)
Net deficit on the provision of services	none	(93.567)	(95.399)	77.309	76.762
Adjust for (surplus) or deficit attributable to Associates and Joint Ventures	39	0	1.689	0	0.534
Adjust for net (surplus) or deficit on the provision of services for non-cash movements	35	(20.384)	(20.241)	(171.221)	(171.208)
Adjust for items included in the net deficit on the provision of services that are investing and financing activities	35	38.226	38.484	37.328	37.278
Net cash flows from Operating Activities	**none**	**(75.725)**	**(75.467)**	**(56.584)**	**(56.634)**
Investing Activities	36	72.552	72.294	127.180	127.128
Financing Activities	37	18.531	18.531	(105.969)	(105.927)
Net (increase) or decrease in Cash and Cash Equivalents	**none**	**15.358**	**15.358**	**(35.373)**	**(35.433)**
Cash and Cash Equivalents at the beginning of the reporting period	none	(62.729)	(62.882)	(27.356)	(27.449)
Cash and Cash Equivalents at the end of the reporting period	**38**	**(47.371)**	**(47.524)**	**(62.729)**	**(62.882)**

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	2025/26 £ million	2024/25 £ million
Dwelling Rents	(62.976)	(59.490)
Non-dwelling Rents	(0.128)	(0.159)
Other Income	(0.688)	(0.487)
Total Income	**(63.792)**	**(60.136)**
Repairs and Maintenance	24.971	23.696
Supervision and Management	11.794	9.844
Depreciation and Impairment on Non-Current Assets	14.454	30.569
Bad Debts and movement in Bad Debt Provision	0.384	1.038
Rent, Rates, Taxes and Other Charges	0.013	0
Sums directed by Scottish Government Ministers that are expenditure in accordance with International Financial Reporting Standards	0.032	0.026
Total Expenditure	**51.648**	**65.173**
Net (Income) or Expenditure on Services as included in the Comprehensive Income and Expenditure Statement	**(12.144)**	**5.037**
Corporate and Democratic Core	0.105	0.093
Net Income for Housing Revenue Account Services	**(12.039)**	**5.130**
Taxation and Non-Specific Grant Income and Expenditure	(15.041)	(15.513)
(Gain) or Loss on Sale of Non-Current Assets	0	(0.012)
Interest Payable and Similar Charges	7.757	6.702
Interest and Investment Income	(0.273)	(0.989)
Pension Interest Cost and Expected Return on Pension Assets	(0.762)	(0.440)
Total	**(20.358)**	**(5.122)**

The Council's total housing stock at 31 March 2026 was 13,405 (13,410 at 31 March 2025) in the following categories:

Stock	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom	Six Bedroom	Total
31 March 2026	3,034	6,033	3,901	433	3	1	**13,405**
31 March 2025	3,056	6,012	3,901	437	3	1	**13,410**

Movement on the Housing Revenue Account Statement

Movement on the Housing Revenue Account Statement	2025/26 £ million	2024/25 £ million
(Surplus) or Deficit for the Year on Housing Revenue Account Income and Expenditure Statement	(20.152)	(5.122)
Adjustments between Accounting Basis and Funding Basis under statute	17.145	3.547
(Increase) or Decrease in Year on the Housing Revenue Account	**(3.007)**	**(1.575)**
Balance on the Housing Revenue Account at 1 April	(22.141)	(20.566)
Balance on the Housing Revenue Account at 31 March	**(25.148)**	**(22.141)**

Statutory Adjustments between Accounting Basis and Funding Basis

Statutory adjustments between Accounting Basis and Funding Basis	2025/26 £ million	2024/25 £ million
Depreciation and Impairment	(14.454)	(30.569)
Repayment of Debt	6.956	6.137
Capital grants and contributions applied to capital financing	15.042	15.513
Share of contributions to the Pensions Reserve	0.422	(0.016)
Share of transfer to the Financial Instruments Adjustment	0.323	0.439
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	(0.008)	(0.002)
Total Transfers to the Capital Adjustment Account	**8.281**	**(8.498)**
Gain or (Loss) on sale of non-current assets	0	0.012
Capital expenditure funded by the Housing Revenue Account	9.070	12.033
Total Adjustments between Accounting Basis and Funding Basis under statute	**17.351**	**3.547**

Other Information

Other Information	2025/26	2024/25
Average weekly rent (52 weeks)	£91.13	£87.75
Bad debts written off in respect of former tenants	-	£0.804 million
Total Rent Arrears	£5.446 million	£5.066 million
Bad Debt Provision - housing rents	£2.459 million	£1.895 million
Bad Debt Provision - other debtors	£1.672 million	£1.287 million
Void Rent Loss	£0.629 million	£0.316 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	Total 2025/26 £million	Total 2024/25 £million
Balance at 1 April	**0.797**	**3.039**	**1.129**	**0.073**	**0.015**	**0.309**	**5.362**	**5.115**
Surplus or (Deficit) For the Year	0.050	(0.203)	(0.002)	0.001	(0.003)	0.023	**(0.134)**	**0.112**
Surplus or (Deficit) on the Revaluation of Fixed Assets	(0.011)	(0.397)	(0.019)	0	0	(0.001)	**(0.428)**	**0.135**
Balance at 31 March	**0.836**	**2.439**	**1.108**	**0.074**	**0.012**	**0.331**	**4.800**	**5.362**

Income and Expenditure Account	Ardrossan £million	Irvine £million	Largs £million	Millport £million	Saltcoats £million	Stevenston £million	Total 2025/26 £million	Total 2024/25 £million
Income	(0.055)	(0.122)	(0.032)	(0.003)	(0.001)	(0.026)	**(0.239)**	**(0.246)**
Expenditure	0.005	0.325	0.034	0.002	0.004	0.003	**0.373**	**0.134**
(Surplus) or Deficit For the Year	**(0.050)**	**0.203**	**0.002**	**(0.001)**	**0.003**	**(0.023)**	**0.134**	**(0.112)**
(Surplus) or Deficit Brought Forward	(0.412)	(1.144)	(0.457)	(0.073)	(0.014)	(0.229)	**(2.329)**	**(2.217)**
Accumulated (Surplus) or Deficit as at 31 March	**(0.462)**	**(0.941)**	**(0.455)**	**(0.074)**	**(0.011)**	**(0.252)**	**(2.195)**	**(2.329)**

Balance Sheet	Ardrossan £million	Irvine £million	Largs £million	Millport £million	Saltcoats £million	Stevenston £million	31 March 2026 £million	31 March 2025 £million
Investment Properties	0.374	1.498	0.654	0	0	0.079	**2.605**	**3.033**
Cash invested in North Ayrshire Council on behalf of the funds	0.462	0.941	0.455	0.074	0.011	0.252	**2.195**	**2.329**
Net Assets	**0.836**	**2.439**	**1.109**	**0.074**	**0.011**	**0.331**	**4.800**	**5.362**
Unusable Reserves	(0.374)	(1.498)	(0.654)	0	0	(0.079)	**(2.605)**	**(3.033)**
Common Good Balance	(0.462)	(0.941)	(0.455)	(0.074)	(0.011)	(0.252)	**(2.195)**	**(2.329)**
Total Reserves	**(0.836)**	**(2.439)**	**(1.109)**	**(0.074)**	**(0.011)**	**(0.331)**	**(4.800)**	**(5.362)**

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	Total 2025/26 £million	Total 2024/25 £million
Surplus at 1 April	**(0.120)**	**(0.010)**	**(0.001)**	**(0.001)**	**(0.209)**	**(0.041)**	**(0.382)**	**(0.398)**
Income	(0.008)	0	0	0	(0.077)	(0.002)	**(0.087)**	(0.027)
Expenditure	0.001	0.004	0	0	0.018	0	**0.023**	0.043
(Surplus) or Deficit at 31 March	**(0.007)**	**0.004**	**0**	**0**	**(0.059)**	**(0.002)**	**(0.064)**	**0.016**
Accumulated Surplus as at 31 March	**(0.127)**	**(0.006)**	**(0.001)**	**(0.001)**	**(0.268)**	**(0.043)**	**(0.446)**	**(0.382)**

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 2026 £million	31 March 2025 £million
Investment Properties	0.116	0	0	0	0	0	**0.116**	**0.110**
Investments	0.013	0	0	0	0.140	0	**0.153**	**0.153**
Cash invested in North Ayrshire Council on behalf of the funds	0.114	0.006	0.001	0.001	0.128	0.043	**0.293**	**0.229**
Net Assets	**0.243**	**0.006**	**0.001**	**0.001**	**0.268**	**0.043**	**0.562**	**0.492**
Unusable Reserves	(0.116)	0	0	0	0	0	**(0.116)**	**(0.110)**
Common Good Balance	(0.127)	(0.006)	(0.001)	(0.001)	(0.268)	(0.043)	**(0.446)**	**(0.382)**
Total Reserves	**(0.243)**	**(0.006)**	**(0.001)**	**(0.001)**	**(0.268)**	**(0.043)**	**(0.562)**	**(0.492)**

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	2025/26 £ million	2024/25 £ million (restated)
Gross rates levied	63.751	64.818
Reliefs and other deductions	(15.823)	(15.719)
Write-offs of Uncollectable debts and allowance for impairment	(0.682)	(0.665)
Net Non-Domestic Rate Income	**47.246**	**48.434**
Adjustment for years prior to the introduction of the pool	(5.079)	(5.153)
Net contribution to National Non-Domestic Rate pool	1.956	(0.152)
Net NDR Income transferred to General Fund	**44.123**	**43.129**
Non Domestic Rates Income Retained (NDRIS)	0.020	0.024
Net Non-Domestic Rates Income transferred to General Fund	**44.143**	**43.153**

The Non-Domestic Rates Incentivisation Scheme (NDRIS) permits the authority to retain half of the NDR income which exceeds the income target set by the Scottish Government. Under NDRIS 2024-2027, the Scottish Government has confirmed that North Ayrshire Council's final growth target for 2025/26 is 0.8% and the provisional growth target for 2026/27 is 0.8%.

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 2025/26 was 56.8p for subjects with a rateable value more than £100,000, 55.4p 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 2025	£ million
Commercial	80.100
Industrial and Freight Transport	35.043
Public Undertakings	4.323
Others	2.830
Less: Part Residential and Fishing Rights rateable values not billed for	(0.253)
Total	**122.043**

Analysis of Rateable Values	2025/26 £ million
Rateable Value at 1 April 2025	122.043
Adjustments (Full Year Rateable Value)	(3.022)
Rateable Value at 31 March 2026	119.021
Less: Wholly Exempt Subjects	(1.122)
Net Rateable Value at 31 March 2026	**117.899**

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	2025/26 £ million	2024/25 £ million
Gross Council Tax levied and contributions in lieu	101.760	94.432
Adjustment for prior years Council Tax	0.532	0.848
Total	**102.292**	**95.280**
Council Tax Reduction	(15.178)	(14.159)
Other discounts and reductions	(11.072)	(12.226)
Provision for Non-collection	(3.058)	(2.755)
Net Council Tax Income transferred to General Fund	**72.984**	**66.140**

North Ayrshire Council Tax per Band

Based on the Council Tax base available to North Ayrshire Council, the band D charge for 2025/26 was £1,553.77 (2024/25: £1452.12).

Band	2025/26 £	2024/25 £
A	1035.84	968.08
B	1208.48	1129.42
C	1381.12	1290.77
D	1553.77	1452.12
E	2041.48	1907.92
F	2524.87	2359.69
G	3042.79	2843.73
H	3806.73	3557.69

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	2025/26 Band D Equivalent Dwellings	2024/25 Band D Equivalent Dwellings
A*	0	0	(41)	5	28	8	56%	5	6
A	21,529	1,038	(46)	3,268	6,780	10,489	67%	6,993	6,977
B	18,733	564	41	2,212	4,145	11,771	78%	9,156	9,104
C	7,845	231	(1)	1,015	1,114	5,486	89%	4,876	4,819
D	7,521	158	(63)	796	499	6,131	100%	6,131	6,043
E	9,367	173	72	766	277	8,079	131%	10,616	10,487
F	4,338	65	23	278	80	3,892	163%	6,325	6,256
G	1,292	18	15	76	20	1,163	196%	2,277	2,240
H	61	0	0	5	0	56	245%	137	127
Total	**70,686**	**2,247**	**0**	**8,421**	**12,943**	**47,075**		**46,516**	**46,059**

Band A* refers to Band A properties subject to disabled relief. Disabled relief takes the form of a drop in valuation band, to the valuation band directly below its current band, and is applied where a property has been adapted to meet the needs of the resident who lives there.

Council Tax Base Band D Equivalents	2025/26	2024/25
Total Band D Equivalent Dwellings	46,516	46,059
Contributions in respect of classes 17 and 24 dwellings: Band D equivalent	4	4
Sub Total	**46,520**	**46,063**
Less Bad Debt Provision at 4%	(1,861)	(1,843)
Total Council Tax Base Band D Equivalents	**44,659**	**44,220**

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.

2025/26 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
Corporate Services	21.767	2.912	24.679
Education	192.050	(50.991)	141.059
Communities and Housing	16.344	1.852	18.196
Place	58.371	28.157	86.528
Health and Social Care Partnership	140.858	2.006	142.864
Other Corporate Items	10.796	0.528	11.324
Cost of General Fund Services	**440.186**	**(15.536)**	**424.650**
Housing Revenue Account	(3.007)	(9.136)	(12.143)
Net Cost of Services	**437.179**	**(24.672)**	**412.507**
Other Income and Expenditure	(454.425)	(51.649)	(506.074)
(Surplus) or Deficit on the Provision of Services	**(17.246)**	**(76.321)**	**(93.567)**

Movement on General Fund and Housing Revenue Account Balances	2025/26 £ million
General Fund and Housing Revenue Account Balance at 1 April 2025	(116.410)
(Surplus) or Deficit on the Provision of Services	(17.246)
Transfers to or from Other Statutory Services	0.763
General Fund and Housing Revenue Account Balance at 31 March 2026 (Note 11)	**(132.893)**

2024/25 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
Corporate Services	19.936	3.544	23.480
Education	175.995	67.688	243.683
Communities and Housing	15.231	3.166	18.397
Place	57.127	47.587	104.714
Health and Social Care Partnership	135.243	4.373	139.616
Other Corporate Items	8.350	4.084	12.434
Cost of General Fund Services	**411.882**	**130.442**	**542.324**
Housing Revenue Account	(1.575)	6.612	5.037
Net Cost of Services	**410.307**	**137.054**	**547.361**
Other Income and Expenditure	(414.206)	(55.846)	(470.052)
(Surplus) or Deficit on the Provision of Services	**(3.899)**	**81.208**	**77.309**

Movement on General Fund and Housing Revenue Account Balances	2024/25 £ million
General Fund and Housing Revenue Account Balance at 1 April 2024	(113.951)
(Surplus) or Deficit on the Provision of Services	(3.899)
Transfers to or from Other Statutory Services	1.440
General Fund and Housing Revenue Account Balance at 31 March 2025 (Note 11)	**(116.410)**

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.

2025/26 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	1.673	1.088	0.151	2.912
Education	(52.641)	3.074	(1.424)	(50.991)
Communities and Housing	0.785	1.534	(0.467)	1.852
Place	28.419	1.780	(2.042)	28.157
Health and Social Care Partnership	0.265	4.797	(3.056)	2.006
Other Corporate Items	(2.450)	(0.766)	3.744	0.528
Cost of General Fund Services	**(23.949)**	**11.507**	**(3.094)**	**(15.536)**
Housing Revenue Account	(16.615)	(0.423)	7.902	(9.136)
Net Cost of Services	**(40.564)**	**11.084**	**4.808**	**(24.672)**
Other Income and Expenditure	(19.823)	(29.977)	(1.849)	(51.649)
Difference between the General Fund surplus and the Comprehensive Income and Expenditure Statement Surplus or Deficit	**(60.387)**	**(18.893)**	**2.959**	**(76.321)**

2024/25 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts (Restated)	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	2.003	1.455	0.086	3.544
Education	66.725	4.210	(3.247)	67.688
Communities and Housing	0.833	2.180	0.153	3.166
Place	47.430	2.425	(2.268)	47.587
Health and Social Care Partnership	0.369	6.616	(2.612)	4.373
Other Corporate Items	0.003	0.253	3.828	4.084
Cost of General Fund Services	**117.363**	**17.139**	**(4.060)**	**130.442**
Housing Revenue Account	(3.126)	0.016	9.722	6.612
Net Cost of Services	**114.237**	**17.155**	**5.662**	**137.054**
Other Income and Expenditure	(32.324)	(18.215)	(5.307)	(55.846)
Difference between the General Fund surplus and the Comprehensive Income and Expenditure Statement Surplus or Deficit	**81.913**	**(1.060)**	**0.355**	**81.208**

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 Council 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	Education £ million	Communities and Housing £ million	Place £ million	Health and Social Care Partnership £ million	Other Corporate Items £ million	Housing Revenue Account £ million	Outwith Services £ million	2025/26 Total £ million	2024/25 Total £ million
Employee Benefits Expenses	19.007	166.170	29.935	34.174	89.120	0.981	5.724	0	345.111	336.902
Other Service Expenses	7.399	29.288	6.477	41.569	240.012	42.777	33.241	0	400.763	394.550
Depreciation, Amortisation and Impairment	1.673	(44.383)	0.785	32.699	0.265	(2.450)	14.660	0	3.249	147.932
Interest Payments	0	0	0	0	0	0	0	74.775	74.775	69.094
(Gains)/Losses on Disposal of Assets	0	0	0	0	0	0	0	(0.225)	(0.225)	0.801
Total Expenditure	**28.079**	**151.075**	**37.197**	**108.442**	**329.397**	**41.308**	**53.625**	**74.550**	**823.673**	**949.279**
Fees, Charges and Other Service Income	(3.400)	(12.153)	(19.001)	(21.914)	(186.533)	(29.984)	(65.562)	(0.000)	(338.547)	(332.023)
Interest and Investment Income	0	0	0	0	0	0	0	(82.106)	(82.106)	(67.363)
Council Tax	0	0	0	0	0	0	0	(72.984)	(72.984)	(66.140)
Government Grants and Contributions	0	0	0	0	0	0	0	(425.534)	(425.534)	(406.444)
Total Income	**(3.400)**	**(12.153)**	**(19.001)**	**(21.914)**	**(186.533)**	**(29.984)**	**(65.562)**	**(580.624)**	**(919.171)**	**(871.970)**
(Surplus) or Deficit on the Provision of Services	**24.679**	**138.922**	**18.196**	**86.528**	**142.864**	**11.324**	**(11.937)**	**(506.074)**	**(95.498)**	**77.309**

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: Material Items

The Comprehensive Income and Expenditure Statement includes a surplus on the revaluation of our Housing stock of £29.5 million. The valuation of our Housing stock is reviewed annually by the UK Government's District Valuer Service. As part of the 2025/26 valuation review, the District Valuer has reported an increase in the Adjustment Factor which is applied to the open market value of the Housing stock to account for its Social Housing value with a sitting tenant, rather than at vacant possession. The District Valuer has indicated that the Adjustment Factor has increased from 44.88% to 46.61%, as a direct result of the proportionately higher increase in North Ayrshire Council rents compared to their market equivalents over the same period.

During 2025/26, North Ayrshire Council issued Housing Benefit payments of £25.9 million and received funding of (£25.5 million), (2024/25: payments of £33.4 million and funding of (£33.5 million)). Details of the subsidy income received and all other items of material grant income are included in Note 9 on page 83.

Note 4: Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2025/26 £ million	2024/25 £ million
Interest payable and similar charges	24.769	22.118
Pensions interest cost and expected return on pensions assets	(30.739)	(18.655)
Interest receivable and similar income	(1.361)	(1.732)
Total	**(7.331)**	**1.731**

Note 5: Other Operating Expenditure and Income

Other Operating Expenditure and Income	2025/26 £ million	2024/25 £ million
(Gains)/losses on the disposal of non current assets	(0.225)	0.801
Total	**(0.225)**	**0.801**

Note 6: 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	2025/26 £ million	2024/25 £ million
Agency income from Scottish Water	(0.614)	(0.606)
Cost of Collection associated with Scottish Water income	0.099	0.092

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

Agency Grants Issued	2025/26 £ million	2024/25 £ million
Homes for Ukraine Scheme Household Thank You Payment Grant	0.061	0.085

The Council also bills and collects Non-Domestic Rates on behalf of the Scottish Government. During 2025/26 the Council collected £42.167 million which was increased by (£1.956 million) from the National Non-Domestic Rates Pool and a further £0.020m from the Non Domestic Rates Incentivisation Scheme (2024/25: £43.281 million (restated) and reduction of (£0.152 million) (restated) and a further £0.024m).

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	2025/26 £ million	2024/25 £ million
Fees payable with regard to external audit services carried out by the appointed auditor for the year	0.402	0.385
Total	**0.402**	**0.385**

Note 8: Leases

In 2025/2026, the Council has applied IFRS 16 Leases as adopted by the Code of Accounting Practice on 1 April 2024. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as liability), a right-of-use asset and a lease liability were brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2026 are exempt from the new arrangements.

Council as Lessee

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

The Council decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The weighted average of the incremental borrowing rates used to discount liabilities was 5.0 %

Right of Use Assets

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

Right of Use Assets	Other Land and Buildings £ million	Vehicles, Plant and Equipment £ million	2025/26 Total £ million
Balance at 1 April	0.384	0.025	0.409
Additions	0	0	0
Revaluations	0.663	0.028	0.691
Depreciation	0.235	0.027	0.262
Disposals	0	0	0
Total	**0.812**	**0.026**	**0.838**

The right of use assets recognised are a suite of fitness equipment, waste equipment and a fleet of electric vehicles, with typical lives of between three and five years. The Council also leases a number of other properties and pieces of land.

Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases:

Comprehensive income and expenditure statement	2025/26 £ million	2024/25 £ million
Interest expense on lease liabilities	0.029	0.016
Expense relating to short-term leases	0	0.039
Expense relating to exempt leases of low-value items	0.046	0.048
Cash flow statement	**2025/26 £ million**	**2024/25 £ million**
Total cashflow for leases	0.19	0.151
Cash payments for interest portion of lease liabilities	0.029	0.016
Low value lease payments where exemptions taken	0.046	0.047

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected payments):

Future Lease Liabilities	2025/26 £ million	2024/25 £ million
Not later than one year	0.215	0.136
Later than one year and not later than five years	0.402	0.093
More than five years	0.310	0.057
Total Undiscounted Liabilities	**0.927**	**0.286**

Council as Lessor

The Council is not required to make any adjustment on transition to IFRS16 for leases in which it acts as a 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	2025/26 £ million	2024/25 £ million
Not later than one year	1.240	0.926
Later than one year and not later than five years	3.417	2.608
More than five years	4.159	2.816
Total	**8.816**	**6.350**

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 2025/26:

Grants credited to Taxation and Non Specific Grant Income	2025/26 £ million	2024/25 £ million
General Revenue Grant	(344.318)	(326.332)
Council Tax	(72.984)	(66.140)
Capital Grants and Contributions	(37.049)	(36.983)
Non Domestic Rates	(44.167)	(43.129)
Total	**(498.518)**	**(472.584)**

Grants credited to Services	2025/26 £ million	2024/25 £ million
Health Resource Transfer	(26.685)	(25.787)
Housing Benefit Funding	(25.458)	(33.544)
Criminal Justice Grant	(4.449)	(3.828)
Extended Producer Responsibility (EPR)	(4.350)	0
Pupil Equity Fund	(4.073)	(3.861)
Schools for the Future	(3.374)	(3.374)
No One Left Behind	(2.491)	(2.063)
UK Shared Prosperity Fund	(2.091)	(3.904)
Attainment Grant	(1.696)	(2.457)
Ayrshire Growth Deal	(1.352)	(1.979)
Alcohol and Drug Partnership Funding	(1.251)	(1.103)
Unaccompanied Asylum Seekers	(0.972)	(1.167)
Homes For Ukraine Scheme Local Authority Tariff Payment	(0.822)	(1.265)
Learning Estate Investment Programme	(0.748)	(0.499)
Benefit Admin Subsidy	(0.614)	(0.629)
Sportscotland Sport Facilities Grant	(0.606)	(0.593)
General Capital Grant	(0.525)	(0.494)
EMA and Activity Agreements	(0.458)	(0.474)
School Meals Test of Change	(0.418)	0
Syrian Relocation Grant	(0.415)	(0.351)
Heating and Energy Efficiency Scotland	(0.346)	(0.244)
Child Poverty Strategy	(0.257)	0
Milk & Healthy Snack Subsidy	(0.253)	(0.269)
Care Experienced Children and Young People	(0.229)	(0.355)
Grant to support people displace from ukraine	(0.203)	0
Place Based Investment Programme	(0.191)	(0.185)
Creative Scotland Grant	(0.190)	0
Paths for All	(0.166)	(0.228)
Criminal Justice Concerned Backlog	(0.161)	(0.360)
Other Minor Grants	(2.737)	(4.267)
Total	**(87.581)**	**(93.280)**

Notes to the Movement in Reserves Statement

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.

2025/26 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	28.938	22.200	0	51.138	(51.138)
Amortisation of intangible assets	0	0	0	0	0
Impairment Reversal of non current assets	(38.213)	(7.744)	0	(45.957)	45.957
Capital grants and contributions that have been applied to capital financing	(22.008)	(15.041)	0	(37.049)	37.049
(Gains) or losses on the disposal of non current assets	(0.224)	(0.001)	0	(0.225)	0.225
Statutory provision for the financing of capital investment	(9.782)	(6.957)	0	(16.739)	16.739
Capital expenditure charged against the General Fund and Housing Revenue Account balances	(0.510)	(9.071)	0	(9.581)	9.581
Adjustments involving the Capital Fund	0	0	0	0	0
Amount by which finance costs charged are different from finance costs in accordance with statutory requirements	(0.483)	(0.322)	0	(0.805)	0.805
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services	(18.470)	(0.423)	0	(18.893)	18.893
Amount by which officer remuneration charged on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1.781	0.009	0	1.790	(1.790)
Total Adjustments	**(58.971)**	**(17.350)**	**0**	**(76.321)**	**76.321**

Comparable Movements in 2024 to 2025:

2024/25 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	27.449	24.111	0	51.560	(51.560)
Amortisation of intangible assets	0.030	0	0	0.030	(0.030)
Impairment of non current assets	89.884	6.458	0	96.342	(96.342)
Capital grants and contributions that have been applied to capital financing	(21.470)	(15.513)	0	(36.983)	36.983
(Gains) or losses on the disposal of non current assets	0.813	(0.012)	0	0.801	(0.801)
Statutory provision for the financing of capital investment	(8.298)	(6.137)	0	(14.435)	14.435
Capital expenditure charged against the General Fund and Housing Revenue Account balances	(3.369)	(12.033)	0	(15.402)	15.402
Adjustments involving the Capital Fund	0	0	(0.410)	(0.410)	0.410
Amount by which finance costs charged are different from finance costs in accordance with statutory requirements	(0.644)	(0.439)	0	(1.083)	1.083
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services	(1.076)	0.016	0	(1.060)	1.060
Amount by which officer remuneration charged on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1.436	0.002	0	1.438	(1.438)
Total Adjustments	**84.755**	**(3.547)**	**(0.410)**	**80.798**	**(80.798)**

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 2025/26.

Reserve	31 March 2025 £ million	Income £ million	Expenditure £ million	31 March 2026 £ million	Purpose of Reserve
General Fund Balance unearmarked	9.181	0.518	0	9.699	The balance represents 2.0% of budgeted expenditure.
Affordable Housing	2.617	1.276	(0.548)	3.345	Contributes towards the provision of new build social housing.
Change & Service Redesign Fund	2.167	1.732	(0.572)	3.327	Earmarked for delivery of the Council's Change Programme.
Loans Fund Reserve	38.009	11.687	0	49.696	Supports borrowing linked to the Capital Investment Programme.
Investment Fund	2.441	0.950	(0.802)	2.589	Supports environmental projects, infrastructure investment and Community Wealth Building.
Renewal Fund	5.242	0	(1.186)	4.056	Supports delivery of the Council's Renewal and Recovery Strategy.
Energy Smart	1.851	0	(0.956)	0.895	Supports reduction of fuel poverty and increased affordable warmth.
Earmarked Funds	17.670	9.179	(2.893)	23.956	Various projects where spending plans exist relating to 2026/27 or beyond.
Workforce Planning	2.706	0	(0.078)	2.628	Supports Workforce Planning and future pay settlement risks.
Future Budget Strategy	9.288	0	(4.000)	5.288	Support for Medium Term Financial Planning strategy.
Education and Early Learning	0.886	0	(0.153)	0.733	Supports expansion of Early Learning provision and Education recovery plan.
Financial Insecurity	2.211	0.020	(0.698)	1.533	Funds earmarked to support Low Income Families.
General Fund Balance	**94.269**	**25.362**	**(11.886)**	**107.745**	**Total General Fund Balances**
Housing Revenue Account	22.141	3.942	(0.935)	25.148	Balance includes £13.2m earmarked for new house building and £1.8m retained as contingency.
Total Balances	**116.410**	**29.304**	**(12.821)**	**132.893**	**Total Balances**
Insurance Fund	2.233	0.092	(0.009)	2.316	Supports share of outstanding claims against the Council and its predecessors.
Capital Fund	11.186	0.680	0	11.866	Funds earmarked to support the 2026 to 2034 capital programme.
Total Other Reserves	**13.419**	**0.772**	**(0.009)**	**14.182**	**Total Other Reserves**
Total Useable Reserves	**129.829**	**30.076**	**(12.830)**	**147.075**	**Available to support services**

Notes to the Balance Sheet

Note 12: Property, Plant and Equipment

Movements in 2025/26:

2025/26 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 2025	**532.269**	**450.266**	**34.346**	**7.375**	**8.944**	**138.178**	**1,171.378**	**140.988**
Reclassification of Assets	0.693	8.259	11.203	0.078	(0.397)	(20.278)	**(0.442)**	0
Additions	13.367	5.552	7.167	0.081	0	65.837	**92.004**	3.395
Revaluations recognised in the Revaluation Reserve	4.112	(3.359)	0	0	21.633	0	**22.386**	0.182
Revaluations recognised in the Net Cost of Services	3.118	29.639	0	0	2.486	0	**35.243**	0.162
Derecognition - Disposals	0	(0.675)	(1.941)	0	0	0	**(2.616)**	0
Assets reclassified (to) or from Held for Sale	0	0.020	0	0	0.085	0	**0.105**	0
Balance at 31 March 2026	**553.559**	**489.702**	**50.775**	**7.534**	**32.751**	**183.737**	**1,318.058**	**144.727**
Accumulated Depreciation and Impairment at 1 April 2025	**0**	**22.820**	**24.984**	**2.242**	**0**	**0**	**50.046**	**6.591**
Reclassification of Assets	0	0	0	0	0	0	**0**	0
Depreciation Charge	22.047	14.541	7.103	0.450	0.106	0	**44.247**	3.143
Depreciation written out to the Revaluation Reserve	(17.424)	(29.706)	0	0	(0.003)	0	**(47.133)**	0
Depreciation written out to the Net Cost of Services	(4.623)	(5.989)	0	0	(0.103)	0	**(10.715)**	(8.595)
Derecognition - Disposals	0	(0.030)	(1.927)	0	0	0	**(1.957)**	0
Assets reclassified (to) or from Held for Sale	0	0	0	0	0	0	**0**	0
Balance at 31 March 2026	**0**	**1.636**	**30.160**	**2.692**	**0**	**0**	**34.488**	**1.139**
Net Book Value at 31 March 2026	**553.559**	**488.066**	**20.615**	**4.842**	**32.751**	**183.737**	**1,283.570**	**143.588**
Net Book Value at 31 March 2025	**532.269**	**427.446**	**9.362**	**5.133**	**8.944**	**138.178**	**1,121.332**	**134.397**

Comparative Movements in 2024/25:

2024/25 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 2024	**549.811**	**485.733**	**52.577**	**7.003**	**6.097**	**144.586**	**1,245.807**	**140.858**
Reclassification of Assets	11.561	36.623	0.950	0.227	0.325	(86.179)	**(36.493)**	0
Additions	24.696	36.441	4.041	0.354	0	79.771	**145.303**	26.390
Revaluations recognised in the Revaluation Reserve	(46.057)	(16.972)	0	0	2.754	0	**(60.275)**	(12.908)
Impairments recognised in the Net Cost of Services	(7.742)	(91.066)	0	(0.003)	0	0	**(98.811)**	(13.352)
Derecognition - Disposals	0	(0.215)	(23.222)	(0.206)	(0.800)	0	**(24.443)**	0
Assets reclassified (to) or from Held for Sale	0	(0.278)	0	0	0.568	0	**0.290**	0
Balance at 31 March 2025	**532.269**	**450.266**	**34.346**	**7.375**	**8.944**	**138.178**	**1,171.378**	**140.988**
Accumulated Depreciation and Impairment at 1 April 2024	**0**	**16.778**	**43.742**	**2.008**	**0**	**0**	**62.528**	**3.717**
Reclassification of Assets	0	0	0	0	0	0	**0**	0
Depreciation Charge	22.726	15.553	4.464	0.440	0	0	**43.183**	3.127
Depreciation written out to the Revaluation Reserve	(22.726)	(6.768)	0	0	0	0	**(29.494)**	0
Depreciation written out to the Net Cost of Services	0	(2.715)	0	0	0	0	**(2.715)**	(0.253)
Derecognition - Disposals	0	(0.028)	(23.222)	(0.206)	0	0	**(23.456)**	0
Assets reclassified (to) or from Held for Sale	0	0	0	0	0	0	**0**	0
Balance at 31 March 2025	**0**	**22.820**	**24.984**	**2.242**	**0**	**0**	**50.046**	**6.591**
Net Book Value at 31 March 2025	**532.269**	**427.446**	**9.362**	**5.133**	**8.944**	**138.178**	**1,121.332**	**134.397**
Net Book Value at 31 March 2024	**549.811**	**468.955**	**8.835**	**4.995**	**6.097**	**144.586**	**1,183.279**	**137.141**

The disclosures for Service Concession Assets are for information only. The costs and depreciation are included in 'Other Land and Buildings'.

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 2025/26 and the 2024/25 comparator movements are as follows:

Infrastructure Assets	2025/26 £ million	2024/25 £ million
Net Book Value at 1 April	137.655	96.317
Reclassification of Assets	0.442	36.493
Additions	8.499	19.173
Revaluations	0	(10.255)
Depreciation Charge	(6.891)	(4.073)
Net Book Value at 31 March	**139.705**	**137.655**

Combined Property, Plant and Equipment	2025/26 £ million	2024/25 £ million
Infrastructure Assets Net Book Value at 31 March	139.705	137.655
Other Property, Plant and Equipment Net Book Value at 31 March	1,283.570	1,121.332
Total Property, Plant and Equipment	**1,423.275**	**1,258.987**

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 2026 are as follows:

North Ayrshire Council	Fair Value as at 31 March 2026 £ million	Fair Value as at 31 March 2025 £ million
Land	32.655	3.837
Offices	0.096	0
Total	**32.751**	**3.837**

Fair values for the Investment Properties held by the Common Good and Trust Funds as at 31 March 2026 are as follows:

Common Good and Trust Funds	Fair Value as at 31 March 2026 £ million	Fair Value as at 31 March 2025 £ million2
Land	1.330	1.175
Offices	0.587	0.600
Community use	0.756	0.670
Total	**2.673**	**2.445**

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	2025/26 £ million	2024/25 £ million
Balance at 1 April	0.432	0.883
Property, Plant and Equipment newly classified from held for sale	(0.105)	(0.290)
Revaluations	0	(0.002)
Assets disposed of during the year	(0.292)	(0.159)
Balance at 31 March	**0.035**	**0.432**

Note 15: 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 2025/26 £ million	Housing Revenue Account 2025/26 £ million	General Fund 2024/25 £ million	Housing Revenue Account 2024/25 £ million
Opening Capital Financing Requirement	**316.328**	**197.342**	**252.382**	**184.503**
Property, Plant and Equipment Investment	59.585	0	91.025	0
Council Dwellings Investment	0	36.917	0	46.534
Total Investment	**59.585**	**36.917**	**91.025**	**46.534**
Sale of Assets	(1.161)	(0.015)	(0.332)	(0.012)
Grants and other contributions	(22.008)	(15.041)	(21.470)	(15.513)
Contribution from Reserves	0	0	(0.410)	0
Direct revenue contributions	(0.510)	(9.071)	(3.369)	(12.033)
Loans Fund Principal	(2.578)	(6.957)	(1.498)	(6.137)
Total Sources of Finance	**(26.257)**	**(31.084)**	**(27.079)**	**(33.695)**
Closing Capital Financing Requirement	**349.656**	**203.175**	**316.328**	**197.342**

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 150, 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	20	District Valuer	Existing Use Value for Social Housing 'Beacon Principle'	31 March 2025
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 & Buildings - Schools	50 to 60	Internal RICS Valuer	Depreciated Replacement Cost Existing Use	Sample of Schools valued 31 March 2026
Surplus	50	Internal RICS	Fair Value (Market Value) Highest and Best Use	31 March 2026
Vehicles	4 to 10	n/a	Historical Cost	n/a
Infrastructure	30 to 40	n/a	Historical Cost	n/a
Plant and	5 to 20	n/a	Historical Cost	n/a
Community Assets	20 to 30	n/a	Historical Cost	n/a

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; and
- 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	0.000	0.000	50.775	7.534	0.000	58.309
Valued at 31 March 2026	553.559	310.679	0.000	0.000	32.751	896.989
Right of Use Assets indexed in year	0.000	5.828	0.000	0.000	0.000	5.828
Indexed at 31 March 2026. Last valued at 31 March 2025	0.000	90.998	0.000	0.000	0.000	90.998
Indexed at 31 March 2026. Last valued at 31 March 2024	0.000	58.389	0.000	0.000	0.000	58.389
Indexed at 31 March 2026. Last valued at 31 March 2023	0.000	21.327	0.000	0.000	0.000	21.327
Indexed at 31 March 2026. Last valued at 31 March 2022	0.000	2.480	0.000	0.000	0.000	2.480
Total Cost or Valuation	**553.559**	**489.701**	**50.775**	**7.534**	**32.751**	**1,134.320**

Indexation

In addition to these formal valuations, the 2025/26 Code brings in a requirement to apply annual indexation to these assets in the years between formal valuations, to ensure the value of an asset is kept materially up to date as an approximation of market changes. Indices used for 2025/26 annual accounts are as per below:-

- BCIS TPI adjusted by a location factor – to be used to index DRC properties (excluding associated land)
- CBRE Indices for each asset type:
    - Offices
    - Retail
    - Industrial
    - All Property (for all other commercial properties and land element of DRC assets)

The table below shows the indices applied to the property assets which were not valued in 2025/26. It shows the percentage applied to each asset category; the period covered by each index and the impact on the closing values of applying each of the indices. All indices reflect the movement for the year to 31 March 2026.

Index	% Change	Impact on closing PPE value £ million
BCIS	2.63%	3.710
CBRE - Offices	-1.60%	(0.146)
CBRE - Retail	1.00%	0.043
CBRE - Industrial	1.80%	0.134
CBRE - All Property	0.60%	0.036
Total indexation applied 2025/26		**3.777**

Commitments under capital contracts

At 31 March 2026, 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 2026 totalled £125.376 million as follows (2024/25: £62.674 million):

General Services Programme - Major Projects	At 31 March 2026 £ million
Ardrossan Campus	86.497
Great Harbour	0.798
New Cemetery, Kilbirnie	0.720
Fairlie Primary	0.600
School ICT	0.465
Abbey Tower	0.356
Property Lifecycle Investment	0.310
Roads	0.300
AGD Marine Tourism - Cumbrae	0.251
Goldcraigs Depot	0.189
ICT Projects	0.182
Skelmorlie Primary	0.176
Lochshore Community Gardens	0.173
Pennyburn Primary	0.163
Dalry Primary	0.158
Eclipse	0.153
Locality Based Property Review	0.109
Cunninghame House	0.109
Regeneration Projects	0.094
AGD Great Harbour Maritime Mile	0.091
Other Minor Commitments	0.197
Total	**92.091**

Housing Revenue Account - Major Projects	At 31 March 2026 £ million
Ayrshire Central	23.864
Central Heating & Rewiring	7.273
Nelson Street	0.852
Kings Arms	0.421
Garnock Academy	0.320
Saltcoats High Flats	0.133
Fergushill Road	0.121
Stanecastle	0.103
St Marys	0.086
James McFarlane	0.061
Cheviot Court	0.050
Other minor commitments	0.002
Total	**33.286**

Note 16: 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 been undertaken by two external valuers Lyon and Turnbull and THK Applied Arts during 2025/26. The list of assets will be updated regularly as and when valuations are received throughout the year.

The valuations commissioned by Lyon and Turnbull during 2025/26 included the revaluation of one asset and two new additions. A third new addition was also commissioned and the valuation carried out by THK Applied Arts was dated February 2026. 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.

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 31 March 2024	**0.288**	**0.214**	**0.315**	**0.199**	**1.016**
Revaluations	0	0.176	0	0	0.176
Balance at 31 March 2025	**0.288**	**0.390**	**0.315**	**0.199**	**1.192**
Additions	0	0	0.104	0	0.104
Revaluations	0	0	0.003	0	0.003
Balance at 31 March 2026	**0.288**	**0.390**	**0.422**	**0.199**	**1.299**

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 a 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 17: 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	2025/26 £ million	2024/25 £ million
Gross Carrying Amount at start of the year	0.638	4.627
Accumulation amortisation at start of the year	(0.638)	(4.597)
Net Carrying Amount at start of the year	**0**	**0.030**
Disposals - Gross Carrying Amount	(0.341)	(3.989)
Disposals - Amortisation	0.341	3.989
Amortisation for the period	0	(0.030)
Net Carrying Amount at end of year	**0**	**(0.000)**
Gross Carrying Amount at end of the year	0.297	0.638
Accumulation amortisation at end of the year	(0.297)	(0.638)
Net Carrying Amount at end of year	**(0.000)**	**0**

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

In 2025/26, the Council has applied IFRS 16 Leases as adopted by the Code of Accounting Practice. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. IFRS 16 has been applied to the North Ayrshire Council Schools Public Private Partnership Contract, Largs Campus Design Build Finance Maintain Contract and Clyde Valley Waste Contract.

For the Clyde Valley Waste Contract, the IFRS 16 compliant information available in 2024/25 has been used to forecast 2025/26 valuations, pending receipt of new information from the contract managers.

North Ayrshire Council Schools Public Private Partnership Contract

2025/26 was the nineteenth 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

2025/26 was the eighth 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 year's 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

2025/26 was the seventh 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 2026 (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 2026/27	12.365	6.858	4.712	0.610	24.545
Payable within 2 to 5 years	51.648	26.506	14.202	6.047	98.403
Payable within 6 to 10 years	70.891	29.305	10.075	15.976	126.247
Payable within 11 to 15 years	46.326	17.144	3.022	14.182	80.674
Payable within 16 to 20 years	23.690	4.311	0.370	2.074	30.445
Total	**204.920**	**84.124**	**32.381**	**38.889**	**360.314**

Payments

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 liabilities are as follows:

Outstanding Liability	2025/26 £ million	2024/25 £ million
Balance outstanding at 1 April	115.984	96.318
Remeasurement on IFRS16 transition	0	0.652
Additions on IFRS16 transition	0	22.028
Revised opening Balance outstanding at 1 April	**115.984**	**118.998**
Payments during the year	(7.043)	(6.667)
Remeasurement on IFRS16 in year	3.395	3.653
Balance Outstanding at 31 March	**112.336**	**115.984**

Service Concession Flexibility

During 2022/23, North Ayrshire Council adopted the revised accounting arrangements under Local Government Finance Circular 10/2022 – Finance Leases and Service Concession Arrangements. The application of this accounting arrangement 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 were 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
2025/26	4.286	1.119	(3.167)
Payable in 2026/27	4.382	1.184	(3.198)
Payable within 2 to 5 years	20.204	5.466	(14.738)
Payable within 6 to 10 years	31.885	8.833	(23.052)
Payable within 11 to 15 years	22.613	11.761	(10.852)
Payable within 16 to 20 years	4.756	15.692	10.936
Payable within 21 to 25 years	0	20.978	20.978
Payable within 26 to 30 years	0	28.094	28.094
Payable within 31 to 35 years	0	13.124	13.124
Payable within 36 to 40 years	0	9.789	9.789
Payable within 41 to 45 years	0	2.223	2.223
Total	**88.126**	**118.263**	**30.137**

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: Short Term Debtors

Amounts owed to the Council within the year as at 31 March 2026 are shown below:

Debtors	2025/26 £ million	2024/25 £ million
Trade Receivables	13.129	9.979
Prepayments	2.663	2.138
Other Receivable Amounts	26.297	25.158
Total	**42.089**	**37.275**

Note 20: 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 2025/26 £ million	Non-Domestic Rates 2025/26 £ million	Council Tax 2024/25 £ million	Non-Domestic Rates 2024/25 £ million
Less than 1 year	2.585	0.944	2.246	0.681
1 to 2 years	2.217	0.439	2.021	0.334
2 to 5 years	2.659	0	2.443	0
More than 5 years	0.930	0	0.565	0
Total	**8.391**	**1.383**	**7.275**	**1.015**

Note 21: Long Term Debtors

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

Long Term Debtors	2025/26 £ million	2024/25 £ million
Advances for House Purchases	0.044	0.044
Total	**0.044**	**0.044**

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 2025 £ million	Purchases £ million	Recognised as an Expense £ million	Balance at 31 March 2026 £ million	Balance at 31 March 2025 £ million
Catering Consumables	0.173	3.107	(3.110)	0.170	0.173
Streetscene and Waste	0.035	0.138	(0.111)	0.062	0.035
Transport Fuel	0.109	1.720	(1.681)	0.148	0.109
Donated Covid Consumables	0.028	0.079	(0.074)	0.033	0.028
Other Consumables	0.001	0	0	0.001	0.001
Building Services Materials	0.734	4.140	(4.106)	0.768	0.734
Roads Maintenance Materials	0.277	8.055	(8.129)	0.203	0.277
Total	**1.357**	**17.239**	**(17.211)**	**1.385**	**1.357**

Note 23: Short Term Borrowing

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

Short Term Borrowing	2025/26 £ million	2024/25 £ million
North Ayrshire Municipal Bank Limited	(0.036)	(0.036)
Public Works Loans Board	(8.606)	(8.360)
Market Debt, Lender Option Loans and Other Local Authorities	(25.036)	(46.055)
Total	**(33.678)**	**(54.451)**

Note 24: Short Term Creditors

Amounts owed by the Council within the year as at 31 March 2026 are shown in the table below:

Creditors	2025/26 £ million	2024/25 £ million (restated)
Trade Payables	(40.138)	(36.738)
Other Payables	(79.032)	(51.626)
Total	**(119.170)**	**(88.364)**

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 £34.850 million (2024/25 £8.428 million).

Note 25: 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. Movement in these provisions are shown in the table below:

Provisions	Equal Pay / Single Status £ million	Termination Benefits £ million	Employee Costs - Paid Absences £ million	Teachers Maternity Cover £ million	Former Authorities £ million	Total £ million
Balance at 1 April 2025	(0.026)	(1.012)	(0.300)	(0.250)	(0.288)	(1.876)
Additional provisions made	(0.029)	(0.150)	0.013	0.013	(0.009)	(0.162)
Amounts used	0	1.012	0	0	0	1.012
Balance at 31 March 2026	**(0.055)**	**(0.150)**	**(0.287)**	**(0.237)**	**(0.297)**	**(1.026)**

Equal Pay/Single Status

In 2014/15 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 31 March 2025. During 2025/26 no provision was utilised. A further provision has been made of £0.029m at 31 March 2026 in respect of further equal pay claims against North Ayrshire Council. The timing of the potential settlement of these claims is uncertain.

Termination Benefits

During 2025/26 a provision of £0.150 million was required in relation to employee retiral commitments the Council had in place at 31 March 2026. These liabilities are expected to be discharged during 2026/27.

Employee Costs - Paid Absences

In accordance with IAS19 Employee Benefits provision has been made of £0.287m for the costs of paid employee absences arising from Flexi Time earned but not taken prior to 31 March 2026. These liabilities are expected to be discharged during 2026/27.

Teachers Maternity Cover

During 2025/26 a provision of £0.237 million was required in respect of teachers' holidays accrued while on maternity leave. These liabilities are expected to be discharged during 2026/27.

Former Authorities: Claims

The Council has a potential 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 (MMI) in respect of known claims against the former Councils. The timing of the settlement of these claims is uncertain.

Note 26: Financial Instruments

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 Royal Bank of Scotland. 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.

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

2025/26 Financial Instruments at Amortised Cost	Long Term 31 March 2026 £ million	Current 31 March 2026 £ million	Total £ million
Cash (including bank)	0	49.104	49.104
Bank overdraft	0	(1.733)	(1.733)
Total Cash and Cash Equivalents	**0**	**47.371**	**47.371**
Investments	5.000	15.644	20.644
Debtors	0.044	33.288	33.332
Total Financial Assets at Amortised Cost	**5.044**	**96.303**	**101.347**
Loans - Principal sums	390.661	31.288	421.949
Loans - Accrued interest	0	2.390	2.390
Effective Interest Rate adjustment	0.447	0	0.447
Total Borrowing	**391.108**	**33.678**	**424.786**
Trade payables	0	107.676	107.676
Service Concessions and similar liabilities	101.627	11.494	113.121
Total Creditors	**101.627**	**119.170**	**220.797**
Total Financial Liabilities at Amortised	**492.735**	**152.848**	**645.583**

2024/25 Financial Instruments at Amortised Cost	Long Term 31 March 2025 £ million (restated)	Current 31 March 2025 £ million (restated)	Total £ million
Cash (including bank)	0	65.605	65.605
Bank overdraft	0	(2.876)	(2.876)
Total Cash and Cash Equivalents	**0**	**62.729**	**62.729**
Short Term Investments	0	10.369	10.369
Investments	0.044	26.847	26.891
Total Financial Assets at Amortised Cost	**0.044**	**99.945**	**99.989**
Loans - Principal sums	377.133	51.743	428.876
Loans - Accrued interest	0	2.708	2.708
Effective Interest Rate adjustment	0.475	0	0.475
Total Borrowing	**377.608**	**54.451**	**432.059**
Trade payables	0	77.106	77.106
Service Concessions and similar liabilities	104.854	11.258	116.112
Total Creditors	**104.854**	**88.364**	**193.218**
Total Financial Liabilities at Amortised Cost	**482.462**	**142.815**	**625.277**

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:

Fair Value of Financial Liabilities	Carrying Amount at 31 March 2026 £ million	Fair Value at 31 March 2026 £ million	Carrying Amount at 31 March 2025 £ million	Fair Value at 31 March 2025 £ million
Public Works Loans Board Debt	388.117	372.827	374.311	360.525
Non-Public Works Loans Board Debt	143.325	34.137	126.678	40.715
Temporary Loans	6.429	6.429	21.717	21.717
Total Debt	**537.871**	**413.393**	**522.706**	**422.957**
Trade Creditors	109.494	109.494	77.106	77.106
Total Liabilities	**647.365**	**522.887**	**599.812**	**500.063**

Fair Value of Financial Assets	Carrying Amount at 31 March 2026 £ million	Fair Value at 31 March 2026 £ million	Carrying Amount at 31 March 2025 £ million	Fair Value at 31 March 2025 £ million
Cash and Cash Equivalents	47.371	47.371	62.729	62.729
Short Term Investments	15.644	15.644	10.369	10.369
Long Term Investments	5.000	5.000	0	0
Trade Debtors	31.470	31.470	26.847	26.847
Total Assets	**99.485**	**99.485**	**99.945**	**99.945**

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

2025/26 Gains and Losses	Liabilities measured at amortised cost £ million	Loans and receivables measured at amortised cost £ million	Total £ million
Interest expense	(25.574)	0	(25.574)
Losses on derecognition	0.805	0	0.805
Total expense in Surplus or Deficit on the Provision of Services	**(24.769)**	**0**	**(24.769)**
Interest income	0	1.361	1.361
Total income in Surplus or Deficit on the Provision of Services	**0**	**1.361**	**1.361**
Net gain or (loss) for the year	**(24.769)**	**1.361**	**(23.408)**

2024/25 Gains and Losses	Liabilities measured at amortised cost £ million	Loans and receivables measured at amortised cost £ million	Total £ million
Interest expense	(23.201)	0	(23.201)
Losses on derecognition	1.083	0	1.083
Total expense in Surplus or Deficit on the Provision of Services	**(22.118)**	**0**	**(22.118)**
Interest income	0	1.732	1.732
Total income in Surplus or Deficit on the Provision of Services	**0**	**1.732**	**1.732**
Net gain or (loss) for the year	**(22.118)**	**1.732**	**(20.386)**

Note 27: Risks arising from Financial Instruments

The Council has adopted the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management and complies with the 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 2025/26 was approved by North Ayrshire Council on 26 February 2025.

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 2026 that this was likely to crystallise.

Credit Risk Exposure at 31 March 2026:

Investments by Counterparty at 31 March 2026	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	More than 12 months	Total £ million
UK Banks	1.100	0	0	0	0	0	**1.100**
Debt Management Office	10.000	0	0	0	0	0	**10.000**
Other	48.359	0	0	5.000	0	5.000	**58.359**
Total	**59.459**	**0**	**0**	**5.000**	**0**	**5.000**	**69.459**

All investment counterparties met the Credit rating criteria at the point of investment and at 31 March 2026.

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:

2025/26 Lifetime Expected Credit Losses	Simplified approach £ million	Total
Balance as at 1 April 2025	8.067	8.067
Changes due to modifications which did not result in derecognition	1.209	1.209
Balance as at 31 March 2026	**9.276**	**9.276**

2024/25 Lifetime Expected Credit Losses	Simplified approach £ million	Total
Balance as at 1 April 2024	8.466	8.466
Changes due to modifications which did not result in derecognition	(0.399)	(0.399)
Balance as at 31 March 2025	**8.067**	**8.067**

During the year, the Council wrote off financial assets with a contractual amount outstanding of £1.509 million (2024/25: £2.738 million) which are still subject to enforcement activity.

Credit Risk Exposure

The Council has the following exposure to credit risk at 31 March 2026:

Credit Risk	Credit Risk Rating	2025/26 £ million	2024/25 £ million
Simplified Approach	Historic Experience	42.641	37.052
Total	**None**	**42.641**	**37.052**

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 26 February 2025). All trade and other payables are due to be paid in less than one year:

Loans Outstanding	Loans at 31 March 2026 £million	Leases at 31 March 2026 £million	Total at 31 March 2026 £million	%	Approved Upper Limit %	Approved Lower Limit %	Total at 31 March 2025 £million
Less than one year	32.435	11.494	43.929	8%	50%	0%	58.541
Between one and two years	20.000	10.677	30.677	6%	50%	0%	7.838
Between two and five years	54.321	29.515	83.836	16%	50%	0%	75.144
Between five and	108.343	37.978	146.321	27%	75%	0%	129.279
More than ten years	206.848	23.457	230.305	43%	90%	25%	248.757
Total	**421.947**	**113.121**	**535.068**	**100%**	**100%**	**0%**	**519.559**
Public Works Loan Board	385.951	0	385.951	none	none	none	372.392
Market Debt / Lender Option	29.568	0	29.568	none	none	none	35.229
Temporary borrowing	6.428	0	6.428	none	none	none	21.255
Service Concession / Lease Liabilities	0	113.121	113.121	none	none	none	90.683
Total	**421.947**	**113.121**	**535.068**	**none**	**none**	**none**	**519.559**

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 2025/26 these limits were £668.840 million of total borrowing on fixed rate borrowing and £60.000 million for variable rate borrowing.

At 31 March 2026, £393.598 million of principal borrowing was exposed to fixed rates and £28.350 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 4.44%, 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 2026 £ million
Increase on interest payable on variable rate borrowings	0.184
Increase in interest receivable on variable rate investments	0
Impact on Surplus or Deficit on the Provision of Services	**0.184**
Share of overall impact debited to the Housing Revenue Account	**0.074**
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)	(32.907)

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 2026, the Council held no foreign currency funds.

Note 28: 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 2022/23, Strathclyde Pension Fund confirmed that the employer contribution rates for 2024/25 and 2025/26 would be reduced from 19.3% to 6.5%. The rate will then increase to 17.5% from 2026/27.

The principal risks to the Council 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	2025/26 £ million	2024/25 £ million
Current service cost within Cost of Services	24.539	31.068
Past service cost (including curtailments) within Cost of Services	1.107	2.037
Net interest expense or (income) within Financing and Investment	1.481	1.556
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**27.127**	**34.661**
Expected return on pension fund assets (excluding amounts included in net interest)	(38.548)	17.657
Actuarial (gains) or losses arising on changes in financial assumptions	56.819	(19.713)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**45.398**	**32.605**
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	18.893	1.060
Movement in Reserves: Actuarial gains or (losses) on pension assets and liabilities	(18.271)	2.056
Contributions from employer payable to scheme	**46.020**	**35.721**

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, since 2022/23 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	2025/26 £ million	2024/25 £ million
Present value of the defined benefit obligation	(892.217)	(861.922)
Fair value of plan assets	1,505.704	1,397.759
Asset Ceiling adjustment	(613.487)	(535.837)
Net funded asset and (liability) arising from defined benefit obligation	**0**	**0**
Present Value of Unfunded Obligations	(19.445)	(20.067)
Total net liability arising from defined benefit obligation	**(19.445)**	**(20.067)**

As a result of the Asset Ceiling adjustment, the net liability of £19.445 million has been recognised at 31 March 2026. 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	2025/26 £ million	2024/25 £ million
Balance as at 1 April	(861.922)	(965.483)
Current service cost	(24.539)	(31.068)
Interest cost	(50.006)	(46.976)
Contributions by scheme participants	(10.102)	(9.626)
Actuarial gains arising on changes in financial assumptions	33.222	148.183
Changes in demographic assumptions	(5.424)	1.652
Other experience	(7.589)	9.055
Past service cost (including curtailments)	(1.107)	(2.037)
Benefits paid	35.250	35.113
Effect of business combinations and disposals	0	(0.735)
Balance as at 31 March	**(892.217)**	**(861.922)**

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	2025/26 £ million	2024/25 £ million
Balance as at 1 April	1,397.759	1,359.027
Interest income	80.745	65.631
Return on plan assets excluding amounts included in net interest	38.548	(17.657)
Other experience	0	0
Contributions from employer payable to the scheme	13.800	15.655
Contributions by scheme participants	10.102	9.626
Benefits paid	(35.250)	(35.113)
Effect of business combinations and disposals	0	0.590
Balance as at 31 March	**1,505.704**	**1,397.759**

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	2025/26 £ million	2024/25 £ million
Net present value of estimated future service costs	916.782	975.622
Net present value of future contributions	(1,406.074)	(1,385.649)
Asset Ceiling	**(489.292)**	**(410.027)**

For 2025/26, 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 £19.445 million has been recognised at 31 March 2026. 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 2026 comprised:

2025/26 Portfolio Composition	Quoted Prices in Active Markets £ million	Quoted Prices not in Active Markets £ million	Total £ million	Percentage
Equity Investments	316.627	675.047	991.674	66%
Debt Instruments	0	361.099	361.099	24%
Property	0	104.374	104.374	7%
Cash	0	48.557	48.557	3%
Balance as at 31 March 2026	**316.627**	**1,189.077**	**1,505.704**	**100%**

2024/25 Portfolio Composition	Quoted Prices in Active Markets £ million	Quoted Prices not in Active Markets £ million	Total £ million	Percentage
Equity Investments	294.679	640.519	935.198	67%
Debt Instruments	0	323.094	323.094	23%
Property	0	105.458	105.458	8%
Cash	0	34.009	34.009	2%
Balance as at 31 March 2025	**294.679**	**1,103.080**	**1,397.759**	**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 17.5% for 2026/27.

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 2027 at £29.822 million, compared to estimated contributions for 2025/26 of £10.463 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 2026 based on a range of assumptions.

The significant assumptions used by the actuary were:

Local Government Pension Scheme Assumptions	At 31 March 2026	At 31 March 2025
Long term expected rate of return on Equity Investments	6.3%	5.8%
Long term expected rate of return on Bonds	6.3%	5.8%
Long term expected rate of return on Other Assets	6.3%	5.8%
Long term expected rate of return on Cash	6.3%	5.8%
Longevity assumptions for current pensioners: Men (years)	20.2	19.8
Longevity assumptions for current pensioners: Women (years)	22.8	22.6
Longevity assumptions for future pensioners: Men (years)	20.9	20.6
Longevity assumptions for future pensioners: Women (years)	24.5	24.4
Rate of Inflation	3.0%	2.8%
Rate of increase in salaries	3.7%	3.4%
Rate of increase in pensions	3.0%	2.8%
Rate for discounting scheme liabilities	6.3%	5.8%
Take up of option to convert annual pension into retirement lump sum for pre April 2009 service	75.0%	75.0%
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	14.364	2.0%
0.1% increase in the Salary Increase Rate	0.995	0.0%
0.1% increase in the Pension Increase Rate	13.364	1.0%
1 year increase in the member life expectancy	35.689	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 Cost Cap mechanism, designed to protect employers from significant increases in future pension costs, now includes the McCloud judgement. An allowance has been made for this judgement in the latest funding valuation results.

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 29: 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 2025/26, the Council recognised £20.393 million in respect of teachers' retirement benefits, representing 25.72% of pensionable pay. The figures for 2024/25 were £19.659 million and 25.62%. There were no contributions remaining payable at the year end. The estimated contribution for 2026/27 is £20.330 million. As a proportion of the total contributions into the Scheme during the year to 31 March 2026, North Ayrshire Council's contribution equates to approximately 2.27%.

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 28. There were no additional costs included for 2025/26.

Note 30: Unusable Reserves

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

Unusable Reserves	2025/26 £ million	2024/25 £ million
Revaluation Reserve	217.826	150.071
Capital Adjustment Account	540.995	480.710
Financial Instruments Adjustment Account	(2.474)	(3.279)
Pensions Reserve	(19.445)	(20.067)
Accumulated Absences Account	(13.889)	(12.099)
Total Unusable Reserves	**723.013**	**595.336**

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	2025/26 £ million	2024/25 £ million
Balance at 1 April	150.071	192.291
Surplus or (deficit) on revaluation of non-current assets posted to the CIES	69.627	(36.059)
Difference between fair value depreciation and historical cost depreciation	(4.093)	(5.704)
Amount written off to the Capital Adjustment Account	2.221	(0.457)
Total Revaluation Reserve	**217.826**	**150.071**

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	2025/26 £ million	2024/25 £ million
Balance at 1 April	480.710	556.052
Charges for depreciation and impairment of non current assets	(3.308)	(142.482)
Gains/(losses) on the disposal of non current assets	0.225	(0.344)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	37.049	36.983
Statutory provision for the financing of capital investment charged against the General Fund and Housing Revenue Account balances	19.906	17.573
Statutory adjustment in relation to Service Concession arrangements	(3.167)	(3.138)
Capital expenditure charged against the General Fund and Housing Revenue Account balances	9.580	15.402
Use of Capital Fund to fund Capital expenditure	0	0.410
Movement in the donated assets account	0	0.254
Total Capital Adjustment Account	**540.995**	**480.710**

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	2025/26 £ million	2024/25 £ million
Balance at 1 April	(3.279)	(4.362)
Premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.775	0.776
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	0.030	0.307
Total Financial Instrument Adjustment Account	**(2.474)**	**(3.279)**

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.

Pensions Reserve	2025/26 £ million	2024/25 £ million
Balance at 1 April	(20.067)	(23.183)
Actuarial gains or (losses) on pensions assets and liabilities	(18.271)	(176.547)
Actuarial gains or (losses) on pensions assets and liabilities due to asset ceiling	0	178.603
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	18.893	1.060
Total Pensions Reserve	**(19.445)**	**(20.067)**

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	2025/26 £ million	2024/25 £ million
Balance at 1 April	(12.099)	(10.661)
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	(1.790)	(1.438)
Total Accumulated Absence Account	**(13.889)**	**(12.099)**

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 2025/26 is shown in the Remuneration Report. During 2025/26 payment to voluntary organisations/charities to the value of £0.067 million were made in which two 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 and the Monitoring Officer held position of Secretary in North Ayrshire Ventures Trust. There is no remuneration associated with these positions. Details of the Council's interests in this organisations is 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 2025/26 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	2025/26 £ million	2024/25 £ million
Contribution made to North Ayrshire Integration Joint Board	142.673	135.242
Commissioning income received from North Ayrshire Integration Joint Board	170.784	163.907
North Ayrshire Integration Joint Board balance due from the Council	2.822	3.161

The balance due (to) or from the Council reflects the year end variance on health and social care activities.

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 2025/26 as follows:

- Ayrshire & Arran Health Board (Health Resource Transfer) – grants and income of £26.685 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 2026, 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. Receipts of £0.180m have been confirmed to date leaving an outstanding contribution of up to £0.578m.

Note 33: Contingent Liabilities

At 31 March 2026, 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 Municipal Mutual Insurance 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's Insurance Fund accommodates known claims actuals and estimated settlement costs in this respect. However, there is the possibility that further claims may emerge resulting in a future liability.

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 2026 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 the settlement of Equal pay claims during 2025/26, there remains a risk that future claims could be submitted. At this time, it is not currently possible to determine either the potential financial exposure or probability around any future liability. This position will continue to be monitored.

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.

Gallowgate Building, Largs

The Gallowgate building in Largs has deteriorated progressively over a number of years and its condition was confirmed through a building inspection and consequential serving of a dangerous building notice on 21 May 2026. Although not a Council owned asset, there is a possibility of the Council needing to take action up to and including demolition of the building, should the building continue to deteriorate, and a resolution cannot be reached between the factor and individual property owners.

Note 34: Events after the Balance Sheet Date

The unaudited accounts were authorised for issuing on 24 June 2026 by the Head of Finance. Where events taking place before this date provided information about conditions existing at 31 March 2026, 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.

On 1 June 2026, Louise Kirk was appointed as Regional Economic Director for a Shared Economic Development Services in partnership with East Ayrshire Council. This shared service is led by North Ayrshire Council.

Notes to the Cash Flow Statement

Note 35: Cash Flow – Operating Activities

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

Net cash flow from Operating Activities	2025/26 £ million	2024/25 £ million
Net cash inflow from revenue activities	(52.317)	(36.198)
Interest received	1.361	1.732
Interest paid	(24.769)	(22.118)
Total	**(75.725)**	**(56.584)**

Non-cash Movements	2025/26 £ million	2024/25 £ million
Depreciation and Impairment	(5.179)	(147.902)
Amortisation	0	(0.030)
Movement in Pension Liability	18.893	1.060
Decrease in Inventories	0.028	(0.144)
(Decrease) or Increase in Debtors	4.927	(22.812)
Increase in Bad Debt Provision	(0.113)	(0.311)
Decrease in Creditors	(38.837)	(0.798)
Carrying amount of non current assets sold	(0.952)	(1.146)
Other non cash items charged to the net surplus or deficit on the provision of services	0.849	0.862
Total	**(20.384)**	**(171.221)**

Investing and Financing Activities	2025/26 £ million	2024/25 £ million
Proceeds from sale of non current assets	1.177	0.345
Capital Grants	37.049	36.983
Total	**38.226**	**37.328**

Note 36: Cash Flow – Investing Activities

Net cash flow from Investing Activities	2025/26 £ million	2024/25 £ million
Purchase of property, plant and equipment, investment property and intangible assets	100.503	164.476
Proceeds from short term and long term investments	0	0
Purchase of short term and long term Investments	10.275	0.032
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1.177)	(0.345)
Other receipts from investing activities	(37.049)	(36.983)
Total	**72.552**	**127.180**

Note 37: Cash Flow – Financing Activities

Net cash flow from Financing Activities	2025/26 £ million	2024/25 £ million
Cash receipts of short term and long term borrowing	(20.000)	(155.000)
Cash payments for the reduction of the outstanding liabilities relating to service concession contracts	11.258	6.523
Repayments of short and long term borrowing	27.273	42.508
Total	**18.531**	**(105.969)**

Note 38: Cash Flow – Cash and Cash Equivalents

Cash and cash equivalents	2025/26 £ million	2024/25 £ million
Cash held by officers	0.004	0.005
Bank current accounts	(1.733)	(2.876)
Short-term deposits	49.100	65.600
Total	**47.371**	**62.729**

Notes to the Group Accounts

Note 39: Notes to the Group Accounts

The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (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.

2025/26 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 2025	**3.033**	**0.110**	**2.144**	**1.184**	**6.471**
Additions	0.026	0	0	0	**0.026**
Revaluations recognised in the Revaluation Reserve	(0.454)	0.006	(0.134)	0	**(0.582)**
Impairments recognised in the Net Cost of Services	0	0	0	0	**0**
Derecognition - Disposals	0	0	0	0	**0**
Balance at 31 March 2026	**2.605**	**0.116**	**2.010**	**1.184**	**5.915**
Accumulated Depreciation and Impairment at 1 April	**0**	**0**	**0**	**0.270**	**0.270**
Depreciation Charge	0	0	0	0	**0**
Depreciation written out to the Revaluation Reserve	0	0	0	0	**0**
Balance at 31 March 2026	**0**	**0**	**0**	**0.270**	**0.270**
Net Book Value at 31 March 2026	**2.605**	**0.116**	**2.010**	**0.914**	**5.645**
Net Book Value at 31 March 2025	**3.033**	**0.110**	**2.144**	**0.914**	**6.201**

2024/25 Group Property, Plant and Equipment	Common Good Funds £ million	Trust Funds £ million	North Ayrshire Ventures Trust £ million	North Ayrshire Leisure Limited £ million (restated)	Total £ million (restated)
Cost or Valuation at 1 April 2024	**2.898**	**0.110**	**2.184**	**0.935**	**6.127**
Additions	0	0	0	0.249	**0.249**
Revaluations recognised in the Revaluation Reserve	0.135	0	(0.040)	0	**0.095**
Balance at 31 March 2025	**3.033**	**0.110**	**2.144**	**1.184**	**6.471**
Accumulated Depreciation and Impairment at 1 April 2024	**0**	**0**	**0**	**0.152**	**0.152**
Depreciation Charge	0	0	0	0.118	**0.118**
Balance at 31 March 2025	**0**	**0**	**0**	**0.270**	**0.270**
Net Book Value at 31 March 2025	**3.033**	**0.110**	**2.144**	**0.914**	**6.201**
Net Book Value at 31 March 2024	**2.898**	**0.110**	**2.184**	**0.783**	**5.975**

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 2026 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 2025.

The Group Comprehensive Income and Expenditure Statement on page 61 includes net comprehensive income for the year of £0.413 million.

The Group Balance Sheet on page 63 includes net assets of £14.646 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 retirement costs incurred by NALL.	North Ayrshire Leisure Limited, 22 Quarry Road, Irvine, KA12 0TH

2025/26 Share of Subsidiaries	Share	Share of Assets £ million	Share of Liabilities £ million	Share of Revenues £ million	(Profit) or Loss £ million
Common Good Funds	100%	4.800	0	(0.227)	0.134
Trust Funds	100%	0.562	0	(0.085)	(0.064)
North Ayrshire Ventures Trust	100%	8.523	(0.014)	(0.522)	(0.213)
North Ayrshire Leisure Limited	100%	1.792	(1.017)	0	0

2024/25 (restated) Share of Subsidiaries	Share	Share of Assets £ million	Share of Liabilities £ million	Share of Revenues £ million	(Profit) or Loss £ million
Common Good Funds	100%	5.362	0	(0.235)	(0.112)
Trust Funds	100%	0.492	0	(0.025)	0.016
North Ayrshire Ventures Trust	100%	8.430	0	(0.580)	(0.179)
North Ayrshire Leisure Limited	100%	1.792	(1.017)	(5.983)	0.262

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 61 includes net comprehensive income for the year of £2.458 million.

The Group Balance Sheet on page 61 includes net assets of £35.093 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

2025/26 Share of Associates	Share	Share of Assets £ million	Share of Liabilities £ million	Share of Revenues £ million	(Profit) or Loss £ million
Strathclyde Partnership for Transport	6%	36.750	(2.321)	(8.306)	(1.908)
Strathclyde Concessionary Travel Scheme Joint Committee	7%	0.339	(0.020)	(0.304)	(0.059)
Ayrshire Valuation Joint Board	36%	0.438	(0.093)	(1.086)	0.108

2024/25 Share of Associates	Share	Share of Assets £ million	Share of Liabilities £ million	Share of Revenues £ million	(Profit) or Loss £ million
Strathclyde Partnership for Transport	6%	33.074	(1.087)	(7.738)	(1.898)
Strathclyde Concessionary Travel Scheme Joint Committee	7%	0.348	(0.087)	(0.306)	0.102
Ayrshire Valuation Joint Board	36%	0.473	(0.086)	(1.023)	0.087

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 61 includes net comprehensive expenditure for the year of £0.170 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 63 includes net assets of £1.411 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 wellbeing 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

2025/26 Share of Joint Ventures	Share	Share of Assets £ million	Share of Liabilities £ million	Share of Revenues £ million	(Profit) or Loss £ million
North Ayrshire Integration Joint Board	50%	1.411	0	(200.169)	0.170

2024/25 Share of Joint Ventures	Share	Share of Assets £ million	Share of Liabilities £ million	Share of Revenues £ million	(Profit) or Loss £ million
North Ayrshire Integration Joint Board	50%	1.581	0	(189.866)	1.174

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	34.429	0.319	0.345	1.411	36.504

Non-material interests in other entities

The Council does not have any other material interest in any entity not mentioned above. The Council has a non-material interest in six other entities.

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 2026 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	Estimation of the net asset / 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. 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.	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 £13.364 million. However, the assumptions interact in complex ways. 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 £632.932 million may be recognised.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Collection Levels of Arrears	At 31 March 2026, the Council had a balance of trade debtors of £21.303m A review of significant balances suggested that an allowance for potential impairment losses of 29.3% (£6.238m) was appropriate. However, in the current economic climate, it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a 10% increase in the amount of potential impairment losses would require an additional amount of £0.624m to be set aside as an allowance.
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Any reduction in the current spend on repairs and maintenance may reduce the useful lives assigned to assets.	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 £1.917m if useful lives were reduced by one year.
Private Finance Initiatives, Non Profit Distributing Models and Similar Contracts	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.	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 £11.242m in unitary charge payments over the remaining term of the arrangements.
Property Asset Values	The 2025/26 Code brings in a requirement to apply annual indexation to Land and Building assets in the years between formal valuations, to ensure the value of an asset is kept materially up to date as an approximation of market changes. Indices have been selected and applied based on asset types as outlined in note 15 on page 90.	A 1% change in the indexation rate for each of the indices used would result in a movement of £1.694m in the closing value of the Council's Property, Plant and Equipment on the Council's balance sheet.

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 2026/27 Code due to be adopted in future years and the possible impact.

For the 2025/26 accounts, the accounting policy changes that require to be reported are covered by the following accounting standards:

Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024**.** The amendments provide further guidance on how to determine whether an asset meets the definition of a heritage asset and the requirements for leases of heritage assets.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024**.** The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets.

Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024. These include amendments to IFRS 1 First time adoption of IFRS, IFRS7 and IFRS9 Financial Instrument disclosures, IFRS Consolidated Financial Statements and IAS17 Statement of Cash Flows.

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024. This amendment is intended to enable better reporting of the effects of nature-dependent electricity contracts.

In the applicable cases detailed above, implementation is required from 1 April 2026 or beyond, meaning that there is no impact on the 2025/26 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 2033/34. 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, increases in interest rates predicted by the Bank of England and the wider international impacts including the middle east conflict 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 2025/26 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 £0.775 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 £143.588 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 2025/26 financial year and its position at the year end of 31 March 2026. 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 2025/26, supported by International Financial Reporting Standards (IFRS) 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 Education 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 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 Comprehensive Income and Expenditure Statement 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. 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

The Council adopted IFRS16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024.

As noted under Public Private Partnership, Non Profit Distributing and similar contracts, with effect from 1 April 2024 IFRS16 also applies to Service Concession Agreements and recognition of the resultant remeasurement of the lease liability.

The Council as Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The scope of IFRS16 Leases has been expanded to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or from 1 April 2024, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date.
- Amounts expected to be payable under a residual value guarantee.
- The exercise price under a purchase option that the Council is reasonably certain to exercise.
- Lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option.
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- Assets held under non-commercial leases.
- Leases where rent reviews do not necessarily reflect market conditions.
- Leases with terms of more than five years that do not have any provision for rent reviews.
- Leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- There is a change in future lease payments arising from a change in index or rate.
- There is a change in the group's estimate of the amount expected to be payable under a residual value guarantee.
- The Council changes its assessment of whether it will exercise a purchase, extension or termination option.
- There is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption
The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short term leases i.e. existing leases that expire on or before 31 March 2026, and new leases with a duration of less than 12 months.

Lease expenditure
Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.
Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.
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.

North Ayrshire Council conducts rolling five-year valuations for their operational property assets, these valuations are conducted by our internal valuation team who are all members of the Royal Institution of Chartered Surveyors. In addition to these professional valuations, the 2025/26 Code brings in a requirement to apply annual indexation to these assets in the years between formal valuations, to ensure the value of an asset is kept materially up to date as an approximation of market changes. From 2025/26 annual indexation will be applied in each of the intervening years in accordance with the Code, using published indices identified by our internal valuers.
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. For assets not formally valued in year, a wider review is completed to identify any changes which require a valuation. This review takes account of obscolescence, market conditions and changes in the specific physical condition of the asset. 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.

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.

With effect from 1 April 2024, IFRS16 (Leases) also applies to service concession arrangements. Under IFRS16, where indexation affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments.

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.

Peppercorn / Nominal Payments
In terms of lease payments these can be defined as lease payments substantially below market lease payments.

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 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.

Right of Use Asset
A financial asset that represents a lessee's right to use an underlying asset for a specific period under a lease agreement.