

ANNUAL ACCOUNTS 2023-2024



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath



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Management Commentary

The Annual Accounts presents North Ayrshire residents, Elected Members and other stakeholders with detailed information on the financial management and performance of the Council and its Group for 2023/24, demonstrating the stewardship of the public funds which have been used to support the Council's key priorities.

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

The Management Commentary outlines the key messages on the Council's financial and service performance for 2023/24 and looks ahead to the challenges and risks which we face in the future. Key areas which the Management Commentary covers include:

- North Ayrshire by Numbers;
- Political and Management Structures;
- Key Strategies and Priorities;
- Performance and Achievements during 2023/24;
- Financial Planning and Performance for 2023/24; and
- Our Future Plans for 2024/25 and beyond.

North Ayrshire by Numbers

The Place



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

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



The People



North Ayrshire is home to 133,490 residents living across 65,237 households, making us the 15th largest local authority in Scotland in terms of population. North Ayrshire is home to 2.45% of Scotland's population. However, compared to the Scottish average, North Ayrshire has a higher proportion of older residents, resulting in increased service demands:

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

Infrastructure

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

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

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

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



Economic Activity



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

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

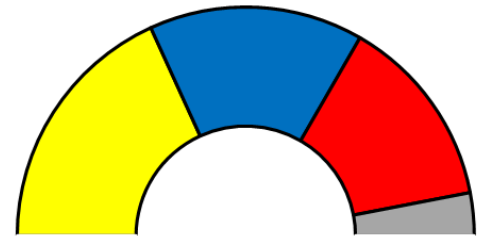
Economic Activity	North Ayrshire	Scotland
Economically Active Adults	72.3%	77.5%
Workless Households	23.8%	17.8%
Adults with no formal qualifications	9.6%	8.2%

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

Our Political and Management Structures

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

North Ayrshire Council is a minority SNP administration.



■ SNP, 12	■ Conservatives, 10
■ Labour, 9	■ Independents, 2

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

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

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

Although this changes the overall composition of the Council, there is no change in the administration.

Council Structure

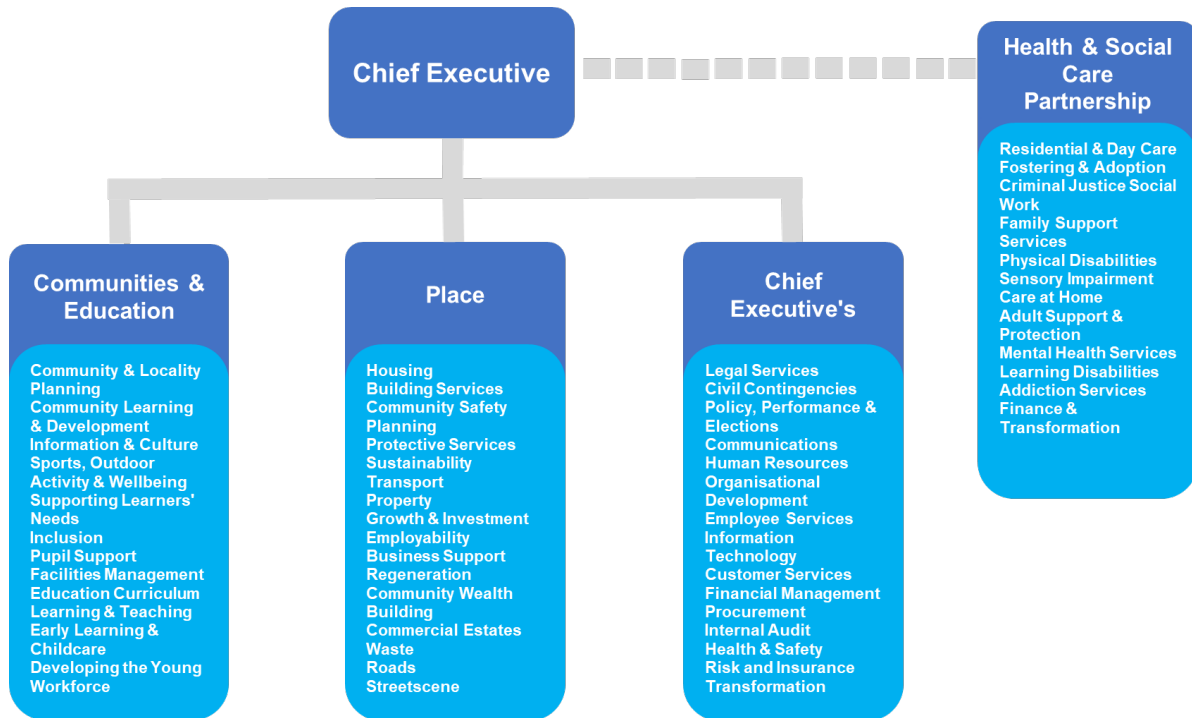
North Ayrshire Council's ambition is to ensure that North Ayrshire is a great place to work, live, visit and invest in.

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

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



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



During 2023-24, the management structure was reviewed in order to better align the structure to the new Council Plan and build capacity for the delivery of key priorities. The following revised structure came into effect from 1 April 2024:



Our Key Strategies and Priorities

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

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

Our four priorities are:



Wellbeing

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



Communities and Local Democracy

We will have active, inclusive and resilient communities.



Climate Change

Achieving net-zero by 2030.



A Sustainable Council

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

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

The North Ayrshire Partnership Plan 2022-30 is our Local Outcomes Improvement Plan. It is a strategic plan which sets out what we want to achieve together as a partnership in North Ayrshire. It is a binding plan on all Community Planning partner organisations and will influence how all partners operate locally. It is a requirement under the Community Empowerment (Scotland) Act 2015.

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

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

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

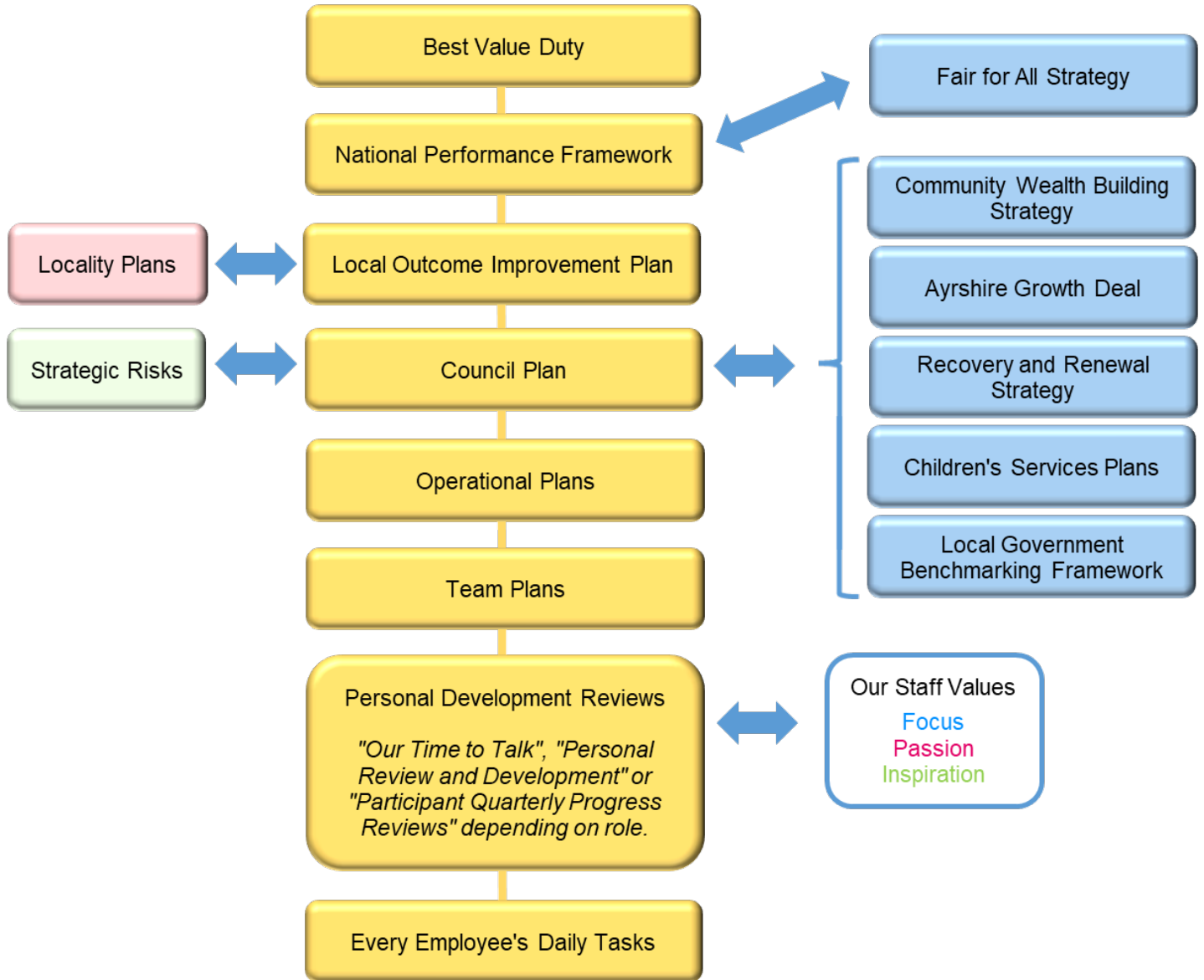
World We will work together to reduce carbon emissions and mitigate the impacts of climate change. We will increase active travel. We will increase carbon literacy within our organisations and communities.

Our Partners in delivering the North Ayrshire Partnership Plan are:



The Golden Thread

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



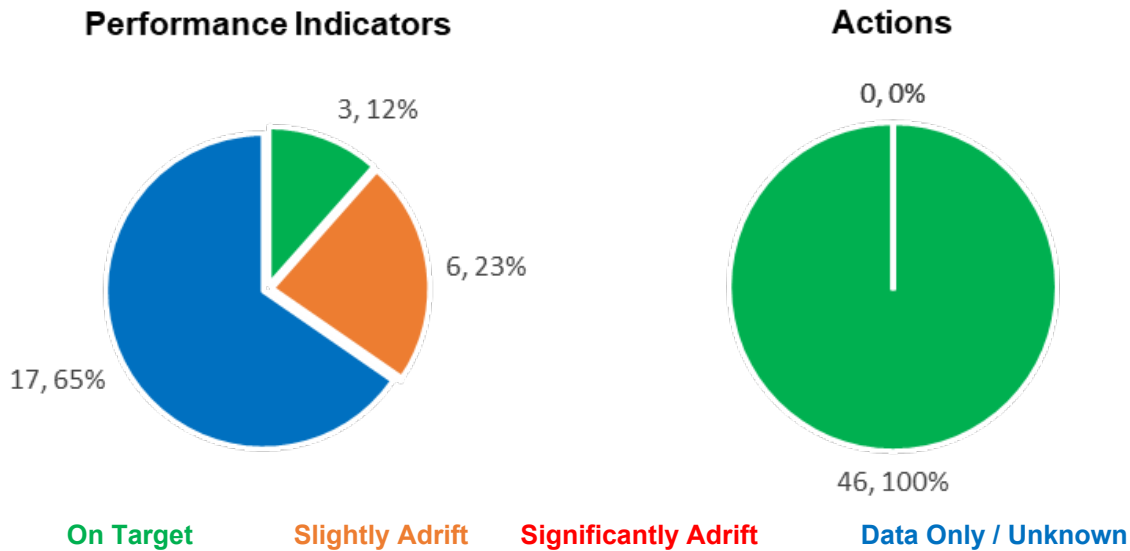
Our Performance and Achievements during 2023/24

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

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

Performance Summary

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



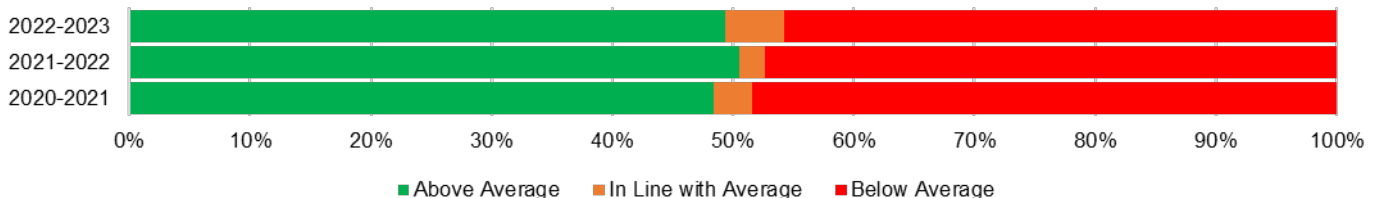
Although there are a high number of performance indicators where the current status is unknown at this time, progress against the annual targets gives confidence that performance is on schedule, with some areas already exceeding targets, including :

- The number of unemployed people progressing into employment, 652 against a target of 450;
- Our Street Cleanliness score, 90.1% against a target of 87%; and
- Participatory Budgeting, 2.06% to date, ahead of the 1.5% target.

Local Government Benchmarking Framework (LGBF)

The Local Government Benchmarking Framework (LGBF) 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 32 Councils and provides benchmarking data on a variety of indicators covering a wide range of key service areas.

The most recent data published relates to 2022-23. This indicates that performance against 49% of reported indicators are above the Scottish Average with 46% below the average and 5% in line with the average:



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

Looking back at 2023/24

Throughout 2023/24 we have continued to deliver and improve services and outcomes for the people of North Ayrshire while addressing significant challenges arising from the Cost-of-Living crisis. Specific examples of the progress made in delivering our Council Plan priorities have included:

Our Council Plan 2023 to 2028

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

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

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



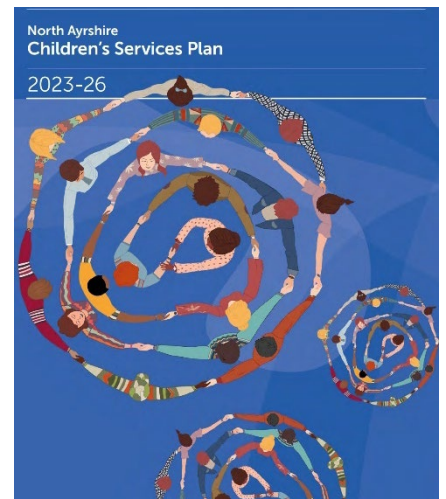
North Ayrshire Children's Services Plan

During 2023/24 we submitted our [Children's Services Plan 2023-26](#) to the Scottish Government. The 2023-26 plan demonstrates how we will improve the lives of our children and young people. The plan builds on the work of the previous plan, maintaining the vision:

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

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

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



Tackling Child Poverty and the Cost of Living Crisis

Building on the work of the Child Poverty and Cost of Living Board, established during 2022/23, the Child Poverty Strategy 2023-26 has been developed and approved by North Ayrshire Council. The Strategy seeks to address child poverty in the context of the cost-of-living crisis through a series of key objectives over the three year period.

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



Financial Inclusion Partnership for North Ayrshire

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

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



Strategic Housing Investment

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

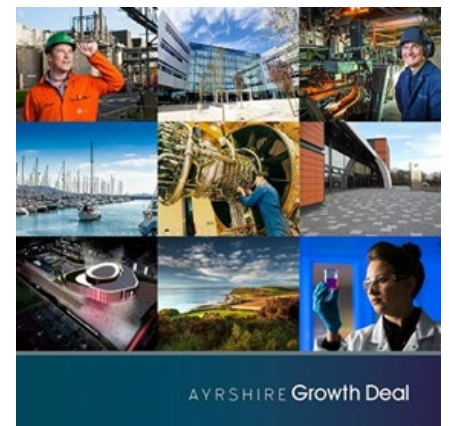
The SHIP will deliver 1,641 new build Council homes, with over 54 new homes completed during 2023/24 and over 885 completed to date.



Ayrshire Growth Deal, Growth & Investment

Throughout 2023/24, work has continued in relation to the key investment projects:

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



Sustainable North Ayrshire

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

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



Irvine Town Centre Levelling Up Award

During 2023/24 it was announced that Irvine has been selected to benefit from £20m of Levelling Up funding over the next 10 years. The investment is designed to support the development of a long-term plan to invest in and regenerate the town based on the priorities of local people.

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



Active Travel

Active Travel projects haven taken place throughout 2023/24 to encourage sustainable travel, with a significant level of engagement to help residents learn more about active travel in North Ayrshire, including:

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



Educational Attainment

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

- ❖ North Ayrshire Council 'reducing the poverty-related attainment gap' data for Literacy has improved by 4 % points between 2021/22 and 2022/23 and for Numeracy by 2%;
- ❖ North Ayrshire school leavers recorded their highest positive destination figure in the last 5 years, with 96.5% achieving an initial positive destination;
- ❖ 94.9% of S4 leavers achieving Level 3 Numeracy, the highest in the last 5 years;
- ❖ The lowest 20% of S4 school leavers have achieved the highest amount of tariff points in the last 5 years.



Reinforced Autoclaved Aerated Concrete (RAAC)

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

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



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

Financial Planning and Performance

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



The General Services and Housing Revenue Account (HRA) revenue budgets for 2023/24 were approved by Council on 1 March 2023 and 15 February 2023, respectively. These budgets detailed planned revenue expenditure of over £464.2m to support day to day spending on services.

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

Financial Performance

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

The following section summarises our financial performance for 2023/24.

General Fund Revenue Expenditure 2023/24

For 2023/24 the final expenditure on General Fund Services was £431.387m compared to the approved budget of £406.157m and the revised budget of £444.979m. This resulted in a net contribution to reserves of £13.592m.



	Revised Budget	Actual Expenditure	Variance	Accounting Adjustments	Net Expenditure in the CIES
	£m	£m	£m	£m	£m
Chief Executives	24.243	23.288	(0.955)	1.895	25.183
Communities	186.848	187.166	0.318	(17.682)	169.484
Place	61.671	62.937	1.266	20.957	83.894
HSCP	124.933	124.933	0	(1.563)	123.370
Other Corporate items	17.023	10.891	(6.132)	6.644	17.535
Financing Costs	30.261	22.172	(8.089)	(23.076)	(0.904)
Total Expenditure	444.979	431.387	(13.592)	(12.825)	418.562
Government Grants	(314.404)	(314.402)	0.002	(22.642)	(337.044)
Non Domestic Rates	(42.175)	(42.175)	0	(1.780)	(43.955)
Council Tax	(65.533)	(65.518)	0.015	0.001	(65.517)
Contribution from Reserves	(22.867)	(23.356)	(0.489)	23.356	0
Total Income	(444.979)	(445.451)	(0.472)	(1.065)	(446.516)
Contribution to Reserves	0	(14.064)	(14.064)	(13.890)	(27.954)

The net expenditure for each service noted above varies from that reported in the Comprehensive Income and Expenditure Statement (CIES) 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 56.

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

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

Partly offset by overspends including:

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

The actual Contribution to Reserves of £14.064m includes planned contributions of £8.578m comprising:

- ❖ £8.089m to the Loans Fund Reserve;
- ❖ £0.300m capital receipts transferred to the Capital Fund; and
- ❖ £0.189m reimbursement of the Capital Fund linked to prior year ICT/Telephony investment.

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

- ❖ £2.433m in relation to service activity deferred until 2024/25;
- ❖ £1.700m to support the implementation of the review of Early Learning and Childcare Services;
- ❖ £0.500m in relation to a review of DWP funding for supported accommodation;
- ❖ £0.454m to support transport and education related contractual inflationary pressures during 2024/25;
- ❖ £0.399m additional contribution to the Change and Service Redesign Fund to support future transformational change programmes.

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

For 2023/24, in-year council tax collection was 93.6% (94.7% in 2022/23). The downward movement reflects the withdrawal of cost of living funding which was provided during 2022/23 but not available during 2023/24. Underlying performance remains below pre-pandemic levels but is showing an upward trend over the medium term.

General Fund Reserves

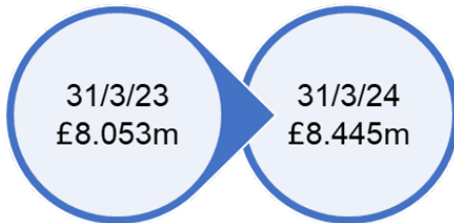
Reserves are an important component of our Financial Framework, supporting financial stability and providing flexibility to deliver change and transformation.

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

Full details of the Council's General Fund Reserves are shown in Note 11 on page 64, along with information on future commitments. The available balances within the General Fund Reserves are summarised as follows:

General Fund Unearmarked Reserves

General Contingency Funds



Earmarked Reserves

Service projects with future year spending plans



Loans Fund Reserve

Supporting the Capital Investment Programme



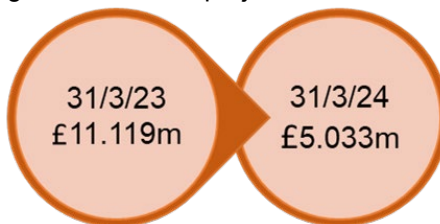
Future Budget Strategy

Support for the Medium Term Financial Plan



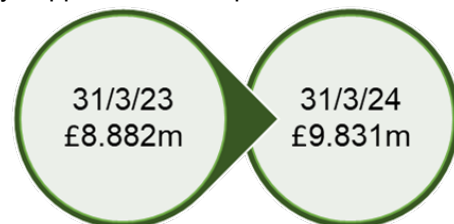
Investment Fund

Supporting environmental projects, infrastructure & CWB



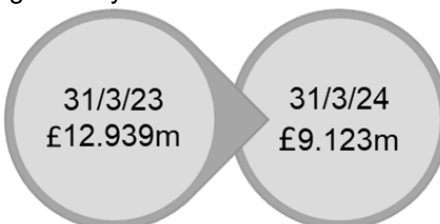
Capital Fund

Statutory support for the Capital Investment Programme



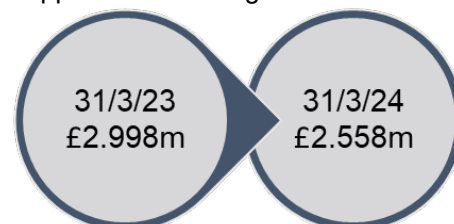
Renewal and Recovery Fund

Supporting delivery of the Renewal & Recovery Strategy



Insurance Fund

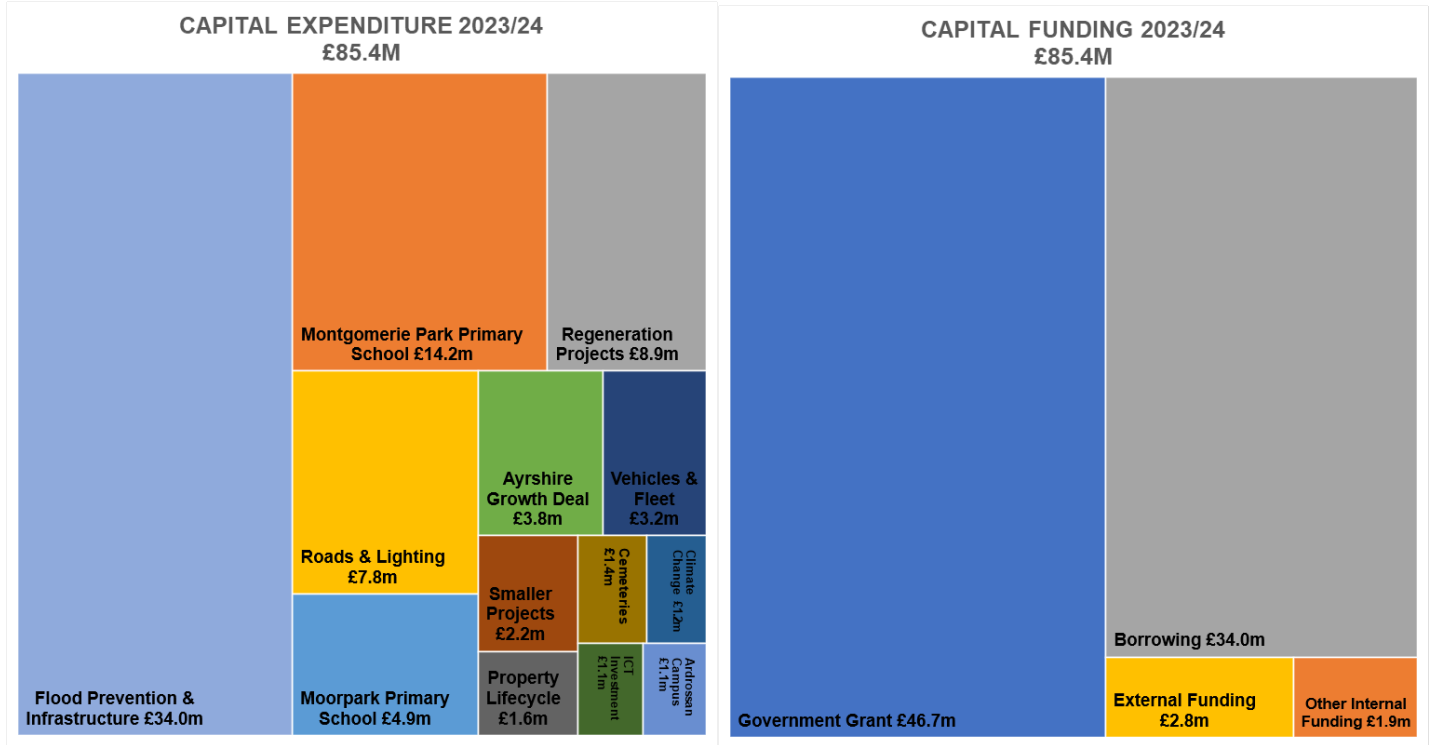
Supports outstanding insurance claims



General Fund Capital Expenditure 2023/24

In 2023/24 the final spend for capital investment was £85.450m, which was in line with the revised budget. Further details, including comparative figures for 2022/23 are provided in Note 17 on page 69.

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



Projects with the largest capital spends during 2023/24 have included:



Housing Revenue Account 2023/24

For 2023/24 the final expenditure on the Housing Revenue Account (HRA) services was £57.482m against an approved budget of £57.967m and a revised budget of £58.193m. 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 49.

	Revised Budget £m	Actual Expenditure £m	Variance £m	Accounting Adjustments £m	Net Expenditure in the CIES £m
Employee Costs	5.482	4.960	(0.522)	(0.268)	4.692
Property Costs	22.842	23.640	0.798	0	23.640
Other Costs	6.559	6.483	(0.076)	0	6.483
Financing Costs	23.310	15.518	(7.792)	4.284	19.802
Total Expenditure	58.193	50.601	(7.592)	4.016	54.617
Council House Rents	(56.803)	(55.956)	0.847	0	(55.956)
Other Rents & Recharges	(1.390)	(1.526)	(0.136)	(1.148)	(2.674)
Total Income	(58.193)	(57.482)	0.711	(1.148)	(58.630)
Contribution to Reserves	0	(6.881)	(6.881)	2.868	(4.013)

The actual expenditure for the HRA noted above varies from that reported in the Comprehensive Income and Expenditure Statement (CIES) 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 56.

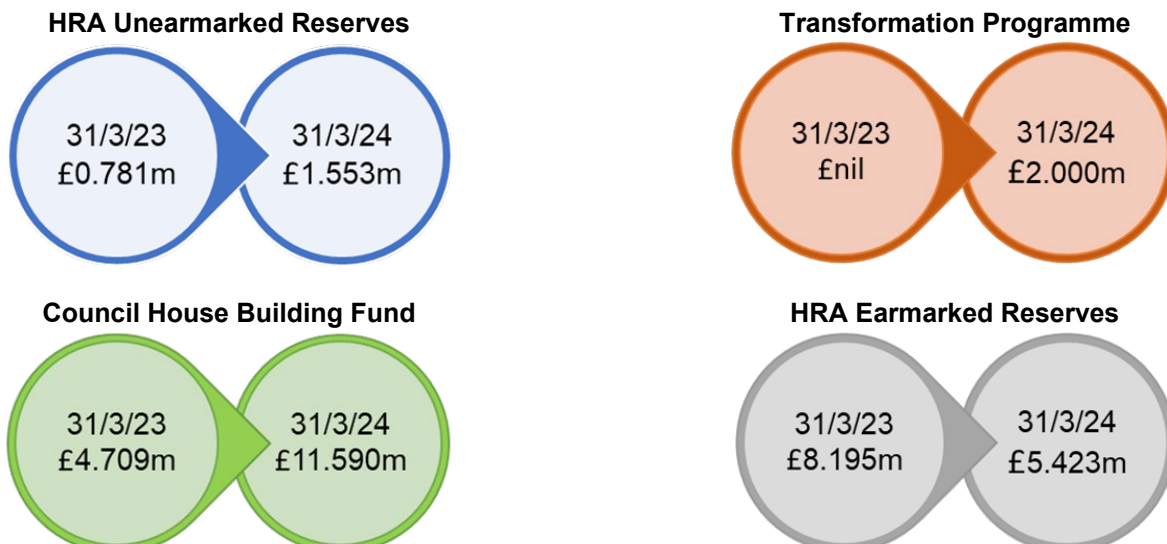
The lower than budgeted expenditure across the service was primarily related to:

- ❖ Reduced loan charges linked to delayed expenditure on the HRA capital programme, (£7.791m); and
- ❖ Vacancy management across the services, (£0.522m).

These have been partially offset by:

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

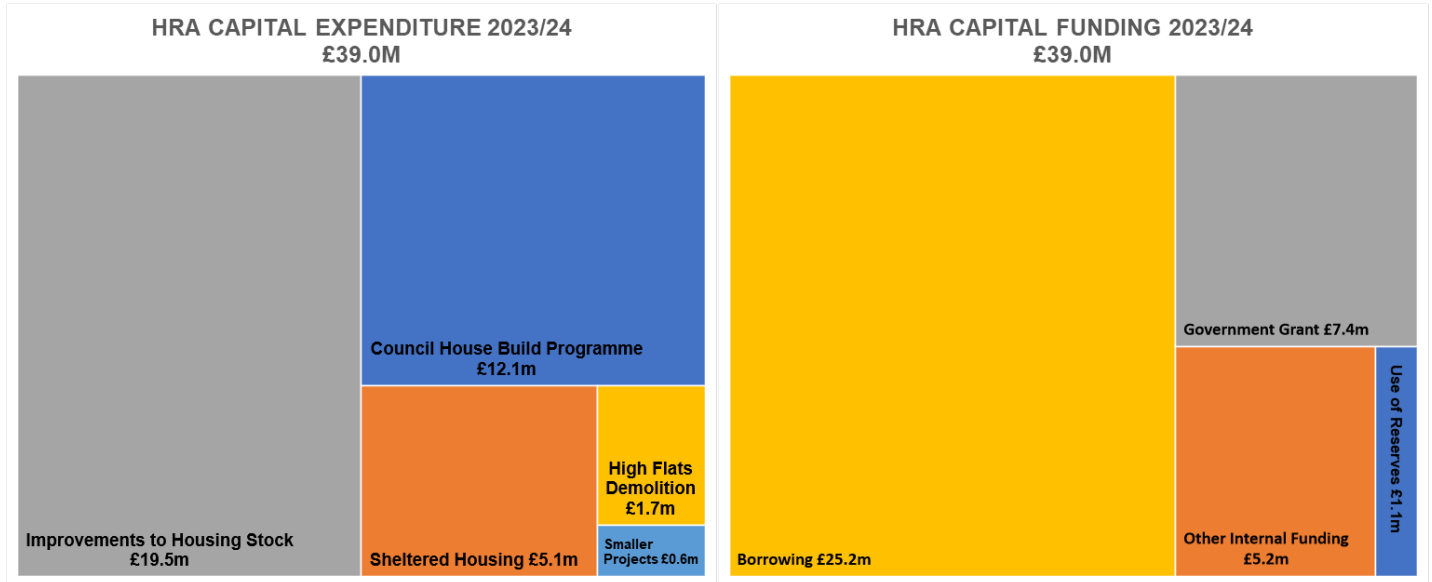
The reported underspend of £6.881m will be retained within the HRA reserves to support future service delivery, including the Council House building programme. The accumulated HRA reserve at 31 March 2024 is £20.566m.



HRA Capital Expenditure 2023/24

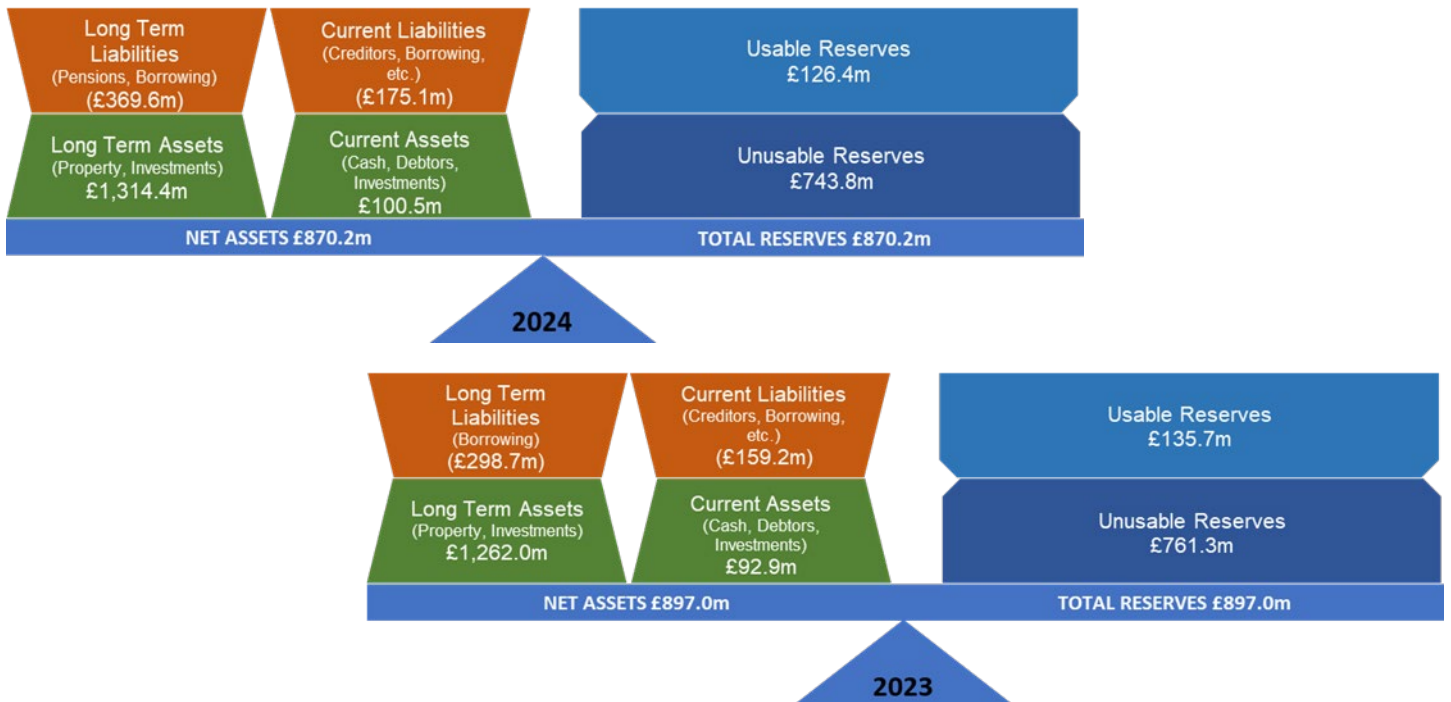
In 2023/24 the final HRA expenditure on capital investment was £38.966m against a budget of £41.863m. The underspend was primarily in relation to lower than anticipated costs across a number of programmes.

The chart below identifies the key projects and how the programme was funded. Further details, including comparative figures for 2022/23, are provided in Note 17 on page 69.



The Balance Sheet

The diagram below summarises the Council’s Balance Sheet as at 31 March 2024, with comparative information provided for last financial year. The Balance Sheet brings together assets and liabilities, year end balances, money owed to and by the Council and reserves. More information on the balance sheet is provided on page 47.





The Balance Sheet on page 47 summarises the Assets and Liabilities and shows a net worth of £870.2m. This is a reduction from last year due to an increased value of Assets of £60.0m offset by an increase in the value of Liabilities of (£86.8m). The main changes to the Council's Balance Sheet are explained as follows.

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

This has been partly offset by the re-categorisation of the Council's share of Strathclyde Pension Funds net assets from a long term asset to a long term liability. This has moved from a net asset of £29.3m to a net liability of (£23.2m) and has been driven by an adjustment to reflect the level of economic benefit which the Council may be able to derive from Pension Fund's assets in the form of potentials refunds and the impact of an agreed reduction in employers' contributions from 2024/25.

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

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

Treasury Management and Investment

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

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

Financial Indicator	2023/24	2022/23
CFR and Debt		
Capital Financing Requirement	£436.9m	£384.1m
Gross External Debt	£316.8m	£245.6m
(Over) / Under Borrowed	£120.1m	£138.5m
Affordability		
Ratio of financing costs to net revenue stream – General Fund	2.7%	1.9%
Ratio of financing costs to net revenue stream – HRA	18.9%	20.1%
Interest Rate		
Loans Fund Interest Rate	3.2%	3.1%
Reserves		
Ratio of usable General Fund reserves to annual budget	21.0%	26.0%
Ratio of uncommitted General Fund balances to annual budget	2.0%	2.0%
Outturn		
Ratio of General Fund outturn to annual budget	96.9%	96.2%

Gross External Debt

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

Affordability

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



Interest Rate

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

Reserves

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

Outturn

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

Outlook and Risks

Outlook

The Economy

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

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

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

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

North Ayrshire Council's Plans

Our Financial Plans

Long Term Financial Planning

In December 2023, Council approved the Long-Term Financial Outlook 2024/25 to 2033/34 (LTFO). The LTFO 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 LTFO has identified an estimated funding shortfall of £127m over the next ten years, this includes anticipated pressures in relation to the Health and Social Care Partnership.

The key messages highlighted within the LTFO include:



- North Ayrshire's overall population is forecast to reduce by 4.2% over the period, with reductions in the numbers of children and working age adults being offset by a projected 17.1% increase in the number of Older People. This will negatively impact on anticipated funding levels while resulting in increased demand for services.
- The percentage of adults claiming out of work benefits is 43% higher than the Scottish average and 26.9% of North Ayrshire's SIMD 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 LTFO.
- The Scottish Government Spending Review has indicated that a projected "flat cash" level of funding for local government over the medium-term can be anticipated. When set against a backdrop of high inflationary costs this will lead to a significant budget gap.
- North Ayrshire Council will become increasingly reliant on income from Council Tax and internal reserves to fund service delivery.

Revenue

In February 2024, the Council agreed its General Fund Medium Term Financial Plan (MTFP) for 2024/25 to 2026/27, approving a General Services Revenue Budget of £427.3m for 2024/25. The MTFP includes a range of savings proposals required to deliver a balanced Budget position for 2024/25 and a profiled use of reserves to help mitigate the significant financial challenges facing the Council. This was set within the context of a Council Tax freeze for 2024/25 to help address the financial pressures faced by communities.

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

The MTFP recognises additional Scottish Government funding to support Adult Social Care services, the expansion of free school meals and the impact of pay awards across both teaching and non-teaching staff during 2023-24. However, core grants did not keep pace with inflationary pressures and North Ayrshire continues to be impacted by reducing allocations, reflecting falling population indicators relative to other authorities. Future funding projections have been predicated on a "flat cash" funding assumption combined with increasing expenditure requirements driven by inflationary pressures, socio economic and demographic pressures and increasing revenue costs of supporting the Council's capital investment programmes.

Against this backdrop, a reduction in employer pension contributions in 2024/25 provided an opportunity for non-recurring investment to support priorities, including Roads Infrastructure investment; contributions to the Business Recovery & Sustainability, Repurposing Property Grant and Wellbeing Alliance funds; and support for Community Wealth Building for Communities and School Welfare Rights Officers.

The MTFP provides a balanced budget for 2024/25 with indicative funding gaps remaining for 2025/26 and 2026/27 of £10.718m and £8.721m respectively. This position incorporates the full year effect of proposed savings in 2024/25 and the planned use of reserves of £4.000m in 2025/26 and £3.500m in 2026/27. This continues to present a significant challenge to the sustainability of the Council's finances.

In addition to the General Fund MTFP, the Council has approved the Housing Revenue Account (HRA) budget for 2024/25 of £61.704m.

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

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



Capital

North Ayrshire Council has carried out a review of its capital investment plans and approved a new 10-year General Services Capital Investment Programme covering the period from 2024/25 to 2033/34. This programme will result in the investment of £406.5m over the period on key priorities including:

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

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

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

An annual review of the HRA Business Plan was undertaken during 2023. The Plan provides assurance of the financial sustainability of the management of the Council's housing stock over a 30-year period, taking into consideration the continued impact of the current economic climate on the provision of the Council's Housing Service and our tenants. As a result, North Ayrshire Council has approved an HRA Capital Investment Programme for 2024/25 of £52.8m, including £8.7m for stock improvements, £4.4m to tackle climate change and £37.5m to support the delivery of the Strategic Housing Investment Plan, which aims to deliver 1,641 new homes by 2028.

Sustainable Change Programme

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

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

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

Climate Change

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

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

- We will take a whole system approach (including through behaviour change) to tackling climate change as far as possible, including identification of optimal approaches to achieve social and economic benefits alongside environmental ones.
- We will continue to clarify and report transparently on our emissions so that the North Ayrshire emissions baseline is clearly understood.



- We will complete a Local Heat and Energy Efficiency Strategy to help understand where efforts to reducing emissions and reducing fuel poverty are best focused.
- We will prioritise actions in relation to two of the biggest emissions sources where we will have the most influence, commonly referred to as 'heat and fleet', including through project pathfinder approaches for decarbonisation of domestic and non-domestic buildings and vehicles to bring scale and pace to emissions reduction.
- We will work with stakeholders, including the Scottish Government, to articulate the potential costs and skills requirements to meet our net-zero aspirations.
- We will expand on the need for adaptation measures, recognising mitigation alone will not combat the impacts of climate changes on communities.
- We will identify opportunities for expansion of carbon sinks and other carbon capture technologies, which are expected to be an essential element of our net-zero strategy to mitigate residual emissions by 2030.
- We will seek to expand the remit and membership of the CCSG to enable us to work more closely with communities, taking account of outcomes from recent projects such as Climate Action Towns and Carbon Neutral Islands.
- We will explore the potential for carbon accounting, including carbon budgets for Council services, to support our journey to net-zero.

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

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

Risks

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

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

The most significant risks are identified through the Council's [Strategic Risk Register](#) recognising the challenges facing the Council and demonstrating the arrangements in place to manage these risks.

The Council reviews and updates the Strategic Risk Register on an annual basis. North Ayrshire Council has identified 8 risks which have been classified as either High or Very High.

Council Services have identified high level strategic actions within their planning for 2024/25 to help the Council mitigate against these strategic risks.

Those risks classified as Very High are as follows:

	Financial Sustainability	Inequalities	Property Asset Risk
Risks	<p>The level of funding for local government will fall significantly below that required to operate services effectively, requiring North Ayrshire Council to take increasingly difficult and challenging decisions.</p> <p>North Ayrshire's position is further affected by a reducing overall population but an increasing elderly population. This will further impact on the council's share of available funding across the short, medium and longer terms.</p> <p>Reduced Scottish government funding to support capital investment presents risks to the capital programme impacted by high, inflation driven construction costs.</p>	<p>Residents of North Ayrshire and, in particular, certain excluded groups will experience increasing levels of poverty and its effects as a result of the economic situation and Covid-19.</p> <p>Health inequality is closely linked to poverty, employment and people's earliest experiences as children, and will increase.</p> <p>A larger proportion of population is projected to be not economically active in future.</p>	<p>The long-term impact of restricted budget availability for investment in the Council's property assets is that they are in declining condition and have greater long term investment needs.</p> <p>Systemic building safety issues have substantially increased the burden of property asset management, evidenced by issues such as national high profile safety issues, the presence of RAAC through the public sector property portfolio, critical failures of aging heating plant and equipment; and inflationary pressures and on-going volatility in the construction & related activities sphere.</p>
Impact	<p>If funding does not keep pace with demand and costs, there will be a reduction in some service areas, increasing risks for users.</p> <p>The impact on the capital programme could result in reduced levels of capital investment.</p>	<p>The impact is greatest for our children, young people and families, unemployed people and those in in-work poverty, and people exposed to the risks of drug and alcohol addiction.</p> <p>Increased demand for services, potential increase in crisis interventions and negative impact on local economy.</p>	<p>Maintenance issues and failure of building components are increasingly likely to result in disruption to service delivery.</p> <p>There is also an increasing risk of health and safety and statutory compliance obligations not being achieved.</p>
Mitigation and Controls	<p>Robust monitoring of the Revenue and Capital budgets.</p> <p>Development of the Long Term Financial Outlook to 2033/34 and the Medium Term Financial Outlook 2024/25 to 2026/27.</p> <p>The annual budget process provides a framework to address the financial position of the Council, including control measures, the sustainable change programme and the utilisation of available statutory powers.</p>	<p>Tackling inequalities is a key priority of the HSCP's Strategic Plan, setting out actions to tackle inequality through its Partnership Pledge.</p> <p>The Council considers reducing inequality at the heart of its work and the Community Planning Partnership has develop a new Local Outcomes Improvement Plan, the purpose of which is reducing inequalities.</p> <p>The Council Leader chairs the Child Poverty and Cost of Living Board.</p>	<p>Property condition information provides the baseline to measure lifecycle replacement requirements across the estate, targeting investment on priorities.</p> <p>The property rationalisation workstream will reduce the financial burden of the estate.</p> <p>Risk based property reviews identify potential impacts on service delivery and influence investment and business continuity planning.</p>



Supplementary Information

Common Good and Trust Funds

The Council administers six Common Good Funds for the former burgh areas of Ardrossan, Irvine, Largs, Millport, Saltcoats and Stevenston. Overall, the Common Good Funds achieved an in-year surplus of £0.078m resulting in an accumulated surplus as at 31 March 2024 of £2.217m. Details of income and expenditure accounts and balance sheets can be found on page 51 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 52 of these accounts. Overall, the Trust Funds reported an in year surplus of £0.013m resulting in an accumulated surplus as at 31 March 2024 of £0.398m. 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 £64.056m. 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 38 on page 94.

Where to Find More Information

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



Craig Hatton
Chief Executive



Councillor Marie Burns
Leader of the Council



Mark Boyd
Head of Finance

Statement of Responsibilities

Responsibilities of the Council

The Council is required:

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



Councillor Marie Burns
Leader of the Council

Responsibilities of the Chief Financial Officer

The Head of Finance is responsible for the preparation of the authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC 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; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

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



Mark Boyd
Head of Service, Finance
26 June 2024



Remuneration Report

Introduction

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

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

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

Remuneration of Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183), as amended. The Regulations provide for the grading of Councillors, for the purposes of remuneration arrangements, as Leader of the Council, Provost, Senior Councillors and Councillor. The Leader of the Council and the Provost cannot be the same person for remuneration purposes. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political structure.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2023/24 the salary for the Leader of North Ayrshire Council was set at £40,205 (2022/23: £39,148) and the salary for the Provost was set at £30,154 (2022/23: £29,361), the maximum level.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. For 2023/24, the maximum salary which could be paid to a Senior Councillor was £30,154 (2022/23: £29,361) with the maximum number of Senior Councillors set at 14. The total remuneration for Senior Councillors (excluding the Provost and Leader) should not exceed £351,771 (2022/23: £342,524).

As at 31 March 2024 the Council had 10 Senior Councillors (2022/23:10). The annual salaries for the Depute Leader and leader of largest minority were set at £30,154 (2022/23: £29,361), the maximum level. The remaining Senior Councillors annual salary was set at £25,127 (2022/23: £24,468), with total remuneration of £261,324 (2022/23: £261,014).

In line with Regulations the Council pays contributions to the Local Government Pension Scheme for those Councillors who elect to become Councillor Members of the pension scheme. Glasgow City Council administers the Local Government Pension Scheme on behalf of 12 unitary local authorities including North Ayrshire Council. Information on the scheme is available at [SPFO](#)

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



Table 1: Remuneration of Senior Councillors

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

Remuneration paid to the Provost and Leader of the Council in 2023/24 is £70,359 (2022/23: £66,433). Total remuneration to the remaining 10 Senior Councillors is £261,324 (2022/23: £261,014).

Note: Total remuneration consists of salaries and allowances only.

Remuneration of Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular IR-11-23b sets the salary for the Chief Executive of North Ayrshire Council for the period 2023/24. The salaries of the Directors are based on a fixed percentage of the Chief Executive's salary. Senior employees do not receive any other benefits. Details of the Remuneration of Senior Employees are shown in Table 2.

During 2023/24, the Chief Executive and the Executive Director (Communities) held positions of Director in North Ayrshire Ventures Trust. There was no remuneration associated with these positions.



Table 2a: Remuneration of Senior Employees of the Council

Name and Post Title	Date From	Date To	Salary and Allowances 2023/24 £	Total Remuneration 2023/24 £	Total Remuneration 2022/23 £
Craig Hatton Chief Executive	April 2023	March 2024	160,745	160,745	151,571
Craig Hatton Returning Officer/Counting Officer	April 2023	March 2024	0	0	4,954
Audrey Sutton Executive Director, Communities & Education	April 2023	March 2024	129,077	129,077	121,710
Russell McCutcheon Executive Director, Place	April 2023	March 2024	129,077	129,077	121,710
Aileen Craig Monitoring Officer	April 2023	March 2024	99,067	99,067	93,413
Andrew McClelland Chief Education Officer	April 2023	March 2024	104,317	104,317	8,222
Scott Hunter Chief Social Work Officer	April 2023	March 2024	99,067	99,067	93,413
Allan Finlayson Chief Planning Officer (Full Year Equivalent £67,124)	7 August 2023	March 2024	43,768	43,768	0
James Miller Chief Planning Officer (Full Year Equivalent £70,492)	April 2023	23 April 2023	4,406	4,406	70,738
Mark Boyd Section 95 Officer	April 2023	March 2024	104,317	104,317	98,663
Total			873,841	873,841	764,394

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

Name and Post Title	Date From	Date To	Salary and Allowances 2023/24 £	Total Remuneration 2023/24 £	Total Remuneration 2022/23 £
Malcolm McPhail Chief Executive North Ayrshire Leisure Limited	April 2023	March 2024	108,815	0	95,797



Pension Benefits

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

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

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

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

The tiers and member contribution rates for 2022/23 and 2023/24 are shown in Table 3.

Table 3: Tier and Member Contribution Rates

Whole time pay bandings 2022/23	Employee Contribution rate	Whole time pay bandings 2023/24
On earnings up to and including £23,000	5.50%	On earnings up to and including £25,300
On earnings on or above £23,001 and up to £28,100	7.25%	On earnings on or above £25,301 and up to £31,000
On earnings on or above £28,101 and up to £38,600	8.50%	On earnings on or above £31,001 and up to £42,500
On earnings on or above £38,601 and up to £51,400	9.50%	On earnings on or above £42,501 and up to £56,600
On earnings on or above £51,401	12.00%	On earnings on or above £56,601

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

Table 4: Employee Benefit Calculation Rates

Time Period	Pension Benefit		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 2024 are shown in Table 5, together with the contribution made by the Council to each Senior Councillor's pension during the year.

Table 5: Pension Benefits of Senior Councillors

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

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

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

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



Table 6: Pension Benefits of Senior Employees of the Council

Name and Post Title	In-year pension contributions		Accrued pension benefits			
	For year to 31 March 2024	For year to 31 March 2023	As at 31 March 2024		Difference from 31 March 2023	
	£	£	Pension £	Lump Sum £	Pension £	Lump Sum £
Craig Hatton Chief Executive	31,024	30,209	108,819	0	10,307	0
Audrey Sutton Executive Director, Communities & Education	24,912	23,490	52,526	50,577	7,585	2,885
Russell McCutcheon Executive Director, Place	24,429	23,490	67,975	103,790	3,405	(2,297)
Aileen Craig Monitoring Officer	19,120	18,029	35,031	33,495	4,398	3414
Andrew McClelland Chief Education Officer	20,133	1,587	14,308	0	3,353	0
Scott Hunter Chief Social Work Officer	19,120	18,029	4,719	0	2,519	0
Allan Finlayson Chief Planning Officer	8,447	0	779	0	(1,421)	0
James Miller Chief Planning Officer	850	13,605	47,568	80,322	3,152	0
Mark Boyd Section 95 Officer	20,133	19,042	39,480	33,251	5,665	2,045
Total	168,168	147,481				

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

Chief Education Officer is based on Local Government Pension contributions only.

The Chief Executive of NALL is not a member of the pension scheme.

Remuneration paid to Councillors

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

Table 7: Total Remuneration Paid to Councillors

Type of Remuneration	2023/24 £	2022/23 £
Salaries	752,088	720,049
Expenses	22,759	14,979
Total	774,847	735,028

The [Annual return of Councillors' salaries and expenses for 2023/24](#) 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		Number of Other Council Staff	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
£50,000-£54,999	109	88	176	78
£55,000-£59,999	92	82	65	41
£60,000-£64,999	58	55	19	14
£65,000-£69,999	48	45	30	31
£70,000-£74,999	40	10	22	11
£75,000-£79,999	7	1	20	7
£80,000-£84,999	3	4	8	0
£85,000-£89,999	3	4	0	1
£90,000-£94,999	3	1	7	10
£95,000-£99,999	1	3	13	1
£100,000-£104,999	2	0	2	0
£105,000-£109,999	1	0	2	0
£110,000-£119,999	0	0	0	0
£120,000-£124,999	0	0	2	2
£125,000-£129,999	0	0	2	0
£130,000-£149,999	0	0	0	0
£150,000-£154,999	0	0	0	1
£155,000-£159,999	0	0	0	1
£160,000-£164,999	0	0	1	0
Total	367	293	369	198

Exit Packages

The Council has set aside funding to support a voluntary early release scheme for employees as part of the agreed savings package and to facilitate service redesign. As a result, a number of staff left the Council during 2023/24, 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; and
- Strain on the fund cost (the amount which the Council is required to pay to the pension fund because the employee has retired before the assumed retirement age);

The figures include employees who have committed to leave during 2023/24, although their actual leaving date may be later than 31 March 2024. Table 9 summarises the impact of the exit packages.



Table 9: Total Exit Packages

Band	2023/24		2022/23	
	Number of Employees	Value £	Number of Employees	Value £
£0-£20,000	15	231,674	4	41,479
£20,001-£40,000	18	533,292	5	120,006
£40,001-£60,000	16	770,154	1	54,985
£60,001-£80,000	18	1,258,698	0	0
£80,001-£100,000	7	621,352	3	283,763
£100,001-£150,000	14	1,703,923	1	107,063
£150,001-£200,000	4	687,996	1	190,212
£200,001-£250,000	2	453,673	1	210,308
£250,001 +	1	318,237	0	0
	95	6,578,999	16	1,007,816

Facility Time Statement

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

For the reporting year 2023/24, 131 employees (2022/23: 139) were relevant trade union officials and 29 of these employees (2022/23: 36) spent a proportion of their working hours on facility time:

Number of Employees who were relevant union official during the relevant period	Full-time equivalent (FTE) employee number
131	120.62
Percentage of Time	Number of Employees (Headcount)
0%	102
1% - 50%	25
51% - 99%	0
100%	4

The percentage of the total paybill spent on facility time was 0.08% (2022/23: 0.06%).

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

For those employees who were trade union officials, the time spent on paid trades union activities as percentage of their total paid facility time hours was 2.04% (2022/23: 2.25%).

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

The [Trade Union Facility Time Statement for 2023/24](#) is available for any member of the public to view on the Council's website.



Fair Pay

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

	2023/24	2022/23	2022/23
	FTE Salaries	FTE Salaries	Change
Range of staff remuneration	£21,924 - £160,741	£19,914 - £151,571	£2,010 - £9,170
Lowest earning employee's remuneration	21,924	19,914	2,010
Staff Average (salary & allowances)	35,279	32,785	2,494
Highest earning director's total remuneration	160,741	151,571	9,170
Ratio between highest earning director's total remuneration and the lowest earning employee	1:7.33	1:7.61	-3.68%
Ratio between highest earning director's total remuneration and the average	1:4.56	1:4.62	-1.30%
Median (total pay and benefits)	31,301	28,623	2,677
Median (salary only)	30,346	28,465	1,882
Ratio between highest earning director's total remuneration and the median	1:5.14	1:5.30	-3.02%
25th percentile (total pay and benefits)	25,321	22,810	2,511
25th percentile (salary only)	24,741	22,125	2,616
Ratio between highest earning director's total remuneration and the 25th percentile	1:6.35	1:6.65	-4.51%
75th percentile (total pay and benefits)	44,323	41,802	2,521
75th percentile (salary only)	44,323	41,802	2,521
Ratio between highest earning director's total remuneration and the 75th percentile	1:3.63	1:3.63	0.00%

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

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

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



Craig Hatton
Chief Executive



Councillor Marie Burns
Leader of the Council

Annual Governance Statement

Scope of Responsibility

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

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

The Council has approved and adopted a [Local Code of Corporate Governance](#) which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016).

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

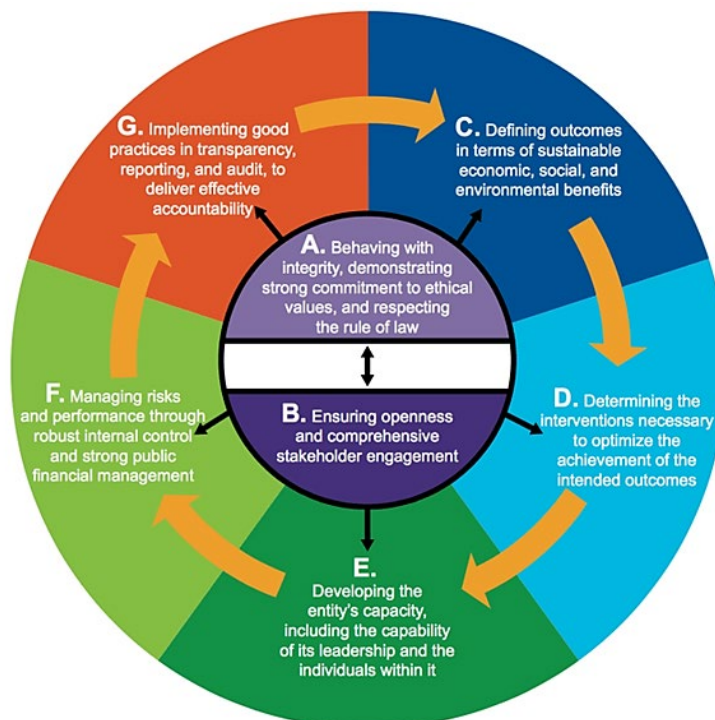
The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

The Governance Framework

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





The key features of the governance framework that were in place during 2023/24 are below:

- The Cabinet was the key decision-making Committee, comprising the Leader of the Council, the Depute Leader and four members of the Administration, each with a specific portfolio of duties. An Education Cabinet comprised the same members and included church and teaching profession representatives.
- The Audit and Scrutiny Committee, which is chaired by a Member of an Opposition party, was in place to consider all matters in relation to Internal and External Audit, Risk Management, Scrutiny and Performance, as well as receiving reports on the findings of external scrutiny bodies. An annual self-assessment process is carried out to assess the effectiveness of the Committee utilising CIPFA's Self Assessment of Good Practice within the publication 'Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition'.
- A cross-party Policy Advisory Panel assists in the development of policy proposals for consideration and approval by Cabinet.
- Strategic decision-making is governed by the Council's key constitutional documents including standing orders, scheme of administration, scheme of delegation to officers and financial regulations and associated codes of financial practice. These were refreshed and approved by the Council in May 2023.
- The Council has six Locality Partnerships, covering Irvine, Kilwinning, the Three Towns, Arran, the North Coast and the Garnock Valley. Chaired by a local Elected Member, the Partnerships provide the opportunity for Elected Members, Community Planning Partners and local community representatives to consider the priorities for each area.
- The integrated Health and Social Care Partnership (HSCP) has established a governance framework and an integrated senior management structure to support delivery of its key objectives.
- The Council's mission, vision and key priorities are outlined in the Council Plan 2023-2028 which is underpinned by a delivery plan and a range of performance indicators. Regular interim reports are provided to both Cabinet and the Audit and Scrutiny Committee on progress towards meeting the Council Plan priorities.
- Progress with Transformation projects continues to be governed and monitored through the Transformation Board which is chaired by the Chief Executive.
- A people strategy entitled 'Our People Connect' is in place to support the delivery of the Council Plan and its strategic priorities by focussing on developing the right culture and helping the Council transform to be a leaner, more efficient and higher performing organisation where people can develop and thrive.
- The Performance Management Strategy 2023-28 demonstrates how the Council supports a culture of continuous improvement and how the work of every employee is crucial to the achievement of the overall vision of a North Ayrshire that is Fair For All. Regular reporting to Elected Members takes place, and a wide range of performance information is available on the North Ayrshire Performance Dashboard.
- The Council has adopted a 'Code of Conduct' for all its employees. Elected Members adhere to the national 'Code of Conduct for Councillors' and a register of interests is in place.
- The approach to risk management is set out in the Risk Management Policy and Strategy: "Risk Focus". The Council's strategic risk register is refreshed annually and for 2023/24 was approved by Cabinet in March 2023. Monitoring of progress against action points is reported to the Audit and Scrutiny Committee at the mid-year point.
- Each Head of Service has a Workforce Plan in place for their portfolio of services which considers challenges and issues, the transformation agenda and to support career development and succession planning.
- The Council has in place a development programme for all Elected Members. In November 2023, feedback was received on the Elected Member Development sessions held from May 2022 to June 2023, and to seek views on topics for future development. Leadership and Development programmes are also established for strategic leaders and first line and middle managers across the Council, through the Leadership Academy approach.
- The 'Our Time to Talk' approach is in place to ensure that managers and employees take time to discuss how each employee is getting on at work; this focusses on the employee's contribution to their team and the Council, their wellbeing, and any development needs that contribute towards meeting the team's objectives or the employee's career aspirations.
- The ICT Asset Management Approach 2021-2024 is linked to the ICT Technology Strategy and depicts the impact on hardware, software and application assets. 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.



- A Capital Programme and Assets Group (CPAG), consisting of senior officers from across Council services and chaired by the Head of Finance, is in place. This group monitors the delivery of the Council's capital programme, helping to ensure that projects are delivered on time and within budget. The work of this group is supported by Service Project Boards.
- The Council has a long-term financial outlook, which covers the period 2024/25 to 2033/34. This sets out the scale of the potential financial challenge and the approach to pro-actively address it, ensuring financial sustainability of the Council.
- The Council has Internal Audit and Corporate Fraud teams to carry out independent and objective reviews of governance and internal control arrangements and investigate allegations of fraud and error both within and against the authority.
- An Information Governance framework is in place which complies with the General Data Protection Regulation (GDPR), supported by a central team of staff within Democratic Services. This is further supported through an Information Governance Procurement Framework. A corporate training module is in place to support ongoing training, development and awareness which is completed on an annual basis.
- The Council has a robust Corporate Health, Safety and Wellbeing Policy to help ensure it complies with health and safety legislation.
- An annual report is prepared for Cabinet by the Council's statutory Chief Social Work Officer.
- The Council has a two-stage Complaints Procedure, which provides a transparent and standardised process for customers who wish to complain and enables the Council to manage complaints more effectively and to identify any service improvements which may be required.

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

The System of Internal Financial Control

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

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

The Council's financial management arrangements conform to the governance requirements of the CIPFA statement on 'The Role of the Chief Financial Officer in Local Government (2016)'.

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

Review of Effectiveness of the Governance Framework

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



The Section 95 Officer has overall responsibility for Internal Audit in North Ayrshire Council. The Senior Manager (Audit, Fraud, Safety and Risk) is responsible for the management of the section and reports directly to the Section 95 Officer on all audit matters, with the right of access to the Chief Executive and Chair of the Audit and Scrutiny Committee. The Internal Audit section is fully resourced to deliver its planned activity and complies with the Public Sector Internal Audit Standards (PSIAS) in conducting its audit work. Regular reports were made to the Council's Audit and Scrutiny Committee throughout 2023/24.

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

The Internal Audit Annual Report 2023/24 highlights a number of findings by the Council's Internal Audit section. Action plans are put in place to address control weaknesses on conclusion of each audit and implementation of audit actions is tracked on a quarterly basis by the Council's Audit and Scrutiny Committee. None of these are considered material enough to have a significant impact on the overall control environment and it is the opinion of the Senior Manager (Audit, Fraud, Safety and Risk) that the Council's systems of internal control continue to provide reasonable assurance against loss.

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

Significant Governance Developments during 2023/24

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

The Performance Management Strategy 2023-2028 has been developed which proposes a systematic approach to self-assessment. In August 2023, Cabinet approved the Council Plan 2023-28 Performance Management Framework (PMF) which will be used to demonstrate progress against the Council Plan priorities. The PMF was further endorsed by the Audit and Scrutiny Committee.

A Long-Term Financial Outlook (covering the period 2024/25 to 2033/34) was approved by Council in December 2023. This is underpinned by a Medium-Term Financial Outlook (MTFO) which is updated annually. The most recent MTFO, covering 2024/25-2026/27, was also approved by the Council in December 2023. These documents note the scale of the financial challenge which the Council faces and underpin the development of a balanced budget. The General Services Revenue Estimates 2024/25-2026/27 and Capital Investment Programme 2024/25-2033/34 were approved by Council in February 2024.

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

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

The Sustainable North Ayrshire Strategy 2024-27 was approved by Cabinet in December 2023. The Council declared a climate emergency in 2019 and has committed to achieving net zero carbon emissions by 2030. The Strategy replaces the Council's previous Environmental Sustainability and Climate Change Strategies (ESCCS). Linked to supporting the Council's routemap to net-zero by 2030, a number of proposals have been agreed including the decarbonisation of the Council's vehicle fleet by 2030 and the approval of a Tree and Woodland Management Policy.

Under the Equality Act, public sector organisations are required to publish equality information every two years and consult on/develop Equality Outcomes every four years. In May 2023, Cabinet approved the content of the Equality Mainstreaming Report 2020-22 and Outcomes 2021-2025 Mid-Term Report.



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

The Children's Services Plan 2023-26 was endorsed by Cabinet in June 2023, and builds on the progress made since the previous Children's Services Plan 2020-23. The Children's Services Plan is aligned to the Children's Poverty Strategy 2023-26 and Action Plan 2023-24 and Children's Rights Report 2020/23 (also approved in June 2023), together forming the suite of children's services planning documents.

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

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

Planned Actions for 2024/25

The Council has a number of planned actions for 2024/25 which will help to further strengthen the governance framework:

- Strengthening of the Council's Executive Leadership Team aligned to the new Council structure;
- Progress a work programme to embed Community Budget engagement within existing stakeholder networks, as opposed to an annual event; and
- In view of the financial landscape, early development of the Council's budget programme for 2025/26 to consider public consultation requirements and early political engagement.

Assurance

Subject to the above, and based on the assurances provided, we consider the governance and internal control environment operating during 2023/24 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our actions will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.



Craig Hatton
Chief Executive



Councillor Marie Burns
Leader of the Council



Independent Auditor's Report

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



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Core Financial Statements

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. North Ayrshire Council raises taxation and rents to cover expenditure in accordance with statutory requirements, this may be different from the accounting costs. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

	Notes	North Ayrshire Council 2023/24			Group 2023/24	North Ayrshire Council 2022/23			Group 2022/23
		Gross Expend £m	Gross Income £m	Net Expend £m	Net Expend £m	Gross Expend £m	Gross Income £m	Net Expend £m	Net Expend £m
Chief Executive		28.780	(3.597)	25.183	25.183	31.350	(2.860)	28.490	28.490
Communities		199.239	(29.755)	169.484	169.846	198.819	(30.965)	167.854	168.809
Place		123.519	(39.625)	83.894	83.894	122.834	(39.016)	83.818	83.818
Health and Social Care Partnership		296.319	(172.949)	123.370	123.370	303.511	(172.599)	130.912	130.912
Other Corporate Items		55.872	(38.337)	17.535	17.535	45.316	(36.780)	8.536	8.536
Cost Of General Fund Services		703.729	(284.263)	419.466	419.828	701.830	(282.220)	419.610	420.565
Housing Revenue Account		57.336	(58.630)	(1.294)	(1.294)	53.140	(54.025)	(0.885)	(0.885)
Net Cost of Services		761.065	(342.893)	418.172	418.534	754.970	(336.245)	418.725	419.680
Associates and joint ventures accounted for on an equity basis		0	0	0	3.513	0	0	0	5.790
Other Operating Expenditure and Income	7	0.278	0	0.278	0.278	0.513	0	0.513	0.513
Financing and Investment Income and Expenditure	3	63.172	(59.650)	3.522	3.217	55.225	(34.539)	20.686	20.541
Taxation and Non-Specific Grant Income	6	0	(453.939)	(453.939)	(453.939)	0	(416.222)	(416.222)	(416.222)
(Surplus) or Deficit on Provision of Services		824.515	(856.482)	(31.967)	(28.397)	810.708	(787.006)	23.702	30.302
(Surplus) / Deficit on revaluation of fixed assets	30	0	0	(7.293)	(8.485)	0	0	(72.549)	(72.452)
Remeasurement of the Net Defined Pension Asset/Liability	30	0	0	66.100	66.100	0	0	(126.308)	(136.444)
Share of other comprehensive expenditure and income of associates and joint ventures		0	0	0	0.971	0	0	0	1.184
Other Comprehensive Income and Expenditure		0	0	58.807	58.586	0	0	(198.857)	(207.712)
Total Comprehensive Income and Expenditure		0	0	26.840	30.189	0	0	(175.155)	(177.410)

Movement in Reserves Statement

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

The Statement shows how the movements of the Council's reserves in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to Council Tax or rents for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year, following those adjustments.

	Notes	General Fund Balance £m	Statutory Housing Revenue Account £m	Capital and Other Reserves £m	Total Usable Reserves £m	Unusable Reserves £m	Total Authority Reserves £m	Council's Share of Group Entity Reserves £m	Total Group Reserves £m
Balance at 1 April 2022	11, 30	85.898	15.616	11.727	113.241	608.594	721.835	59.073	780.908
Total Comprehensive Expenditure and Income		(22.172)	(1.530)	0	(23.702)	198.857	175.155	2.255	177.410
<i>Adjustments between accounting basis and funding basis under regulations</i>	10	24.996	(0.401)	0	24.595	(24.595)	0	0	0
Net increase/(decrease) before transfers to other statutory reserves		2.824	(1.931)	0	0.893	174.262	175.155	2.255	177.410
Transfers to/(from) other statutory reserves		(0.153)	0	0.153	0	0	0	0	0
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility		21.546	0	0	21.546	(21.546)	0	0	0
Net Increase/(Decrease)		24.217	(1.931)	0.153	22.439	152.716	175.155	2.255	177.410
Balance at 31 March 2023	11, 30	110.115	13.685	11.880	135.680	761.310	896.990	61.328	958.318
Total Comprehensive Expenditure and Income		28.105	3.862	0	31.967	(58.807)	(26.840)	(3.349)	(30.189)
<i>Adjustments between accounting basis and funding basis under regulations</i>	10	(44.326)	3.019	0	(41.307)	41.307	0	0	0
Net increase/(decrease) before transfers to other statutory reserves		(16.221)	6.881	0	(9.340)	(17.500)	(26.840)	(3.349)	(30.189)
Transfers to/(from) other statutory reserves		(0.509)	0	0.509	0	0	0	0	0
Net Increase/(Decrease)		(16.730)	6.881	0.509	(9.340)	(17.500)	(26.840)	(3.349)	(30.189)
Balance at 31 March 2024	11, 30	93.385	20.566	12.389	126.340	743.810	870.150	57.979	928.129



Balance Sheet

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

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

	Notes	As at 31 March 2024 £m	Group 31 March 2024 £m	As at 31 March 2023 £m	Group 31 March 2023 £m
Property, Plant & Equipment	12	1,313.269	1,314.035	1,231.513	1,232.279
Investment Property	38	0	5.192	0	4.000
Heritage Assets	15	1.016	1.016	1.029	1.029
Intangible Assets	16	0.030	0.030	0.108	0.108
Long Term Investments	38	0	0.153	0	0.153
Investment in Associates and Joint Ventures	38	0	33.451	0	37.935
Net Pension Fund Assets	29	0	0	29.324	39.231
Long Term Debtors	19	0.044	0.044	0.044	0.044
Long Term Assets		1,314.359	1,353.921	1,262.018	1,314.779
Inventories	20	1.501	1.546	1.517	1.562
Assets Held for Sale	14	0.883	0.883	0.230	0.230
Short Term Investments	26	10.337	10.337	12.048	12.048
Short Term Debtors	21	60.398	60.914	62.115	62.651
Cash and Cash Equivalents	37	27.356	27.481	17.003	17.128
Current Assets		100.475	101.161	92.913	93.619
Short Term Borrowing	23	(65.151)	(58.826)	(51.568)	(45.116)
Short Term Creditors	24	(106.934)	(105.281)	(106.559)	(104.996)
Short Term Provisions	25	(2.991)	(2.991)	(1.069)	(1.069)
Current Liabilities		(175.076)	(167.093)	(159.196)	(151.181)
Long Term Borrowing	26	(254.416)	(254.416)	(202.427)	(202.427)
Long Term Creditors	26	(92.009)	(92.163)	(96.318)	(96.472)
Net Pension Fund Liabilities	29	(23.183)	(13.276)	0	0
Long Term Liabilities		(369.608)	(359.855)	(298.745)	(298.899)
Net Assets		870.150	928.129	896.990	958.318
Usable Reserves	11	126.340	126.340	135.680	135.680
Unusable Reserves	30	743.810	743.810	761.310	761.310
Group Reserves	38	0	57.979	0	61.328
Total Reserves		870.150	928.129	896.990	958.318



The unaudited accounts were issued on 26 June 2024

Mark Boyd

Mark Boyd
Head of Finance
26 June 2024



Cash Flow Statement

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

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

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

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

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

	Notes	NAC 2023/24 £m	Group 2023/24 £m	NAC 2022/23 £m	Group 2022/23 £m
Net deficit on the provision of services		(31.967)	(28.397)	23.702	30.302
Adjust (surplus) or deficit attributable to Associates and Joint Ventures	38	0	(3.513)	0	(5.790)
Adjust net (surplus) or deficit on the provision of services for non-cash movements	34	(39.087)	(39.144)	(94.189)	(95.074)
Adjust for items included in the net deficit on the provision of services that are investing and financing activities	34	57.243	58.653	36.395	36.101
Net cash flows from Operating Activities		(13.811)	(12.401)	(34.092)	(34.461)
Investing Activities	35	65.441	64.031	26.632	26.802
Financing Activities	36	(61.983)	(61.983)	16.293	16.367
Net (increase) or decrease in Cash and Cash Equivalents		(10.353)	(10.353)	8.833	8.708
Cash and Cash Equivalents at the beginning of the reporting period		(17.003)	(17.128)	(25.836)	(25.836)
Cash and Cash Equivalents at the end of the reporting period	37	(27.356)	(27.481)	(17.003)	(17.128)



Supplementary Statements

Housing Revenue Account

The **Housing Revenue Account (HRA) 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.

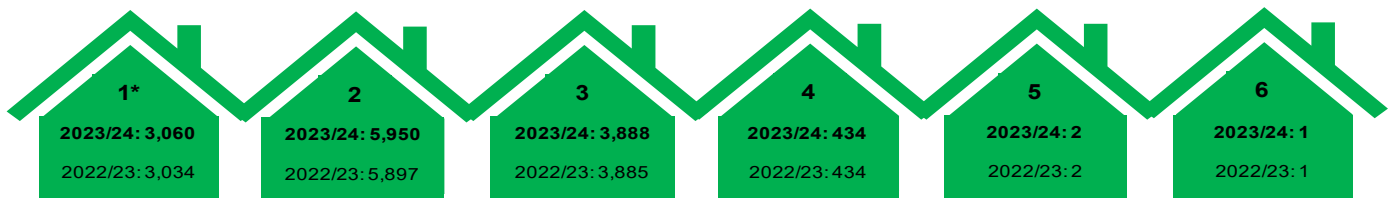
	2023/24 £m	2022/23 £m
Income		
Dwelling Rents	(55.924)	(52.488)
Non-dwelling Rents	(0.253)	(0.264)
Other Income	(1.677)	(0.463)
Total Income	(57.854)	(53.215)
Expenditure		
Repairs and Maintenance	23.228	19.873
Supervision and Management	10.406	11.179
Depreciation and Impairment on Non-Current Assets	22.328	20.705
Bad Debts and movement in Bad Debt Provision	0.584	0.356
Rent, Rates, Taxes and Other Charges	0.012	0.192
Sums directed by Scottish Government Ministers that are expenditure in accordance with IFRS	0.002	0.025
Total Expenditure	56.560	52.330
Net Income of Services as included in the CIES	(1.294)	(0.885)
Corporate & Democratic Core	0.151	0.141
Net Income for HRA Services	(1.143)	(0.744)
Taxation and Non-Specific Grant Income and Expenditure	(7.423)	(3.197)
(Gain)/Loss on Sale of HRA Non-Current Assets	0.063	0.010
Interest Payable and Similar Charges	5.595	5.575
Interest and Investment Income	(0.595)	(0.174)
Pension Interest Cost and Expected Return on Pension Assets	(0.359)	0.060
(Surplus)/Deficit for the Year on HRA Services	(3.862)	1.530

Movement on the Housing Revenue Account Statement

	2023/24 £m	2022/23 £m
(Surplus)/Deficit for the Year on HRA Income and Expenditure Statement	(3.862)	1.530
Adjustments between Accounting Basis and Funding Basis under statute	(3.019)	0.401
Reduction in Year on the HRA	(6.881)	1.931
Balance on the HRA at 1 April 2023	(13.685)	(15.616)
Balance on the HRA at 31 March 2024	(20.566)	(13.685)

Housing Stock

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



*Includes Studios and One Bedroom accommodation

Statutory Adjustments between Accounting Basis and Funding Basis

	2023/24 £m	2022/23 £m
Gain / (Loss) on sale of HRA non-current assets	(0.063)	(0.010)
Capital expenditure funded by the HRA	6.296	13.283
Transfer (to)/from the Capital Adjustment Account:		
Depreciation and Impairment	(22.328)	(20.705)
Repayment of Debt	4.995	5.372
Capital grants and contributions that have been applied to capital financing	7.423	3.197
HRA share of contributions to the Pensions Reserve	0.268	(1.128)
HRA share of transfer to the Financial Instruments Adjustment Account	0.374	0.360
Difference between any other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	0.016	0.032
Total Adjustments between Accounting Basis and Funding Basis under statute	(3.019)	0.401

Other Information

	2023/24	2022/23
Average weekly rent (52 weeks)	£84.72	£79.73
Bad debts written off in respect of former tenants	£0.269m	£0.417m
Total Rent Arrears	£5.530m	£5.413m
Bad Debt Provision - housing rents	£2.667m	£2.590m
Bad Debt Provision - other debtors	£1.053m	£0.831m
Void Rent Loss	£0.187m	£0.294m



Common Good and Trusts

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.

Details of the properties held by the Common Good Funds are listed on the [Common Good Asset Register](#).

The balances reported below 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.

Movement in Reserves Statement	Ardrossan £m	Irvine £m	Largs £m	Millport £m	Saltcoats £m	Stevenston £m	Total £m
Balance at 1 April 2023	0.605	2.454	0.689	0.067	0.015	0.265	4.095
Surplus/(Deficit) For the Year	0.039	0.004	0.012	0.003	0.001	0.019	0.078
Surplus on the Disposal of Assets	0	0	0	0	0	0	0
Surplus/(Deficit) on the Revaluation of Fixed Assets	0.005	0.527	0.410	0	0	0	0.942
Balance at 31 March 2024	0.649	2.985	1.111	0.070	0.016	0.284	5.115

Income and Expenditure Account	Ardrossan £m	Irvine £m	Largs £m	Millport £m	Saltcoats £m	Stevenston £m	Total £m
Income	(0.054)	(0.114)	(0.036)	(0.003)	(0.001)	(0.024)	(0.232)
Expenditure	0.015	0.110	0.024	0	0	0.005	0.154
(Surplus)/Deficit For the Year	(0.039)	(0.004)	(0.012)	(0.003)	(0.001)	(0.019)	(0.078)
Capital Receipts	0	0	0	0	0	0	0
Surplus Brought Forward	(0.325)	(1.116)	(0.431)	(0.067)	(0.015)	(0.185)	(2.139)
Accumulated Surplus as at 31 March 2024	(0.364)	(1.120)	(0.443)	(0.070)	(0.016)	(0.204)	(2.217)

Balance Sheet at 31 March 2024	Ardrossan £m	Irvine £m	Largs £m	Millport £m	Saltcoats £m	Stevenston £m	Total £m
Investment Properties	0.285	1.865	0.668	0	0	0.080	2.898
Cash invested in NAC on behalf of the funds	0.364	1.120	0.443	0.070	0.016	0.204	2.217
	0.649	2.985	1.111	0.070	0.016	0.284	5.115
Unusable Reserves	(0.285)	(1.865)	(0.668)	0	0	(0.080)	(2.898)
Common Good Balance	(0.364)	(1.120)	(0.443)	(0.070)	(0.016)	(0.204)	(2.217)
	(0.649)	(2.985)	(1.111)	(0.070)	(0.016)	(0.284)	(5.115)



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 (OSCR) 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 OSCR.

Income and Expenditure Account	North Ayrshire Charitable Trust	Town Trusts	Douglas Sellers Trust	Anderson Park Trust	Margaret Archibald Trust	Other Bequests	Total
	£m	£m	£m	£m	£m	£m	£m
Surplus at 1 April 2023	(0.101)	(0.045)	(0.001)	(0.001)	(0.197)	(0.040)	(0.385)
Income	(0.010)	(0.002)	0	0	(0.012)	(0.001)	(0.025)
Expenditure	0.001	0.003	0	0	0.007	0.001	0.012
(Surplus) / Deficit at 31 March 2024	(0.009)	0.001	0	0	(0.005)	0	(0.013)
Accumulated (surplus) / deficit at 31 March 2024	(0.110)	(0.044)	(0.001)	(0.001)	(0.202)	(0.040)	(0.398)

Balance Sheet at 31 March 2024	North Ayrshire Charitable Trust	Town Trusts	Douglas Sellers Trust	Anderson Park Trust	Margaret Archibald Trust	Other Bequests	Total
	£m	£m	£m	£m	£m	£m	£m
Investment Properties	0.110	0	0	0	0	0	0.110
Investments	0.013	0	0	0	0.140	0	0.153
Cash invested in NAC on behalf of the Funds	0.097	0.044	0.001	0.001	0.062	0.040	0.245
	0.220	0.044	0.001	0.001	0.202	0.040	0.508
Unusable Reserves	(0.110)	0	0	0	0	0	(0.110)
Trust Fund Balance	(0.110)	(0.044)	(0.001)	(0.001)	(0.202)	(0.040)	(0.398)
	(0.220)	(0.044)	(0.001)	(0.001)	(0.202)	(0.040)	(0.508)

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 (NNDR) pool.

The table below details the actual levels of NNDR 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.

	2023/24 £m	2022/23 £m
Gross rates levied	61.555	57.095
Less:		
Reliefs and other deductions	(14.862)	(14.965)
Write-offs of Uncollectable debts and allowance for impairment	(0.630)	(0.664)
Net Non-Domestic Rate Income	46.063	41.466
Adjustment for years prior to the introduction of the pool	(0.332)	(2.000)
Net contribution (to) / from National Non-Domestic Rate pool	(1.776)	(1.721)
Net NDR Income transferred to General Fund	43.955	37.745

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

Net Rateable Value Calculation

The amount paid for NNDR is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £, which is determined each year by the Scottish Government.

The NNDR poundage rate set by the Scottish Government for 2023/24 was 52.4p for subjects with a rateable value more than £100,000, 51.1p for subjects with a rateable value of more than £51,000 but equal to or less than £100,000 and 49.8p for subjects with a rateable value equal to or less than £51,000.

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

Analysis of Rateable Values	2023/24 £m
Rateable Value at 1 April 2023	120.931
Adjustments (Full Year Rateable Value)	0.374
Rateable Value at 31 March 2024	121.305
Less: Wholly Exempt Subjects	(1.209)
Net Rateable Value at 31 March 2024	120.096



Council Tax Account

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

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

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

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

	2023/24 £m	2022/23 £m
Gross Council Tax levied and contributions in lieu	94.026	89.053
Adjustment for prior years Council Tax	0.598	0.523
	94.624	89.576
Adjusted for:		
Council Tax Reduction	(14.082)	(13.070)
Other discounts and reductions	(12.284)	(11.923)
Provision for Non-collection	(2.741)	(2.594)
	(29.107)	(27.587)
Community Charge Recovered	0	0
Net Council Tax Income transferred to General Fund	65.517	61.989

North Ayrshire Council Tax per Band

Based on the Council Tax base available to North Ayrshire Council, the band D charge for 2023/24 was £1,452.12.

Band	2023/24 £	2022/23 £
A	968.08	921.98
B	1,129.42	1,075.64
C	1,290.77	1,229.30
D	1,452.12	1,382.97
E	1,907.92	1,817.06
F	2,359.69	2,247.32
G	2,843.73	2,708.31
H	3,557.69	3,388.27



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.

	Number of Dwellings	Number of Exempt Dwellings	Disabled Relief	Discounts	Council Tax Reduction	Total Number of Dwellings	Ratio to Band D	2023/24 Band D Equivalent Dwellings	2022/23 Band D Equivalent Dwellings
Band A*			(43)	4	28	11	0.56	6	8
Band A	21,786	1,309	(48)	3,360	7,005	10,160	0.67	6,773	7,056
Band B	18,655	582	50	2,217	4,318	11,488	0.78	8,935	9,182
Band C	7,694	231	1	993	1,153	5,316	0.89	4,725	4,744
Band D	7,332	169	(58)	773	503	5,945	1.00	5,945	5,883
Band E	9,186	199	56	739	289	7,903	1.31	10,384	10,420
Band F	4,243	61	28	271	83	3,800	1.63	6,175	6,110
Band G	1,270	25	13	75	21	1,136	1.96	2,225	2,213
Band H	57	1	1	5	0	50	2.45	123	127
Contributions in respect of classes 17 and 24 dwellings: Band D equivalent								4	4
Sub-total						45,809		45,295	45,747
Less Bad Debt Provision at 4%								(1,812)	(1,830)
Council Tax Base								43,483	43,917

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

Notes to the Accounts

Notes to the CIES

Note 1: Expenditure and Funding Analysis

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

	2023/24			2022/23		
	Net Expenditure Chargeable to the General Fund and HRA balances £m	Adjustments between Funding and Accounting Basis £m	Net Expenditure in the CIES £m	Net Expenditure Chargeable to the General Fund and HRA balances £m	Adjustments between Funding and Accounting Basis £m	Net Expenditure in the CIES £m
Chief Executive	23.288	1.895	25.183	25.702	2.788	28.490
Communities	187.166	(17.682)	169.484	171.407	(3.553)	167.854
Place	62.911	20.983	83.894	55.113	28.705	83.818
Health and Social Care Partnership	124.933	(1.563)	123.370	120.549	10.363	130.912
Other Corporate Items	11.475	6.060	17.535	15.600	(7.064)	8.536
Cost Of General Fund Services	409.773	9.693	419.466	388.371	31.239	419.610
Housing Revenue Account	(4.162)	2.868	(1.294)	(0.343)	(0.542)	(0.885)
Net Cost of Services	405.611	12.561	418.172	388.028	30.697	418.725
Other Income and Expenditure	(396.271)	(53.868)	(450.139)	(388.921)	(6.102)	(395.023)
(Surplus) or Deficit on Provision of Services	9.340	(41.307)	(31.967)	(0.893)	24.595	23.702
General Fund and HRA Balance at 1 April	(123.800)			(101.514)		
(Surplus) or Deficit on Provision of Services	9.340			(0.893)		
Transfers to/(from) Other Statutory Reserves	0.509			(21.393)		
General Fund and HRA Balance at 31 March (Note 11)	(113.951)			(123.800)		

For statutory accounting purposes, the undernoted 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 HRA Balances available to support services.



Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2023/24			
	Adjustments for Capital Purposes (Note A) £m	Net Change for Pension Adjustments (Note B) £m	Other Differences (Note C) £m	Total Adjustments £m
Chief Executive	1.832	0.015	0.048	1.895
Communities	0.696	0.048	(18.426)	(17.682)
Place	22.623	0.040	(1.680)	20.983
Health and Social Care Partnership	0.799	0.062	(2.424)	(1.563)
Other Corporate Items	0.221	1.909	3.930	6.060
Cost Of General Fund Services	26.171	2.074	(18.552)	9.693
Housing Revenue Account	3.677	(0.268)	(0.541)	2.868
Net Cost of Services	29.848	1.806	(19.093)	12.561
Other Income and Expenditure from the Funding Analysis	(55.893)	(15.399)	17.424	(53.868)
Difference between the General Fund surplus and the Comprehensive Income and Expenditure Statement Surplus or Deficit	(26.045)	(13.593)	(1.669)	(41.307)

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2022/23			
	Adjustments for Capital Purposes (Note A) £m	Net Change for Pension Adjustments (Note B) £m	Other Differences (Note C) £m	Total Adjustments £m
Chief Executive	1.716	3.559	(2.487)	2.788
Communities	2.804	11.408	(17.765)	(3.553)
Place	20.994	9.357	(1.646)	28.705
Health and Social Care Partnership	0.218	13.014	(2.869)	10.363
Other Corporate Items	0.011	(1.080)	(5.995)	(7.064)
Cost Of General Fund Services	25.743	36.258	(30.762)	31.239
Housing Revenue Account	(1.137)	1.128	(0.533)	(0.542)
Net Cost of Services	24.606	37.386	(31.295)	30.697
Other Income and Expenditure from the Funding Analysis	(38.644)	2.148	30.394	(6.102)
Difference between the General Fund surplus and the Comprehensive Income and Expenditure Statement Surplus or Deficit	(14.038)	39.534	(0.901)	24.595

Note A Adjustments for Capital Purposes

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

Note B Pensions Adjustments

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



Note C Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute include the amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements, the amount by which officer remuneration charged to the CIES 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.

	Chief Executive	Communities	Place	HSCP	Other Corporate Items	HRA	Outwith Services	2023/24 £m	2022/23 £m
Expenditure									
Employee Benefits Expenses	19.131	161.270	54.006	81.602	5.442	4.975	0	326.426	331.634
Other Service Expenses	7.817	37.273	46.890	213.918	50.209	30.033	0	386.140	376.888
Depreciation, Amortisation and Impairment	1.832	0.696	22.623	0.799	0.221	22.328	0	48.499	46.448
Interest Payments	0	0	0	0	0	0	63.172	63.172	55.225
Losses on Disposal of Assets	0	0	0	0	0	0	0.278	0.278	0.513
Total Expenditure	28.780	199.239	123.519	296.319	55.872	57.336	63.450	824.515	810.708
Income									
Fees, Charges and Other Service Income	(3.597)	(29.755)	(39.625)	(172.949)	(38.337)	(58.630)	0	(342.893)	(336.245)
Gains on Disposal of Assets	0	0	0	0	0	0	0	0	0
Interest and Investment Income	0	0	0	0	0	0	(59.650)	(59.650)	(34.539)
Council Tax	0	0	0	0	0	0	(65.517)	(65.517)	(61.989)
Government Grants and Contributions	0	0	0	0	0	0	(388.422)	(388.422)	(354.233)
Total Income	(3.597)	(29.755)	(39.625)	(172.949)	(38.337)	(58.630)	(513.589)	(856.482)	(787.006)
(Surplus)/Deficit on the Provision of Services	25.183	169.484	83.894	123.370	17.535	(1.294)	(450.139)	(31.967)	23.702

Revenue from Contracts with Service Recipients

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



Note 3: Financing and Investment Income and Expenditure

	2023/24 £m	2022/23 £m
Interest payable and similar charges	20.226	19.312
Pensions interest cost and expected return on pensions assets	(15.757)	2.208
Interest receivable and similar income	(0.947)	(0.834)
Total	3.522	20.686

Note 4: Material Items

The Comprehensive Income and Expenditure Statement (CIES) includes material items in relation to actuarial losses on the net pension asset / liability, £66.1m.

In accordance with IAS 19 and IFRIC 14, an increased asset ceiling has been applied. This has been determined by the Fund's actuaries to reflect the level of economic benefit which the Council may be able to derive from the movement on the Fund in the form of potential refunds or reduced future contributions. In addition, pension fund obligations have increased as a result of actual pension increases over the period and updated membership data following the 2023 valuation.

The actuarial losses have been partly offset by a number of gains, including improved returns on assets across the Fund, an increase in the discount rate applied reflecting an increase in corporate bond yield, a reduction in pension increase assumptions linked to reduced CPI and revised demographic assumptions. Full details of the individual movements are available in Note 29 on Page 83.

Note 5: Agency Services

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

	2023/24 £m	2022/23 £m
Agency income from Scottish Water	(0.585)	(0.514)
Cost of Collection associated with Scottish Water income	0.153	0.046

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

	2023/24 £m	2022/23 £m
Agency income from Business Grants	0	(0.044)
Agency income from Other Grants	0	(0.210)

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

	2023/24 £m	2022/23 £m
Business Grants Paid to Third Parties	0.099	0.099
Hardship Grants	0.041	10.520
Community Renewal Grants	0	0.275
Self Isolation Grants	0	0.228
Transport and Employability Grants	0	0.196

The Council also bills and collects Non-Domestic Rates on behalf of the Scottish Government. During 2023/24 the Council collected £45.731m which was reduced by (£1.776m) from the National Non-Domestic Rates Pool (2022/23: £39.466m and reduction of (£1.721m)).



Note 6: Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24:

	2023/24 £m	2022/23 £m
Credited to Taxation and Non Specific Grant Income		
General Revenue Grant	(287.517)	(280.389)
Council Tax	(65.517)	(61.989)
Capital Grants and Contributions	(56.950)	(36.099)
Non Domestic Rates	(43.955)	(37.745)
Total	(453.939)	(416.222)
Credited to Services		
Housing Benefit Funding	(35.470)	(34.747)
Health Resource Transfer	(24.944)	(24.003)
Early Years	(12.579)	(13.093)
Pupil Equity Fund	(4.419)	(4.972)
Attainment Grant	(3.900)	(5.042)
Criminal Justice Grant	(3.622)	(3.335)
Schools for the Future	(3.374)	(3.373)
UK Shared Prosperity Fund	(2.051)	(0.143)
No One Left Behind	(2.032)	(0.457)
Ayrshire Growth Deal	(1.831)	(1.531)
Alcohol and Drug Partnership Funding	(1.242)	(0.834)
Homes For Ukraine Scheme Local Authority Tariff Payment	(0.994)	(1.092)
Unaccompanied Asylum Seekers	(0.805)	(0.164)
General Capital Grant	(0.687)	(0.529)
Benefit Admin Subsidy	(0.635)	(0.641)
Sportscotland Sport Facilities Grant	(0.607)	(0.557)
Place Based Investment Programme	(0.528)	(0.580)
EMA and Activity Agreements	(0.528)	(0.576)
Syrian Relocation Grant	(0.517)	(0.436)
Care Experienced Children and Young People	(0.413)	(0.361)
Criminal Justice Concerned Backlog	(0.387)	(0.244)
Millport Town Hall Regeneration	(0.370)	(1.605)
Community Mental Health and Wellbeing Supports and Services	(0.367)	(0.517)
Paths for All	(0.338)	(0.124)
Milk & Healthy Snack subsidy	(0.247)	(0.135)
Dyemill Bike Park	(0.221)	0
Vacant and Derelict Land Fund	(0.191)	(0.021)
Creative Scotland Grant	(0.190)	(0.190)
Developing Young Workforce	(0.180)	(0.179)
Provision of Educational Support to Ukrainian Children	(0.118)	(0.506)
Other Minor Grants	(1.690)	(6.113)
Total	(105.477)	(106.100)



Note 7: Other Operating Expenditure and Income

	2023/24 £m	2022/23 £m
(Gains)/losses on the disposal of non current assets	0.278	0.513
Total	0.278	0.513

Note 8: 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:

	2023/24 £m	2022/23 £m
Fees payable with regard to external audit services carried out by the appointed auditor for the year	0.378	0.356
Rebate received in relation to prior years	0	(0.016)
Total	0.378	0.340

Note 9: Leases

Council as Lessee

Operating Leases

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

	2023/24 £m	2022/23 £m
Not later than one year	0.210	0.198
Later than one year and not later than five years	0.135	0.254
	0.345	0.452

The expenditure charged to the CIES during the year in relation to these leases was:

	2023/24 £m	2022/23 £m
Minimum Lease Payments	0.242	0.269

Finance Leases

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

Council as Lessor

Finance Leases

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

Operating Leases

The Council leases out property and equipment under cancellable operating leases for the following purposes:

- for the provision of community services, such as leisure facilities; and
- for economic development purposes to provide suitable affordable premises for local businesses.

All Council operating leases are cancellable; therefore, no lease payments are receivable under non-cancellable leases.

Notes to the MiRS

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

This note details the adjustments that are made to the total CIES 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.

Movements in 2023/24	General Fund Balance	Statutory Housing Revenue Account	Capital and Other Reserves	Total Usable Reserves	Unusable Reserves
Reversal of items debited or credited to the CIES	£m	£m	£m	£m	£m
Charges for depreciation of non current assets	25.618	22.413	0	48.031	(48.031)
Amortisation of intangible assets	0.078	0	0	0.078	(0.078)
Impairment of non current assets	0.475	(0.085)	0	0.390	(0.390)
Capital grants and contributions that have been applied to capital financing	(49.527)	(7.423)	0	(56.950)	56.950
(Gains)/losses on the disposal of non current assets	0.515	0.063	0	0.578	(0.578)
Statutory provision for the financing of capital investment	(5.281)	(4.995)	0	(10.276)	10.276
Capital expenditure charged against the General Fund and HRA balances	(1.600)	(6.296)	0	(7.896)	7.896
Adjustments involving the Capital Fund	0	0	0	0	0
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(0.469)	(0.374)	0	(0.843)	0.843
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(13.325)	(0.268)	0	(13.593)	13.593
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.810)	(0.016)	0	(0.826)	0.826
Total Adjustments	(44.326)	3.019	0	(41.307)	41.307



Comparable Movements in 2022/23

Movements in 2022/23	General Fund Balance	Statutory Housing Revenue Account	Capital and Other Reserves	Total Usable Reserves	Unusable Reserves
Reversal of items debited or credited to the CIES	£m	£m	£m	£m	£m
Charges for depreciation of non current assets	34.194	20.705	0	54.899	(54.899)
Amortisation of intangible assets	0.078	0	0	0.078	(0.078)
Impairment of non-current assets	(8.529)	0	0	(8.529)	8.529
Capital grants and contributions that have been applied to capital financing	(32.902)	(3.197)	0	(36.099)	36.099
(Gain)/loss on the disposal of non-current assets	0.503	0.010	0	0.513	(0.513)
Statutory provision for the financing of capital investment	(5.429)	(5.372)	0	(10.801)	10.801
Capital expenditure charged against the General Fund and HRA balances	(0.816)	(13.283)	0	(14.099)	14.099
Adjustments involving the Capital Fund	0	0	0	0	0
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(0.422)	(0.360)	0	(0.782)	0.782
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	38.406	1.128	0	39.534	(39.534)
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.087)	(0.032)	0	(0.119)	0.119
Total Adjustments	24.996	(0.401)	0	24.595	(24.595)



Note 11: Transfers to/(from) Funds

This note details the amounts set aside from balances in reserves to provide financing for future expenditure plans and the amounts posted back from reserves to meet expenditure in 2023/24.

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



Notes to the Balance Sheet

Note 12: Property, Plant and Equipment

Movements in 2023/24:

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



Comparative Movements in 2022/23:

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

Infrastructure Assets

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

In accordance with this, North Ayrshire Council has applied the permitted statutory overrides to exclude the reporting of gross cost and accumulated depreciation in relation to this class of asset and to account for the derecognition of any replaced part of an infrastructure asset at nil value.



The movements in relation to Infrastructure Assets for 2023/24 and the 2022/23 comparator movements are as follows:

	2023/24 £m	2022/23 £m
Net Book Value at 1 April	88.977	86.093
Reclassification of Assets	3.134	0.740
Additions	9.521	8.046
Revaluations	0	(0.804)
Depreciation Charge	(5.315)	(5.098)
Net Book Value at 31 March	96.317	88.977

Total Property, Plant and Equipment

	2023/24 £m	2022/23 £m
Infrastructure Assets Net Book Value at 31 March	96.317	88.977
Other Property, Plant and Equipment Net Book Value at 31 March	1,216.952	1,142.536
Total P, P&E Net Book Value at 31 March	1,313.269	1,231.513

Note 13: Fair Values

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

Fair values for the Council's Surplus Properties as at 31 March 2024 are as follows:

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

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

Common Good / Trusts	Fair Value as at 31 March 2024 £m	Fair Value as at 31 March 2023 £m
Land	1.145	1.150
Offices	0.600	0.620
Community use	0.570	0.278
Total	2.315	2.048

Note 14: Assets Held for Sale

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

	2023/24 £m	2022/23 £m
Balance at 1 April	0.230	0.375
Assets newly classified as held for sale:		
Property, Plant and Equipment	0.542	(0.235)
Revaluations	0.251	0.090
Assets disposed of during the year	(0.140)	0
Balance at 31 March	0.883	0.230

Note 15: Heritage Assets

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

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

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

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

Valuation of some of the assets have continued to be undertaken by external valuers Lyon & Turnbull during 23/24. The list of assets will be updated regularly as and when valuations are received throughout the year.

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

In 2023/24, three revaluations have been commissioned. At this time there are still two outstanding due to the large volume of assets of these particular collections.

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

Valuation	Civic Regalia and Silverware £m	Fine Art £m	Historical Artefacts £m	Public Artworks £m	Total £m
Balance at 1 April 2023	0.288	0.214	0.328	0.199	1.029
Revaluations	0	0	(0.013)	0	(0.013)
Balance at 31 March 2024	0.288	0.214	0.315	0.199	1.016



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

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 2 Sir John Lavery paintings.

Historical Artefacts - This is the main collection and includes all objects and artefacts. Key items include the Ardrossan Sarcophagus, a Sculpture of Owen Kelly by Alexander Stoddart and late 19th century Fire Engine.

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

Note 16: Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT 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 5 to 6 years. The carrying amount of intangible assets is amortised on a straight-line basis. The movement on Intangible Asset balances during the year is as follows:

Long Term Intangible Assets	2023/24 £m	2022/23 £m
Balance at start of year:		
Gross carrying amounts	4.627	4.627
Accumulated amortisation	(4.519)	(4.441)
Net carrying amount at start of year	0.108	0.186
Amortisation for the period	(0.078)	(0.078)
Net carrying amount at end of year	0.030	0.108
Comprising:		
Gross carrying amounts	4.627	4.627
Accumulated amortisation	(4.597)	(4.519)
	0.030	0.108

Note 17: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), 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 PFI or similar contracts (see Note 18).



	2023/24		2022/23	
	General Fund £m	HRA £m	General Fund £m	HRA £m
Opening Capital Financing Requirement	219.809	164.255	197.355	155.633
Capital investment				
Property, Plant and Equipment	85.450	0	36.502	0
Council Dwellings	0	38.966	0	30.479
	85.450	38.966	36.502	30.479
Sources of finance				
Sale of Assets	0.289	0.004	0.291	0.005
Grants and other contributions	49.527	7.423	32.902	3.197
Contribution from Reserves	0	0	0	0
Direct revenue contributions	1.600	6.296	0.816	13.283
Loans Fund Principal	1.461	4.995	(19.961)	5.372
	52.877	18.718	14.048	21.857
Closing Capital Financing Requirement	252.382	184.503	219.809	164.255

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

Depreciation and Revaluations

As highlighted in Note 42: Accounting Policies, under Property, Plant and Equipment on pages 108 to 110, depreciation is provided for on a straight-line basis inclusive of the year of acquisition. The period for each applicable category is shown in the following table:

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

A desktop review was carried out during 2023/24 which resulted in a revaluation adjustment for Council Dwellings, this adjustment is reported in Note 12, above.

The valuation of Land and Buildings is carried out on a rolling 5 year programme to ensure that all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 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.



	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Equip £m	Community Assets £m	Surplus Assets £m	Total £m
Carried at Historic Cost	0	0	52.577	7.003	0	59.580
Valued at current value at :						
31st March 2024	583.484	180.822	0	0	6.097	770.403
31st March 2023	0	270.574	0	0	0	270.574
31st March 2022	0	4.176	0	0	0	4.176
31st March 2021	0	3.703	0	0	0	3.703
31st March 2020	0	26.458	0	0	0	26.458
Total Cost or Valuation	583.484	485.733	52.577	7.003	6.097	1,134.894

Commitments under capital contracts

At 31 March 2024, the Council has approved capital investment programmes for both General Services and the Housing Revenue Account, for construction or enhancement of Property, Plant and Equipment. Contractual commitments in place at 31 March 2024 totalled £100.709m as follows (2022/23: £58.452m):

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

HRA Programme	£m
Garnock Academy	11.182
Stanecastle, Irvine	6.607
St Mary's Primary	4.018
James McFarlane	3.736
Montgomerie Park	2.496
King's Arms	2.427
Laburnum Avenue / Newhouse Drive	1.613
Cheviot Court	1.233
Central Heating / Rewiring	0.874
Other Minor Commitments	0.618
Total HRA Contractual Commitment	34.804



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

North Ayrshire Council Schools PPP Contract

2023/24 was the seventeenth year of a 30-year PPP 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 DBFM Contract

2023/24 was the sixth year for Largs Campus of a 25 year contract. This campus was procured through a Design, Build, Finance and Maintain (DBFM) contract. This Campus covers a secondary school, two primary schools and one early years centre.

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

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

Clyde Valley Waste PFI Contract

2023/24 was the fifth year for Clyde Valley Waste of a 25 year contract. This plant was procured through a PFI 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 PPP the Council makes an agreed payment each year which is uplifted each year by 2/3 of the increase in the retail price index (RPI). For DBFM the Council makes an agreed payment each year uplifted by 21% of the increase in RPI. The Clyde Valley Waste contract is uplifted each year by applying CPI 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 PPP, DBFM and Clyde Valley Waste contracts at 31 March 2024 (based on an estimate of the cash amount that will actually be paid and excluding availability / performance deductions) are as follows:



	Service Charges £m	Liability Repayment £m	Interest Repayment £m	Contingent Rentals £m	Total £m
Payable in 2024/25	11.417	4.309	5.343	2.820	23.889
Payable within two to five years	49.367	18.717	18.910	13.028	100.022
Payable within six to ten years	69.739	28.622	17.015	20.608	135.984
Payable within eleven to fifteen years	58.592	34.060	7.407	29.049	129.108
Payable within sixteen to twenty years	34.020	10.370	1.241	4.475	50.106
Payable within twenty one to twenty five years	4.190	0.240	0.014	(0.002)	4.442
Total	227.325	96.318	49.930	69.978	443.551

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

	£m	£m
Balance outstanding at 1 April	100.139	103.982
Payments during the year	(3.821)	(3.843)
Balance outstanding at 31 March	96.318	100.139

Service Concession Flexibility

North Ayrshire Council has adopted the revised accounting arrangements under Local Government Finance Circular 10/2022 – Finance Leases and Service Concession Arrangements. The application of this accounting arrangement has recalculated the annual charges to the General Fund in relation to the principal capital repayment element of service concession arrangements, including PPP and DBFM contracts. As a result the charges to the General Fund have been rescheduled over the 50 year useful economic life of the assets rather than the current contract terms, with the remaining adjustments as follows:

	Liability Repayment £m	Revised Profile £m	Required Adjustment £m
2023/24	3.688	1.000	(2.688)
Payable in 2024/25	4.196	1.058	(3.138)
Payable within two to five years	18.116	4.881	(13.235)
Payable within six to ten years	28.188	7.883	(20.305)
Payable within eleven to fifteen years	32.903	10.486	(22.417)
Payable within sixteen to twenty years	8.919	13.979	5.060
Payable within twenty one to twenty five years	0	18.674	18.674
Payable within twenty six to thirty years	0	24.991	24.991
Payable within thirty one to thirty five years	0	21.995	21.995
Payable within thirty six to forty years	0	8.981	8.981
Payable within forty one to forty five years	0	6.393	6.393
Total	96.010	120.321	24.311

The application of this flexibility makes no change to the actual payments to the contractor or to the value of interest or service charges made against the General Fund and the schools will still transfer to North Ayrshire Council at the end of the current contract for nil consideration. The adjustments are timing related and the overall repayments charged to the General Fund remain unchanged.



Note 19: Long Term Debtors

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

	2023/24 £m	2022/23 £m
Advances for House Purchases	0.044	0.044
Total	0.044	0.044

Note 20: 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:

	2023/24				2022/23
	Balance at 1 April £m	Purchases £m	Recognised as an expense £m	Balance at 31 March £m	Balance at 31 March £m
Consumables					
Catering	0.154	2.683	(2.687)	0.150	0.154
Streetscene & Waste	0.049	0.150	(0.161)	0.038	0.049
Transport Fuel	0.115	1.852	(1.838)	0.129	0.115
Donated Covid Consumables	0.358	0.086	(0.201)	0.243	0.358
Other	0.001	0	0	0.001	0.001
Maintenance Materials					
Building Services	0.570	3.811	(3.673)	0.708	0.570
Roads	0.270	0.400	(0.438)	0.232	0.270
Total	1.517	8.982	(8.998)	1.501	1.517

Note 21: Short Term Debtors

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

	2023/24 £m	2022/23 £m
Trade Receivables	10.708	26.238
Prepayments	2.364	2.360
Other Receivable Amounts	47.326	33.517
Total	60.398	62.115



Note 22: 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:

	2023/24		2022/23	
	Council Tax £m	NDR £m	Council Tax £m	NDR £m
Less than 1 year	2.508	0.844	0.769	0.934
1 to 2 years	0.685	0.540	1.422	0.200
2 to 5 years	2.825	0	2.546	0
More than 5 years	0.525	0	0.594	0
Total	6.543	1.384	5.331	1.134

Note 23: Short Term Borrowing

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

	2023/24 £m	2022/23 £m
North Ayrshire Municipal Bank Ltd	(0.036)	(0.036)
PWLB	(3.908)	(3.303)
Market Debt / LOBOs / Other Local Authorities	(61.207)	(48.229)
Total	(65.151)	(51.568)

Note 24: Short Term Creditors

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

	2023/24 £m	2022/23 £m
Trade Payables	(67.835)	(48.458)
Other Payables	(39.099)	(58.101)
Total	(106.934)	(106.559)

Grants and contributions which have a condition attached that remains to be satisfied at the balance sheet date are recognised as grant receipts in advance. Included within the amounts above are grant receipts in advance totalling £10.468m (2022/23 £13.327m).



Note 25: Provisions

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

	Equal Pay / Single Status £m	Termination Benefits £m	Landfill Site Restoration £m	Employee Costs - Paid Absences £m	Teachers Maternity £m	Former Authorities £m	Total £m
Balance at 1 April 2023	(0.026)	(0.096)	(0.185)	(0.267)	(0.266)	(0.229)	(1.069)
Additional provisions made in 2023/24	0	(1.955)	0	0.012	(0.238)	(0.288)	(2.469)
Amounts written off in 2023/24	0	0	0.190	0	0	0	0.190
Unwinding of Discounts in Current Year	0	0	(0.005)	0	0	0	(0.005)
Amounts used in 2023/24	0	0.096	0	0	0.266	0	0.362
Balance at 31 March 2024	(0.026)	(1.955)	0	(0.255)	(0.238)	(0.517)	(2.991)

Equal Pay/Single Status

In 2014/15 a provision of £2.867m was made in respect of Equal Pay and Single Status with a balance of £0.026m identified at 1 April 2023. During 2023/24 no provision was utilised. The balance has been maintained at 31 March 2024 in respect of outstanding claims. The timing of the settlement of these claims is uncertain.

Termination Benefits

During 2023/24 a provision of £1.955m was required in relation to employee retiral commitments the Council had in place at 31 March 2024. These liabilities are expected to be discharged during 2024/25.

Landfill Site Restoration

This provision relates to the Council's landfill site at Shewalton in Irvine. During 2023/24, £0.190m was released for aftercare costs. The increase in the provision for the unwinding of the discount was also recognised as an interest charge £0.005m. These liabilities were discharged over the period to 2023/24.

Employee Costs - Paid Absences

In accordance with IAS19 Employee Benefits provision has been made of £0.255m for the costs of paid employee absences arising from Flexi Time earned but not taken prior to 31 March 2024. These liabilities are expected to be discharged during 2024/25.

Teachers Maternity

During 2023/24 a provision of £0.238m was required in respect of teachers holidays accrued while on maternity leave. These liabilities are expected to be discharged during 2024/25.

Former Authorities: Potential 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

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

	Category:	Long Term		Current		Total	
		31/03/24 £m	31/03/23 £m	31/03/24 £m	31/03/23 £m	31/03/24 £m	31/03/23 £m
Loans and receivables:							
Cash (including bank)	Amortised Cost	0	0	30.105	19.556	30.105	19.556
Bank overdraft	Amortised Cost	0	0	(2.749)	(2.553)	(2.749)	(2.553)
Cash and cash equivalents		0	0	27.356	17.003	27.356	17.003
Short Term Investments	Amortised Cost	0	0	10.337	12.048	10.337	12.048
Debtors	Amortised Cost	0.044	0.044	50.107	53.290	50.151	53.334
Total Financial Assets		0.044	0.044	87.800	82.341	87.844	82.385
Loans at amortised cost:							
Principal sums	Amortised Cost	253.636	201.586	63.460	50.468	317.096	252.054
Accrued interest	Amortised Cost	0	0	1.691	1.100	1.691	1.100
Effective Interest Rate adjustment	Amortised Cost	0.780	0.841	0	0	0.780	0.841
Total borrowing		254.416	202.427	65.151	51.568	319.567	253.995
Trade payables	Amortised Cost	0	0	102.625	102.738	102.625	102.738
PFI and similar liabilities	Amortised Cost	0	0	4.309	3.821	4.309	3.821
Short-term creditors		0	0	106.934	106.559	106.934	106.559
PFI and similar liabilities	Amortised Cost	92.009	96.318	0	0	92.009	96.318
Total Financial Liabilities		346.425	298.745	172.085	158.127	518.510	456.872

Financial Assets

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

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

Cash and cash equivalents

The bank overdraft figure reflects total debit balances on the Council's group of bank accounts with Virgin Money. The figure for Cash and Cash Equivalents in the balance sheet offsets the overdraft with cash at bank and in hand, as detailed in Note 37.

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 (PWLB), commercial lenders and other local authorities;
- Overdraft with the banks;
- Trade payables (creditors);
- Finance leases; and
- Public Private Partnership (PPP), Non Profit Distributing (NPD) and similar contracts.



Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, they have been categorised at Level 2 in the Fair Value hierarchy using the following assumptions:

- Loans borrowed by the Council have been valued by discounting cash flows over the life of the loan at appropriate market rates;
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value;
- The fair values of PPP and NPD 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; and
- 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:

	At 31 March 2024		At 31 March 2023	
	Carrying Amount £m	Fair Value £m	Carrying Amount £m	Fair Value £m
PWLB Debt	246.300	259.307	178.583	190.745
Non-PWLB Debt	147.912	170.584	153.921	176.489
Temporary Loans	21.637	21.637	21.594	21.594
Total Debt	415.849	451.528	354.098	388.828
Trade Creditors	102.625	102.625	102.738	102.738
Total Liabilities	518.474	554.153	456.836	491.566

	At 31 March 2024		At 31 March 2023	
	Carrying Amount £m	Fair Value £m	Carrying Amount £m	Fair Value £m
Cash and Cash Equivalents	27.356	27.356	17.003	17.003
Short Term Deposits < 1 year	10.337	10.337	12.048	12.048
Trade Debtors	50.151	50.151	53.334	53.334
Total Assets	87.844	87.844	82.385	82.385

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

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

Income, Expense, Gains and Losses

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

	2023/24			2022/23		
	Liabilities measured at amortised cost £m	Loans and receivables measured at amortised cost £m	Total £m	Liabilities measured at amortised cost £m	Loans and receivables measured at amortised cost £m	Total £m
Interest expense	(21.068)	0	(21.068)	(20.094)	0	(20.094)
Losses on derecognition	0.842	0	0.842	0.782	0	0.782
Total expense in Surplus or Deficit on the Provision of Services	(20.226)	0	(20.226)	(19.312)	0	(19.312)
Interest income	0	0.947	0.947	0	0.834	0.834
Total income in Surplus or Deficit on the Provision of Services	0	0.947	0.947	0	0.834	0.834
Net gain/(loss) for the year	(20.226)	0.947	(19.279)	(19.312)	0.834	(18.478)

Note 27: Risks arising from Financial Instruments

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

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

The key risks are:

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

The Treasury Management and Investment Strategy for 2023/24 was approved by North Ayrshire Council on 1 March 2023.

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the annual Treasury Management and Investment Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK 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 (CDS) spreads to give early warning of likely changes in credit ratings; and
- sovereign ratings to select counterparties from only the most creditworthy countries.

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



Credit Risk Exposure at 31 March 2024:

Counterparty	Credit Rating Criteria met when invested	Credit Rating Criteria met at 31st March 2024	Balance Invested at 31st March 2024					Total
			Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 and 9 months	Between 9 and 12 months	
	YES/NO	YES/NO	£m	£m	£m	£m	£m	£m
UK Banks	YES	YES	8.800	0	0	0	0	8.800
Debt Management Office	YES	YES	0	0	0	0	0	0
Other	YES	YES	21.300	0	10.000	0	0	31.300
Total			30.100	0	10.000	0	0	40.100

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

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

	2023/24			2022/23		
	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - simplified approach	Total	Lifetime expected credit losses - not credit impaired	Lifetime expected credit losses - simplified approach	Total
	£m	£m	£m	£m	£m	£m
Balance as at 1 April	0	7.988	7.988	0.711	7.111	7.822
Changes due to modifications which did not result in derecognition	0	0.478	0.478	(0.711)	0.877	0.166
As at 31 March	0	8.466	8.466	0	7.988	7.988

During the year, the Council wrote off financial assets with a contractual amount outstanding of £1.611m (£1.100m 2022/23) which are still subject to enforcement activity.

Credit Risk Exposure

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

	Credit Risk Rating	Gross Carrying Amount at 31 March 2024 £m	Gross Carrying Amount at 31 March 2023 £m
Simplified approach	Historic Experience	61.014	63.639
		61.014	63.639

Liquidity Risk

The Council manages its liquidity position through the setting and approval of prudential indicators, the approval and monitoring of the Treasury Management and Investment Strategy and through a comprehensive cash flow management system, as required by the CIPFA 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 PWLB 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; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

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

Loans Outstanding	At 31 March 2024 £m	At 31 March 2024 %	Approved Upper Limit %	Approved Lower Limit %	At 31 March 2023 £m
Less than one year	67.770	16%	50%	0%	54.290
Between one and two years	7.339	2%	50%	0%	7.260
Between two and five years	24.173	6%	50%	0%	23.545
Between five and ten years	63.061	15%	75%	0%	52.103
More than ten years	251.071	61%	90%	25%	214.995
Total	413.414				352.193
Public Works Loan Board	245.280				178.167
Market Debt / LOBOs	50.293				52.435
Temporary borrowing	21.523				21.452
PPP/NPD Liabilities	96.318				100.139
Total	413.414				352.193

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

Market Risk

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

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

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



The Council's Treasury Management and Investment Strategy aims to mitigate these risks by setting upper limits on its exposure to fixed and variable interest rates. For 2023/24 these limits were £306.895m of total borrowing on fixed rate borrowing and £60.000m for variable rate borrowing.

At 31 March 2024, £267.836m of principal borrowing was exposed to fixed rates and £48.950m to variable rates. This excludes liabilities in respect of PPP and NPD contracts.

The Council's current portfolio of variable rate borrowing includes commercial loans known as LOBOs (Lender's Option Borrower's 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 LOBO portfolio is 5.2%, the interest rate risk associated with the Council's LOBOs 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:

	At 31 March 2024 £m
Impact on tax-payers & rent-payers	
Increase on interest payable on variable rate borrowings	0.390
Increase in interest receivable on variable rate investments	0
Impact on Surplus or Deficit on the Provision of Services	0.390
Share of overall impact debited to the HRA	0.172
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(36.655)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

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

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



Note 28: Pensions Schemes Accounted for as Defined Contribution Schemes

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

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

In 2023/24, the Council recognised £16.962m in respect of teachers' retirement benefits, representing 22.69% of pensionable pay. The figures for 2022/23 were £15.782m and 22.70%. There were no contributions remaining payable at the year-end. The estimated contribution for 2024/25 is £16.258m. As a proportion of the total contributions into the Scheme during the year to 31 March 2024, North Ayrshire Council's contribution equates to approximately 2.40%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 29. There were additional costs of £0.116m included for 2023/24.

Note 29: Defined Benefit Pension Schemes

Participation in pension schemes

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

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

In response to significant net asset values reported for 2022/23, Strathclyde Pension Fund has confirmed that the employer contribution rates for 2024/25 and 2025/26 will be reduced from 19.3% to 6.5%. The rate will then increase to 17.5% from 2026/27.

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

Transactions relating to post-employment benefits

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



Local Government Pension Scheme Comprehensive Income & Expenditure Statement	2023/24 £m	2022/23 £m
Cost of Services:		
Current service cost	33.161	66.221
Past service cost (including curtailments)	3.824	0.660
Financing and Investment Income and Expenditure:		
Net interest expense/(income)	(1.342)	2.209
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	35.643	69.090
Other Post Employment Benefit Charged to the CIES:		
Expected return on pension fund assets (excluding amounts included in net interest)	(63.320)	53.303
Actuarial (gains) / losses arising on changes in financial assumptions	129.420	(179.611)
Total Post Employment Benefit Charged to the CIES	101.743	(57.218)
Movement in Reserves Statement :		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	13.593	(39.534)
Actuarial gains/(losses) on pension assets/liabilities	(66.100)	126.308
Contributions from employer payable to scheme	49.236	29.556

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is normally the net liability represented by the present value of the defined benefit obligation and the fair value of the plan assets. However, for 2022/23 and 2023/24 the actuarial gains arising from changes in the financial assumptions have resulted in a net asset position.

IAS 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:

	2023/24 £m	2022/23 £m
Present value of the defined benefit obligation	(965.483)	(899.826)
Fair value of plan assets	1,359.027	1,232.630
Asset Ceiling adjustment	(416.727)	(303.480)
Net asset / (liability) arising from defined benefit obligation	(23.183)	29.324

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



Assets and Liabilities in Post-Employment Benefits

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

	2023/24 £m	2022/23 £m
Balance as at 1 April	(899.826)	(1,301.889)
Current service cost	(33.161)	(66.221)
Interest cost	(42.946)	(35.913)
Contributions by scheme participants	(9.319)	(8.443)
Re-measurement (gains) and losses:		
Actuarial gains / (losses) arising on changes in financial assumptions	44.118	533.427
Changes in demographic assumptions	15.480	9.710
Other experience	(73.618)	(60.046)
Past service cost (including curtailments)	(3.824)	(0.660)
Benefits paid	37.613	30.209
Balance as at 31 March	(965.483)	(899.826)

Reconciliation of Fair Value of Scheme Assets

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

	2023/24 £m	2022/23 £m
Balance as at 1 April	1,232.630	1,244.439
Interest income	58.703	33.704
Re-measurement gains and (losses):		
Return on plan assets excluding amounts included in net interest	63.320	(53.303)
Other experience	(2.153)	0
Contributions from employer payable to the scheme	34.821	29.556
Contributions by scheme participants	9.319	8.443
Benefits paid	(37.613)	(30.209)
Balance as at 31 March	1,359.027	1,232.630

Asset Ceiling adjustment

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

	2023/24 £m	2022/23 £m
Net present value of estimated future service costs	2,169.275	352.646
Net present value of future contributions	(2,325.833)	(323.322)
Asset Ceiling	(156.558)	29.324

For 2023/24, as the net present value of estimated future service costs is less than the net present value of future contributions, the Asset Ceiling is determined to be nil. A net liability of £23.183m has been recognised at 31 March 2024. This is equivalent to the present value of the council's unfunded obligations under the Local Government Pension Scheme.



Analysis of Pension Fund's Assets

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

Portfolio Composition	2023/24				2022/23			
	Quoted Prices in Active Markets £m	Quoted Prices not in Active Markets £m	Total £m	%	Quoted Prices in Active Markets £m	Quoted Prices not in Active Markets £m	Total £m	%
Equity Investments	280.062	622.457	902.519	66%	246.012	558.671	804.683	65%
Debt Instruments	0	324.456	324.456	24%	0	302.966	302.966	25%
Property	0	106.860	106.860	8%	0	101.630	101.630	8%
Cash	2.117	23.076	25.193	2%	17.048	6.303	23.351	2%
Balance as at 31 March	282.179	1,076.849	1,359.028	100%	263.060	969.570	1,232.630	100%

Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk being invested into too narrow a range. The Fund invests in equities, bonds, property and in cash.

Impact on the Council's Cash Flow

The objectives of the fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating local authorities. Employer's contributions have been set at 6.5% for 2024/25.

The actuary has estimated the total amount of contributions expected to be made by the Council to Strathclyde Pension Fund in the year to 31 March 2025 at £10.215m, compared to estimated contributions for 2023/24 of £27.193m.

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

Basis for estimating assets and liabilities

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

The significant assumptions used by the actuary were:

Local Government Pension Scheme Assumptions	At 31 March 2024	At 31 March 2023
Long term expected rate of return on assets in the scheme:		
Equity investments	4.9%	4.8%
Bonds	4.9%	4.8%
Other	4.9%	4.8%
Cash	4.9%	4.8%
Mortality assumptions (years):		
Longevity at 65 for current pensioners:		
Men	19.9	19.3
Women	22.6	22.2



Local Government Pension Scheme Assumptions	At 31 March 2024	At 31 March 2023
Longevity at 65 for future pensioners:		
Men	20.7	20.5
Women	24.4	24.2
Rate of inflation	2.8%	3.0%
Rate of increase in salaries	3.4%	3.3%
Rate of increase in pensions	2.8%	3.0%
Rate for discounting scheme liabilities	4.9%	4.8%
Take up of option to convert annual pension into retirement lump sum		
- for pre April 2009 service	50.0%	50.0%
- 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.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Employer Liability	
	£m	%
0.1% decrease in Real Discount Rate	17.024	2.0%
0.1% increase in the Salary Increase Rate	2.535	0.0%
0.1% increase in the Pension Increase Rate	14.779	2.0%
1 year increase in the member life expectancy	38.619	4.0%

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

Court of Appeal ruling and regulatory changes

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

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

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



Following the introduction of the new Single State Pension in April 2016, regulations in relation to the Guaranteed Minimum Pension (GMP) were revised to make pensions schemes responsible for ensuring that the GMP 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 (GMP) 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 (LGPS) 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 (LGPS).

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

Note 30: Unusable Reserves

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

	2023/24 £m	2022/23 £m
Revaluation Reserve	227.245	227.562
Capital Adjustment Account	554.771	521.116
Financial Instruments Adjustment Account	(4.362)	(5.205)
Pensions Reserve	(23.183)	29.324
Accumulated Absences Account	(10.661)	(11.487)
Total Unusable Reserves	743.810	761.310

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; or
- 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.

	2023/24 £m	2022/23 £m
Balance at 1 April	227.562	165.213
Surplus or (deficit) on revaluation of non-current assets posted to the CIES	7.293	72.549
Difference between fair value depreciation and historical cost depreciation	(5.166)	(9.102)
Amount written off to the Capital Adjustment Account	(2.444)	(1.098)
Balance at 31 March	227.245	227.562



Capital Adjustment Account

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

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (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.

	2023/24 £m	2022/23 £m
Balance at 1 April	521.116	518.424
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Charges for depreciation and impairment of non current assets	(40.889)	(37.346)
Gains/(losses) on the disposal of non current assets	(0.578)	0.585
Capital financing applied in the year:		
Adjustments involving the Capital Fund	0	0
Capital grants and contributions credited to the CIES that have been applied to capital financing	56.950	36.099
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	10.276	10.801
Capital expenditure charged against the General Fund and HRA balances	7.896	14.099
Transfer to General Fund in relation to Service Concession arrangements	0	(21.546)
Balance at 31 March	554.771	521.116

Financial Instruments Adjustment Account

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

	2023/24 £m	2022/23 £m
Balance at 1 April	(5.205)	(5.987)
Premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	0.776	0.777
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0.067	0.005
Balance at 31 March	(4.362)	(5.205)



Pensions Reserve

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

	2023/24 £m	2022/23 £m
Balance at 1 April	29.324	(57.450)
Actuarial gains/(losses) on pensions assets and liabilities	47.147	429.788
Actuarial gains/(losses) on pensions assets and liabilities due to asset ceiling	(113.247)	(303.480)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	13.593	(39.534)
Balance at 31 March	(23.183)	29.324

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.

	2023/24 £m	2022/23 £m
Balance at 1 April	(11.487)	(11.606)
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.826	0.119
Balance at 31 March	(10.661)	(11.487)

Note 31: Related Parties

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

Central Government

Central 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 6.



Members

Elected Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in the Remuneration Report. During 2023/24 payment to voluntary organisations/charities to the value of £0.051 were made in which 3 members had an interest. Details of all member interests are recorded in the [Register of Members' Interest](#).

Officers

The Chief Executive of North Ayrshire Council and the Director of Communities are Directors in North Ayrshire Ventures Trust. There is no remuneration associated with these positions. Details of the Council's interests in these organisations are outlined in the Group Accounts at Note 38.

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 NHS Ayrshire and Arran and is responsible for planning and overseeing the delivery of a full range of community health and social work/social care services, including those for older people, adults, children and families, people in the Criminal Justice System and allied health professions. In the year 2023/24 the following North Ayrshire Council financial transactions were made with North Ayrshire Integration Joint Board relating to the integrated and social care functions:

	2023/24 £m	2022/23 £m
Contribution made to North Ayrshire IJB	124.933	120.549
Commissioning income received from North Ayrshire IJB	158.982	143.907
North Ayrshire IJB balance due (to)/from the Council	5.363	13.855

The balance due (to)/from the Council reflects the year end variance on health and social care activities. For 2023/24 expenditure exceeded income by £2.629m which has been drawn from earmarked reserves by the IJB.

Other Public Bodies

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

In addition, the Council received grants and income from other public bodies in 2023/24 as follows:

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

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 38.

Note 32: Contingent Liabilities

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

Municipal Mutual Insurance (MMI)

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



Financial Guarantees

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

Historic Child Abuse

The Limitation (Childhood Abuse) (Scotland) Act 2017 received royal assent on 28 July 2017. The principal effect of the legislation is to remove the three year time bar on survivors of abuse bringing forward claims for compensation. This would apply for all claims from 1964 onwards and there is a potential cost to the Council in respect of claims which may arise under the legislation. Under the terms of the Local Government (Transitional Financial Provisions) (Scotland) Order 1996, Glasgow City Council acts as the relevant accounting authority for residual matters relating to the former Strathclyde Regional Council. Glasgow City Council has identified a number of outstanding claims at 31 March 2024 which may give rise to costs for North Ayrshire Council. However, the value of any potential settlements remains uncertain pending completion of the legal process.

Equal Pay Claims

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

Supply Chain Issues and Cost Volatility

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

Housing Benefit Income

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

Note 33: Events after the Balance Sheet Date

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

Following the death of Councillor John Glover (Scottish Conservative and Unionist Party) during 2023/24, a by-election was held for the Kilwinning Ward on 9 May 2024. On 15 May 2024 it was confirmed that Councillor Mary Hume (Scottish Labour Party) had been elected.

Although Councillor Hume's election resulted in a change to the composition of the Council, with Labour being confirmed as the largest political opposition group, there was no change to the administration.



Notes to the Cash Flow Statement

Note 34: Cash Flow – Operating Activities

Net cash flow from Operating Activities	2023/24 £m	2022/23 £m
Net cash inflow from revenue activities	(32.143)	(51.736)
Interest received	(0.947)	(0.834)
Interest paid	19.279	18.478
Total	(13.811)	(34.092)

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

Non-cash Movements	2023/24 £m	2022/23 £m
Depreciation and Impairment	(48.421)	(46.370)
Amortisation	(0.078)	(0.078)
Movement in Pension Liability	13.593	(39.534)
(Decrease) / Increase in Inventories	(0.016)	(0.649)
(Decrease) / Increase in Debtors	0.210	(9.988)
Decrease / (Increase) in Bad Debt Provision	(1.927)	(1.374)
Decrease / (Increase) in Creditors	0.345	4.465
Carrying amount of non current assets sold	(0.871)	(0.809)
Other non cash items charged to the net surplus or deficit on the provision of services	(1.922)	0.148
Total	(39.087)	(94.189)

Investing and Financing activities	2023/24 £m	2022/23 £m
Proceeds from sale of non current assets	0.293	0.296
Capital Grants	56.950	36.099
Total	57.243	36.395

Note 35: Cash Flow – Investing Activities

Net cash flow from Investing Activities	2023/24 £m	2022/23 £m
Purchase of property, plant and equipment, investment property and intangible assets	124.395	66.981
Proceeds from short term and long term investments	(1.711)	(3.954)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(0.293)	(0.296)
Other receipts from investing activities	(56.950)	(36.099)
Total	65.441	26.632



Note 36: Cash Flow – Financing Activities

Net cash flow from Financing Activities	2023/24 £m	2022/23 £m
Cash receipts of short term and long term borrowing	(85.000)	(15.000)
Cash payments for the reduction of the outstanding liabilities relating to PPP/NPD contracts	3.589	3.667
Repayments of short and long term borrowing	19.428	27.626
Total	(61.983)	16.293

Note 37: Cash Flow – Cash and Cash Equivalents

Cash and cash equivalents	2023/24 £m	2022/23 £m
Cash held by officers	0.006	0.006
Bank current accounts	(2.749)	(2.553)
Short-term deposits	30.099	19.550
Total	27.356	17.003

Notes to the Group Accounts

Note 38: Notes to the Group Accounts

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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 42, 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 (NALL), a subsidiary of the Council, also participates in the Strathclyde Pension Scheme. In the accounts of NALL, however, the cost of retirement benefits is not reversed out after the Surplus/Deficit on provision of services.

The net pension liability is included within its share of the overall deficit on the Group CIES.

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.



	Common Good £m	Trust Funds £m	NAVT £m	NALL £m	2023/24 £m	Common Good £m	Trust Funds £m	NAVT £m	NALL £m	2022/23 £m
Cost or Valuation										
Balance at 1st April	1.956	0.145	1.899	0.821	4.821	1.955	0.145	1.997	1.383	5.480
Additions	0	0	0	0	0	0	0	0	0.390	0.390
Revaluations increases / (decreases) recognised in the Revaluation Reserve	0.942	(0.035)	0.285	0	1.192	0.001	0	(0.098)	(0.952)	(1.049)
Impairments recognised in the Net Cost of Services	0	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0	0
Balance at 31 March	2.898	0.110	2.184	0.821	6.013	1.956	0.145	1.899	0.821	4.821

	Common Good £m	Trust Funds £m	NAVT £m	NALL £m	2023/24 £m	Common Good £m	Trust Funds £m	NAVT £m	NALL £m	2022/23 £m
Accumulated Depreciation and Impairment										
Balance at 1st April	0	0	0	0.055	0.055	0	0	0	1.174	1.174
Depreciation Charge	0	0	0	0	0	0	0	0	0.055	0.055
Depreciation written out to the Revaluation Reserve	0	0	0	0	0	0	0	0	(1.174)	(1.174)
Balance at 31 March	0	0	0	0.055	0.055	0	0	0	0.055	0.055

Net Book Value at 31st March	2.898	0.110	2.184	0.766	5.958	1.956	0.145	1.899	0.766	4.766
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Depreciation

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

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 (NALL) and Strathclyde Partnership for Transport (SPT) 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 CIES).

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, NALL, 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 NALL'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 Ltd (NAVT) and North Ayrshire Leisure Ltd (NALL) have been treated as subsidiaries with assets, liabilities, reserves, income and expenses being consolidated on a line-by-line basis.

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

The Group Comprehensive Income and Expenditure Statement on page 45 includes net comprehensive income for the year of £1.135m.

The Group Balance Sheet on page 47 includes net assets of £24.528m 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

	% Share	2023/24				2022/23			
		Share of Assets £m	Share of Liabilities £m	Share of Revenues £m	Share of (Profit)/ Loss £m	Share of Assets £m	Share of Liabilities £m	Share of Revenues £m	Share of (Profit)/ Loss £m
Common Good Funds	100%	5.115	0	(0.221)	(0.078)	4.095	0	(0.170)	(0.039)
Trust Funds	100%	0.508	0	(0.023)	(0.013)	0.530	0	(0.020)	(0.009)
North Ayrshire Ventures Trust	100%	8.291	0	(0.110)	0.148	8.168	(0.014)	(0.436)	(0.159)
North Ayrshire Leisure Ltd	100%	11.564	(0.950)	0	0	11.564	(0.950)	(4.695)	1.017

Associates

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



The Group Comprehensive Income and Expenditure Statement on page 45 includes net comprehensive income for the year of £1.593m.

The Group Balance Sheet on page 47 includes net assets of £30.696m 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

	% Share	2023/24				2022/23			
		Share of Assets £m	Share of Liabilities £m	Share of Revenues £m	Share of (Profit)/Loss £m	Share of Assets £m	Share of Liabilities £m	Share of Revenues (restated) £m	Share of (Profit)/Loss £m
Strathclyde Partnership for Transport	6.0%	31.838	(1.871)	(8.012)	(2.147)	29.631	(1.520)	(5.318)	(0.154)
Strathclyde Concessionary Travel Scheme Joint Committee	7.0%	0.409	(0.050)	(0.311)	(0.006)	0.379	(0.024)	(0.294)	(0.030)
Ayrshire Valuation Joint Board	36.3%	0.452	(0.082)	(0.963)	0.057	0.701	(0.064)	(0.978)	0.190

Joint Ventures

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

The Group Comprehensive Income and Expenditure Statement on page 45 includes net comprehensive expenditure for the year of £6.077m. In addition, the Group Comprehensive Income and Expenditure Statement includes a 50% share of the reported (surplus)/deficit of the North Ayrshire Integration Joint Board based on the agreed share of control.

The Group Balance Sheet on page 47 includes net assets of £2.755m in relation to these bodies. Further details for this entity are as follows:

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



	% Share	2023/24				2022/23			
		Share of Assets £m	Share of Liabilities £m	Share of Revenues £m	Share of (Profit)/ Loss £m	Share of Assets £m	Share of Liabilities £m	Share of Revenues £m	Share of (Profit)/ Loss £m
North Ayrshire Integration Joint Board	50%	2.755	0	(176.554)	5.609	8.832	0	(160.749)	5.784

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

	Strathclyde Partnership for Transport £m	Strathclyde Concessionary Travel Scheme Joint Committee £m	Ayrshire Valuation Joint Board £m	North Ayrshire Integration Joint Board £m	Total £m
Investment in Associates and Joint Ventures	29.967	0.359	0.370	2.755	33.451

Accounting Policies and Assumptions

Note 39: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The financial statements contain estimated figures that are based on assumptions made by the Council about which there is a degree of uncertainty. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are outlined in the table that follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Asset / Liability	<p>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.</p> <p>In accordance with the requirements of IAS 19 and IFRIC 14, the Council has applied an asset ceiling of nil. This is on the basis that a minimum funding requirement exists in relation to the Strathclyde Pension Fund.</p>	<p>The effects on the net pensions asset/liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the pension increase rate assumption would result in an increase in the pension liability of £14.779m. However, the assumptions interact in complex ways.</p> <p>If the current triennial valuation of the Strathclyde Pension Fund determined that no minimum funding requirement exists, an additional net pension asset of up to £416.727m may be recognised.</p>
Collection Levels of Arrears	<p>At 31 March 2024, the Council had a balance of trade debtors of £18.134m. A review of significant balances suggested that an allowance for potential impairment losses of 28.9% (£5.244m) was appropriate. However, in the current economic climate, it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate, a 10% increase in the amount of potential impairment losses would require an additional amount of £0.524m to be set aside as an allowance.</p>



Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>Any reduction in the current spend on repairs and maintenance may reduce the useful lives assigned to assets.</p>	<p>If the useful life of an asset is reduced, depreciation increases and the carrying value of the asset falls. It is estimated that the annual depreciation charge for properties including Council houses would increase by £2.233m if useful lives were reduced by one year.</p>
Private Finance Initiatives, Non Profit Distributing Models and Similar Contracts	<p>The Council is deemed to control the services provided under the agreement for the provision of educational establishments. The accounting policies for PPP 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, RPI and RPIX indices are used.</p>	<p>Any increase in these indices above that which are set in the funding models will require the Council to identify and allocate additional funding to the schemes. For instance, a 0.5% increase in the index rate used in the model would result in an increase of £13.892m in unitary charge payments over the remaining term of the arrangements.</p>
Property Asset Values	<p>Operational property assets are valued on a rolling 5-year basis. Intervening changes in market conditions, including rising building costs could mean that the carrying value of these assets is materially different from their true value based on market conditions or updated replacement cost value. A materiality threshold of £15.6m, per asset group, has been set in order to determine if the value of assets (with a valuation date other than 31st March 2024) was materially different from their carrying values as at 31st March 2024.</p>	<p>A proportion of the Council's property assets were valued as at 31st March 2024, as part of the Council's 5-year rolling valuation programme and the % change in the values of those assets was calculated. Of this group, the assets valued on a Depreciated Replacement Cost (DRC) basis showed an increase of 4.8%. When applied to the value of DRC assets which had not been valued in 2023/24, this indicated that the closing value of this asset group may have been £18.2m higher than their reported value, if they had been revalued in 2023/24. The remainder of the operational property assets, valued on a non-DRC basis, showed an increase in value of 16.9%. When applied to the value of non-DRC assets which had not been valued in 2023/24 this indicated that the closing value of this asset group may have been £7.1m higher than their reported value, if they had been revalued in 2023/24. The difference between carrying value and indicative valuation movement for DRC assets is higher than the materiality threshold of £15.6m, per asset group. This indicates that the carrying values of those assets that were not valued in 2023/24 could be materially different from their true values. Consequently, a more detailed review will be undertaken in conjunction with colleagues from the Royal Institute of Chartered Surveyors, to assess the impact on values of all other assets within the DRC category of assets and identify any further action that may be required.</p>



Note 40: Accounting Standards issued, not yet Adopted

The Code requires the Council to disclose information about accounting changes that will be required by new accounting standards in the 2024/25 Code due to be adopted in future years and the possible impact.

For the 2023/24 accounts, the accounting policy changes that require to be reported are covered by the following accounting standards:

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

In the applicable cases detailed above, implementation is required from 1 April 2024 or beyond, meaning that there is no impact on the 2023/24 financial statements.

Note 41: Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 42, 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 £127m 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 and the wider international impacts arising from the war in Ukraine have resulted in significant volatility in supply chain costs and contractor availability in relation to the energy, food, fuel and construction sectors. This is likely to impact both on the costs of providing services and in the demand for services from North Ayrshire residents going forward. The Council continues to monitor the situation carefully and has determined that the potential increase to operating costs is not yet sufficient to indicate that the assets of the Council might be impaired or that service levels may be reduced.

Treatment of North Ayrshire Leisure Limited (NALL)

In accordance with IFRS 10, the 2023/24 financial results of NALL have been consolidated on a Subsidiary basis within the Council's group accounts. As a result, 100% of NALL's assets and liabilities, with a net value of £10.614m, 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 IAS 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 32. 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 IFRIC12 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 PPP / NPD and similar contracts have been applied to these arrangements and assets with a net book value of £137.141m have been recognised as Property, Plant & Equipment on the Council's Balance Sheet.

Note 42: Accounting Policies

General Principles

The Accounts summarise the Council's transactions for the 2023-24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014 and Section 12 of the Local Government in Scotland Act 2003 requires that they are prepared in accordance with proper accounting practices.

These practices, under Section 21 of the 2003 Act, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, 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; and
- 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 CIES 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; and
- The Local Government (Scotland) Pension Scheme administered by the Strathclyde Pension Fund.



Both schemes provide defined benefits to members (retirement lump sums and pensions), earned while employees work for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. No liability for future payments of benefits is recognised in the Balance Sheet and the Communities line in the CIES 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 (LGPS) is accounted for as a defined benefits scheme.

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

The assets/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; and
- Property – market value.

The change in the net pension asset/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 CIES to the services for which the employees worked.
- Past service cost (including curtailments) – the increase in liabilities as a result of changes to the scheme, including amendments or curtailments, where the changes impact on the service earned by employees in previous years. These costs are charged to the Surplus or Deficit on the Provision of Services in the CIES.
- 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 CIES, calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period – taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments.

Remeasurements:

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

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



Discretionary Benefits

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

Events After the Reporting Period

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

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

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

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

Financial Instruments

Financial Liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES 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 CIES in the year of repayment of the original debt in accordance with accounting regulations. Where premiums and discounts have been charged to the CIES, 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 CIES 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 (FVPL); and
- Fair value through other comprehensive income (FVOCI).

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 CIES 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 CIES 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 CIES.

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 CIES.

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, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the CIES 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 (CIES) 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 CIES in the year of donation.



Measurement

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

Disclosure

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

Intangible Assets

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

Interest in Companies and Other Entities

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

Internal Transactions

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

Inventories

Inventories include consumable stock and work-in-progress and are recognised in the Balance Sheet at the lower of cost and net realisable value. The valuation of work-in-progress has been made at cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

Investment Properties

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

Leases

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

The Council as Lessee

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

Rentals paid under operating leases for vehicles, plant and equipment are charged to the appropriate service account in the CIES 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 rents out property on cancellable operating leases only. 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 (RICS) 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 RICS.

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; and
- 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 (EUV-SH);
- Other Land and Buildings - Fair value, determined by the amount that would be paid for the asset in its existing use (existing use value - EUV).
- 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.

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.

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

Where a sample of assets in each category has been valued in the current financial year, the change in values for the sample assets shall be assessed and extrapolated to determine if a potential material movement in the value of all assets within that category is indicated. The materiality threshold has been determined as 1.5% of the previous formal valuation, for 2023/24 this is equivalent to £15.6m. Where a material movement is indicated, this will be disclosed within the annual accounts and additional valuation work will be undertaken in conjunction with colleagues from the Royal Institute of Chartered Surveyors to assess the valuations of all other assets within that category.



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

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

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

Impairment

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

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

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

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

Depreciation

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 £2m.

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 CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

- The property is available for sale in its present condition;
- The sale is highly probable;



- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale is expected to qualify for recognition as a completed sale within one year.

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

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

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

Public Private Partnership (PPP) / NPD and similar contracts

PPP / NPD 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 PPP / NPD contractor. As the Council is deemed to control the services that are provided under its PPP / NPD 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 PPP contract, the liability was written down by an initial capital contribution of £1.743 million.

The amounts payable to the PPP/ NPD 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 CIES;
- Interest payments – the interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES;
- 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 CIES;
- Liability repayment – repayment of the principal owed to the PPP operator, applied to write down the Balance Sheet liability.

In accordance with Scottish Local Government Finance Circular 10/2022, the Council has applied a statutory accounting flexibility to the PPP and NPD 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 CIES 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/Deficit on the Provision of Services in the CIES. 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 CIES 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.

VAT

All income and expenditure excludes amounts relating to VAT, as all VAT collected is payable to HM Revenue and Customs and net VAT 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; or
- 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 / 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 (HRA).

Group Accounts

The Council's Group includes its interest in any subsidiaries, associates or joint ventures.

Housing Revenue Account (HRA)

The Housing Revenue Account includes all revenue and capital income and expenditure related to the provision of social housing services.

Impairment

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

Infrastructure Assets

Long term assets which cannot be transferred or sold, including roads, bridges and footpaths.

Inventories

Inventories are raw materials or goods which have been purchased but which have not yet been consumed in the delivery of Council services.

Liabilities

A liability represents a payment owed to another person or organisation including loans, outstanding invoices, provisions, contributions owed to third parties, etc. Short term liabilities are due to be paid within the current year. Long term liabilities are amounts which will not be paid until a later year.

Net Book Value

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.



Pension Scheme Liabilities

The pension scheme liabilities are the benefits to be paid to members after the valuation date of the scheme. The cost of the liabilities is recognised as a long-term liability of the Council, net of its share of any pension scheme assets.

Provisions

A provision is a kind of liability. Where a payment for a liability is certain or very likely to occur but the exact amount and timing is not known, an amount must be put aside to meet the estimated future costs.

Public Works Loan Board (PWLB)

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 UK 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.