
Report To:	Audit Committee	Date:	26 June 2025
Report By:	Interim Chief Financial Officer	Report No:	FIN/39/25/AE
Contact Officer:	Matt Thomson	Contact No:	01475 712090
Subject:	Unaudited Annual Accounts for the Year ended 31 March 2025		

1.0 PURPOSE AND SUMMARY

- 1.1 ☒ For Decision ☐ For Information/Noting
- 1.2 The purpose of this report is to ask the Committee to review the unaudited Annual Accounts for the year ending 31 March 2025 and approve their onward transmission to Audit Scotland.
- 1.3 A presentation on the key matters within the accounts will be given to Committee by the Finance Manager.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Audit Committee review the unaudited Annual Accounts for the year ended 31 March 2025 and after seeking clarification on any matters, approve their submission to Audit Scotland.
- 2.2 It is recommended that the Audit Committee delegate authority to the Chief Financial Officer to amend the unaudited Annual Accounts to reflect any matters intimated at the meeting.
- 2.3 It is recommended that the Committee note that the External Auditor's Annual Report to Members for the Financial Year ended 31 March 2025 is scheduled to be reported to the Council on 25 September 2025.

Angela Edmiston
Interim Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The unaudited Annual Accounts for the year ended 31 March 2025 are due to be submitted to Audit Scotland by the statutory deadline of 30 June 2025. The Financial Regulations require that the Audit Committee review the Accounts and approve their submission to Audit Scotland.
- 3.2 To aid Members understanding of the key issues arising from the Annual Accounts, a presentation on the key issues will be delivered by the Finance Manager on the day of the Audit Committee.
- 3.3 Following the submission of the unaudited accounts, the audit will commence. It is intended that the audited accounts and associated annual report will be presented to the full Council on 25 September.

4.0 PROPOSALS

- 4.1 It is proposed that Committee review the unaudited Annual Accounts and that the Chief Financial Officer be given delegated authority to make any required changes prior to submission of the accounts to Audit Scotland.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial	x	
Legal/Risk	x	
Human Resources		x
Strategic (Partnership Plan/Council Plan)		x
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		x
Environmental & Sustainability		x
Data Protection		x

5.2 Finance

The main financial matters arising from the unaudited Annual Accounts will be explained in the presentation to Members on the day of the Audit Committee.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

By approving submission of the unaudited Annual Accounts at the meeting, the Council will have met the deadline of 30 June 2025.

5.4 Human Resources

There are no direct staffing implications of this report and as such HR have not been consulted.

5.5 Strategic

The unaudited accounts include several areas which contribute towards strong corporate governance.

6.0 CONSULTATION

6.1 The unaudited accounts will be advertised for public viewing in early July.

7.0 BACKGROUND PAPERS

7.1 None.



APPENDIX 1

Inverclyde Council
**Unaudited Annual
Accounts 2024-2025**

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1. Introduction

This Management Commentary outlines the objectives and strategy of the Council and its financial performance for the year 2024-2025 and how it has supported the delivery of the Corporate Plan. It also outlines the budget strategy and issues and risks which may impact upon the finances of the Council and in delivering its objectives for Inverclyde in the future.

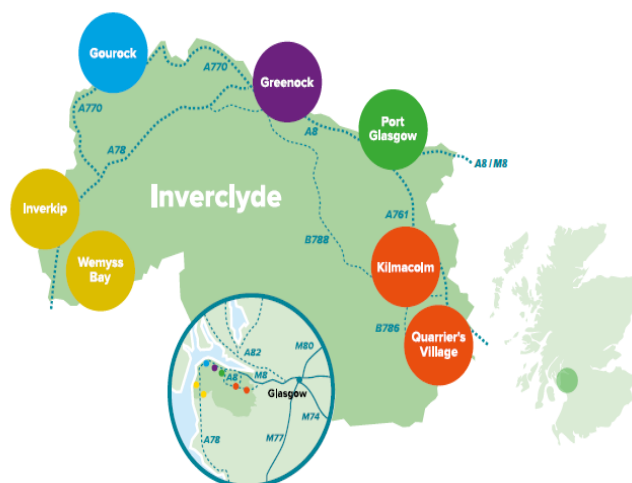
Principal Activities

THE COUNCIL

22 Councillors
7 Multi-Member Wards
Minority Labour Administration
Council Services managed over three Directorates
Two ALEOs – Inverclyde Leisure and Riverside
Inverclyde.

STAFF

4,494 employees
Permanent Staff: 3,291
Temporary Staff: 1,203
Modern Apprentices: 30



ECONOMY

67.7% of economically active adults were in employment.
26.1% of children were living in poverty after housing costs.

INFRASTRUCTURE

- 372.8 km of Roads
- 6 Secondary Schools
- 20 Primary Schools
- 20 Early Years Establishments
- 3 Additional Support Needs Units
- 4 Leisure Centres
- 6 Libraries and the Watt Institution

AREA

160 sq. km (62 sq. miles)
One of the smallest Local Authorities in Scotland.

POPULATION

78,330 (1.4% of total Scottish population)

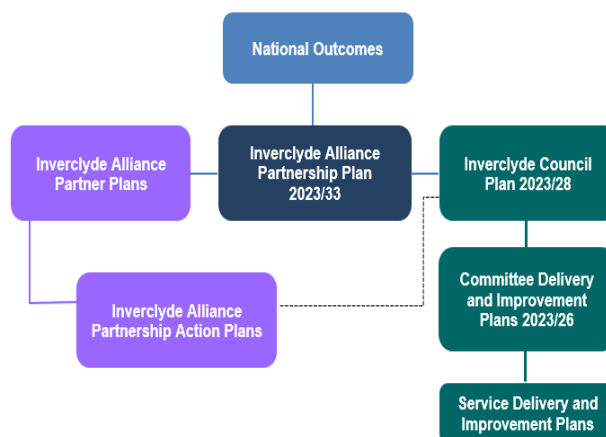
- 15% aged under 16 (**Scotland = 16%**)
- 15% aged 16 to 29 years (**Scotland = 17%**)
- 39% aged 30 to 59 year (**Scotland = 40%**)
- 31% aged 60 and over (**Scotland = 27%**)

2. Objectives and Strategy of the Council

Delivering the Strategy

The overall strategic framework within which the Council operates is outlined in the Strategic Planning and Performance Management Framework. A new Framework was implemented in 2023 and includes the Inverclyde Alliance Partnership Plan 2023/33, the Council Plan 2023/28, Committee Delivery and Improvement Plans 2023/26 and the Financial Strategy. The main aspects of the Framework are illustrated in the diagram on the right.

National Outcomes are set by the Scottish Government and sit within a National Performance Framework. The 11 outcomes provide the overarching framework for the local community planning partnership



Management Commentary

document, the Inverclyde Alliance Partnership Plan 2023/33. The Partnership Plan is a high level strategic partnership document setting out the vision and direction for the Inverclyde area, as agreed by all the Inverclyde Alliance partner organisations and communities.

The Partnership Action Plans set out the Partnership's actions which will contribute to the achievement of the Alliance priorities. The Council Plan sets out the ways in which Inverclyde Council hopes to improve the lives of the residents of Inverclyde through the delivery of a range of high level outcomes. The Council Plan reflects the outcomes from the Partnership Plan and sets out, at a high level, what the Council will do to deliver the partnership priorities.

Committee Delivery and Improvement Plans contain strategic service delivery actions for the Council's Policy and Resources, Education and Communities and Environment and Regeneration Committees, aligned to the delivery of the overarching Council Plan. In addition, the Health and Social Care Partnership (HSCP) has its own Strategic Plan 2019/24 which supports the Inverclyde Integrated Joint Board.

The focus of the Strategic Planning and Performance Management Framework is on addressing the main challenges facing Inverclyde. The Inverclyde Alliance Partnership Plan 2023/33 builds on the achievements of the previous Outcomes Improvement Plan 2017/23 to deliver the Vision: **Success For All – Getting It Right for Every Child, Citizen and Community**. The Plan focuses on the themes of Empowered People, Working People, Healthy People and Places, A Supportive Place, and a Thriving Place. More information on the Partnership Plan can be found on the Council's website at: <http://www.inverclyde.gov.uk/council-and-government/community-planning-partnership/inverclyde-outcome-improvement-plan>.

Positives v Challenges 2024-2025

Positives

Inverclyde Council was allocated more than £11million from the Glasgow City Region Enabling Commercial Space Programme to deliver new and refurbished commercial space.

National award success was achieved in 2024 at both the COSLA awards and the Scottish Public Service Awards. The awards recognised projects that are delivering environmental improvements through peatland restoration and tree planting.

An Economic Growth Plan for Inverclyde was developed, setting out four 'Missions' to deliver sustained benefits for our communities, residents and businesses.

A new approach to locality planning was approved by the Inverclyde Alliance to empower residents to actively shape Inverclyde's future. Six new locality plans were implemented setting out the key priorities for each locality.

Challenges

The Council faces increasingly difficult decisions in relation to spending priorities and coping with workforce capacity pressures, at the same time as communities are experiencing increased hardship due to the cost of living crisis.

Inverclyde's population decline between Census 2011 and Census 2022 was the second largest in Scotland at -3.8%. Population decline is driven by a falling birth rate and deaths outnumbering births.

Financial pressures – the underlying pressures remain with an estimated funding gap of £8 million in 2026/27, after an approved increase in Council Tax of 8.5% for 2025/26 and no assumed uplift for 2026/27.

Inverclyde experiences higher levels of poverty and deprivation, with higher levels of child poverty, lower levels of economic activity and poorer health outcomes than the national average.

Net Zero

The [Net Zero Strategy 2021-2045](#) was approved in October 2021 and sets out a route map to achieving net zero direct greenhouse gas emissions from its operations by 2045. The Strategy will be implemented through a series of Action Plans, the [2022-2027 Action Plan](#) was approved in November 2022 and provides the objectives and associated actions that will target carbon reductions over the five years of the initial plan, subject to the limit of available funding. £3.3m to address the progression of the 2022/27 Net Zero Action Plan was agreed in the March 2023 budget and approved 2023/26 Capital Programme. The recent allocation of £0.487m from the Scottish Government's £40m Climate Change Emergency fund has been added to the current Net Zero funding. The Council has also been successful in securing external funding support for a number of Net Zero related Projects including £0.990m through the Low Carbon / Vacant & Derelict Land Investment Programme (VDLIP) to support the delivery of the Inverclyde Community Hub project and the low carbon design approach, the £1.734m Port Glasgow Community Hub (refurbishment of King George VI building) project funded through the Regeneration Capital Grants Fund (RCGF) which also included piloting a low carbon deep retrofit approach, £0.873m from Peatland ACTION for two peatland restoration projects, £0.041m from Museums Galleries Scotland for an LED lighting upgrade at the Watt Institute, and £0.200m from the Scottish Football Association (SFA) for LED lighting upgrades across pitches in Inverclyde. Progress against the Action Plan is reported annually with the last [update on progress](#) presented to the Environment and Regeneration Committee on 15 May 2025.

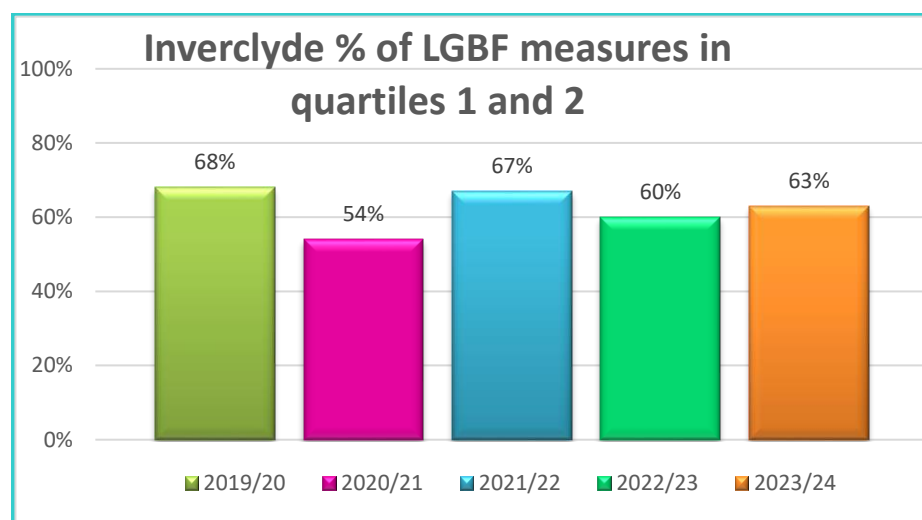
Public Performance Reporting

The Council reports on its performance in the delivery of its Council Plan organisational priorities in its Annual Performance Report. In addition, each directorate periodically reports on performance in the delivery of their Committee Plan to their relevant committee.

You can view the wide range of performance data published by the Council, including the latest Council Plan Performance Report 2023/24 on the Council's performance webpage which can be viewed here: <http://www.inverclyde.gov.uk/council-and-government/performance>

The Local Government Benchmarking Framework (LGBF) brings together a wide range of information about how all Scottish councils perform in delivering services to local communities. The LGBF assists Councils in benchmarking their performance in key areas and creates opportunities to identify and share good practice. In 2023/24 the Council ranked in the top two quartiles for 63% of indicators, 20% were in the third quartile and 17% were positioned in the fourth quartile.

The graph below provides an overview of Inverclyde Council's performance in the top two quartiles over the past five years. It should be noted that the indicator set has not remained static over the five years shown, with new indicators being added to the framework each year. In addition, data was not available for a number of indicators in 2020/21 due to Covid-19. In the 'National Benchmarking Overview Report 2023/24', the Improvement Service notes that in the last two years, the rate of decline has overtaken the rate of improvement (45% and 39% respectively) for Scottish Councils due to the number of challenges Councils are facing.



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The following table contains information on how the Council has performed across areas within the Council. More data can be explored at the LGBF website: <https://www.improvementservice.org.uk/benchmarking/explore-the-data> and on the Council website:

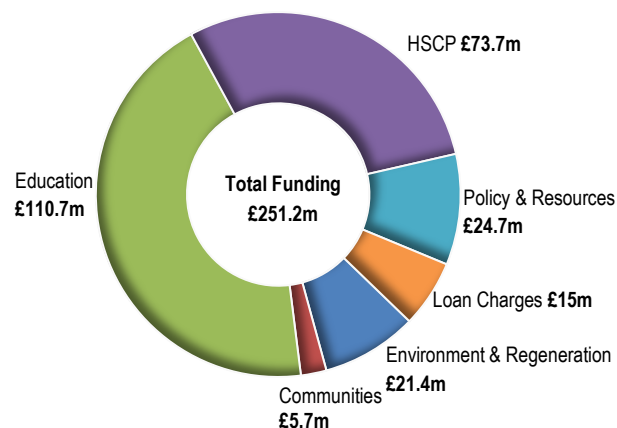
	2022-2023	2023-2024	% Change
Children's services			
Cost per Secondary school pupil	£9,249	£9,073	-1.9%
Cost per Primary school pupil	£7,132	£7,110	-0.3%
Cost per Pre-school pupil	£14,887	£14,900	0.1%
Corporate Services			
Cost per dwelling of Council Tax collection	£12.27	£11.66	-5.0%
Teacher sickness absence (working days)	6.8 days	6.7 days	-1.9%
Employee (non-teacher) sickness absence (working days)	11.3 days	13.2 days	16.5%
% invoices paid within 30 days	95.1%	95.0%	-0.1%
Social Work			
Costs of providing care to support older people living at home (cost per hour for people aged 65 and over).	£50.75	£50.23	-1.0%
% of people aged 65 or over with long term care needs receiving personal care at home	58.3%	66.5%	8.2%
Residential costs per week per resident for people aged 65 or over	£846	£707	-16.4%
Culture & Leisure			
Costs per attendance at sport facilities	£2.77	£2.38	-14.1%
Costs of parks & open spaces per 1,000 population	£34,434	£30,448	-11.6%
Environmental			
Net cost of waste collection per premise	£57.11	£54.51	-4.6%
Net cost of waste disposal per premise	£117.43	£108.58	-7.5%
% of total household waste arising that is recycled	46.8%	46.9%	0.1%
Economic Development			
% of unemployed people assisted into work from council operated/funded employability programmes	35.9%	24.2%	-11.7%
Cost of Planning & Building Standards per planning application	£8,416	£6,189	-26.5%
% of procurement spend spent on local enterprises	24%	22.9%	-1.1%
Proportion of people earning less than the living wage.	20.3%	14.9%	-5.4%

The Annual Budget and Setting Council Tax

The Council's approach to the 2024/25 budget was agreed by the Council and included a public consultation as to how the Council could save money. The cross party Members Budget Working Group (MBWG) once again proved pivotal in arriving at a consensus on the use of surplus reserves and consideration of the savings identified as part of the budget setting process. During the budget setting process, the Council agreed to savings totalling £2.269 million in 2024/25 with these savings increasing to £5.619 million by 2025/26. As at 31 March, 2025 all bar £0.074 million of the 2024/25 savings have been implemented.

The Council formally approved the 2024-2025 budget on 29 February 2024. The budget was based on an increase on the Council Tax for band D of 8.2%. On 6 March 2024, the Council agreed to refund Council Tax accounts with the increase resulting in no increase in cost to Council Tax payers.

Spend of £251.2 million was planned in 2024-2025 after taking account of Government Grants, inflation, borrowing costs and approved savings. The Council also approved a £75.4 million three-year capital investment programme covering 2024-2028 of which £46.4 million would be funded by the Council with the balance met from government grants. The major areas of planned investment were the ongoing programme of lifecycle refurbishment of schools, key improvements to the roads and lighting infrastructure, vehicle replacement programme, construction of a new Community Hub, investment in the transition towards Net Zero as well as significant capital work on other Council assets.



Funding from Scottish Government (Non-Domestic Rates and Government Grants) £213.065m (84.8%) and Council Tax (including Council Tax Reduction costs) £35.473m (14.1%), Contribution from Reserves £2.628m (1.1%)

3. Financial Performance in 2024-2025

General Revenue Budget

The Council's financial performance is presented in the Comprehensive Income and Expenditure Statement (CIES) on page 32 which shows a deficit on the provision of services of £18.068 million. This statement is prepared using International Financial Reporting Standards as interpreted by the Code of Practice on Local Authority Accounting (the Code). However, the CIES does not reflect the true cost of service provision or the amount required to be funded from government grant and taxation. Note 2 gives details of the accounting adjustments required to bring the accounts in line with resources specified by statute. The adjustments remove the effect of non-cash items such as depreciation and revaluation and replace these with the actual cost of debt repayment. Consequently, the general fund balance has decreased by £3.165m, against a planned use of reserves during budget setting of £2.628 million for 2024/25. Table 3.1 reflects the final outturn position as reported to Committee compared to the Comprehensive Income and Expenditure Statement. Table 3.2 shows a summary of the main changes that contributed to the final position as reported in the Comprehensive Income and Expenditure Statement.

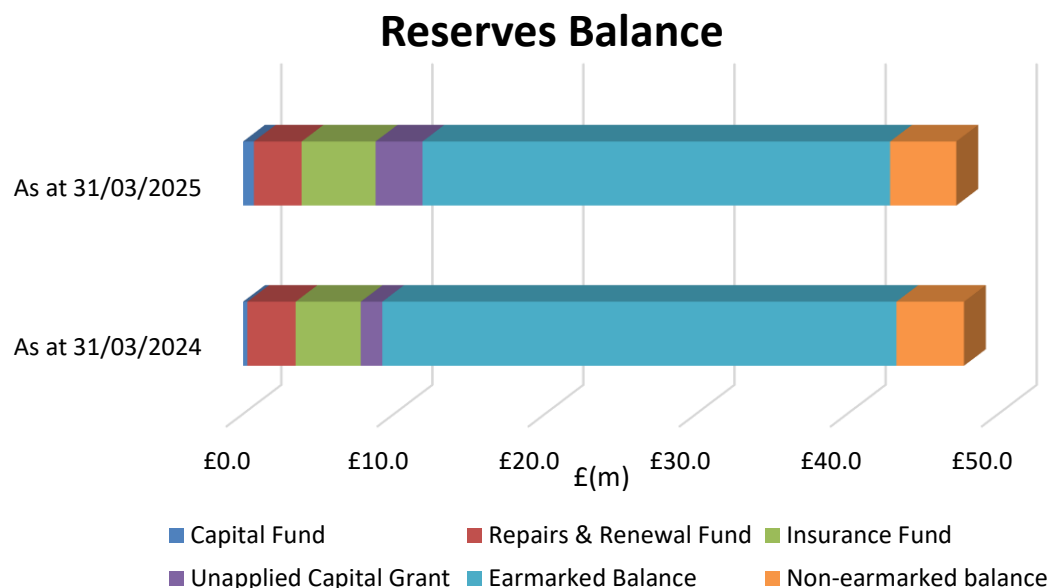
Management Commentary

3.1 Outturn 2024-2025 Per Committee Reporting

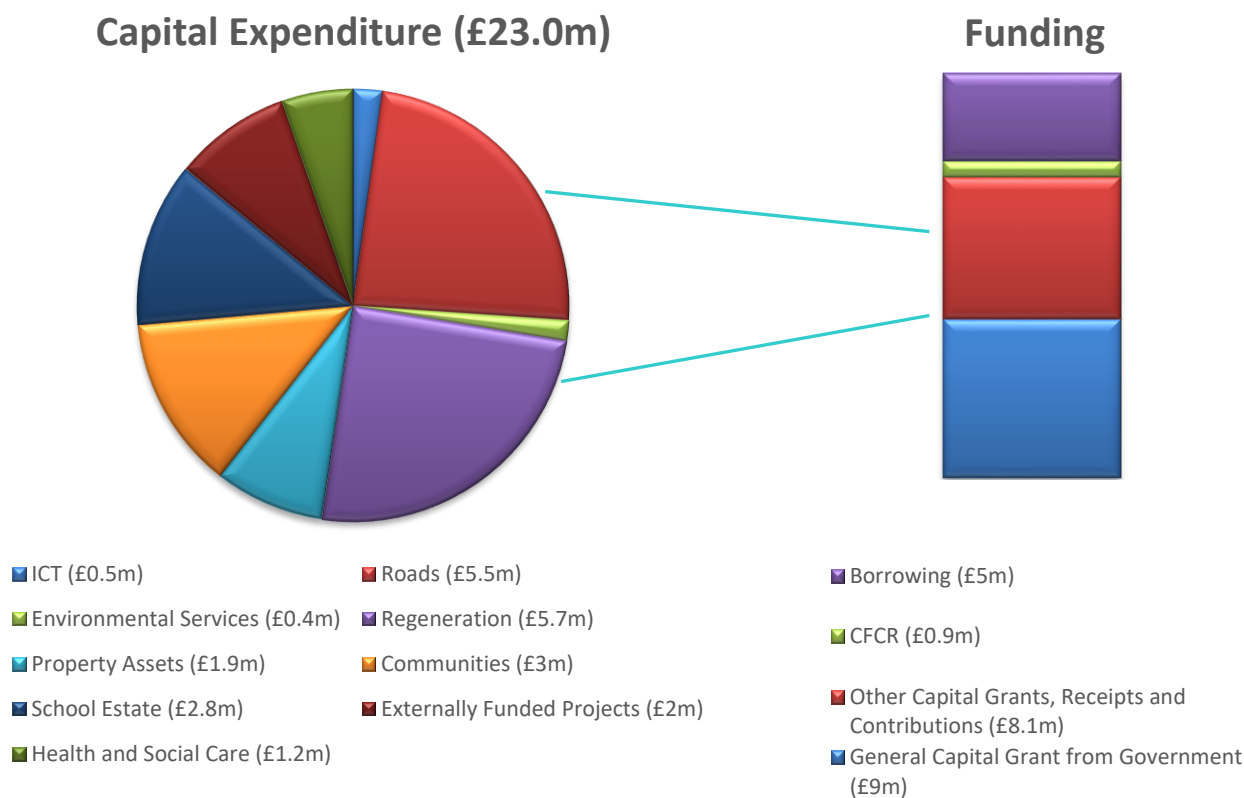
	Approved Budget 2024-2025 £000	Revised Budget 2024-2025 £000	Outturn 2024-2025 £000	Variance 2024-2025 £000
Policy & Resources	25,198	22,490	22,125	(365)
Environment and Regeneration	21,394	22,249	22,431	182
Education & Communities	116,384	121,498	121,567	69
Health & Social Care Partnership	73,714	74,397	74,424	27
Loans Charges	16,590	16,590	16,590	0
Identified Savings	(1,650)	(1,650)	(1,650)	0
Approved Saving to be Allocated	(464)	(519)	(445)	74
Contribution from Other Funds	0	(87)	(87)	0
Earmarked Reserves	0	1,015	1,015	0
Total Service Expenditure	251,166	255,983	255,970	(13)
General Revenue Grant	(210,221)	(214,882)	(214,888)	(6)
Council Tax Income (Excluding PY Income)	(38,317)	(35,473)	(35,473)	0
Contribution from General Reserves	(2,628)	(5,628)	(5,628)	0
IJB -Contribution from Reserves			(27)	(27)
Revenue Budget Outturn Position	0	0	(46)	(46)
Adjustments Not included in Revenue Outturn:				
Movement in Earmarked Reserves				(7,730)
Adjustment for Depreciation				36,228
Adjustment for IAS19				(10,218)
Adjustment for Holiday Pay Accrual				(166)
(Surplus)/Deficit on the Provision of Services per Comprehensive Income & Expenditure Statement				18,068

3.2 Movement - Initial Budget to Actual Outturn	£'000
Initial Planned Surplus	0
ELC Partner Provider Costs	299
Inflation Contingencies not utilised	(211)
Cleaning and Janitor	160
Turnover Savings	(923)
Other Over and Underspends	629
Accounting Adjustments	25,844
Use of Earmarked Reserves	(7,730)
Deficit for the year	18,068

Despite a decrease of £18.068m, the General Fund balance reduced from £38.497 million to £35.332 million. The graph below shows how the usable reserves of the Council are made up, including the £2.745 million earmarked to support future budget strategy. The Council has a policy of holding a minimum of £4m uncommitted balances. The use of reserves is reviewed as part of the budget setting each year, taking into account risks and challenges for the year ahead.



Capital Budget
The Council continues to make a significant capital investment in schools, roads, leisure, community and town centre estates with £23.0 million being spent in 2024-25. The largest element of the capital expenditure for the year was £5.7 million spent on Regeneration Projects. Funding of capital expenditure included £0.57 million from capital receipts, £16.5 million of government grants, with the balance of £5.93 million being met through internal funding and borrowing. Further information about spend on capital projects is shown in Note 9 on page 45.



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Balance Sheet

The Balance Sheet on page 33 summarises the Council's assets and liabilities as at 31 March 2025 and explanatory notes are provided. The net worth of the Council has decreased by £8.086m from £302.559m as at 31 March 2024 to £294.473m as at 31 March 2025. Within the headline figure, there have been significant changes in both asset values and liabilities and the major changes are shown in the table below:

	31/03/2024 £'000	31/03/2025 £'000	Movement £'000	Explanation for Movement
Non-Current Assets				
Property, Plant & Equipment	575,442	579,876	4,434	Council investment in key capital projects and effect of asset valuation.
Current Assets				
Short-term Investments	53	56	3	} Lower working capital and funding requirements for 2024-2025.
Cash and Cash Equivalents	5,786	4,677	(1,109)	
Long & Short-term Debtors	17,377	14,540	(2,837)	Decrease in short-term debtors at the end of the year.
Current Liabilities				
Short-term Creditors	(46,775)	(47,007)	(232)	Decrease in Short-term creditors at the end of the year.
Long-term Liabilities				
Short & Long term borrowing	(183,512)	(175,590)	7,922	Decrease due to maturing debt repaid and not fully replaced by new borrowing.
Government Grants Deferred	(831)	(1,716)	(885)	Increase in unapplied Grants at the end of the year.
Finance leases	(53,070)	(72,609)	(19,539)	Recognition of Rental agreements as Lease Creditors under IFRS16.
Pension Liability	(32,630)	(28,112)	4,518	Increase in actuarial valuation of pension fund, fund value £288.016m capped at a net deficit of £28.112m.

International Financial Reporting Standard 16 (IFRS 16) - Leases The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. With effect from 1 April 2023, IFRS 16 also applied to service concession arrangements i.e. Public-Private Partnerships (PPP) and similar schemes. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase balance sheet assets by £22.531m, with an equal increase in finance lease liabilities as at 1 April 2024.

Key Financial Ratios

The Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance Section recommends that certain "financial ratios" are included in the Management Commentary to assist the reader in assessing the performance of the Council over the financial year and to demonstrate the affordability of its ongoing commitments. The following table provides the indicators with an explanation of each, grouped into CIPFA categories for the various areas of financial activity.

Financial Indicator	Commentary	2024-2025	2023-2024
Reserves			
Uncommitted General Fund Reserve Balance	Reflects the level of funding available to manage Financial risk/unplanned expenditure. The Council's Policy is a minimum reserve balance of £4 million which is considered appropriate in the context of the Council's financial and ongoing risk profile. More Information is provided in the <i>General Revenue Budget</i> section above.	£4.4m	£4.5m
Movement in the Uncommitted General Fund Balance	Reflects the extent to which the Council is using its Uncommitted General Fund Reserve.	£(0.1m)	£(3.2)m

Management Commentary

Financial Indicator	Commentary	2024-2025	2023-2024
Council Tax			
In-year collection rate	Reflects the Council's effectiveness in collecting Council Tax debt and financial management. The Council continues to achieve high collection levels despite the current economic challenges. The 2024/25 Scottish in-year collection rate was 95.5%	94.8%	94.7%
Financial Management			
Actual Outturn compared to Budgeted Expenditure	How closely expenditure compares to the budget is a reflection of the effectiveness of financial management. This indicator is based on the format of budget monitoring as reported throughout the year. More details are provided in the <i>General Revenue Budget</i> section above.	100.1%	100.1%
Debt/Long-term Borrowing			
Ratio of financing costs to net revenue stream	Provides assurances of borrowing only being for capital purposes with an indication of the Council's ability to service the borrowing costs. The Council's Loans Fund interest rate remains consistently below the Scottish average; is affordable; and fits with the Council's medium to long-term finance strategy. The 2023-2024 ratio included the effects of the one-off element of the Service Concession Arrangement for PPP and of adjustments to Loan Charge principal write-off periods in year. The 2024-2025 ratio excludes interest under IFRS 16 changes applied from 2024-2025 relating to the contingent rental element of PPP charges and leases added to the Balance Sheet.	8.00%	0.39%

4. Financial Outlook, Key Risks & Plans for the Future

Financial Outlook

The Council's Financial Strategy for June 2025 highlights that the pressure on public finances is unlikely to improve in the foreseeable future. The Scottish Government Medium Term Financial Plan (2023/28) highlights any cash and real term increases over 2024/28 are likely to be outstripped by increased spending, resulting in further budget cuts. The Scottish Government has delayed the publication of the Medium Term Financial Plan at this time. For Inverclyde with its on-going depopulation, future funding reductions may be significant. This, allied with significant levels of inflation and the cost pressures currently experienced in relation to pay and rising utility costs, the need for investment in existing assets and policy areas such as net zero, means the Council potentially faces very difficult financial decisions in the short/medium term.

For the next three year budget (2025-2028) the estimated mid-range funding gap, before any increase in Council Tax, is £16.35 million (after an approved 8.5% Council Tax increase in 2025/26) with optimistic and pessimistic scenarios of £9.2 million and £22.3 million respectively. The Council operates a cross party Members Budget Working Group and this Group, the Trade Unions and the Corporate Management team, meeting via the Joint Budget Group, will be pivotal as the Council faces unprecedented financial pressures.

In March 2025 the Council agreed its 2025/26 budget. Savings of £3.4m were approved during the budget process together with an increase in Council Tax of 8.5% with a further £1.2m approved Use of Reserves to balance the 2025/26 Revenue Budget. The funding gap identified in the June 2025 Finance Strategy is based on reducing the use of reserves over the period 2026 to 2028.

Treasury Management

The Council's 4 year Treasury Management Strategy and Investment Strategy covering the period 2024-25 to 2027-28 was approved along with the Capital Strategy at the meeting of Inverclyde Council in April 2024. The Strategy identified the need to borrow £69.5 million over the period to replace existing loans due to be repaid and to fund the planned Capital Programme.

The borrowing strategy is prepared in accordance with the Code of Practice on Treasury Management in Local Authorities. The Council's borrowing comes from market loans and from borrowing from the Public Works Loan Board (PWLB). Further details are provided at Note 20. The Council regulates its capital spending limits within a prudential framework recommended by CIPFA and endorsed by the Scottish Government. Each year, the Council calculates its capital financing requirement (CFR) for the forthcoming year. The CFR is a prudent assessment of the external borrowings for capital investment purposes that are affordable and sustainable over the longer-term. The Council's external borrowings have only been for capital investment purposes. The Council's gross external debt was £246.4 million at 31 March 2025 compared to the CFR limit of £317.5 million.

The Council's average loans rate was 4.61% for 2024-25, an increase of 0.15% from 2023-24. The Council repaid £22.5 million of maturing and LOBO debt during the year and undertook £15 million of new borrowing.

Management of Risk

Risk	Mitigating Actions
Sustainability of current funding levels: The Medium-Term Financial Strategy indicated continuing financial challenges, especially for Local Government which is not a "protected" service. This allied to continuing pay and demand pressures requires ongoing financial planning and clear prioritisation by the Council.	The Finance Strategy (2024-34) provides the range of scenarios for the delivery of Council services in the medium to longer term. The strategy estimates the 2024/27 funding gap prior to considering further savings/adjustments. The Finance Strategy provides clear direction, supported by a practical framework and explicitly defined parameters, on how the Council will structure and manage financial resources in the medium to long term to ensure they are deployed effectively to achieve corporate objectives.
Increasing demand on Services and the Council's Finances.	Unavoidable pressures are considered as part of the annual budget process whilst the "Delivering Differently" program is in place to identify potential change in service delivery to deliver savings and/or reduce cost pressures. This is reviewed by the Corporate Management Team during the year and by the Policy & Resources Committee annually.
Demographic Changes: the most significant challenge facing Inverclyde is depopulation and associated demographic change.	Recognised as a priority in the Inverclyde Alliance Partnership Plan 2023/33 and the Council's Plan 2023/28. National data releases on local population changes are analysed and regularly reported to the Corporate Management Team and the Policy and Resources Committee. There is ongoing liaison with the Scottish Government to maximise related opportunities for Inverclyde.

The Annual Governance Statement, shown on pages 15-20, details the arrangements the Council has put in place for the proper governance of the Council's affairs and for the management of risk. This Statement explains the system of internal controls in place and sets out improvement actions to the governance framework, identified from the Council's ongoing review of these arrangements.

Plans for the Future

The Inverclyde Alliance Partnership Plan and the Council's Plan set the strategic direction in terms of the policy priorities for the Council, whilst recognising the financial pressures existing and forecast. The Council and Community Planning Partnership are continuing to strengthen their approach to locality planning (in line with the Health and Social Care Partnership), community participation and engagement. Communities have a key role to play in shaping local public services and supporting the recovery of Inverclyde. In March 2024 a new Locality Plan engagement model, branded as "Inverclyde People's Network" and based on a mixture of online and locality-based face-to-face engagement was agreed by the Inverclyde Alliance.

Inverclyde Council is one of the member local authorities of the £1.1 billion Glasgow and Clyde Valley City Deal, the largest in the UK and the first of its kind in Scotland. This is one of the most significant funding arrangements to take place in Scotland and is funding major infrastructure projects and will greatly enhance the wider local economy over the next 20 years. The headline projects, within the Inverclyde area, are the Greenock Ocean Terminal and Cruise Ship Berth, the Greenock Inchgreen Marine Park and the Inverkip transport interchange. The Council entered into a Joint Venture for the Greenock Inchgreen Dockland with a major upgrade of facilities costing over £11 million completed in early 2024. The Greenock Ocean Terminal was completed and the building fully operational by spring 2024 in time for the 2024 cruise season. Work commenced on the remaining project in Inverkip in March 2025. The Council has also been allocated £11.125 million of redistributed funds as part of the Commercial Space Project.

Inverclyde Council were successful in attracting £19.39 million from the Levelling Up Fund Round 2 towards our transformative £23.58 million Greenock Central town centre regeneration project, initial works are due to start in summer 2025 with the main works on realignment of the A78/A8 and replacement of the Bull Ring roundabout with a low level junction taking place from Autumn 2026 with completion expected in 2027.

The recently revised Financial Strategy demonstrates that the Council is clear both about the outcomes it wants to achieve for the communities in Inverclyde and the financial challenges that must be addressed if the Council is to successfully deliver on these outcomes.

5. Supplementary Information

Equality and Diversity

Inverclyde Council is firmly committed to the principle of equality of opportunity. The Council recognises its responsibility as a community leader, service provider and employer, to encourage the fair treatment of all individuals and to tackle social exclusion. The Council is also committed to eradicate all forms of discrimination, direct or indirect, and aims to eliminate discriminatory practices and promote measures to combat its effects. New Equality Outcomes 2025/29 were developed following public consultation and were approved by the Policy and Resources Committee in March 2025. Progress in relation to the delivery of the Council's Equality Outcomes can be found on the Council's website at <https://www.inverclyde.gov.uk/council-and-government/equality-and-diversity>.

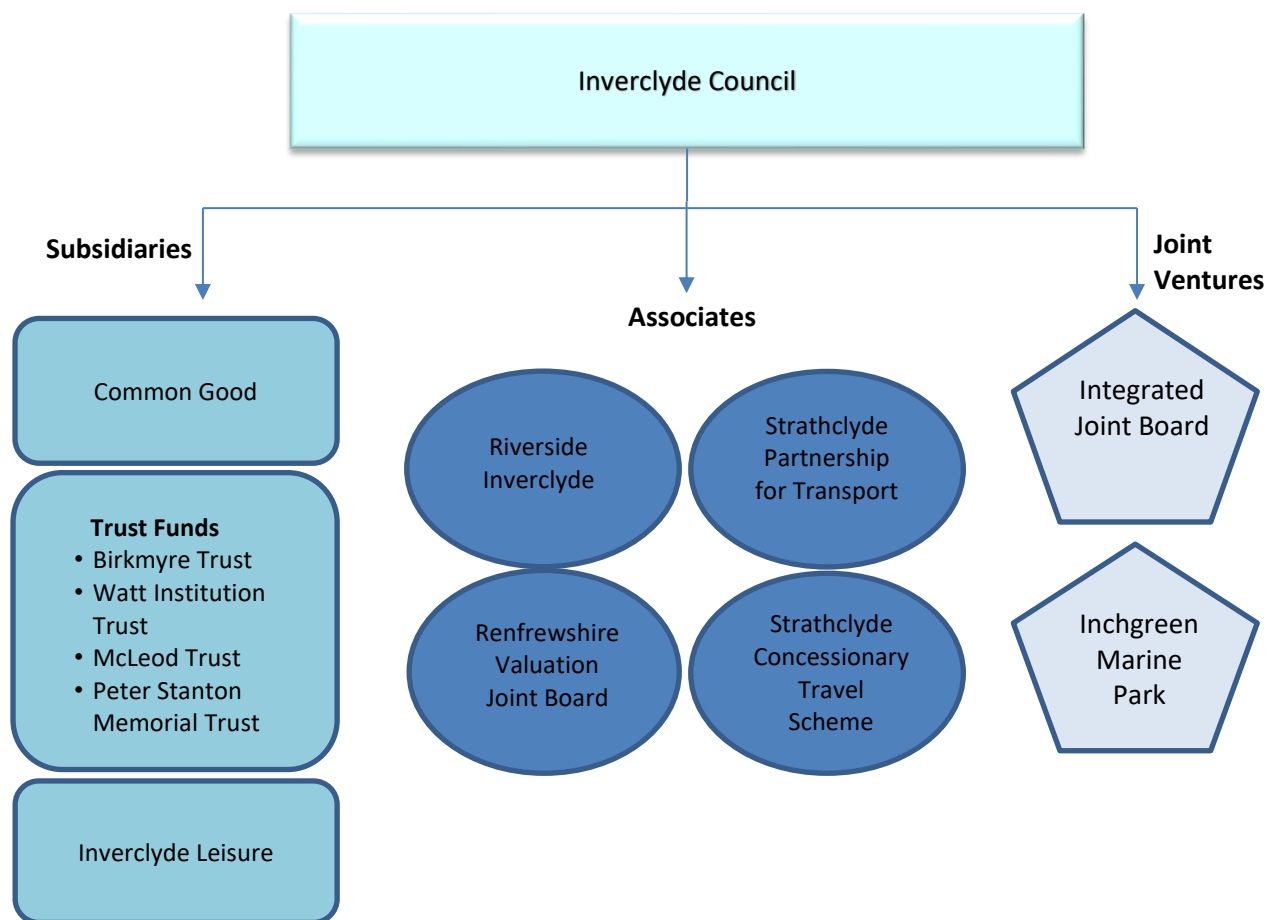
Consultation and Communication with Workforce

Inverclyde Council has in place employee governance arrangements to ensure its employees are well informed, involved in decisions, appropriately trained, treated fairly and consistently and provided with a safe environment.

The Council carries out periodic employee surveys, and seeks the views of the workforce through regular consultations with staff and trade unions. The last Employee Survey was carried out in late 2022, with a response rate of 42%. The results of the Employee Survey are vital to informing and supporting the Council's actions and activities. There are current actions and work being undertaken through plans already agreed in regard to strategies such as the Communication Strategy, New Ways of Working and Hybrid working policy.

Inverclyde Council Group

The Code of Practice on local Authority Accounting in the United Kingdom 2024/25 (the Code) requires the Council to prepare group accounts where the Council has material interests in subsidiaries, associates and/or joint ventures. The Group Accounts consolidate the results of the entities shown in the diagram below. The impact of the inclusion of these bodies in the Group Balance sheet is to increase both net assets and total reserves by £45.917 million representing the Council's share of the net assets in these entities. Further details about the associates and joint arrangements in the Inverclyde Council group, and their financial results, can be found on pages 77 to 83.



Events after the Balance Sheet Date

Events from the balance sheet date until the date of signing the Accounts have been taken into consideration and at this moment there are no events to report.

6. Where to Find More Information

In This Publication

An explanation of the financial statements which follow and their purpose are shown at the top of each page. The accounting policies and a glossary of terms can be found at the end of this publication and these provide an explanation of the main guidelines and terms used.

On Our Website

Further information about Inverclyde Council can be obtained on the Council's website (www.inverclyde.gov.uk) or from Finance Services, Municipal Buildings, Clyde Square, Greenock PA15 1LY.

On Group Entities' Websites

Further information about the entities within the Inverclyde Council group, the nature of their business and their financial results can be found at the following websites: Inverclyde Leisure (www.inverclydeleisure.com), Riverside Inverclyde (www.riversideinverclyde.com), SPT (www.spt.co.uk), Renfrewshire Valuation Joint Board (www.renfrewshire-vjb.gov.uk) and Inverclyde Integrated Joint Board (www.inverclyde.gov.uk/health-and-social-care).

7. Conclusion and Acknowledgements

The continuation of prudent financial management and medium term financial planning have allowed the Council to manage its financial affairs within budget and the financial objectives prescribed, whilst at the same time progressing major strategic initiatives, wider regeneration via City Deal and Levelling Up Fund as well as working with the Integrated Joint Board. This reflects well on both the efforts and professionalism of the employees and the effectiveness of our approach to financial management.

We would like to take this opportunity to acknowledge the significant effort in producing the Annual Accounts and to record our thanks to our colleagues for their continued hard work and support. We greatly appreciate the significant efforts of all who were involved.



Cllr Stephen McCabe
Leader of the Council



Stuart Jamieson
Chief Executive



Angela Edmiston
Interim Chief Financial Officer

Statement of Responsibilities for the Annual Accounts

1. The Council's Responsibilities

The Council is required to:

- (i) Make arrangements for the proper administration of its financial affairs and to ensure 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 Interim Chief Financial Officer.
- (ii) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (iii) Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014 and Coronavirus (Scotland) Act 2020), 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).
- (iv) Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by Inverclyde Council at its meeting on 26 June 2025.

Signed on behalf of Inverclyde Council

Cllr Stephen McCabe

Leader of the Council

2. The Interim Chief Financial Officer's Responsibilities

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

In preparing the Annual Accounts, the Interim Chief Financial Officer has:

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

The Interim Chief Financial Officer has also:

- (i) Kept adequate accounting records which were up to date.
- (ii) Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- (iii) Signed and dated the Balance Sheet.

I certify that the financial statements give a true and fair view of the financial position of the local authority and its group at the reporting date and the transactions of the local authority and its group for the year ended 31 March 2025.

Angela Edmiston

Interim Chief Financial Officer

1. Scope of Responsibility

Inverclyde Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Under the Local Government in Scotland Act 2003, the Council also has a statutory duty to make arrangements to secure best value, which is defined as continuous improvement in the performance of the Council's functions.

In discharging these responsibilities, Elected Members and the Corporate Management Team are responsible for putting in place proper arrangements for the governance of the Council's affairs, and for facilitating the effective exercise of its functions, including the arrangements for the management of risk. The Council has established two Arms-Length External Organisations – Inverclyde Leisure and Riverside Inverclyde – to deliver services more effectively on the Council's behalf, and which report regularly to Elected Members. From 1 April 2016, the Inverclyde Integration Joint Board was established for the formal integration of health and care services between Inverclyde Council and the NHS Greater Glasgow and Clyde.

The Council has adopted a Local Code of Corporate Governance ("the Local Code") consistent with the seven principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework, "Delivering Good Governance in Local Government Framework (2016)". A copy of the Local Code can be obtained from the Corporate Policy Unit, Municipal Buildings, Greenock, PA15 1LY.

This statement explains how Inverclyde Council has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for an Annual Governance Statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and through which it accounts to, and engages with communities. It enables the Council to monitor the achievement of its key corporate priorities and strategic objectives set out in the Council's Corporate Plan. It enables the Council to consider whether those objectives have led to the delivery of appropriate value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. 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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

This governance framework has been in place at Inverclyde Council for the year ended 31 March 2025 and up to the date of the approval of the Statement of Accounts.

3. The Governance Framework

The main features of the Council's governance arrangements are described in the Local Code but are summarised below:

- The overarching strategic vision of the Council is detailed in the Council's Plan which sets out the key outcomes the Council is committed to delivering with its partners, as set out in the Inverclyde Local Outcomes Improvement Plan. Services are able to demonstrate how their own activities link to the Council's vision and outcomes through the Committee and Service Delivery Improvement Plans. Performance management and monitoring of service delivery is reported principally through the Policy & Resources Committee and to other Committees on a regular basis. The Corporate Management Team monitors performance information. The Council publishes information about its performance regularly as part of its public performance reporting requirements at <http://www.inverclyde.gov.uk/council-and-government/performance/>.
- The Inverclyde Alliance Partnership Plan sets out the Alliance's approach for engaging with stakeholders. Consultation on the future vision and activities of the Council is undertaken through the Inverclyde Alliance, and through service specific consultations and the Council actively engages the Council's partners through existing community planning networks.
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations from Audit Scotland, the external auditor, Inspectorates and the Internal Audit section to the Corporate Management Team, the relevant service Committee of the Council and, where appropriate, the Audit Committee.

- The Council operates within an established procedural framework. The roles and responsibilities of Elected Members and officers are defined within the Council's Standing Orders and Scheme of Administration, Contract Standing Orders, Scheme of Delegation and Financial Regulations; these are subject to regular review. The Council facilitates policy and decision making through a thematic Committee structure.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Council's Chief Financial Officer as Section 95 Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council.
- The Council continues to recognise the need to exercise strong financial management arrangements to manage the financial pressures common to all local authorities and has robust financial control and financial planning processes in place. A self-assessment exercise was completed by officers to assess the level of ongoing compliance with the CIPFA Financial Management Code reported to the Policy and Resources Committee in January 2023 and all improvement actions identified have been completed.
- The Council's approach to risk management is set out in the risk management strategy and is embedded within the Council's Strategic Planning and Performance Management Framework. Reporting on risk management is undertaken and reported regularly to the Policy and Resources Committee and Audit Committee.
- The Council has adopted a code of conduct for its employees. Elected Members observe and comply with terms of the Councillors' Code of Conduct.
- Comprehensive arrangements are in place to ensure Members and officers are supported by appropriate learning and development.
- In line with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption, the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

4. Review of Effectiveness

Inverclyde 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 effectiveness of the framework is informed by the work of the Corporate Management Team who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and reports from the external auditors and other review agencies and inspectorates.

The review of the Council's governance framework is supported by a process of self-assessment and assurance certification by Heads of Service. Heads of Service were provided with a Self-assessment Checklist to complete and return as evidence of review of seven key areas of the Council's governance framework. As part of this process, Heads of Service were asked to identify their progress on implementing improvement actions identified as part of their 2024-25 assessments and to identify actions they proposed to take during 2025-26 to address service governance arrangements. The Corporate and Service Directors then considered the completed evaluations and provided a Certificate of Assurance for their Directorate. In addition, the review of the effectiveness of governance arrangements and the systems of internal control within the group entities places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. The Integration Scheme was reviewed during 2019-20 and an updated version of the Scheme was prepared but the Covid-19 pandemic led to this being delayed and the existing scheme rolled on into 2020-21 and continued into 2021-22, 2022-23 and 2023-24. The Scottish Government have confirmed that IJBs will be required to review their current integration schemes rather than complete a new scheme. The integration scheme is currently being reviewed by the 6 Greater Glasgow and Clyde IJB's with the IJB Integration Scheme with an anticipated completion date of 30 September 2025.

There were no significant governance issues identified by the review but a number of issues worthy of noting were identified and are detailed in Section 7 together with progress made in implementing improvement actions identified during 2023-2024. We propose over the coming year to take steps to address these matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvement which were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

5. Roles and Responsibilities of the Audit Committee and the Chief Internal Auditor

Elected Members and officers of the Council are committed to the concept of sound governance and the effective delivery of Council services. The Council's Audit Committee operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

The Audit Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2017 (PSIAS) and regularly monitors the performance of the Council's Internal Audit service. The Council's Chief Internal Auditor has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of conformance with the PSIAS. The results of the external assessment of Internal Audit Conformance with PSIAS was undertaken by Renfrewshire Council and reported to the Audit Committee on 20 August 2024. The external assessment confirmed that Internal Audit fully conforms with the requirements of the PSIAS. From 1 April 2025 the new Global Internal Audit Standards came into effect for the UK Public Sector and a transition plan is in place to ensure the Internal Audit service is compliant with the requirements by 31 March 2026.

The Internal Audit service undertakes an annual programme of work, approved by the Audit Committee, based on a strategic risk assessment. The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control. Due to an extended period of sickness absence of the Chief Internal Auditor at the start of the financial year, the resilience of the service was tested resulting in some audits from 2023/24 being completed in the first 6 months of 2024/25 which impacted on the completion of the fieldwork for the 2024/25 audit plan. However, the overall audit plan is set within the context of a multi-year approach to audit planning such that key risk areas are reviewed over a 5-year cycle.

The Chief Internal Auditor has conducted a review of all Internal Audit reports issued in 2024-25 and although no systems of internal control can provide absolute assurance, nor can Internal Audit give that assurance, on the basis of the audit work undertaken during the 2024-25 financial year, the annual report and assurance statement prepared by the Chief Internal Auditor concluded that the overall control environment opinion was "Satisfactory" such that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's system of internal control.

6. Compliance with Best Practice

The Council complies with the requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government 2010". The Council's Chief Financial Officer (Section 95 Officer) has overall responsibility for the Council's financial arrangements, and is professionally qualified and suitably experienced to lead the Council's finance function and to direct finance staff.

The Council complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Service Organisations 2010". The Council's Chief Internal Auditor has responsibility for the Council's Internal Audit function and is professionally qualified and suitably experienced to lead and direct the Council's Internal Audit staff. The Internal Audit service generally operates in accordance with the CIPFA "Public Sector Internal Audit Standards 2017".

7. Governance Issues and Planned Actions

The Council continues to recognise the need to exercise strong management arrangements to manage the financial pressures common to all Local Authorities. Regular reviews of the Council's arrangements are undertaken by Internal Audit and overall the Council's arrangements are generally satisfactory. The table below sets out the improvement actions to the governance framework which were identified from the Council's ongoing review and monitoring of the effectiveness of its governance arrangements. These represent corporate initiatives that will be further progressed during 2024-25.

Annual Governance Statement

	Where are we now?	Where do we want to be?	How will we know we are getting there?	Who is responsible?
1	Contract renewals and non-compliant spend analysis is an area of ongoing activity/improvement. Progress has been/continues to be impacted by service staffing levels/resource issues in the Procurement Team.	Contract renewals and compliant spend analysis is an embedded service activity.	Actions to improve procurement activity in relation to contract renewals and non-compliant spend analysis are included within the Physical Assets Service and will be monitored accordingly.	Interim Director Environment 31 March 2026
2	Within Physical Assets, a routine review of records is being addressed but requires more regular attention in some service areas. Training in areas of Information Assets and Cyber Security requires a general refresh.	Service areas within Physical Assets demonstrate compliance with key aspects of the information governance and management framework.	Improvement actions have been included in Physical Assets Service Plan and will be monitored accordingly. A compliance review of Records Management has been included in the 2025/26 Internal Audit Plan.	Interim Director Environment 31 March 2026 Chief Internal Auditor 30 September 2025
3	A number of agreed actions from the Managing Attendance audit were incorporated into the Chris21 Upgrade project which was planned to be implemented by 31 December 2024 but the timescale has now been revised to 30 September 2025.	Agreed actions from the Managing Attendance audit have been fully implemented.	Chris21 Upgrade project is complete and audit actions are implemented.	Head of Organisational Development, Policy and Communications 30 September 2025

In addition, the status of improvement actions from 2023-24 Annual Governance Statement (AGS) is set out in the undernoted table:

	Agreed Action	Status at 31/4/25	Further Action	Who is responsible?
1	Actions will be included in relevant Service Plans to improve workforce and succession planning and the skills gaps arising from an ageing workforce.	Complete	N/A	N/A

Annual Governance Statement

	Agreed Action	Status at 31/4/25	Further Action	Who is responsible?
2	Operational guidance and procedures will be reviewed and updated to reflect the Council's revised approach to risk management assessment and reporting via Pentana/Ideagen. Training will be provided to risk owners on the new process.	Complete	N/A	N/A
3	Actions to improve procurement activity in relation to contract renewals and non-compliant spend analysis will be included within the Physical Assets Service	Ongoing	Links to 2024-25 improvement action number 1.	Interim Director Environment 31 March 2026
4	Action to implement the Business Classification Framework within CCER will be included within relevant Committee Delivery and Improvement Plan	Complete	N/A	N/A
5	Improvement actions will be included in Physical Assets Service Plan and monitored accordingly including: <ul style="list-style-type: none"> a routine review of records is being addressed but requires more regular attention in some service areas. Training in areas of Information Assets and Cyber Security requires a general refresh. 	Ongoing	Links to 2024-25 improvement action number 2	Interim Director Environment 31 March 2026

8. Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2024-25 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives 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.

Cllr Stephen McCabe
Leader of the Council

Stuart Jamieson
Chief Executive

1. 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.

All information disclosed in the tables in this Remuneration Report, with the exception of the Tiered Contribution Pay Rates table on Page 23, will be audited by KPMG. The other sections of the Remuneration report will be reviewed by KPMG to ensure that they are consistent with the financial statements.

2. Remuneration of the Leader of the Council, the Provost and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Provost are set out by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2017. In 2024-2025 Councillors received a 6.2% pay increase. The salary for the Leader of the Council is £35,580 per annum (2023-2024 £33,503) and for the Provost is £26,716 per annum (2023-2024 £25,128).

In terms of the same Regulations, the Scottish Government permits Inverclyde Council to nominate up to nine Senior Councillors at any one time (in addition to the Leader of the Council and the Provost) whose salaries in aggregate must not exceed a specified amount, currently £216,135 per annum (2023-2024 £203,517) and whose salaries individually must be on a specified scale, currently £21,345 to £26,685 (2023-2024 £20,099 to £25,128). The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

The Inverclyde Council Members' Salary and Expense scheme was agreed at a meeting of the full Council on 24 May 2006. On 19 May 2022 the Council approved that Inverclyde Council would have up to nine senior Councillors, (four Strategic Committee Convenors, three Regulatory Board Chairs, one Depute Leader and one Leader of the largest non-administration group); each paid a salary of £24,043 per annum (2023-2024 £22,552).

3. Remuneration of Senior Officers

The salary of Senior Officers is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets out the salary for the Chief Executives of Scottish Local Authorities. Inverclyde Council does not pay bonuses or performance related pay.

The Regulations define a Senior Officer as an employee who meets one or more of the following criteria:

- Who has responsibility for the management of the Local Authority to the extent that the person has the power to direct or control the major activities of the Authority, whether solely or collectively with other persons;
- Who holds a post that is politically restricted by reason of section 2(1) (a),(b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration, including any annual remuneration from a Local Authority subsidiary body, is £150,000 or more.

The Council has interpreted the above criteria as including the Chief Executive, Corporate Directors, Directors, Chief Financial Officer, Chief Social Work Officer and the Monitoring Officer.

The term *remuneration* means gross salary, fees and bonuses, allowances and taxable expenses, and compensation for loss of employment. The table below outlines the remuneration details for Senior Officers, including prior year figures. The table shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2025. The table below contains remuneration details for those persons who were Senior Officers in 2024-2025.

Remuneration Report

Senior Officers	Year ended 31 March 2025				2023-2024
	Gross Salary	Other Fees and Allowances	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£	£
Binks, R: Corporate Director Education, Communities & Organisational Development	134,380	0	0	134,380	129,688
Rocks, K: Chief Officer, Inverclyde Health and Social Care Partnership	135,563	0	0	135,563	131,633
Hinds, J: Head of Children's Services and Chief Social Work Officer	104,492	0	0	104,492	101,331
Long, L: Chief Executive	147,031	0	0	147,031	140,205
Puckrin, A: Chief Financial Officer	104,533	0	0	104,533	106,244
Jamieson, S: Director Environment & Regeneration	122,253	0	0	122,253	117,984
Brown, L: Head of Legal, Democratic, Digital and Customer Services	89,143	0	0	89,143	0
Totals	837,395	0	0	837,395	727,085

4. Remuneration of Senior Councillors

Under the Regulations, remuneration disclosures are to be made for the Leader of the Council, the Provost and any Councillor designated a Senior Councillor. The table below shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2025.

Leader of the Council, Provost and Senior Councillors	Year ended 31 March 2025			2023-2024
	Gross Salary	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£
Clocherty, J: Depute Leader of the Council and Convener, Education & Communities	24,043	0	24,043	22,552
McCabe, S: Leader of the Council (3)	32,016	573	32,589	33,799
McCormick, M: Convener, Environment & Regeneration	24,043	0	24,043	22,552
Moran, R: Chair of Inverclyde Integration Joint Board (4)	26,795	0	26,795	22,552
Robertson, E: Leader of the largest non-administration group (5)	23,701	0	23,701	22,552
Brooks, G: Chair of Inverclyde Licensing Board	24,043	5	24,048	22,577
Jackson, C: Convenor of Health & Social Care (6)	22,220	0	22,220	20,196
McGuire, N: Depute Leader of the Council	24,043	0	24,043	22,552
McKenzie, A: Provost	26,716	0	26,716	25,062
McVey, T: Chair of Planning Board	24,043	0	24,043	22,552
Nelson, I: Convenor of Audit (7)	21,564	0	21,564	22,552
Brennan, F: Convenor of Health & Social Care	24,043	0	24,043	22,404
Curley, C: Leader of the largest non-administration group (8)	21,697	0	21,697	0
Wilson, D: Convenor of Audit (9)	23,848	454	24,302	0
Totals	342,815	1,032	343,847	281,902

1. No payments were made in connection with loss of employment or office, nor were any other payments received which are not in the above table.
2. No Senior Councillor received any remuneration from a subsidiary of the Council as a representative of the Council.
3. Councillor McCabe was Leader of the Council up until 04/12/2024 and then again from 07/03/2025.

4. Councillor Moran was Leader of the Council from 05/12/2024 until resigning on 06/03/2025.
5. Councillor Robertson stopped receiving Senior Councillor allowance on 13/02/2025.
6. Councillor Jackson received Senior Allowance from 05/12/2024.
7. Councillor Nelson stopped receiving Senior Councillor allowance on 25/04/2024.
8. Councillor Curley started to receive Senior Councillor allowance from 14/02/2025.
9. Councillor Wilson started to receive Senior Councillor allowance from 26/04/2024.

5. Pension Entitlement

Pension benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS). The pension is based on the person's pensionable service (how long he or she has been a member of the LGPS) and his or her pay. For Councillors, the pension is based on a "career average" – the aggregate of each year's pay (adjusted by inflation) is divided by the total number of years and part years they have been a member of the LGPS.

For officers, the pension is based on a career average from 1 April 2015. For service before this date, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. The normal retirement age (NRA) for service post 1 April 2015 is the same as for the state pension; the NRA for service pre 1 April 2015 is 65. Pensions payable are increased annually in line with changes in the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

A LGPS member's contribution depends upon his or her full-time equivalent pay. The tables for the allocation of rates for 2024-2025 and 2023-2024 are shown below.

Tiered Contribution Pay Rates

Full Time Equivalent (FTE) Pensionable Pay (2024-2025)	Rate (%)
On earnings up to and including £27,000	5.50%
On earnings above £27,001 and up to £33,000	7.25%
On earnings above £33,001 and up to £45,300	8.50%
On earnings above £45,301 and up to £60,400	9.50%
On earnings above £60,401	12.00%

Full Time Equivalent (FTE) Pensionable Pay (2023-2024)	Rate (%)
On earnings up to and including £25,300	5.50%
On earnings above £25,301 and up to £31,000	7.25%
On earnings above £31,001 and up to £42,500	8.50%
On earnings above £42,501 and up to £56,600	9.50%
On earnings above £56,601	12.00%

The value of benefits in the table below has been provided by the Strathclyde Pension Fund Office and is calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date: without exercising any option to commute pension entitlement into a lump sum: and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service, and not just their current appointment.

The pension entitlements for Senior Officers and Senior Councillors for the year to 31 March 2025 are shown in the tables below, together with the contribution made by the Council to each person's pension during the year. The tables contain information for those persons who were Senior Officers or Senior Councillors in 2024-2025.

Remuneration Report

Senior Officers	Accrued Pension Benefits		Change in Accrued Benefits		Pension Contributions made by Inverclyde Council		Length of Service at 31 March 2025 (years / days)
	as at 31 March 2025		since 31 March 2024		2024-2025	2023-2024	
	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000	£000	£000	
Binks R: Corporate Director Education, Communities & Organisational Development	25	0	4	0	9	25	9/247
Long, L: Chief Executive	35	0	5	0	10	27	20/48
Rocks, K: Chief Officer, Inverclyde Health and Social Care Partnership	8	0	3	0	9	25	2/227
Hinds, J: Head of Children's Services and Chief Social Work Officer	41	38	37	38	7	20	2/39
Puckrin, A: Chief Financial Officer	74	111	14	21	7	19	39/268
Jamieson, S: Director Environment & Regeneration	44	28	4	0	8	23	24/139
Brown, L: Head of Legal, Democratic, Digital and Customer Services	2	0	2	0	6	14	0/315
Totals	229	177	69	59	56	153	

Leader of the Council, Provost and Senior Councillors	Accrued Pension Benefits		Change in Accrued Benefits		Pension Contributions made by Inverclyde Council	
	as at 31 March 2025		since 31 March 2024		2024-2025	2023-2024
	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000	£000	£000
Clocherty, J: Depute Leader of the Council and Convener, Education and Communities	9	2	(1)	(1)	2	4
McCabe, S: Leader of the Council	8	0	0	0	2	6
McCormick, M: Convener, Environment & Regeneration	8	1	(1)	0	2	4
Moran, R: Chair of Inverclyde Integration Joint Board	9	2	0	(1)	2	4
Robertson, E: Leader of the largest non-administration group	4	0	0	0	2	4
Brooks, G: Chair of Inverclyde Licensing Board	4	0	0	0	2	4
Jackson, C: Convener of Health & Social Care	4	0	0	0	1	4
McGuire, N: Depute Leader of the Council	4	0	0	0	2	4
McKenzie, A: Provost	4	0	1	0	2	5
McVey, T: Chair of Planning Board	4	0	0	0	2	4
Nelson, I: Convener of Audit	7	0	(1)	0	1	4
Brennan, F: Convener of Health & Social Care	1	0	0	0	2	4
Curley, C: Leader of the largest non-administration group	4	0	4	0	1	0
Wilson, D: Convener of Audit	0	0	0	0	0	0
Totals	70	5	2	(2)	23	51

6. Councillors' Remuneration

The Council paid the salaries, allowances and expenses to Councillors (including the Senior Councillors above) detailed in the table below for 2024-2025. The annual return of Councillors' salaries and expenses 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 at <http://www.inverclyde.gov.uk/council-and-government/councillors/elected-members-expenses/>

The annual return of Councillors' salaries and expenses is compiled under Scottish Local Authority Remuneration Committee (SLARC) guidance for public records whereas the Remuneration Report is compiled under a Scottish Statutory Instrument.

<u>All Councillors (Information from public record)</u>	<u>2024-2025</u>	<u>2023-2024</u>
	£	£
Salaries	510,578	485,714
Travel costs - reimbursed	2,112	1,883
Travel costs - paid directly by the Council	6,364	7,746
Subsistence expenses - reimbursed	1,002	1,177
Subsistence expenses - paid directly by the Council	0	16
Training and conferences - paid directly by the Council	2,973	2,225
Telephone and ICT expenses - reimbursed	1,102	830
Telephone and ICT expenses - paid directly by the Council	1,669	1,529
Other allowances and expenses	0	0
Totals	525,800	501,120

7. Remuneration of Officers receiving more than £50,000

The following table details the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2024-2025 in bands of £5,000; the details of the number of those employees who left the employment of the Council during 2024-2025; and the details of the number of those employees who were part or fully funded by other bodies.

Remuneration Report

<u>Officers over £50,000</u>		Number of Employees		Left during	Part funded or fully funded by
Remuneration Bands	2023-2024	2024-2025	2024-2025	other organisations	
£50,000 - £54,999	332	174	4		19
£55,000 - £59,999	107	102	3		5
£60,000 - £64,999	67	68	1		1
£65,000 - £69,999	44	27	1		2
£70,000 - £74,999	28	38	1		0
£75,000 - £79,999	13	15	2		0
£80,000 - £84,999	8	10	0		0
£85,000 - £89,999	3	3	0		0
£90,000 - £94,999	6	2	0		0
£95,000 - £99,999	6	7	0		0
£100,000 - £104,999	2	3	0		0
£105,000 - £109,999	1	0	0		0
£110,000 - £114,999	1	0	0		0
£115,000 - £119,999	1	1	0		0
£120,000 - £124,999	0	1	0		0
£125,000 - £129,999	1	0	0		0
£130,000 - £134,999	1	1	0		0
£135,000 - £139,999	0	1	0		0
£140,000 - £144,999	1	0	0		0
£145,000 - £149,999	0	1	0		0
Totals	622	454	12		27

8. Exit Packages of Employees

The Council has agreed a number of exit packages as detailed in the table below. The exit packages agreed were all on a voluntary basis – there were no compulsory redundancies. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives; and where the savings accruing from an individual ceasing employment with the Council exceed the costs of the exit package within an acceptable period.

Exit package cost band (including special payments)	(a)		(b)		(c)		(d)		(e)
	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band		
	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024	£'s	£'s	
£0 - £20,000	0	0	5	0	5	0	60,008	0	
£20,001 - £40,000	0	0	4	1	4	1	98,347	26,369	
£40,001 - £60,000	0	0	1	0	1	0	56,827	0	
£60,001 - £80,000	0	0	2	0	2	0	151,039	0	
£80,001 - £100,000	0	0	1	0	1	0	80,192	0	
£100,001 - £150,000	0	0	1	0	1	0	115,877	0	
£150,001 - £200,000	0	0	2	0	2	0	363,889	0	
Total	0	0	16	1	16	1	926,179	26,369	

Notes:

1. The above exit package values include redundancy, pension strain, and compensatory lump sums for all retirees, the cost of which is reported under Note 16 Defined Benefit Pension Schemes.
2. For employees with pensions provided by the Scottish Public Pensions Agency (the pension provider for teachers), the values include the notional capitalised cost of compensatory added years. The notional cost has not been assessed by the pensions provider and the values have instead been calculated by the local authority using a calculator developed and provided by the pensions provider on the understanding that it is fit for purpose.
3. For employees with pensions provided by the Strathclyde Pension Fund (the pensions provider for all employees other than teachers), the values also include the notional capitalised cost of added years. These costs are based on an assessment by the pensions provider itself of the present value of all future payments to the retiree until death.

Termination Benefits of Employees

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before their normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service line in the CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for a restructuring.

The Council terminated the contract of 16 employees in 2024-2025 (2023-2024: 1 employee). The above table includes £0.926 million liabilities relating to this release (2023-2024 £0.027 million).

Cllr Stephen McCabe

Leader of the Council

Stuart Jamieson

Chief Executive

Trade Union Facility Time

Inverclyde Council recognises six trade unions for the purpose of collective bargaining, Unison, GMB, Unite, EIS, UCATT and SSTA.

There were 14 (10.71 FTE) staff members who were trade union officials during 2024-2025 (2023-2024: 10 staff).

Percentage of time spent on facility time

Percentage of time	Number of Employees 2024-2025	Number of Employees 2023-2024
0%	0	0
1% - 50%	11	7
51% - 99%	0	0
100%	3	3

The total cost of facility time amounted to 0.08% (2023-2024: 0.08%) of the total pay bill, including gross amounts spent on wages, pension contributions and national insurance contributions. 4.56% of the total paid facility time hours was spent on trade union activities (2023-2024: 3.69%).

Expenditure and Funding Analysis

Note 1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government Grants, Council Tax and Non-Domestic Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income & Expenditure Statement.

Expenditure and Funding Analysis 2024-2025

	Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Adjustment to Insurance Fund	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£000	£000	£000	£000
Education	116,412	19,059	(47)	135,424
Communities	5,588	1,664	(4)	7,248
Environment & Regeneration	24,764	10,169	(26)	34,907
Health & Social Care	74,399	4,099	(17)	78,481
Policy & Resources	16,180	2,542	0	18,722
Net Cost of Services	237,343	37,533	(94)	274,782
(Gain)/Loss on disposal of non-current assets	0	(270)	0	(270)
Financing and Investment (Income) and Expenditure (Note 4)	16,225	(1,455)	94	14,864
Taxation and Non-specific Grant Income (Note 5)	(250,972)	(20,336)	0	(271,308)
(Surplus) or Deficit on the Provision of Services	2,596	15,472	0	18,068
Opening General Fund balance at 1 April 2024	38,497			
Transfer (to)/from Other Statutory Reserves	(569)			
Surplus/(Deficit) on General Fund in the year	(2,596)			
Closing General Fund balance at 31 March 2025	35,332			

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

2024-2025	Adjustments for Capital purposes	Net change to Pension adjustments	Other differences	Total adjustments
	£000	£000	£000	£000
Education	23,767	3,867	(8,575)	19,059
Communities	1,355	220	89	1,664
Environment & Regeneration	9,369	1,868	(1,068)	10,169
Health & Social Care	(237)	4,289	47	4,099
Policy & Resources	1,091	(1,799)	3,250	2,542
Net Cost of Services	35,345	8,445	(6,257)	37,533
Other operating expenditure	(270)			(270)
Financing and Investment (Income) and Expenditure	(2,930)	1,773	(298)	(1,455)
Taxation and Non-specific Grant Income	(20,336)			(20,336)
Difference between General Fund (Surplus)/Deficit and Comprehensive Income & Expenditure Statement (Surplus)/Deficit on the Provision of Service	11,809	10,218	(6,555)	15,472

Expenditure and Funding Analysis

Comparative Figures for 2023-2024

	Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Adjustments to Insurance Fund	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£000	Restated £000	£000	Restated £000
Education	107,397	9,077	232	116,706
Communities	6,062	3,918	10	9,990
Environment & Regeneration	26,377	17,255	207	43,839
Health & Social Care	70,107	866	(34)	70,939
Policy & Resources	14,116	3,108	94	17,318
Net Cost of Services	224,059	34,224	509	258,792
(Gain)/Loss on disposal of non-current assets	0	(108)	0	(108)
Financing and Investment (Income) and Expenditure (Note 4)	(1,425)	4,326	(509)	2,392
Taxation and Non-specific Grant Income (Note 5)	(232,317)	(11,777)	0	(244,094)
(Surplus) or Deficit on the Provision of Services	(9,683)	26,665	0	16,982
Opening General Fund balance at 1 April 2023	27,428			
Transfer (to)/from other statutory reserves	1,386			
Surplus/(Deficit) on General Fund in the year	9,683			
Closing General Fund balance at 31 March 2024	38,497			

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts

2023-2024	Adjustments for Capital purposes	Net change to Pension adjustments	Other differences	Total adjustments
	£000	£000	£000	£000
Education	15,343	298	(6,564)	9,077
Communities	3,757	17	144	3,918
Environment & Regeneration	18,309	151	(1,205)	17,255
Health & Social Care	473	332	61	866
Policy & Resources	933	(1,459)	3,634	3,108
Net Cost of Services	38,815	(661)	(3,930)	34,224
Other operating expenditure	(108)	0	0	(108)
Financing and Investment (Income) and Expenditure	13,330	(8,469)	(535)	4,326
Taxation and Non-specific Grant Income	(11,777)	0	0	(11,777)
Difference between General Fund (Surplus)/Deficit and Comprehensive Income & Expenditure Statement (Surplus)/Deficit on the Provision of Service	40,260	(9,130)	(4,465)	26,665

Expenditure and Funding Analysis

Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment (income) and expenditure** – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied in the year. The Taxation and Non-specific Grant Income line is credited with capital grants receivable in the year without conditions or for those which conditions were satisfied in the year.

Changes for Pension Adjustments

Net change for the removal of pension contributions and addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with the current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income & Expenditure Statement.

Other Differences

Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income & Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For financing and investment (income) and expenditure** – the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the CIES:

- **For financing and investment (income) and expenditure** the other non-statutory adjustment column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.

Expenditure and Funding Analysis

Expenditure and Income Analysed by Nature

Where items are not disclosed on the face of the Comprehensive Income & Expenditure Statement (CIES), *The Code* requires a disclosure of the nature and amount of material items. An analysis of material items of income and expenditure by nature is shown below:

	2024-2025	2023-2024
	£000	£000
Expenditure		
Employee Benefits Expenses	164,796	160,323
Depreciation, Amortisation, Impairment	36,227	39,401
Payment to IJB	74,397	70,086
Other Service Expenses	147,632	163,238
Interest Payments	14,864	2,392
(Gain) or Loss on the Disposal of Assets	(270)	(108)
Total Expenditure	437,646	435,332
Income		
Fees, Charges and Other Service Income	(19,227)	(44,278)
Payment from IJB	(74,397)	(70,086)
Income from Council Tax	(36,037)	(35,334)
Government Grants and Contributions	(289,917)	(268,652)
Total Income	(419,578)	(418,350)
(Surplus)/Deficit on the Provision of Service	18,068	16,982

Segmental Income

Income received on a segmental basis is analysed below:

	2024-2025	2023-2024
	Income from	Income from
	Services	Services
	£000	£000
Services		
Education	(16,136)	(24,391)
Communities	(418)	(537)
Environment & Regeneration	(24,774)	(30,594)
Health & Social Care	(102,609)	(101,446)
Policy & Resources	(24,525)	(24,761)
Total Income Analysed on a Segmental Basis	(168,462)	(181,729)

Comprehensive Income & Expenditure Statement

The Comprehensive Income & Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting costs. The taxation position is shown in the *Expenditure and Funding Analysis* and the *Movement in Reserves Statement*.

2023-2024				2024-2025		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
132,753	(16,047)	116,706	Education	143,217	(7,793)	135,424
10,527	(537)	9,990	Communities	7,666	(418)	7,248
67,989	(24,150)	43,839	Environment & Regeneration	53,237	(18,330)	34,907
172,385	(101,446)	70,939	Health & Social Care	181,090	(102,609)	78,481
41,366	(24,048)	17,318	Policy & Resources	42,534	(23,812)	18,722
425,020	(166,228)	258,792	Cost of Services	427,744	(152,962)	274,782
			Other Operating Expenditure and (Income) -			
		(108)	(Gain)/Loss on disposal of non-current assets			(270)
		2,392	Financing and Investment (Income) and Expenditure (Note 4)			14,864
		(244,094)	Taxation and Non-specific Grant Income (Note 5)			(271,308)
		16,982	(Surplus) or Deficit on the Provision of Services			18,068
			(Surplus) or deficit on the revaluation of non current assets			(23,568)
		(19,314)	Impairment losses on non-current assets charged to the Revaluation Reserve			28,322
		2,905	Remeasurement of the net defined benefit pensions liability (Note 16)			(14,736)
		56,386	Other Comprehensive (Income) and Expenditure			(9,982)
		39,977				
		56,959	Total Comprehensive (Income) and Expenditure			8,086

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet 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 in two categories. The first category of reserves is 'usable reserves', which are 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. The second category of reserves is 'unusable reserves' and these are not available to provide services. This category of reserves holds unrealised gains or losses (in for example the Revaluation Reserve) and timing differences (as detailed in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations").

31 March 2024			31 March 2025
£000		Note	£000
575,442	Property, Plant & Equipment	7	579,876
19,417	Heritage Assets	10	19,420
3	Intangible Assets		0
239	Long-term Debtors	11	174
0	Long-term Pension Asset	16	0
595,101	Non-current Assets		599,470
53	Short-term Investments	20	56
1,330	Assets Held for Sale	8	1,090
343	Inventories		297
17,138	Short-term Debtors	11	14,366
5,786	Cash and Cash Equivalents	12	4,677
24,650	Current Assets		20,486
(19,570)	Short-term Borrowing	20	(26,857)
(46,775)	Short-term Creditors	13	(47,007)
(374)	Short-term Provisions	14	(379)
(2,309)	Short-term Finance Leases	15	(3,351)
0	Short-term Lease Creditor IFRS16		(6)
(69,028)	Current Liabilities		(77,600)
(163,942)	Long-term Borrowing	20	(148,733)
(831)	Government Grants Deferred		(1,716)
	Other Long-term Liabilities:		
(50,761)	Finance Leases	15	(69,258)
(32,630)	Pensions	16	(28,112)
0	Long-term Lease Creditor IFRS16		(64)
(248,164)	Long-term Liabilities		(247,883)
302,559	Net Assets		294,473
47,709	Usable Reserves	3	47,212
254,850	Unusable Reserves	18	247,261
302,559	Total Reserves		294,473

These accounts were approved by the Council on the 26th June 2025 and are signed on their behalf by:

Angela Edmiston
Interim Chief Financial Officer

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'Unusable Reserves'. The Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The net increase/(decrease) line shows the statutory General Fund balance movements in the year following those adjustments.

Year ended 31 March 2025

	Usable Reserves						Unusable Reserves	Total Reserves of the Council
	General Fund Balance	Capital Grants and Receipts Unapplied Account	Capital Fund	Repairs & Renewal Fund	Insurance Fund	Total Usable Reserves		
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024 Carried Forward	38,497	1,427	278	3,200	4,307	47,709	254,850	302,559
Movement in Reserves during 2024-2025								
Total Comprehensive Income & Expenditure	(18,068)	0	0	0	0	(18,068)	9,982	(8,086)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	15,472	1,679	0	0	0	17,151	(17,151)	0
Net Increase or (Decrease) before								
Transfers to Other Statutory Reserves	(2,596)	1,679	0	0	0	(917)	(7,169)	(8,086)
Transfers (to) and from Other Statutory Reserves	(569)	0	434	(34)	589	420	(420)	0
Increase or (Decrease) in the Year	(3,165)	1,679	434	(34)	589	(497)	(7,589)	(8,086)
Balance at 31 March 2025 Carried Forward	35,332	3,106	712	3,166	4,896	47,212	247,261	294,473

Comparative Figures for Year ended 31 March 2024

	Usable Reserves						Unusable Reserves	Total Reserves of the Council
	General Fund Balance	Capital Grants and Receipts Unapplied Account	Capital Fund	Repairs & Renewal Fund	Insurance Fund	Total Usable Reserves		
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023 Carried Forward	27,428	2,490	(315)	3,062	4,816	37,481	322,037	359,518
Movement in Reserves during 2023-2024								
Total Comprehensive Income & Expenditure	(16,982)	0	0	0	0	(16,982)	(39,977)	(56,959)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	26,665	(1,063)	0	0	0	25,602	(25,602)	0
Net Increase or (Decrease) before								
Transfers to Other Statutory Reserves	9,683	(1,063)	0	0	0	8,620	(65,579)	(56,959)
Transfers (to) and from Other Statutory Reserves	1,386	0	593	138	(509)	1,608	(1,608)	0
Increase or (Decrease) in the Year	11,069	(1,063)	593	138	(509)	10,228	(67,187)	(56,959)
Balance at 31 March 2024 Carried Forward	38,497	1,427	278	3,200	4,307	47,709	254,850	302,559

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 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. 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.

2023-2024		2024-2025
£000		£000
(16,982)	Net surplus or (deficit) on the provision of services	(18,068)
15,895	Adjustments to net surplus or (deficit) on the provision of services for non-cash movements (Note 26)	50,181
	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and	
(12,102)	financing activities (Note 26)	(425)
(13,189)	Net cash inflow from Operating Activities (Note 26)	31,688
7,953	Investing Activities (Note 27)	(22,378)
(5,104)	Financing Activities (Note 28)	(10,419)
(10,340)	Net increase or (decrease) in cash and cash equivalents	(1,109)
16,126	Cash and cash equivalents at the beginning of the reporting period	5,786
5,786	Cash and cash equivalents at the end of the reporting period (Note 12)	4,677

Notes to the Principal Financial Statements

Note 2 Adjustments between Accounting Basis and Funding Basis under Regulations

Income and expenditure is recognised by the Council in the Comprehensive Income & Expenditure Statement (CIES) in accordance with proper accounting practice. Certain adjustments are then made by law in the Movement in Reserves Statement (MiRS). The adjusted figures are those that are available to meet future capital and revenue expenditure. The table below details these adjustments. Figures for 2023-2024 are provided in an additional table for the purposes of comparison.

2024-2025	Usable Reserves		Corresponding Adjustments to Unusable Reserves					
	Adjustments to Comprehensive Income & Expenditure £000	Adjustment to Capital Grants and Receipts Unapplied Account (Usable Reserve) £000	Revaluation Reserve £000	Pensions Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Employee Statutory Adjustment Account £000	Net Movement in Unusable Reserves £000
Charges for depreciation and impairment of non-current assets	36,225				(36,225)			(36,225)
Amortisation of intangible assets	3				(3)			(3)
Capital grants and contributions applied	(20,336)	1,679			18,657			18,657
Capital expenditure charged in-year to the General Fund balance.	(870)				870			870
Net gain or (loss) on non-current asset disposals	(270)				270			270
Statutory provision for the principal repayment of loan charges	(9,034)				9,034			9,034
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(298)					298		298
Reversal of items relating to retirement benefits debited or credited to the CIES	18,013			(18,013)				(18,013)
Employers' pension contributions payable in the year (see note 16)	(7,795)			7,795				7,795
Amount by which employees' remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(166)						166	166
Total Adjustments	15,472	1,679	0	(10,218)	(7,397)	298	166	(17,151)

Notes to the Principal Financial Statements

Comparative Information 2023-2024

2023-2024	Usable Reserves		Corresponding Adjustments to Unusable Reserves					
	Adjustments to Comprehensive Income & Expenditure £000	Adjustment to Capital Grants and Receipts Unapplied Account (Usable Reserve) £000	Revaluation Reserve £000	Pensions Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Employee Statutory Adjustment Account £000	Net Movement in Unusable Reserves £000
Charges for depreciation and impairment of non-current assets	34,420				(34,420)			(34,420)
Revenue Expenditure Funded from Capital under Statute	4,968				(4,968)			(4,968)
Amortisation of intangible assets	14				(14)			(14)
Capital grants and contributions applied	(11,777)	(1,063)			12,840			12,840
Capital expenditure charged in-year to the General Fund balance.	(586)				586			586
Net gain or (loss) on non-current asset disposals	(108)				108			108
Statutory provision for the principal repayment of loan charges	9,770				(9,770)			(9,770)
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(535)					535		535
Reversal of items relating to retirement benefits debited or credited to the CIES	8,813			(8,813)				(8,813)
Employers' pension contributions payable in the year (see note 16)	(17,943)			17,943				17,943
Amount by which employees' remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(371)						371	371
Total Adjustments	26,665	(1,063)	0	9,130	(35,638)	535	371	(25,602)

Note 3 Usable Reserves

Reserves are created by appropriating amounts from 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 within 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.

Notes to the Principal Financial Statements

The Council has several usable reserve funds. The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes. The Repairs & Renewals Fund provides for the upkeep of specific assets held by the Council. The Capital Fund is used to meet the costs of capital investment in assets and for the repayment of the principal element of borrowings.

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement (MiRS). The major part of the General Fund balance shown in the MiRS has been earmarked and effectively committed to fund specific projects in future years. The amounts set aside for earmarked reserves are shown in the following table:

	Balance at 1 April 2023	Transfers Out 2023-2024	Transfers In 2023-2024	Balance at 31 March 2024	Transfers Out 2024-2025	Transfers In 2024-2025	Balance at 31 March 2025
	£000	£000	£000	£000	£000	£000	£000
Earmarked Reserves:							
New Scots Funding	287	(208)	96	175	(176)	208	207
Probationary Teachers	0	0	0	0	0	415	415
ASN Initiatives / Resources	0	0	0	0	0	600	600
Miscellaneous Education & Communities Reserves	1,896	(1,836)	411	471	(81)	0	390
Renewal of Clune Park Area	2,302	(113)	590	2,779	(68)	0	2,711
Job Recovery Plan	2,427	(998)	0	1,429	(206)	0	1,223
Covid Recovery - Business Development Interventions	668	(51)	0	617	(50)	0	567
Business Loans Scotland - SME Activities	230	0	0	230	0	0	230
Shared Prosperity Fund / Projects	0	(694)	1,307	613	(613)	0	0
Roads Investments	0	0	0	0	0	600	600
Miscellaneous Environment & Regeneration Reserves	3,097	(2,277)	245	1,065	(378)	622	1,309
Early Retiral / Voluntary Severance Reserve	295	(68)	2,900	3,127	(925)	0	2,202
Digital Modernisation	98	(119)	1,170	1,149	(281)	0	868
Anti Poverty Fund	1,202	(363)	1,409	2,248	(497)	600	2,351
Loans Charges Funding Model	1,645	(824)	0	821	(1,190)	2,800	2,431
2023/26 Budget Funding Reserve	2,000	(3,000)	4,000	3,000	(255)	0	2,745
Budget Delivery Reserve	0	0	2,671	2,671	(1,494)	0	1,177
Service Concession Smoothing Reserve	602	(254)	142	490	(192)	0	298
IRI Smoothing Reserve	0	646	0	646	300	0	946
Revenue Contribution to Capital Programme	1,406	(1,406)	10,602	10,602	(3,757)	0	6,845
Fund March 2023 Budget Decisions	452	(452)	0	0	0	0	0
Allocation towards ex-SRC Claims	0	0	500	500	(500)	0	0
Capital Programme (Financial System Replacement)	0	0	0	0	0	1,500	1,500
Transformation	0	0	0	0	0	1,200	1,200
Miscellaneous Policy & Resources Committee Reserves	1,121	(1,007)	1,280	1,394	(1,641)	387	140
Total Earmarked Reserves	19,728	(13,024)	27,323	34,027	(12,004)	8,932	30,955

Notes to the Principal Financial Statements

	Balance at 1 April 2023 £000	Transfers Out 2023-2024 £000	Transfers In 2023-2024 £000	Balance at 31 March 2024 £000	Transfers Out 2024-2025 £000	Transfers In 2024-2025 £000	Balance at 31 March 2025 £000
Total Earmarked Reserves	19,728	(13,024)	27,323	34,027	(12,004)	8,932	30,955
Non-earmarked balance	7,700	(3,230)	0	4,470	(93)		4,377
Total General Fund Balance	27,428	(16,254)	27,323	38,497	(12,097)	8,932	35,332
Capital Fund	(315)	0	593	278	0	434	712
Repairs & Renewal Fund	3,062	0	138	3,200	(34)	0	3,166
Insurance Fund	4,816	(509)	0	4,307	0	589	4,896
Capital Receipts Unapplied Account	2,490	(1,063)	0	1,427	0	1,679	3,106
Total Usable Reserves	37,481	(17,826)	28,054	47,709	(12,131)	11,634	47,212

Note 4 Financing and Investment (Income) and Expenditure

	2024-2025 £000	2023-2024 £000
Interest payable and similar charges:		
- Schools' Public Private Partnership finance lease	4,943	4,998
- IFRS16 Interest expense	1,515	0
- Other interest payments and similar charges	10,575	10,611
Net interest on the defined benefit pension liability	1,773	(8,469)
Interest receivable and similar income	(3,942)	(4,748)
Total	14,864	2,392

Note 5 Taxation and Non-specific Grant Income

	2024-2025 £000	2023-2024 £000
Income from Council Tax	(36,037)	(35,334)
Distribution from Non-Domestic Rates pool	(20,298)	(21,333)
General Revenue Grant	(194,637)	(175,650)
Recognised Capital Grants and contributions	(20,336)	(11,777)
Total	(271,308)	(244,094)

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.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants) or Taxation and Non-specific Grant Income (non-ring-fenced revenue grants and all capital grants). Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the Movement in Reserves Statement.

Notes to the Principal Financial Statements

The Council credited the following grants, contributions and donations to the CIES in 2024-2025:

	2024-2025	2023-2024
	£000	£000
Credited to Taxation and Non-specific Grant Income		
General Revenue Grant	(195,112)	(177,054)
Distribution from Non-Domestic Rates pool	(19,823)	(19,929)
General Capital Grant (excludes amounts directly credited to Services)	(9,081)	(10,445)
Capital Grants	(9,605)	(7,436)
Credited to Services		
Housing Benefit	(21,804)	(22,133)
Housing Benefit Administration	(373)	(384)
Other Housing	(943)	(3,162)
Community Service Grant	(870)	(192)
Social Work	(5,403)	(5,215)
Regeneration	(5,787)	(1,363)
Resource Transfer	(13,412)	(12,680)
Roads	0	(69)
Education	(5,326)	(13,420)
Employability	(1,944)	(1,247)
Other	(851)	(26)
Total	(290,334)	(274,755)

Note 6 External Audit Fees

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

	2024-2025	2023-2024
	£000	£000
Fees payable for external audit services carried out by the appointed auditor for the year.	323	317
	323	317

Note 7 Property, Plant & 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 & Equipment*.

Recognition

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

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 by management.

Notes to the Principal Financial Statements

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

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets & assets under construction – depreciated historic cost.
- Surplus assets – current value as estimated at highest and best use from an open market perspective (fair value).
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost or insurance replacement cost has been used as an estimate of current value. For non-property assets that have short useful lives or low values, depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. The Council has moved to an Indexation method of revaluation, rather than the five year interval which previously took place. This means that the value of the assets will be updated more frequently than every five years. The indexation valuation percentages are independently undertaken by Avison Young, a professional firm of chartered surveyors, and was completed on 31 March 2024.

Impairment

Assets are assessed at each year-end as to whether there is any indication of impairment. The Council recognises the impairment of non-current assets in accordance with Financial Standard IAS36 (Impairment of Assets) whereby any material reduction in asset value as a result of changing market conditions or clear consumption of an asset is recognised in the CIES only to the extent that the loss exceeds the balance on the Revaluation Reserve relating to the specific asset.

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 taken 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 in the (Surplus) or Deficit on Provision of Services.

Depreciation

Depreciation is provided for on all Property, Plant & Equipment assets. An exception is made for assets without a determinable finite useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is charged on a straight-line basis over the useful life of the assets. No depreciation is charged in the year of acquisition but a full year's depreciation is charged in the year of disposal.

The periods of depreciation and categories of assets are:

- Buildings – 10 to 60 years;
- Schools – 10 to 60 years;
- Vehicles, equipment and plant – 2 to 10 years;
- Infrastructure – 2 to 40 years.

Where a material item of Property, Plant & Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately in accordance with the Council approved policy for material assets with a value in excess of £1 million. Significant components are deemed to be those whose value is 25% or more of the total value of the asset.

Charges to Revenue for Non-current Assets

Services are debited 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.

Notes to the Principal Financial Statements

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.

Movement on Balances

The movements on balances for Property, Plant & Equipment (PPE) are shown in the following table. Figures for 2023-2024 are provided in an additional table below for the purposes of comparison.

Movements in 2024-2025

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets not for Sale £000	Assets Under Construction £000	Schools PPP Assets £000	Total PPE £000
Cost or Valuation							
At 1 April 2024	423,939	29,242	2,720	4,221	4,382	98,770	563,274
Additions in year	7,562	2,183	483	455	6,482	22,461	39,626
Disposals in year	(19)	(368)	(5)	0	0	0	(392)
Revaluation adjustments to Revaluation Reserve	(17,311)	0	146	(115)	0	(6,636)	(23,916)
Revaluation adjustments to CIES	0	0	0	0	0	0	0
Reclassifications to/from Held for Sale	0	0	0	0	0	0	0
Other Transfers	0	0	0	0	0	0	0
Other reclassifications	0	0	0	0	0	0	0
At 31 March 2025	414,171	31,057	3,344	4,561	10,864	114,595	578,592
Depreciation and Impairment							
At 1 April 2024	41,603	21,291	538	714	9	3,078	67,233
Depreciation charge for the year	3,780	2,471	3	24	12	2	6,292
Impairment losses to Revaluation Reserve	1,719	0	248	215	0	22,456	24,638
Impairment losses to CIES	0	0	0	0	0	0	0
Depreciation on disposals	(2)	(351)	0	0	0	0	(353)
On Revaluations to Revaluation Reserve	(16,094)	0	(26)	0	0	(3,078)	(19,198)
On Revaluations to CIES	0	0	0	0	0	0	0
Reclassifications to/from Held for Sale	0	0	0	0	0	0	0
Other reclassifications	0	0	0	0	0	0	0
At 31 March 2025	31,006	23,411	763	953	21	22,458	78,612
Balance Sheet amount at 31 March 2025	383,165	7,646	2,581	3,608	10,843	92,137	499,980
Balance Sheet amount at 31 March 2024	382,336	7,951	2,182	3,507	4,373	95,692	496,041
Nature of asset holding							
Owned	365,976	7,646	2,324	3,471	10,844		390,261
Managed properties	17,189		256	137			17,582
PPP						92,137	92,137

Notes to the Principal Financial Statements

The Net Book Value of the Infrastructure Assets, as at 31 March 2025 was £79.896m (2023-2024 £79.401m). The total NBV of PPE including the Infrastructure Assets is therefore £579.876m (2023-2024 £575.442m).

Comparative Movements in 2023-2024

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets not for Sale £000	Assets Under Construction £000	Schools PPP Assets £000	Total PPE £000
Cost or Valuation							
At 1 April 2023	420,244	27,060	1,132	4,504	9,910	98,010	560,860
Additions in year	8,186	2,585	1,318	441	541	35	13,106
Disposals in year	(1,688)	(403)	0	0		0	(2,091)
Revaluation adjustments to Revaluation Reserve	1,793	0	1,539	(63)	0	725	3,994
Revaluation adjustments to CIES	(3,435)	0	(1,269)	0	0	0	(4,704)
Reclassifications to/from Held for Sale	(1,161)	0	0	(661)	0	0	(1,822)
Other Transfers	0	0	0	0	(6,069)	0	(6,069)
Other reclassifications	0	0	0	0	0	0	0
At 31 March 2024	423,939	29,242	2,720	4,221	4,382	98,770	563,274
Depreciation and Impairment							
At 1 April 2023	34,015	19,204	510	698	3	2,001	56,431
Depreciation charge for the year	18,328	2,485	28	16	6	3,173	24,036
Impairment losses to Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses to CIES	0	0	0	0	0	0	0
Depreciation on disposals	(31)	(398)	0	0	0	0	(429)
On Revaluations to Revaluation Reserve	(10,167)	0	0	0	0	(2,096)	(12,263)
On Revaluations to CIES	0	0	0	0	0	0	0
Reclassifications to/from Held for Sale	(542)	0	0	0	0	0	(542)
Other reclassifications	0	0	0	0	0	0	0
At 31 March 2024	41,603	21,291	538	714	9	3,078	67,233
Balance Sheet amount at 31 March 2024	382,336	7,951	2,182	3,507	4,373	95,692	496,041
Balance Sheet amount at 31 March 2023	386,229	7,856	622	3,806	9,907	96,009	504,429
Nature of asset holding							
Owned	366,289	7,951	1,909	3,346	4,372	0	383,867
Managed Properties	16,047		274	161	0	0	16,482
PPP	0	0	0	0	0	95,692	95,692

Commitments under Capital Contracts

At 31 March 2025, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant & Equipment and for contributions to capital works budgeted to cost £12.080 million. Similar contracts at 31 March 2024 were £4.286 million.

Notes to the Principal Financial Statements

The major capital commitments include:

	£000
New Community Hub	7,892
Inverkip (City Deal)	2,975

Note 8 Assets Held for Sale

Property, land and buildings are classified as “*Held for Sale*” when the following criteria are met:

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

When these criteria are met, assets within the category of *Property, Plant & Equipment* will be reclassified to “*Assets Held for Sale*”. The date of reclassification will normally be the date approval was granted by Committee to sell the asset.

At 31 March 2025, the Council has 14 assets held for sale (£1.090m), (31 March 2024, 14 assets were held for sale £1.330m).

	31 March 2025	31 March 2024
	£000	£000
Opening Balance at 1 April	1,330	50
Disposals	(257)	0
Assets newly classified as “held for sale”: Property, Plant & Equipment	0	1,280
Additions	17	0
Revaluation adjustments to Revaluation Reserve	0	0
Closing Balance at 31 March	1,090	1,330

Notes to the Principal Financial Statements

Note 9 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, a measure of capital expenditure incurred historically by the Council that has yet to be financed.

	2024-2025	2023-2024
	£000	£000
Opening Capital Financing Requirement	300,695	283,779
Capital Investment:		
~ Capital Expenditure	23,013	26,889
~ Leased equipment and Schools PPP assets	22,461	35
Total Capital Investment for the year	45,474	26,924
Sources of Finance:		
~ Capital receipts from the sale of assets	(147)	(160)
~ Government grants and other contributions	(18,657)	(19,032)
~ Capital from current revenue	(870)	(586)
~ Loans Fund principal repayment (including finance leases & PPP)	(9,034)	9,770
Total Capital Financing for the year	(28,708)	(10,008)
Closing Capital Financing Requirement	317,461	300,695

	2024-2025	2023-2024
	£000	£000
Explanation of movements in the year:		
~ Increase/(Reduction) in underlying need to borrow	(2,773)	19,122
~ Increase/(Reduction) in finance leases obligations	0	0
~ Increase/(Reduction) in PPP finance lease creditor*	19,539	(2,206)
Increase/(Reduction) in Capital Financing Requirement	16,766	16,916

*As highlighted in Note 19 Leases, the introduction of IFRS 16 has resulted in an increase in the recognised PPP lease creditor.

Note 10 Heritage Assets

The Council holds and conserves heritage assets for future generations in support of the primary objective of increasing the knowledge, understanding and appreciation of the history of the area of Inverclyde.

As a general policy, heritage assets are recognised on the Balance Sheet where the Council has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the asset is not recognised on the Balance Sheet.

The valuation disclosed in the Balance Sheet is based on a valuation of the fair value of the Council's Heritage Assets carried out by an external valuer, the valuation of the Heritage Assets is being carried out in 3 phases with phase 2 having being completed in 2023/24 resulting in the Revaluation adjustments shown in the table below. Phase 3 has been completed in 2024/25 and will result in the full collection having been revalued. The Council's policy on management, acquisitions and disposals is contained in its policy document. This document and further information about the collections are publicly available on the Museum's section of Inverclyde Council's website:

<https://www.inverclyde.gov.uk/community-life-and-leisure/heritage-services/collections/museum-collections>

The carrying value of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. It is likely that disposals of heritage assets will be made only very occasionally. Where this does occur, the proceeds of such items are accounted for in accordance with the Council's policies relating to the disposal of Property, Plant & Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements.

Reconciliation of the Carrying Value of Heritage Assets held by the Council

	2024-2025	2023-2024
	Total Assets	Total Assets
	£000	£000
Valuation or Cost		
1 April	19,417	19,522
Revaluations	0	(105)
Additions	3	0
31 March	19,420	19,417

Notes to the Principal Financial Statements

Note 11 Debtors

	31 March 2025				31 March 2024			
	Short-term		Long-term		Short-term		Long-term	
	£000	£000	£000	£000	£000	£000	£000	£000
Scottish Government (including NHS bodies)		5,140		0		9,547		0
Central Government bodies		2,519		0		1,223		0
Other Local Authorities		2,542		0		2,264		0
Council Tax receivable from taxpayers	20,128		0		19,247		0	
Impairment allowance for doubtful debts	(18,253)		0		(17,782)		0	
Council Tax (net of impairment)		1,875		0		1,465		0
Trade debtors	8,738		0		8,854		0	
Impairment allowance for doubtful debts	(6,502)		0		(6,268)		0	
Trade Debtors (net of impairment)		2,236		0		2,586		0
Other entities and individuals	54		174		53		239	
Impairment allowance for doubtful debts	0		0		0		0	
Other entities and individuals (net of impairment)		54		174		53		239
Totals for Short-term and Long-term Debtors		14,366		174		17,138		239

In March 2016, the Council made a £0.6 million loan to Inverclyde Leisure. This is shown within 'other entities and individuals (net of impairment)'.

Note 12 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 balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

	31 March 2025	31 March 2024
	£000	£000
Cash held by the Council	7	6
Bank current accounts	4,670	5,780
Deposits up to three months with UK Banks, Building Societies and Local Authorities	0	0
Total Cash and Cash Equivalents	4,677	5,786

Notes to the Principal Financial Statements

Note 13 Creditors

Short Term Creditors

	31 March 2025	31 March 2024
	£000	£000
Scottish Government (including NHS bodies)	(22,103)	(21,742)
Central Government bodies	(3,567)	(4,425)
Other Local Authorities	(1,520)	(616)
Trade Creditors	(18,629)	(19,053)
Public Corporations	(661)	(412)
Other Entities & Individuals	(527)	(527)
Total Short-term Creditors	(47,007)	(46,775)

Note 14 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.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income & Expenditure Statement when the Council has an 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.

Short-term Provisions - Movement on Balances 2024-2025

	Balance at 1 April 2024	Additional Provisions made in 2024- 2025	Amounts used in 2024-2025	Unused amounts written back in 2024-2025	Balance at 31 March 2025
	£000	£000	£000	£000	£000
Municipal Mutual Insurance Claims (note 1)	(374)	(5)	0	0	(379)
Total Short-term Provisions	(374)	(5)	0	0	(379)

Notes

- For any potential shortfall in the current Scheme of Arrangement to meet any new claims.

Notes to the Principal Financial Statements

Note 15 Schools Public Private Partnership

The Council has entered into a Public Private Partnership (PPP) for the provision of educational buildings, their maintenance and related facilities. The agreement provides the Council with two secondary and two primary schools. The provider is required to ensure the availability of these buildings to a pre-agreed standard. When the agreement ends in 2040, the buildings will be handed back to the Council with a guarantee of no major maintenance requirements for a five-year period.

The Public Private Partnership agreement for the provision of school buildings, their maintenance and other facilities is accounted for in accordance with International Financial Reporting Interpretations Committee (IFRIC) 12 Service Concession Arrangements. The Council carries the assets and the associated liability to the PPP operator on its Balance Sheet. The annual amount payable to the PPP operator (the unitary charge) is apportioned between operating costs, interest payments and the repayment of debt. The property, plant & equipment of the PPP scheme are depreciated over the useful life of the assets and the associated liability to the operator is reduced by the principal repayments paid as part of the unitary charge.

The assets used to provide services at the schools are recognised on the Council's Balance Sheet. Movements in value over the year are detailed in the analysis of the movement in Note 7 Property, Plant & Equipment.

Remaining Payments under the Agreement

The Council makes payments each year, which are increased by inflation and reduced if the contractor fails to meet availability and performance standards. Payments remaining to be made under the PPP contract at 31 March 2025 (assuming an adjusted inflation rate of 2.70% and excluding any estimation of availability and performance deductions) are as follows:

	Future Payments for services (including lifecycle maintenance)	Repayment of Liability	Finance Interest Estimated Inflation	Contingent Rentals	Total
	£000	£000	£000	£000	£000
Not later than 1 year	4,756	3,351	4,442	0	12,549
Later than 1 year and not later than 5 years	23,464	13,944	15,742	0	53,150
Later than 5 years and not later than 10 years	36,495	21,690	14,410	0	72,595
Later than 10 years and not later than 15 years	39,904	33,624	6,574	0	80,102
Later than 15 years and not later than 20 years	0	0	0	0	0
Payable within 21 to 25 years	0	0	0	0	0
Total	104,619	72,609	41,168	0	218,396

Fair Value of Liability

Following the transition to IFRS16 for PPP liabilities, the carrying value of the liability now represents a reasonable estimation of the fair value. The impact of a 1% increase in the discount factor is assessed at £2.3 million and would reduce the fair value. More information on the assessment of fair values is available in Note 20 Financial Instruments.

Liabilities from PPP Arrangements

Although the payments to the provider are described as unitary payments, they have been calculated to compensate the provider for the fair value of the services they provide and the capital expenditure incurred plus the interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the provider for the capital expenditure (the outstanding finance lease obligation) is as follows:

Notes to the Principal Financial Statements

	2024-2025	2023-2024
	£000	£000
Balance outstanding at the start of the year	53,070	55,276
Payments during the year	(2,669)	(2,206)
Adjustment to PPP Lease Liability	22,208	0
Balance outstanding at year-end	72,609	53,070
Included in Balance Sheet		
~ Current	3,351	2,309
~ Non-current	69,258	50,761
	72,609	53,070

Note 16 Defined Benefit Pension Schemes

Post-Employment Benefits

The Council participates in two separate schemes; the Scottish Teachers' Pension Scheme which is administered by the Scottish Government (Note 17) and the post-employment scheme for employees other than teachers is the Local Government Pension Scheme (LGPS), administered by Strathclyde Pension Fund in respect of all local authorities and admitted bodies in the former Strathclyde area. This is a multi-employer scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent and reasonable basis. Employer's liabilities can be evaluated directly by the Actuary at any time on membership data. Individual employer assets have been apportioned to each employer since 2002. Prior to that date, each employer was considered to have the same funding as the whole Fund.

The LGPS is accounted for as a "defined benefit" scheme in accordance with International Accounting Standard 19 (IAS19). Inverclyde Council's share of the net pension liability in the Strathclyde Pension Fund and a pension reserve are recognised in the Balance Sheet. The CIES recognises changes during the year in the pension liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

The Council also has restricted powers to make discretionary awards of 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 Strathclyde Pension Fund.

Participation in Pension Schemes

Benefits

- It is a defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level to balance the pension liability with investment assets.
- A Career Average Revalued Earnings (CARE) pension scheme has been introduced from 1 April 2015. The pension accrual rate guarantees a pension that is built up at a rate of 1/49th of the pensionable pay in the financial year. The amount built up in the year is transferred to the member's Pension Account and at the end of each financial year the total in the member's Pension Account is adjusted in line with the cost of living to ensure it retains its purchasing power.

Notes to the Principal Financial Statements

- For pension contributions from 2009 to 2015, the pension is based on 1/60th of final pensionable salary and years of service, and prior to 2009, the accrual rate guarantees a pension based on 1/80th and a lump sum based on 3/80th of final pensionable pay and years of pensionable service.
- For contribution from 2009 there is no automatic entitlement to a lump sum. Members of the Pension Scheme may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004. The scheme's retirement age is the normal age for the state pension. Pensions are increased annually in line with changes to the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975.

Governance

- The Strathclyde Pension Fund is operated under the regulatory framework for the LGPS in Scotland and the governance of the scheme is the responsibility of the Strathclyde Pension Fund Committee. This Committee is comprised solely of Elected Members of Glasgow City Council. The Strathclyde Pension Fund Board meets alongside the Strathclyde Pension Fund Committee. It helps with compliance and to take account of all shareholder interests. The Board has eight members, four employer representatives and four from trade unions.
- Policy is determined in accordance with the Local Government Pension Scheme (Scotland) Regulations. Management of the Fund's investments is carried out by the Fund's Investment Advisory Panel which selects and appoints a number of external investment managers/partners and monitors their investment performance.
- Under the Regulations, employers fall into three categories, scheme employers (also known as schedule bodies) such as Inverclyde Council, community admission bodies and transferee admission bodies. Admission agreements are generally assumed to be open-ended. However, either party can voluntarily terminate the admission agreement by giving an appropriate period of notice to the other parties. Any deficit arising from the cessation valuation will usually be levied on the departing admission body as a capital payment.

Principal Risks

- The principal risks to the Scheme are the longevity assumptions, statutory changes to the Scheme, changes to inflation, bond yields and the performance of the investments held by the Scheme. The long-term funding strategy and the employer's contribution rates are reviewed triennially and take into account these factors to mitigate the risks. The taxpayer is protected from temporary swings in some of these factors (inflation, bond yields and investment performance) by the adjustments by law to the amount charged to the General Fund as detailed in Note 2.

Discretionary Post-employment Benefits

- Discretionary post-employment benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when an award is made. There are no pension plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by the Council's employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made against the Council Tax is based upon the pension contributions payable by the Council in the year, and an adjustment is made in the Movement in Reserves Statement to achieve this.

The following transactions have been included in the accounting statements in 2024-2025 and the prior year 2023-2024.

Notes to the Principal Financial Statements

	31 March 2025	31 March 2024
	£000	£000
Comprehensive Income & Expenditure Statement (CIES)		
<i>Cost of Services:</i>		
<i>Service Cost comprising:</i>		
~ Current service cost	16,214	16,584
~ Past service costs (including curtailments)	26	698
~ Unfunded benefits	0	0
<i>Financing and Investment Income and Expenditure:</i>		
~ Net interest expense	1,773	(8,469)
Total Post-employment Benefit charged to (Surplus) or Deficit on the Provision of Services	18,013	8,813
<i>Other Post-employment Benefits Charged to the CIES:</i>		
<i>Re-measurement of the net defined benefit liability comprising:</i>		
~ Expected return on pension fund assets	9,862	(37,139)
~ Actuarial (gains) or losses arising on changes in demographic assumptions	(997)	(8,284)
~ Actuarial (gains) or losses arising on changes in financial assumptions	(86,065)	(19,372)
~ Non recognition of income due to ceiling cap 2023/24 (1)	(246,941)	(163,331)
~ Non recognition of income due to ceiling cap 2024/25 (1)	316,128	235,631
~ Actuarial (gains) or losses arising on changes in experience assumptions	(6,723)	48,881
Total Post-employment Benefit Charged to the CIES	(14,736)	56,386
Movement in Reserves Statement (MiRS)		
~ Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	22,531	(38,443)
Actual amount charged against the General Fund balance for pensions in the year:		
Employers' contributions payable to Strathclyde Pension Fund	7,795	17,943

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the local authority's obligation in respect of its defined benefit plan is as follows:

	31 March 2025	31 March 2024
	£000	£000
Present value of the defined benefit obligation*	(520,130)	(589,428)
Fair value of pension fund assets	808,146	792,429
Non recognition of income due to ceiling cap (1)	(316,128)	(235,631)
Net Asset/(Liability) arising from Defined Benefit Obligation	(28,112)	(32,630)
<i>*Unfunded liabilities included in the figure for present value of liabilities</i>		
~ unfunded liabilities for Pension Fund	(17,538)	(18,440)
~ teachers' unfunded pensions	(10,574)	(10,727)
~ unfunded liabilities prior to 1996 local government reorganisation	0	(3,463)

Notes to the Principal Financial Statements

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

	2024-2025	2023-2024
	£000	£000
Opening balance at 1 April	(825,059)	(711,694)
Effect of the asset ceiling	235,631	163,331
Revised Opening balance at 1 April	(589,428)	(548,363)
Current service cost	(16,214)	(16,584)
Interest cost	(28,185)	(25,959)
Contributions by Pension Fund participants	(4,792)	(4,635)
Re-measurement gains and (losses)		
~ Actuarial gains/(losses) from changes in demographic assumptions	997	8,284
~ Actuarial gains/(losses) from changes in financial assumptions	86,065	19,372
~ Non recognition of income due to ceiling cap (1)	(316,128)	(235,631)
~ Actuarial gains/(losses) from changes in experience assumptions	6,723	(46,508)
Past service costs (including curtailments)	(26)	(698)
Settlements	0	0
Benefits paid	24,730	25,663
Closing balance at 31 March	(836,258)	(825,059)

(1) The actuarial valuation of the pension fund indicated a net pension surplus of £288m, however the full surplus is not recognised in the balance sheet, a ceiling calculation performed by Hymans Robertson indicated a ceiling value of nil for the funded element with the further unfunded deficit of £(28.112)m and this is the deficit value as shown in the balance sheet.

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

	2024-2025	2023-2024
	£000	£000
Opening fair value of pension fund assets	792,429	726,320
Interest income	37,722	34,428
Re-measurement gains and (losses):		
~ other experience	0	0
~ expected rate of return on pension fund assets	(9,862)	34,766
The effect of changes in foreign exchange rates	0	0
Contributions from employers	7,795	17,943
Contributions from employees into the scheme	4,792	4,635
Benefits paid	(24,730)	(25,663)
Closing fair value of pension fund assets	808,146	792,429

Notes to the Principal Financial Statements

Analysis of Pension Fund's Assets

Inverclyde Council Estimation's share of pension assets:

	31 March 2025			31 March 2024		
	Quoted Prices	Prices not	Totals	Quoted Prices	Prices not Quoted	Totals
	in Active	Quoted in Active		in Active	in Active Markets	
	Markets	Markets		Markets	Markets	
	£000	£000	£000	£000	£000	£000
Cash and cash equivalent	0	19,663	19,663	1,234	13,455	14,689
Equity instruments	167,417	522	167,939	160,046	174	160,220
Debt instruments	0	0	0	0		0
Real Estate	0	60,973	60,973	0	62,308	62,308
Derivatives	0	(1)	(1)	0	0	0
Private Equity	0	186,804	186,804	0	189,185	189,185
Investment Funds	2,959	369,808	372,767	3,254	362,772	366,026
Asset-backed Securities	0	0	0	0	0	0
Structured Debt	0	0	0	0	0	0
Total assets	170,376	637,771	808,146	164,534	627,894	792,428

Basis for Estimating Assets and Liabilities

The Council's share of the net obligations of the Strathclyde Pension Fund is an estimated figure based on actuarial assumptions. Liabilities 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, salary levels and inflation. Liabilities are discounted to their value at current prices, using a discount rate (currently 4.8%) based on an average of high quality corporate bonds. Assets are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, estimated fair value for unquoted securities and market price for property.

The Fund's obligation has been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2023, projected forward to 31 March 2026. The significant assumptions used by the actuary are shown in the table below. Note 37 includes a sensitivity analysis for the pension obligation based on possible changes of these assumptions occurring at the reporting date.

	2024-2025	2023-2024
Rate of increase in salaries	3.50%	3.50%
Rate of increase in pensions	2.80%	2.80%
Rate for discounting Fund liabilities	5.8%	4.8%
Take-up option to convert annual pension into retirement lump sum	50.0%	50.0%
Mortality Assumptions*:		
Longevity at 65 for current pensioners (years):		
~ Men	19.8	19.9
~ Women	22.3	22.3
Longevity at 65 for future pensioners (years):		
~ Men	20.5	20.6
~ Women	24.1	24.2

* The life expectancy figures quoted assume members aged 65 (current) and 45 (future) as at the latest formal Fund valuation date.

Notes to the Principal Financial Statements

Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of the Strathclyde Pension Fund does not have an 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 of being invested in too narrow a range. The Fund invests in equities (i.e. stocks and shares), bonds, properties 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. The triennial review set employer's contributions for Inverclyde Council at 6.5% for the period 1 April 2024 to 31 March 2026 and then 17.5% from 1 April 2026.

The Local Government Pension Scheme in Scotland moved from 1 April 2015 to a Career Average Revalued Earnings Scheme (CARE) for future accruals. The Fund is actively taking account of this and other national changes to the Local Government Pension Scheme in Scotland.

The total contributions expected to be made by the Council to Strathclyde Pension Fund in the year to 31 March 2026 is £5.192 million.

The assumed weighted average duration of the defined benefit obligations is 16 years.

Disclosures

Virgin Media Ltd vs NTL Trustees On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. The Court of Appeal upheld the High Court's ruling. The ruling may have implications for other UK defined benefit plans. It is understood this would apply to the LGPS and HM Treasury is currently assessing the implications for all public service pension schemes. No further information is available at this stage.

Notes to the Principal Financial Statements

Note 17 Post-employment Benefits: Teachers

The Scottish Teachers' Pension Scheme is administered directly by the Scottish Government and is technically a "defined benefit scheme". However the scheme is unfunded and the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. In this Statement of Accounts, it is therefore accounted for on the same basis as a "defined contribution" scheme. As a proportion of the total contributions into the teachers' pension scheme, the Council's own contributions equated to approximately 0.8% during the year ended 31 March 2024. The actual contributions for the year ended 31 March 2025 will not be published until October 2025, however the Council assumes that the percentage contribution will be similar to 31 March 2024.

In 2024-2025, Inverclyde Council paid £10.996 million in respect of teachers' retirement benefits, representing 26.0% of pensionable pay. The figures for 2023-2024 were £9.557 million and 23.2%.

Note 18 Unusable Reserves

Reserves are created by appropriating amounts from 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 within 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 process for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the authority. These reserves are explained on the following pages.

Summary of Year-end Balances

The total for Unusable Reserves in the Balance Sheet is made up of the following reserves:

	31 March 2025 £000	31 March 2024 £000
Revaluation Reserve	254,597	259,505
Capital Adjustment Account	28,328	35,992
Financial Instruments Adjustment Account	(3,003)	(3,302)
Pensions Reserve	(28,112)	(32,630)
Employee Statutory Adjustment Account	(4,549)	(4,715)
Balance at 31 March	247,261	254,850

Notes to the Principal Financial Statements

Movement on Balances – Revaluation Reserve

The Revaluation Reserve contains the unrealised gains made by the Council arising from increases in the value of its property, plant & equipment. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

	2024-2025	2023-2024
	£000	£000
Balance at 1 April	259,505	243,248
Revaluation of non-current assets not posted to the Surplus or (Deficit) on the Provision of Services	(18,152)	19,203
Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(151)	(152)
Impairments Charged to Revaluation Reserve Account	(5,868)	(15,232)
Depreciation on revaluations to Revaluation Reserve	19,263	12,438
Write back Depreciation on Disposal	0	0
Balance at 31 March	254,597	259,505

Movement on Balances – 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. Note 2 provides a summary of transactions posted to the Account during the year, apart from those involving the Revaluation Reserve.

	2024-2025	2023-2024
	£000	£000
Balance at 1 April	35,992	73,086
Items relating to capital expenditure charged to CIES:		
~ Charges for depreciation and impairment of non-current assets	(36,228)	(34,434)
~ Revenue Expenditure Funded from Capital under Statute	0	(4,968)
~ Disposals of non-current assets	(295)	(1,661)
Transfers from Revaluation Reserve	151	152
Capital financing applied in the year:		
~ Use of the Capital Receipts Reserve to finance new capital expenditure	147	160
~ Capital grants and contributions credited to the CIES that have been applied to capital financing	18,657	12,840
~ Loans Fund principal repayments	9,034	(9,770)
~ Capital financed from current revenue	870	587
Balance at 31 March	28,328	35,992

Movement on Balances – Financial Instruments Adjustment Account

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

Notes to the Principal Financial Statements

	2024-2025	2023-2024
	£000	£000
Balance at 1 April	(3,302)	(3,836)
Amount by which finance costs charged to the CIES		
Statement are different from finance costs chargeable in the year in accordance with statutory requirements	299	534
Balance at 31 March	(3,003)	(3,302)

Movement on Balances – 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 Pensions Reserve shows a significant shortfall in the benefits earned by past and current employees and the Council's share of Strathclyde Pension Fund resources available to meet them. The triennial review by the Pension Fund in 2023 set employer's contribution rates for Inverclyde Council at 6.5% for 2024/25 and 2025/26 with the rate expected to rise to 11% in 2026/27 onwards.

	2024-2025	2023-2024
	£000	£000
Balance at 1 April	(32,630)	14,626
Actuarial gains or (losses) on pension assets and liabilities	14,736	(56,386)
Reversal of items relating to net charges for retirement benefits charged to Surplus or (Deficit) on the Provision of Services in the CIES	(18,013)	(8,813)
Employers' pension contributions paid to Strathclyde Pension Fund	7,795	17,943
Balance at 31 March	(28,112)	(32,630)

Movement on Balances – Employee Statutory Adjustment Account

The Employee Statutory Adjustment 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 e.g. annual leave entitlement carried forward at 31 March.

	2024-2025	2023-2024
	£000	£000
Balance at 1 April	(4,715)	(5,087)
Settlement or cancellation of accrual made at the end of the preceding year	4,715	5,087
Amounts accrued at the end of the current year	(4,549)	(4,715)
Balance at 31 March	(4,549)	(4,715)

Note 19 Leases

Leases are classified as finance leases where the terms of the lease transfer the majority of 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.

Right of Use Assets

The Council adopted IFRS 16 from 1 April 2024, to recognise right of use assets, which meant that if the Council acts as the lessee for the lease, it would be assessed to judge whether it should come on to the balance sheet. This implementation has affected one ordinary lease as well as being applied to the Council's service concession arrangement, the Public Private Partnership Scheme (PPP).

Notes to the Principal Financial Statements

Right of use assets and lease liabilities have been calculated as if IFRS 16 had always been applied but recognised in the year of adoption and not by adjusting prior year figures.

The main impact of the new requirements is that a right of use asset and lease liability are now on the balance sheet as at 1 April 2024. Leases for items of low value and leases that expire within 12 months of 31 March 2025 are exempt from IFRS 16 disclosure requirements.

The Council as Lessee

Finance Leases

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at their fair value measured at the lease's inception. The asset recognised has a corresponding liability to pay the lessor.

Operating Leases

Rentals paid under operating leases are charged to the appropriate service account in the CIES as an expense of the services benefitting from use of the leased property over the term of the lease.

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property, the asset is retained in the Balance Sheet.

Operating Leases, Inverclyde Council as Lessee

The Council leases various properties as tenant on a variety of lease terms that are accounted for as operating leases. The rentals in 2024-2025 were £0.073 million (2023-2024: £0.073 million) and this expenditure has been included in the CIES. The rental commitments in future years under non-cancellable leases are shown in the table below.

	Future Rental Payable	
	31 March 2025	31 March 2024
	£000	£000
Not later than one year	69	68
Later than one year and not later than five years	118	128
Later than five years	266	295
	453	491

Operating Leases, Inverclyde Council as Lessor

The Council has granted commercial leases for properties to various tenants on a variety of lease terms. These arrangements are accounted for as operating leases.

The rental income receivable in 2024-2025 was £0.764 million (2023-2024 £0.774 million) and is included in the CIES. The rents receivable under non-cancellable leases in future years are shown in the table below.

	Future Rental Receivable	
	31 March 2025	31 March 2024
	£000	£000
Not later than one year	665	687
Later than one year and not later than five years	1,286	1,457
Later than five years	1,553	1,826
	3,504	3,970

Note 20 Financial Instruments

Fair Value Measurement

The Council measures the carrying value of some of its non-financial assets, mostly surplus assets, at fair value at each reporting date. Fair value is broadly the amount for which an asset could be exchanged or a liability settled. The Council uses valuation techniques that are appropriate to the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted in active markets) for identical liabilities (or assets) that the local authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the liability (or asset) either directly or indirectly.
- Level 3 inputs – unobservable inputs for the liability (or asset).

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. 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 authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their 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 all financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) in addition to any adjustment to the Financial Instrument Adjustment Account and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model

The authority recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors), lease receivables and contract assets held by the authority. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment (Income) and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes contractually obliged by the financial instrument and the liabilities are measured at fair value and then carried at their amortised cost. 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, Scottish Government regulations permit the costs of restructuring to be released to revenue over the period of the replacement.

Notes to the Principal Financial Statements

Categories of Financial Instruments

The following categories of financial instruments were carried in the Balance Sheet; all financial instruments are classified as Amortised Cost:

	Non-Current		Current	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000	£000	£000	£000
Investments				
Loans and receivables	0	0	56	53
Cash and Cash Equivalents				
Cash and Cash Equivalents	0	0	4,677	5,786
Debtors				
Loans and receivables (note 1)	174	239	8,436	13,278
Borrowings				
Financial Liabilities at amortised cost	(148,733)	(163,942)	(26,857)	(19,570)
Other Long Term Liabilities				
PPP and finance lease liabilities	(69,322)	(50,761)	(3,357)	(2,309)
Creditors				
Financial Liabilities at amortised cost (note 2)	0	0	(25,038)	(22,015)

Notes

1. Of the items on the Balance Sheet, Short-term Loans and Receivables net of £5.930 million (2023-2024 £3.860m) are not regarded as Financial Instruments.
2. Of the items on the Balance Sheet, Short-term Financial Liabilities net of £21.969 million (2023-2024 £24.760m) are not regarded as Financial Instruments.

Reclassifications

The adoption of IFRS 9 has had no impact on the classification of financial assets and they continue to be held as amortised costs as they were under IAS 39. There has been no movement in opening balances as a result of transition to IFRS 9.

Collateral

The Council holds collateral as security against certain lending and debt due. This takes the form of mortgages on dwelling houses for loans as “lender of last resort” to assist owners to buy or improve their homes and “rolled-up” debt for care home charges due by social work clients, payable on their death or when the house is sold.

Income, Expense, Gains and Losses

There was interest expenditure of £7.140 million (2023-2024 £6.998 million) and interest income of £0.666 million (2023-2024 £1.105 million) that were recognised in the CIES for the year.

Fair Values of Financial Assets and Financial Liabilities

All financial assets (represented by lending and long-term debtors) and financial liabilities (represented by borrowing and long-term creditors) are carried in the Balance Sheet at amortised cost. In such cases, the Code requires a set of additional disclosures about the fair value of these assets and liabilities. Fair value is broadly the amount for which an asset could be exchanged or a liability settled. Further information about how the Council has assessed fair value (and the fair value hierarchy) is provided below.

Notes to the Principal Financial Statements

The fair values calculated (and compared to carrying values) are as follows:

Financial Assets	31 March 2025		31 March 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Loans and receivables - deposits with banks	56	56	53	53
Loans and receivables - cash and cash equivalents	4,677	4,677	5,786	5,786
Long-term debtors	174	174	239	239
Short-term debtors (at cost)	8,436	8,436	13,278	13,278
TOTAL	13,343	13,343	19,356	19,356

The fair value of loans and receivables – deposits with banks will be higher than the carrying amount where the Council's portfolio of investments includes fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date.

Financial Liabilities	31 March 2025		31 March 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Borrowing - PWLB & Non-PWLB Debt	175,590	147,650	183,512	165,527
School PPP Lease	72,609	72,609	53,070	58,599
Finance Leases (IFRS 16)	70	70	0	0
Short-term creditors (at cost)	25,038	25,038	22,015	22,015
TOTAL	273,307	245,367	258,597	246,141

The fair value for borrowing is different from the carrying amount because the Council's borrowing figure includes loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. A commitment to pay interest above the current market rates increases the amount the Council would have to pay if the lender requested or agreed to early repayment of the loans. Following the transition to IFRS 16, Finance Leases are included and for PPP liabilities the carrying value of the liability now represents a reasonable estimation of the fair value.

Fair Value Hierarchy for Financial Assets and Financial Liabilities

The Council uses Level 2 inputs for all its fair value calculations for financial assets and financial liabilities, with the exception of cash and cash equivalents, debtors and creditors that are carried at cost as this is considered a fair approximation of their value. This is considered most appropriate to the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Principal Financial Statements

	31 March 2025	31 March 2024
	Level 2	Level 2
	(Other Significant Observable Inputs)	(Other Significant Observable Inputs)
	£000	£000
<i>Recurring fair value measurements using:</i>		
Financial Assets		
Loans & receivables	56	53
Total	56	53
Financial Liabilities		
Financial Liabilities held at amortised cost		
- PWLB & Non-PWLB Borrowings	147,650	165,527
- PPP Finance Lease Liabilities	72,609	58,599
- Finance Leases (IFRS 16)	70	0
TOTAL	220,329	224,126

The fair values of the above financial assets and financial liabilities in the above table have been arrived at using a discounted cash flow technique with the most significant inputs being the discount rate. The fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following methodology and assumptions:

- The valuation date is 31 March 2025
- No early repayment or impairment is recognised
- The discount factor used in the NPV calculations is the comparable new borrowing or deposit rate of the same financial instruments from a comparable lender with a published market rate at the valuation date, using bid process where applicable. A consistent approach has been applied to assets and liabilities.
- For all Public Works Loan Board (PWLB debt), the new borrowing rate at 31 March has been used as the discount rate.
- The fair values include accrued interest up to and including the valuation date.
- Where an instrument will mature within the next twelve months, carrying amounts are assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- The fair value of the schools PPP liability from 2024-2025 is the carrying amount under IFRS 16.

In the above tables, the Council has used discount rates for PWLB and Non-PWLB Borrowing based on rates chargeable for new borrowing. If, however, the Council was to use interest rates that would be charged for early repayment of the loans then the fair value would increase from £147.650 million to £171.446 million (including penalty costs). The Council has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

Note 21 Nature and Extent of Risks Arising from Financial Instruments

The Management of Treasury Risk by the Council

The Council's activities expose it to a variety of financial risks:

- 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 funds available to meet its commitments to make payments;
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's management of treasury risk actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council manages its risk by various means including:

Notes to the Principal Financial Statements

- A full and formal adoption of the requirements of CIPFA's Treasury Management in the Public Services: Code of Practice and by the adoption of a Treasury Policy Statement and treasury management clauses within the Council's financial regulations;
- The adoption of written principles for overall risk management and rigorous observance of the written policies and procedures;
- The approval annually in advance of Prudential Indicators for the forthcoming four years;
- The approval of an investment strategy for the forthcoming year;
- Regular reporting to the members of the Policy & Resources Committee and the full Council on treasury matters.

Management of Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposure to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution.

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

The Council's maximum exposure to credit risk in relation to its deposits in banks and building societies of £5.941 million 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 the Council deposits, but there is no evidence at 31 March 2025 that this is likely to crystallise.

Credit limits were not exceeded during the year. The Council expects full repayment on the due date of deposits placed with its counterparties.

The Council has a potential maximum credit risk exposure (expected credit loss) of £6.502 million (2023-2024 £6.268 million) from debtors excluding Council Tax. This estimate is based on past experience and current market conditions.

The Council does not generally allow credit for customers, such that £14.938 million of the £15.112 million debtors regarded as Financial Instruments is past its due date for payment. The past due amount can be analysed by age as shown in the following table. The Council has made provision for the loss of income based on previous experience.

	31 March 2025 £000	31 March 2024 £000
Less than three months	13,334	18,069
Three to six months	280	210
Six months to one year	170	234
More than one year	1,154	1,033
	14,938	19,546

Management of Liquidity Risk

The Council has a responsive system of safeguards for the management of cash flow that seeks to ensure that cash is available as needed. The Council has ready access to borrowings from market loans and the UK Treasury's Public Works Loan Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has secure safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The Council's policy is to ensure that no more than 25% of loans are due to mature within any financial year through a combination of prudent planning of new loans and, where

Notes to the Principal Financial Statements

it is economic to do so, making early repayments. Any amendments to these policies, whether short-term or long-term, require the prior approval of the Policy & Resources Committee. The maturity analysis of financial liabilities is as follows:

	31 March 2025 £000	31 March 2024 £000
Less than one year	55,256	43,899
Later than 1 year and not later than 2 years	12,752	24,750
Later than 2 years and not later than 5 years	24,518	9,324
Later than 5 years and not later than 10 years	37,349	40,221
Later than 10 years and not later than 30 years	40,805	32,634
Later than 30 years and not later than 50 years	62,627	67,769
Over fifty years	40,000	40,000
	273,307	258,597

Management of Market Risk

The key area of market risk for the Council is in terms of its exposure to interest rate movements on its borrowings and investments. Changes in interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council:

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 45% of what it borrows.
- During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.
- The Council takes daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and the restructuring of existing borrowings.

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2025, with all other variables held constant.

	31 March 2025 £000	31 March 2024 £000
Impact on taxpayer		
Increase on interest payable on variable rate borrowings	245	295
Increase in interest receivable on variable rate lending	(59)	(71)
Net effect on Comprehensive Income & Expenditure Statement	186	224
Other presentational changes		
A decrease in the "fair value" of fixed rate borrowing (disclosure confined to the Notes to the Accounts)	(10,864)	(12,954)
	(10,864)	(12,954)

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

Other areas of market risk are price risk and foreign exchange risk. The Council has no exposure to these risks through its treasury activities. The Council does not invest in equity shares and consequently is not exposed to gains or losses arising from movements in the prices of shares. The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Notes to the Principal Financial Statements

Note 22 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 and balances allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The Scottish Government

The Scottish Government has significant influence over the general operations of the Council, being responsible for providing the statutory framework within which the Council operates. The Scottish Government also provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (such as Council Tax bills and Housing Benefits). Grants received from the Scottish Government are disclosed in Note 5 Taxation and Non-specific Grant Income on pages 39-40.

Elected Members

Elected Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024-2025 is shown on page 25 within the Remuneration Report. There are no other significant related party transactions with members of the Council. Elected Members are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest. Should this arise, the relevant Member does not take part in any discussion or decision relating to that interest. The Register of Interests of each Member is available on the Councils' website <http://www.inverclyde.gov.uk/council-and-government/councillors/>.

Senior Officers

Senior Officers, as listed within the Remuneration Report on page 22, are required to declare an interest if he or she believes that there may be a perception that their decision making may be influenced in any way by a personal interest.

Entities Controlled or Significantly Influenced by the Council

The Council has entered into a number of transactions under subsidiaries, associates and other trading arrangements deemed to be a related party mainly through the Council's ability to exert influence over the entity through its representation on the respective Boards. The relevant transactions with the bodies are detailed below.

	2024-2025				2023-2024			
	Income from Related Parties	Expenditure to Related Parties	Amounts Due to Related Parties	Amounts Owed by Related Parties	Income from Related Parties	Expenditure to Related Parties	Amounts Due to Related Parties	Amounts Owed by Related Parties
	£000	£000	£000	£000	£000	£000	£000	£000
Inverclyde Leisure Limited*1	(59)	956	(33)	855	(60)	827	(111)	1,197
Riverside Inverclyde Limited*1	(314)	13	(3)	63	(316)	13	0	51
Inchgreen Marine Park Ltd*1	0	0	0	0	0	5,440	0	349
Greenock Arts Guild Ltd (the Beacon Arts Centre)	(10)	251	0	0	(13)	208	(2)	0
Inverclyde Community Development Trust	(5)	1,274	(171)	0	(6)	1,682	(119)	0
River Clyde Homes	(57)	480	(54)	2	(39)	481	(34)	0

Notes:

*1 Further details of these entities are disclosed in the Group Accounts Note 30 Combining Entities.
Grants from government are disclosed in Note 5 Taxation and Non-specific Grant Income.

Notes to the Principal Financial Statements

Inverclyde Integration Joint Board

Inverclyde Integration Joint Board was established on 27 June 2015. The Council provides assistance in kind in terms of Board staff (Chief Officer) and administrative support for the operation of the Board. Delegation of resources by the Council to the Board was with effect from 1 April 2016.

Strathclyde Pension Fund

The Council is an admitted body to the local government pension scheme and has made payments as shown in Note 16 Defined Benefit Pension Schemes on pages 50-55.

Joint Boards

The Council is a member of the Joint Boards for Valuation, Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme. The Council's contributions are disclosed in the Group Accounts Note 30 Combining Entities on pages 81-82.

Note 23 Agency Services

Where the Council acts as an agent for another entity, transactions are not reflected in the Council's financial statements, with the exception of cash collected or expenditure incurred by the Council on behalf of the other entity, in which case there is a debtor or creditor position in the balance sheet for amounts due or owed.

The Council bills and collects Non-Domestic Rates on behalf of the Scottish Government. During 2024-2025 the Council collected £21.0 million and contributed £1.2 million to the Non-Domestic Rates pool (2023-2024 £19.6 million and £(0.4) million). The Council also bills and collects domestic water and sewerage charges on behalf of Scottish Water with the Council Tax. During 2024-2025 the Council collected and paid over £14.801 million (2023-2024 £13.622 million) and received £0.341 million (2023-2024 £0.329 million) for providing this service.

Note 24 Contingent Assets and Liabilities

A contingent liability or asset arises where an event has taken place that gives the Council a possible obligation or benefit 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 or assets also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow/inflow of resources will be required or the amount of the obligation/benefit cannot be measured reliably. Contingent liabilities and assets are not recognised in the Balance Sheet but disclosed in a Note to the Accounts where they are deemed material.

The Council transferred the bulk of its housing stock and some areas of land for the development of social housing to River Clyde Homes in December 2007. The Council retains the risk of any contamination present when the land transferred. The extent of any potential remedial work has not been assessed.

An EU ruling has highlighted that the Council may have some liability in respect of additional Holiday Pay entitlement. The extent of this liability cannot be assessed at this stage.

The removal of the limitation period for childhood abuse claims could result in a liability to the Council. The extent of any claims and resultant liability is unknown at this stage.

The Council agreed to act as sponsor with respect to Inverclyde Leisure's admission to the Strathclyde Pension Fund. In the event of the organisation ceasing to exist the Council will assume any liability for non-funded costs.

A Legal ruling regarding transitional provisions in public sector pensions schemes being unlawfully age discriminatory may impact on the pension liability and service cost. The extent of any impact is not known at this stage.

The Council has outstanding Employment Tribunals, if the Employees' action is successful will result in a liability to the Council.

A recent circular from the Scottish Public Pensions Agency (Local Government Pension Scheme 2020/04) refers to a ruling that same-sex survivors were originally entitled to survivor benefits, taking into account the member's service from 6 April 1978. Following the Goodwin Tribunal, regulatory amendments will now need to be made with effect from the same date to extend that entitlement to male survivors of female members. While this could have a financial impact on future years' costs, any impact cannot be quantified. Given the uncertainty, no provision has been made in the Accounts.

The Council are aware River Clyde Homes are considering leaving the Strathclyde Pension Fund which will require Council approval and could have financial implications for the Council although they are unknown at this stage.

The Council is in receipt of funding for 3 major capital projects through the Glasgow and Clyde Valley City Deal with the Council progressing the projects initially with the grant being reimbursed over a 20 year period. In the event that certain targets are not met there is the potential that future grant may be reduced increasing the funding required from the Council. There is no indication at this stage that future grants will be reduced.

The Council has ongoing legal action with regard to a challenge to a Council Tax case which could result in a liability to the Council.

The Council is unaware of any other material contingent asset or liability at 31 March 2025.

Note 25 Events after the Balance Sheet Date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the financial statements where there is evidence that the event relates to the reporting period; otherwise the financial statements are not adjusted, and where the amount is material, a disclosure is made in the notes. The Interim Chief Financial Officer issued the unaudited Statement of Accounts on 26 June 2025. There have been no material events after the balance sheet date which necessitate revision of figures in the financial statements or notes thereto including contingent assets or liabilities.

Notes to the Principal Financial Statements

Note 26 Cash Flow Statement – Operating Activities

	2024-2025	2023-2024
	£000	£000
Net surplus or (deficit) on the Provision of Services	(18,068)	(16,982)
Adjustments to net surplus or (deficit) on the provision of services for non-cash movements		
Depreciation, amortisation & impairment	36,228	34,434
Net (gain) or loss on non-current assets	(270)	(108)
Movement in pension liability	10,218	(9,130)
(Increase) or decrease in inventories	46	40
(Increase) or decrease in debtors	2,837	2,092
Increase or (decrease) in creditors and provisions	1,122	(11,433)
	50,181	15,895
Adjustments for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities		
Non-cash borrowing movements	(424)	(326)
Non-cash investing movements	(1)	(11,776)
	(425)	(12,102)
Net cash flow from Operating Activities	31,688	(13,189)

The net cash flow from Operating Activities in the above table includes the following elements of interest paid and received:

	2024-2025	2023-2024
	£000	£000
Interest received	685	1,452
Interest paid	(7,747)	(7,196)
Interest element of finance lease and PPP payments	(4,943)	(4,998)
Net cash flow from Servicing of Finance	(12,005)	(10,742)

Note 27 Cash Flow Statement – Investing Activities

	2024-2025	2023-2024
	£000	£000
Purchase of property, plant and equipment and intangible assets	(22,942)	(15,761)
Purchase of short-term and long-term investments	(8,002)	(15,053)
Other payments for investing activities	0	0
Proceeds from sale of property, plant and equipment and intangible assets	566	1,767
Proceeds from short-term and long-term investments	8,000	37,000
Other receipts from investing activities	0	0
Net cash flows from investing activities	(22,378)	7,953

Note 28 Cash Flow Statement – Financing Activities

	2024-2025	2023-2024
	£000	£000
Cash receipts of short-term and long-term borrowing	15,002	54,537
Cash payments for the reduction of the outstanding liabilities relating to finance leases for schools PPP contracts	(2,921)	(2,206)
Repayment of short-term and long-term borrowing	(22,500)	(57,435)
Net cash flows from financing activities	(10,419)	(5,104)

Note 29 Reconciliation of Liabilities arising from Financing Activities

	2023-2024 31 March	Financing cash flows	Non-cash changes		2024-2025 31 March
			Acquisition	Other non-cash changes	
	£000	£000	£000	£000	£000
Long-term borrowings	163,942	(15,000)	0	(209)	148,733
Short-term borrowings	19,570	7,500	0	(213)	26,857
PPP liability	53,070	(2,669)	0	22,208	72,609
IFRS 16 Lease Liability	0	(6)	0	76	70
Total liabilities from financing activities	236,582	(10,175)	0	21,862	248,269

Council Tax Income Account

The Council Tax Income Account shows the gross income raised from Council Taxes levied and deductions made under statute. Councils raise taxes from residents by way of Council Tax, which is based on property values. Each dwelling house in a local authority area is placed into one of eight bands A to H with band A being the lowest. The Council declares a tax for Band D properties and all other properties are charged a proportion of this. Lower valued properties pay less; higher valued properties pay more. The net income is transferred to the Comprehensive Income & Expenditure Statement of the Council. Council Tax Reduction (CTR) was introduced from 1 April 2013. The reduction in income is disclosed in a separate line in the table below.

	2024-2025	2023-2024
	£000	£000
Gross Council Tax levied and contributions in lieu	52,448	51,198
Adjustment Council Tax Reduction Scheme	(7,917)	(7,262)
Less:		
Other discounts and reductions	(7,644)	(7,312)
Write offs	(10)	(8)
Impairment Allowance for doubtful debts	(1,184)	(1,176)
Net Council Tax income	35,693	35,440
Add/(Less) Prior years' Council Tax adjustments	344	(106)
Net Council Tax income transferred to General Fund	36,037	35,334

Calculation of the Council Tax Base

	No. Of Dwellings	No. Of Exemptions	*Disabled Transfer to Lower Band	*Disabled Transfer from Higher Band	Discounts 25%	Discounts 10%-50%	Total Effective No. Of Dwellings	Council Tax Reduction Scheme	Proportion of Band D	Band D Equivalents
Band A*				27	12	0	24	8	200/360	9
Band A	18,970	1,545	27	23	8,827	495	14,967	4,537	240/360	6,953
Band B	6,289	294	23	17	2,998	57	5,211	1,362	280/360	2,994
Band C	3,838	122	17	15	1,491	40	3,321	661	320/360	2,364
Band D	3,548	105	15	25	1,229	40	3,126	259	360/360	2,867
Band E	3,698	88	25	15	978	35	3,338	97	473/360	4,258
Band F	1,932	26	15	6	401	10	1,792	35	585/360	2,855
Band G	1,433	24	6	1	243	9	1,339	10	705/360	2,603
Band H	218	2	1	0	25	1	208	1	882/360	507

* Disabled Relief: Disabled relief takes the form of a drop in valuation band e.g. Band D to Band C and is applied where a house has been modified to meet the needs of a disabled person who lives there.

Contributions in Lieu - Band D equivalents	2
Total	25,412
Impairment Allowance for doubtful debt at 3%	(762)
Council Tax Base	24,650

Council Tax Income Account

Calculation of the Council Tax

Dwellings fall within a valuation band between A to H based on the value as determined by the Assessor. The Council Tax charge is calculated using the Council Tax base i.e. band D equivalents. This amount is then decreased or increased dependent on the band as is illustrated below. The band D charge for 2024-2025 was £1,547.01.

	£ Per Year
Band A	1,031.34
Band B	1,203.23
Band C	1,375.12
Band D	1,547.01
Band E	2,032.60
Band F	2,513.89
Band G	3,029.56
Band H	3,790.17

The Council Tax bill is reduced by 25% where a dwelling has only one occupant, by 100% where the property is empty, whilst an increased charge of 100% was imposed on long term empty properties. Total exemptions are available if all the occupants are students, all occupants are under 18 years of age or if all of the occupants are severely mentally impaired.

Charges for water and sewerage are the responsibility of Scottish Water. Inverclyde Council collects total monies and makes a precept payment to the Water Authority on the basis of collection levels based on a pre-determined formula. The above figures exclude the water and sewerage charges.

Non-Domestic Rates Income Account

The Non-Domestic Rates Income Account is an agent's statement that reflects the statutory obligation for billing Authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net Non-Domestic Rate income plus the contribution to the Council from the national Non-Domestic Rate pool is transferred to the Comprehensive Income & Expenditure Statement of the Council. The Non Domestic Rates Incentivisation Scheme (NDRIS) was introduced from April 2012 and allows Councils that exceed their annual business rates target to retain 50% of any additional income. In accordance with guidance, the table below discloses this element of the Non-Domestic Rate income as "income retained by the Council". The local target set for 2024-2025 was 0.8%, the Council is not due any additional income for the year.

The amount deemed to be collected locally was £20.298m (£21.333m 2023-2024). The sum collected locally and contributed to the pool was £19.823m (£19.929m 2023-2024).

	2024-2025	2023-2024
	£000	£000
Gross rates levied	30,425	29,256
Relief and other remissions	(8,249)	(8,390)
Payment of interest	0	0
Provision for bad and doubtful debts	(1,143)	(1,314)
Net non-domestic rate income	21,033	19,552
Adjustments for years prior to introduction of national non-domestic rate pool	0	0
Non-domestic rates income retained by authority	0	0
Contribution from/(to) national non-domestic rate pool	(1,210)	377
Net non-domestic rate income transferred to General Fund	19,823	19,929

	2024	2023
	£000	£000
Rateable values at 1 April		
Commercial	26,744	26,504
Industrial / freight transport	8,323	8,265
Others	21,812	22,008
	56,879	56,777

The nature and amount of each rate fixed

The rates for each subject is determined by the rateable value placed upon it by the Assessor multiplied by the rate per £ announced each year by the Scottish Government. For 2024-2025 the charge was 49.8p in the £ for properties with a rateable value under £51,000. An intermediate rate of 54.5p in the pound for properties with a rateable value of between £51,001 and £100,000. For properties with a rateable value over £100,001 the charge was 55.9p in the £.

Common Good Fund

The Common Good, administered by the Council, must be applied for the benefit of the people of Inverclyde. The figures below summarise the income and expenditure for the year as well as providing a snapshot of the assets and liabilities as at 31 March 2025. Each year, applications for funding support are considered by the Council's Policy & Resources Committee.

Summary Income and Expenditure Account for the Year Ended 31 March 2025

2023-2024		Usable Reserves:		Unusable Reserves:	2024-2025
£000		Revenue	Revaluation Reserve		Total
		£000	£000		£000
251	Gross Expenditure	530	0		530
(195)	Gross Income	(202)	0		(202)
56	Cost of Service	328	0		328
0	Interest Payable and Similar Charges	0	0		0
(7)	Interest and Investment Income	(8)	0		(8)
(7)	Financing and Investment Income and Expenditure	(8)	0		(8)
49	(Surplus) or Deficit on Provision of Services	320	0		320
	Other Income and Expenditure				
55	Unrealised gains on revaluation of land and buildings	0	0		0
(695)	Assets transferred from Inverclyde Council	0	(1)		(1)
(591)		320	(1)		319
	Transfers between Reserves				
0	Transfer to/from Revaluation Reserve	(316)	316		0
(591)	(Increase) or Decrease in the Year	4	315		319
(1,417)	Balance on Reserves brought forward	(158)	(1,850)		(2,008)
(2,008)	Balance on Reserves carried forward	(154)	(1,535)		(1,689)

Balance Sheet at 31 March 2025

31 March 2024		Notes	31 March 2025
£000			£000
	Non-current Assets		
1,850	Property, Plant & Equipment	1	1,535
	Current Assets		
2	Short-term investments		2
7	Short-term debtors		17
149	Deposits up to 3 months with Inverclyde Council		135
	Current Liabilities		
0	Overdraft up to 3 months with Inverclyde Council		0
2,008	Net Assets		1,689
158	Usable Reserves: Revenue Reserve		154
1,850	Unusable Reserves: Revaluation Reserve		1,535
2,008	Total Reserves		1,689

Notes to the Common Good

1. Property, Plant & Equipment

	2024-2025 Other Land & Buildings £000	2023-2024 Other Land & Buildings £000
Cost or Valuation		
At 1 April	2,065	1,425
Disposals in year	0	0
Revaluation Adjustments to Revaluation Reserve		(55)
Other reclassifications*	(211)	695
At 31 March	1,854	2,065
Depreciation and Impairment		
At 1 April	215	132
Depreciation charge for the year		83
Depreciation on revaluation to the revaluation reserve	315	
Other reclassifications*	(211)	
At 31 March	319	215
Balance Sheet amount at 31 March	1,535	1,850

The values above relate to various buildings and land, mostly commercial properties in Port Glasgow. The majority of land and buildings of the Common Good require, under accounting regulations, to be disclosed on the Balance Sheet of the Council and accordingly are not included in the Common Good's Balance Sheet. The Council is the managing agent and is responsible for all costs and any income of these managed assets. A revaluation of Common Good land and buildings took place at 31 March 2023.

2. Operating Leases

The Common Good has granted commercial leases for properties to various tenants on a variety of lease terms. These arrangements are accounted for as operating leases. The rental income receivable in 2024-2025 was £0.193 million (2023-2024 £0.190 million) and is included in the Summary Income & Expenditure Account. The rents receivable under non-cancellable leases in future years are shown in the table below. (These figures do not include rents that are contingent upon events taking place after the lease was entered into, such as adjustments following rent reviews).

	Future Rental Income Receivable	
	31 March 2025	31 March 2024
	£000	£000
Not later than one year	188	190
Later than one year and not later than five years	383	432
Later than five years	185	237
	756	859

Trust Funds

The Council administers 4 trust funds, 1 of which is a registered Scottish charity. The funds do not represent assets of the Council and as such have not been included in the Council's Balance Sheet but are consolidated as part of the Group Accounts on Pages 77-83. The reserves of the trusts for 2024-2025 are as follows:

	2024 - 2025				2023-2024
	Income	Expenditure	Revaluations	Reserves	Reserves
	£000	£000	£000	£000	£000
1. The Birkmyre Trust	32	9	(9)	1,403	1,389
To ensure the availability of recreational facilities within the Birkmyre Park, Kilmacolm.					
2. The Watt Institution Trust	2	8	0	46	52
For the maintenance, preservation, repair, improvement and furnishing of the Watt Library and McLean Museum and Art Gallery.					
3. McLeod Trust Port Glasgow High School	2	7	0	41	46
To provide scholarships for pupils of Port Glasgow High School from disadvantaged backgrounds or with no history of further education.					
4. Peter Stanton Memorial Trust (SC021862)	1	0	0	29	28
For the promotion of recreational or other leisure activities for disabled persons in Inverclyde.					
Total Trust Funds	37	24	(9)	1,519	1,515

Group Comprehensive Income & Expenditure Statement

The Group Comprehensive Income & Expenditure statement shows the accounting cost in the year of providing the Council's services and its share of the results of its subsidiaries, associates and joint ventures in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting costs. The taxation position is shown in the *Group Movement in Reserves Statement*.

2023-2024				2024-2025		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
132,753	(16,047)	116,706	Education	143,217	(7,793)	135,424
9,700	(477)	9,223	Communities	6,710	(359)	6,351
67,989	(24,150)	43,839	Environment & Regeneration	53,237	(18,330)	34,907
172,385	(101,446)	70,939	Health & Social Care	181,090	(102,609)	78,481
41,366	(24,048)	17,318	Policy & Resources	42,534	(23,812)	18,722
6,552	(5,978)	574	Subsidiaries	7,243	(6,142)	1,101
430,745	(172,146)	258,599	Cost of Services	434,031	(159,045)	274,986
			Other Operating Expenditure and (Income) -			
		(108)	(Gain)/Loss on disposal of non-current assets			(270)
		2,392	Financing and Investment (Income) and Expenditure (Note 4)			14,864
		(244,094)	Taxation and Non-specific Grant Income (Note 5)			(271,308)
	16,789		(Surplus) or Deficit on the Provision of Services			18,272
	1,025		Share of the (surplus) or deficit on the provision of services by associates and joint ventures (Note 31)			(145)
	17,814		Group (Surplus) or Deficit			18,127
		(19,314)	(Surplus) or deficit on the revaluation of non current assets			(23,568)
		2,905	Impairment losses on non-current assets charged to the Revaluation Reserve			28,322
		57,724	Remeasurement of the net defined benefit pensions liability (Note 16)			(12,283)
		1,246	Share of other Comprehensive (Income) and Expenditure of associates and joint ventures (Note 31)			(267)
	42,561		Other Comprehensive (Income) & Expenditure			(7,796)
	60,375		Total Comprehensive (Income) & Expenditure			10,331

Group Balance Sheet

The Balance Sheet is a snapshot of the value at the 31 March 2025 of the assets and liabilities recognised by the Council and of its share of the net assets or liabilities of its associates and joint ventures. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The net investment or liability in its associates and joint ventures is matched by its share of the reserves of the subsidiaries, associates and joint ventures (i.e. its group reserves).

31 March 2024		Note	31 March 2025
£000			£000
579,173	Property, Plant & Equipment		583,252
19,417	Heritage Assets		19,420
3	Intangible Assets		0
31,342	Investments in Associates	32	32,090
28	Long-term Debtors		13
629,963	Non-current Assets		634,775
108	Short-term Investments		100
1,330	Assets Held for Sale		1,090
364	Inventories		316
16,600	Short-term Debtors		14,038
6,539	Cash and Cash Equivalents		5,684
24,941	Current Assets		21,228
(19,272)	Short-term Borrowing		(26,548)
(46,778)	Short-term Creditors		(47,458)
(374)	Short-term Provisions		(379)
0	Short-term Lease Creditor IFRS 16		(6)
(2,309)	Short-term Finance Leases		(3,351)
(68,733)	Current Liabilities		(77,742)
0	Long-term Lease Creditor IFRS 16		(64)
0	Long-term Provisions		0
(163,942)	Long-term Borrowing		(148,733)
0	Liabilities in Associates	32	0
(831)	Government Grants Deferred		(1,716)
	Other Long-term Liabilities:		
(50,761)	Finance Leases		(69,258)
(25,142)	Pensions		(18,100)
(240,676)	Long-term Liabilities		(237,871)
345,495	Net Assets/(Liabilities)		340,390
47,709	Usable Reserves of the Council		47,212
254,850	Unusable Reserves of the Council		247,261
	Usable Reserves, Share of Reserves of Subsidiaries, Associates and		
18,414	Joint Ventures		20,295
	Unusable Reserves, Share of Reserves of Subsidiaries, Associates and		
24,522	Joint Ventures		25,622
345,495	Total Reserves		340,390

These accounts were approved by the Council on the 26th June 2025 and are signed on their behalf by:

Angela Edmiston
Interim Chief Financial Officer

Group Movement in Reserves Statement

This statement shows the movement in the year on the reserves held by the Council plus its share of the reserves of its associates and joint ventures. The Council's reserves are analysed into those which are "Usable Reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Council's share of the reserves of its Subsidiaries, Associates and Joint Ventures is an unusable reserve (i.e. it cannot be used to fund expenditure or reduce taxation).

Year Ended 31 March 2025

	Council Usable Reserves				Council Unusable Reserves £000	Share of Subsidiaries, Associates & Joint Ventures Usable Reserves £000	Share of Subsidiaries, Associates & Joint Ventures Unusable Reserves £000	Total Group Reserves £000
	General Fund Balance £000	Other Revenue Reserves £000	Capital Reserves £000	Total Usable Reserves £000				
Balance at 31 March 2024	38,497	7,507	1,705	47,709	254,850	18,414	24,522	345,495
Restatement due to change in % share in 2024-2025	38,497	7,507	1,705	47,709	254,850	18,451	24,821	345,831
Movement in Reserves during 2024-2025								
Surplus or (Deficit) on Provision of Services	(18,068)	0	0	(18,068)	9,982	2,498	119	(5,469)
Other Comprehensive (Expenditure) and Income	0	0	0	0	0	304	(276)	28
Total Comprehensive (Expenditure) and Income	(18,068)	0	0	(18,068)	9,982	2,802	(157)	(5,441)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	15,472	0	1,679	17,151	(17,151)	58	(58)	0
Net Increase or (Decrease) before Transfers to/from Other Statutory Reserves	(2,596)	0	1,679	(917)	(7,169)	2,860	(215)	(5,441)
Transfers (to) and from Other Statutory Reserves	(569)	555	434	420	(420)	(1,016)	1,016	0
Increase or (Decrease) in the Year	(3,165)	555	2,113	(497)	(7,589)	1,844	801	(5,441)
Balance at 31 March 2025 Carried Forward	35,332	8,062	3,818	47,212	247,261	20,295	25,622	340,390

Comparative Figures for Year Ended 31 March 2024

	Council Usable Reserves				Council Unusable Reserves £000	Share of Subsidiaries, Associates & Joint Ventures Usable Reserves £000	Share of Subsidiaries, Associates & Joint Ventures Unusable Reserves £000	Total Group Reserves £000
	General Fund Balance £000	Other Revenue Reserves £000	Capital Reserves £000	Total Usable Reserves £000				
Balance at 31 March 2023	26,892	8,045	2,175	37,112	324,049	20,047	22,946	404,154
Restatement due to change in % share in 2023-2024	27,428	7,878	2,175	37,481	322,037	20,040	22,946	402,504
Movement in Reserves during 2023-2024								
Surplus or (Deficit) on Provision of Services	(16,982)			(16,982)	(39,977)	(962)	(143)	(58,064)
Other Comprehensive (Expenditure) and Income						119	1,032	1,151
Total Comprehensive (Expenditure) and Income	(16,982)	0	0	(16,982)	(39,977)	(843)	889	(56,913)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 2)	26,665		(1,063)	25,602	(25,602)	56	(56)	0
Net Increase or (Decrease) before Transfers to/from Other Statutory Reserves	9,683	0	(1,063)	8,620	(65,579)	(787)	833	(56,913)
Transfers (to) and from Other Statutory Reserves	1,386	(371)	593	1,608	(1,608)	(839)	743	(96)
Increase or (Decrease) in the Year	11,069	(371)	(470)	10,228	(67,187)	(1,626)	1,576	(57,009)
Balance at 31 March 2024 Carried Forward	38,497	7,507	1,705	47,709	254,850	18,414	24,522	345,495

Group Cash Flow Statement

2023-2024		2024-2025
£000		£000
(16,789)	Net surplus or (deficit) on the Provision of Services	(18,272)
15,692	Adjustments to net surplus or (deficit) on the provision of services for non-cash movements	50,889
	Adjustments for items included in the net surplus or (deficit) on the provision of services	
(12,102)	that are investing and financing activities	(425)
(13,199)	Net cash inflow from Operating Activities	32,192
7,797	Investing Activities	(22,579)
(5,153)	Financing Activities	(10,468)
(10,555)	Net increase or (decrease) in cash and cash equivalents	(855)
17,094	Cash and cash equivalents at the beginning of the reporting period	6,539
6,539	Cash and cash equivalents at the end of the reporting period	5,684

Note 30 Combining Entities

Inverclyde Council is represented on the Board of a number of organisations. The extent of the Council's controlling interest has been reviewed in determining those entities that should be consolidated and incorporated within the Group Accounts. Those organisations which have a significant impact on the Council's operations are listed below. The accounting period for all of these bodies is the year to 31 March 2025. In addition to the information included in the Group Accounts on the preceding pages, the accounting regulations require specific disclosures about the combining entities and the nature of their business. The Group Accounts on pages 77 to 83 combine the results of the Council with its share of its associates.

Associates

Strathclyde Partnership for Transport

This is the statutory body responsible for formulating the public transport policy for the 12 local authorities in the former Strathclyde Region area. In 2024-2025, Inverclyde Council contributed £1.260 million or 3.51% (2023-2024 £1.242 million) of the Partnership's estimated running costs and its share of the year-end net asset of £18.821 million (2023-2024 £17.128 million) is included in the Group Balance Sheet. The audited accounts of the Board can be obtained from the Treasurer to Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Strathclyde Concessionary Travel Scheme Joint Board

This Travel Scheme comprises the 12 Councils within the former Strathclyde Region area and oversees the operation of the concessionary fares scheme for public transport within the area. The costs of the Scheme are met by a combination of funding from the 12 Councils and direct grant funding from the Scottish Government. Strathclyde Partnership for Transport administers the Scheme on behalf of the Board. In 2024-2025, Inverclyde Council contributed £0.163 million or 3.99% (2023-2024 £0.160 million) of the Board's estimated running costs and its share of the year-end net asset of £0.207 million (2023-2024 £0.201 million) is included in the Group Balance Sheet. The audited accounts of the Board can be obtained from the Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, 131 St Vincent Street, Glasgow G2 5JF.

Renfrewshire Valuation Joint Board

This Board was formed in 1996 at local government re-organisation by an Act of Parliament and is responsible for the maintenance of the electoral, Council Tax and Non-Domestic Rates registers for the three Councils of East Renfrewshire, Renfrewshire and Inverclyde. Its principal place of business is The Robertson Centre, 16 Glasgow Road, Paisley PA1 3QF. The Board's running costs are met by the three member Councils. Surpluses or deficits on the Board's operations are shared between the Councils. In 2024-2025, Inverclyde Council contributed £0.620 million or 21.77% (2023-2024 £0.618 million) of the Board's estimated running costs and its share of the year-end net asset of £0.338 million (2023-2024 £0.213 million net asset) is included in the Group Balance Sheet. The audited accounts of the Board can be obtained from the Treasurer to the Renfrewshire Valuation Joint Board, Renfrewshire House, Paisley PA1 1JB.

Riverside Inverclyde

This is an Urban Regeneration Company limited by guarantee with charitable status and two member organisations, Inverclyde Council and Scottish Enterprise. The charitable company has been established to improve and regenerate the Inverclyde area. The company's operations are funded by grants from the Scottish Government, Inverclyde Council and Scottish Enterprise. The Charity's net assets at 31 March 2025 were £11.912 million (2023-2024 £11.952 million) and its net gain for the year was £0.336 million (2023-2024 £0.498 million net gain). The Council has no commitment to meet any losses of the company. The audited accounts of the company are published separately and may be obtained from, Suite G1, Clydeview, 22 Pottery Street, Greenock, PA15 2UZ which is also the company's principal place of business.

The company does not have shareholders and any surpluses are made available for reinvestment in other projects within the area. The company is entirely independent of the Council under law and for taxation. The Council has the right to appoint three of the nine representatives on the company's board, and for the purposes of accounting this equates to an interest of 33.33%. Under accounting standards the Council is required to include the results of Riverside Inverclyde as an associate because it has a 'significant influence' over the financial and operating policies of the charity. In 2024-2025, Inverclyde Council contributed £0.000

Notes to the Group's Principal Financial Statements

million (2023-2024 £0.000 million) or 0.00% of the charity's turnover, and its share of the year-end asset of £3.971 million (2023-2024 £3.983 million) is included in the Group Balance Sheet.

Joint Ventures

Inverclyde Integrated Joint Board (IJB)

This is a statutory body established to integrate health and social care services between Inverclyde Council and NHS Greater Glasgow and Clyde. The IJB comprises eight voting members with four (50%) made up of Inverclyde Council Elected Members. The contribution provided by Inverclyde Council to the IJB in 2024-2025 was £74.397m (2023-2024: £70.086 million), and its share of the year-end asset of £8.581 million (2023-2024: £9.644 million) is included in the Group Balance Sheet.

Inchgreen Marine Park Ltd

The Council has recently entered into a Joint Venture with Clydeport Operations with regards to the development of the Inchgreen site. Inverclyde Council's share of the year-end asset of £0.172 million is included in the Group Balance Sheet.

Subsidiaries

Inverclyde Leisure

This is a charitable company registered in Scotland that provides leisure facilities within Inverclyde Council's area to the general public and operates sports & leisure centres, community centres, swimming pools, parks and pitches owned by the Council. Inverclyde Leisure is paid a management fee by the Council for the provision of these services. The charity's net liability at 31 March 2025 was £10.590 million (2023-2024 £8.065 million net liability) and its net asset for the year was £0.072 million (2023-2024 £0.283 million).

The Council has no commitment to meet any losses of the company, and has no shares in or ownership of this company which is entirely independent of the Council under law and for taxation. In financial year 2024-2025 the Council had the right to appoint four of the nine representatives on the company's board, and for the purposes of accounting this equated to an interest of 44.44%. However, a review of the relationship between the council and the Trust in 2020-2021, identified that the Trust met the definition of a structured entity. This describes an entity that has been designed so that the relevant activities are directed by means of contractual arrangements. In recognition of this, Inverclyde Leisure has been included in the Group Financial Statements as a 100% subsidiary.

The accounts of the company are published separately and can be obtained from the Chief Executive, Waterfront Leisure Complex, Customhouse Way, Greenock, PA15 1EW which is also the company's principal place of business.

The Council has guaranteed to accept liability for any unfunded pension costs relating to the company's membership of the Local Government Pension Scheme (LGPS) in the event of the company ceasing to exist or withdrawing from the pension scheme.

Common Good and Trust Funds

The Council is the sole trustee of the Common Good and Charitable Trust Funds and summary financial results for these organisations appear on pages 74 to 76.

Non-Material Interest in Other Entities

The Council has an interest in a number of other organisations. The Council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the Council. Accordingly, the Group Accounts do not include these organisations. Under Accounting Regulations, the Council is required to disclose the business nature of each organisation.

- Scotland Excel is a joint committee established through Section 57 of the Local Government (Scotland) Act 1973. The main purpose of the committee is co-ordination of collaborative buying initiatives, representation of interests in public sector contracts, and the development and operation of a centre of procurement expertise for Local Government in Scotland.
- Greenock Arts Guild Ltd runs the main arts venue for the Inverclyde area, the Beacon Arts Centre in Greenock. During 2024-2025 the Council provided revenue and capital grants to the Beacon Arts Centre totalling £0.251 million (£0.208 million in 2023-2024).

Notes to the Group's Principal Financial Statements

Note 31 Material Items of Group Income and Expenditure

In order to provide the reader with a better understanding of the impact of the inclusion of the results of associates and joint ventures, the following tables provide an analysis of the Council's share of the material amounts of income and expenditure disclosed on the face of the CIES. This note should be read in conjunction with the disclosures for the Council in Note 1 *Expenditure and Funding Analysis*.

	2024-2025 £000	2023-2024 £000
Share of the (surplus) or deficit on the provision of services by Associates and Joint Ventures		
Strathclyde Partnership for Transport	(1,236)	(1,088)
Strathclyde Concessionary Travel Scheme Joint Board	(4)	2
Renfrewshire Valuation Joint Board	(80)	(24)
Riverside Inverclyde	112	(181)
Inverclyde Integrated Joint Board	1,063	2,488
Inchgreen Joint Venture	0	(172)
	<u>(145)</u>	<u>1,025</u>
Share of Other Comprehensive (Income) and Expenditure of Associates and Joint Ventures		
Strathclyde Partnership for Transport	0	96
Strathclyde Concessionary Travel Scheme Joint Board	0	0
Renfrewshire Valuation Joint Board**	(43)	1,150
Riverside Inverclyde	(224)	0
Inverclyde Integrated Joint Board		0
Inchgreen Joint Venture		0
	<u>(267)</u>	<u>1,246</u>

**** This includes a restatement of £1.136m for Prior Year closing balance movement in the Unusable Reserves position.**

Note 32 Group Assets and Liabilities of Associates and Joint Ventures

	2024-2025 £000	2023-2024 £000
Net Assets of Associates and Joint Ventures		
Strathclyde Partnership for Transport	18,821	17,128
Strathclyde Concessionary Travel Scheme Joint Board	207	201
Riverside Inverclyde	3,971	3,984
Renfrewshire Valuation Joint Board	338	213
Inverclyde Integrated Joint Board	8,581	9,644
Inchgreen Joint Venture	172	172
	<u>32,090</u>	<u>31,342</u>
Net Liabilities of Associates and Joint Ventures		
Renfrewshire Valuation Joint Board	0	0
	<u>0</u>	<u>0</u>

Note 33 General Accounting Policies

The Council is required to prepare an annual “Statement of Accounts” by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires such accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024-2025 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act. These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a “true and fair view” of the financial performance of the Council and its Group. The Annual Accounts have been prepared on a “going concern” basis. The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current and financial assets.

A Accruals of Expenditure and Income

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 in 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. Interest receivable and dividend income is recognised when it is probable that the economic benefits associated with the transaction will flow to the Council.
- 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. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The Council Tax income for the year is the accrued income for the year less reliefs and remissions. The net income is transferred to the Comprehensive Income & Expenditure Statement (CIES). The Non-Domestic Rates income for the year is the accrued income for the year less reliefs and remissions. The net Non-Domestic Rate income plus the contribution to the local authority from the national Non-Domestic Rate pool is transferred to the CIES.

B Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.

The authority is not required to raise Council Tax to fund 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 the Statutory Repayment of Loans Fund Advances. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the Statutory Repayment of Loans Fund Advances, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement.

C Employee Benefits

Benefits Payable During Employment

Short-term employee benefits such as salaries, wages, overtime and paid annual leave for current employees are recognised as an expense in the year in which employees render service to the Council. The Council has made provision for the costs of settling claims for equal pay arising before the Council implemented its equal pay strategy. 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.

D Exceptional Items and Prior Period Adjustments

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the Accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes are made by adjusting the opening balances and comparative amounts for the prior period.

E 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 (assessed as between one to six years) to the relevant service lines in the CIES.

F Inventories

Inventories are made up of consumable stock. Consumable stock brought into account is included in the Balance Sheet at the lower of cost and net realisable value.

G VAT

Income in the accounts excludes VAT because all VAT charged by the Council is paid to HM Revenue & Customs. Expenditure in the accounts only includes VAT that cannot be recovered from HM Revenue & Customs.

Note 34 Group Accounting Policies

The Code of Practice on Local Authority Accounting in the United Kingdom 2023-2024 (The Code) requires Local Authorities to consider their interests in all types of entity. This includes other Local Authorities or similar bodies defined in Section 106 of the Local Government (Scotland) Act 1973. 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 Accounting Policies in the preceding sections of this note apply to the Council and its Group members; where Group Accounting Policies differ these are highlighted below.

A Combining Entities and Group Boundary

The Group Accounts consolidate the results of the Council with four associates:

- Strathclyde Partnership for Transport (SPT)
- Strathclyde Concessionary Travel Scheme Joint Board
- Renfrewshire Valuation Joint Board
- Riverside Inverclyde

Under accounting standards, the Council is required to include the results of the above organisations as "associates" because it has a "significant influence" over their financial and operating policies. The Council has no shares in, or ownership of, any of these organisations which are entirely independent of the Council under law and for taxation.

Two of the three Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an "associate" although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent Councils and the Joint Boards. Riverside Inverclyde is also included within the Group Accounts as an "associate" as the Council does not have a "controlling interest" in terms of the voting rights.

The Group's share of Riverside Inverclyde is calculated using the Member representation on the company's Board. For all other associates, the Council's share has been calculated on the Council's contribution to revenue costs.

Accounting Policies, Judgements and Assumptions

The Integrated Joint Board results have been included as a “Joint Venture” and accounted for using the gross equity method of accounting.

The Council's interest in each subsidiary has been accounted for using the acquisition method of accounting.

All entities have the same reporting date as the Council. Further details for each entity are provided in Note 30 Combining Entities.

B Basis of Preparation of Group Statements and Going Concern

The combination has been accounted for under the accounting conventions of the “acquisition basis” using the equity method – the Council's share of the net assets or liabilities of each entity is incorporated and adjusted each year by the Council's share of the entities' results and its share of other gains and losses (recognised in the Group Comprehensive Income & Expenditure Statement (CIES)).

All associates consider it appropriate that their Statement of Accounts should follow the “going concern” basis of accounting. The Council's Group Accounts have been prepared on a “going concern” basis as it is expected that future local government finance settlements, aligned with the Council's robust budget process, which drives through efficiency savings, will provide sufficient resources to finance future liabilities.

C Employee Benefits: Post-employment Benefits

In common with Inverclyde Council, all combining entities participate in the Strathclyde Pension Fund. This is explained in Note 16 Defined Benefit Pension Schemes. The associates have accounting policies for pensions accounting that are consistent with those of the Council.

D Property, Plant & Equipment Measurement

The basis of valuation across the combining entities is in accordance with IFRS's. PPE assets are shown at current value with the following exception:

- The Valuation Joint Board and Concessionary Travel Scheme Joint Board have no non-current assets.
- The SPT holds exceptional types of non-current assets in its balance sheet. Within intangible assets, there are subsidised bus contracts that are recorded at amortised cost. There are also “third-party” assets that are rolling stock and other public assets used by other transport operators but which the SPT has the power to direct to the benefit of the travelling public within the SPT area. These are held at historic cost.
- Inverclyde Leisure uses the historic cost convention for its recent leasehold improvements, but this is considered a suitable proxy for market value in existing use, on a replacement cost basis.

E Restrictions on Transfer of Funds

The Council's share of the reserves of its associates is unusable i.e. it cannot be used to fund the Council's services or to reduce taxation. All associates are entirely independent of the Council under law and for taxation. The Council is unable to access their reserves, whether classified as usable or otherwise in the associate's own accounts.

Note 35 Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2024-2025 Code:

- Amendments to IFRS 1, First Time Adoption – relating to foreign operations of acquired subsidiaries;
- Amendments to IAS 37, Onerous Contracts – clarifying the intention of the standard;
- Amendments to IAS 16, Property, Plant and Equipment – proceeds before intended use; and
- Amendments to IAS 41 Agriculture – only expected to apply to local authorities in limited circumstances.

The Code requires implementation from 1 April 2025 and there is therefore no impact on the 2024-2025 financial statements.

Note 36 Critical Judgements in Applying Accounting Policies

In applying the accounting policies the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council has entered into commercial lease agreements both as landlord and tenant for land and buildings on a variety of lease terms. These arrangements are accounted for as operating leases. The Council has considered the tests under IAS17/IFRS16 and concluded that there is no transfer of the risks and rewards of ownership.
- The Council has entered into a Public Private Partnership (PPP) for the provision of educational buildings, their maintenance and related facilities. The Council has considered the tests under IFRIC12 and concluded this is a service concession.
- Two Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an “associate” although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent local authorities and the Joint Boards.
- The accounts have been prepared on a going concern basis as it is expected that future local government finance settlements, aligned with the Council’s robust budget process, which drives through efficiency savings, will provide sufficient resources to finance future liabilities.

Accounting Policies, Judgements and Assumptions

Note 37 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or other factors that are otherwise uncertain. 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 risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which pay is projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Strathclyde Pension Fund has engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied.	The sensitivities regarding the principal assumptions used by the consulting actuaries to measure the scheme liabilities are set out below: <ul style="list-style-type: none"> • A 0.1% decrease in the real discount rate would result in a 2% increase (£8.286 million) in the employer's obligation. • A one year increase in member life expectancy would result in a 4% increase in the employer's obligation. • A 0.1% increase in the salary increase rate would result in a 0% increase (£0.534 million) in the employer's obligation. • A 0.1% increase in the pension increase rate would result in a 2% increase (£7.974 million) in the employer's obligation.
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.70 million for every year that useful lives are reduced.
Revaluation of Non-Current Assets	The revaluation of the Council's properties as at 31 March 2025 have been carried out by Avison Young. The properties valued typically fall in to one of three categories: <ul style="list-style-type: none"> • Specialised assets valued under a Depreciated Replacement Cost valuation methodology. This approach assumes that the asset would have been replaced with a new asset with the same operational value and potential as the existing asset. Estimation uncertainty within the revaluation of assets in this category is primarily driven by the following key assumptions: Selection of individual Building Cost Information Services (BCIS) values for each individual building component from within a published 	It is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. Outcomes within the next financial year that differ from the assumptions adopted at 31 March 2025 around the valuation of Land or Buildings could result in a material adjustment to the carrying amount of the assets recorded in Note 7.

Accounting Policies, Judgements and Assumptions

Item	Uncertainties	Effect if Results differ from Assumptions
	<p>range, reflecting the condition and specifications of the actual component; the application of obsolescence adjustments to the valuation of individual buildings to reflect the building's age and condition; and application of functional obsolescence adjustments to reflect the extent to which a replacement asset would be configured in a more efficient manner and over a reduced gross internal area.</p> <ul style="list-style-type: none"> • Non-specialised assets valued at either the open market value at the highest and best use (fair value) or the current use (existing use value). This involves applying a number of assumptions; including in particular an expected rental income into the future (which for those currently vacant contains greater estimation uncertainty) and an appropriate rental yield for that type of property, with reference to applicable market indices. <p>For those assets not selected for formal revaluation in 2023/24, an indexation adjustment is applied to each asset type in line with applicable industry indices. The selection of these indexation factors from within the range suggested by industry metrics contains inherently an element of estimation uncertainty.</p>	

Independent Auditor's Report to the Members of Inverclyde Council and the Accounts Commission

Audit Arrangements

Under arrangements by the Accounts Commission for Local Authorities in Scotland, the auditor with responsibility for the audit of the accounts of Inverclyde Council for the year ended 31st March 2025 is:

Michael Wilkie,
Director
KPMG
319 St Vincent Street
Glasgow
G2 5AS

Statement

The audit of the Council's Accounts for 2024-2025 is yet to be undertaken i.e. the figures are "subject to audit". The certified Accounts will be presented to the Council for approval after audit.

Glossary of Terms

1. Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

2. Accruals

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

3. Actuarial Gains and Losses (Pensions)

For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

4. Asset

An item having value to the Council in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non-current asset provides benefit to the Council and to the Services it provides for a period of more than one year.

5. Associates

These are entities (other than a subsidiary or a joint venture) in which the Council has a participating interest or over whose operating and financial policies the Council is able to exercise significant influence.

6. Audit of Accounts

An independent examination of the Council's financial affairs.

7. Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

8. Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

9. Capital Expenditure

Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.

10. Capital Financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, capital receipts and grants, and revenue funding.

11. Capital Grants Unapplied Account

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

12. Capital Programme

The capital schemes the Council intends to carry out over a specified period of time.

13. Capital Receipt

The proceeds from the disposal of land or other non-current assets.

14. CIES

The Comprehensive Income & Expenditure Statement (CIES) shows the accounting cost of providing services and managing the Council during the year. It includes, on an accruals basis, all of the Council's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that Councils need to take into account when setting the annual Council Tax. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

15. CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the major accountancy bodies in the United Kingdom. It develops and sets accounting standards for the public sector.

16. The Code

The Code of Practice on Local Authority Accounting in the United Kingdom (The Code) is the basis on which local authority accounts are prepared. The Code is based on European Union adopted International Financial Accounting Standards (that are primarily drafted for the commercial sector) and where required it interprets and adapts these standards to address all the accounting issues relevant to local government in the UK.

17. Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are municipal parks.

18. Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next, are the same.

19. Contingent Liability

A contingent liability is either

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain event, not wholly within the Council's control; or

- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

20. Corporate and Democratic Core

The Corporate and Democratic Core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same service.

21. Creditor

Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

22. Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.

23. Debtor

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

24. Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

25. Depreciation

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

26. Discretionary Benefits (Pensions)

Retirement awards, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

27. Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the difference that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

28. 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.

29. Equity

The Council's value of total assets less liabilities.

30. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

31. Exceptional Items

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

32. Extinguishment

Extinguishment relates to financial liabilities and occurs when the Council's legal obligations end, either through the cancellation or expiry of the obligations or through payment being made to settle the amount owed by the Council.

33. Fair Value

The fair value of an asset is the price at which it could be exchanged for in an arm's length transaction, less where applicable, any grants receivable towards the purchase or use of the asset.

34. Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

35. Financial Instruments Adjustment Account

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

36. General Revenue Grant

A grant paid by the Scottish Government to Councils, contributing towards the general cost of their services.

37. Going Concern

The concept that the Annual Accounts are prepared on the assumption that the Council (and its Associate bodies) will continue in operational existence for the foreseeable future.

38. Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

39. Gross Expenditure

This includes all expenditure attributable to the service and activity including employee costs, premises and transport costs, supplies and services, third party payments, support services and depreciation.

40. Gross Income

This includes grant income and all charges to individuals and organisations for the direct use of the Council's services.

41. Heritage Asset

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

42. IFRS

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by the International Accounting Standards Board (IASB) that is becoming the global standard for the preparation of public company financial statements and has been extended into the public sector in the UK.

43. Impairment

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

44. Infrastructure Assets

Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

45. Insurance Fund

The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes.

46. Intangible Assets

An intangible (non-physical) asset may be defined as such when access to the future economic benefits it represents are controlled by the Council. This Council's intangible assets are comprised solely of computer software licenses.

47. Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period of the scheme's liabilities because the benefits are one period closer to settlement.

48. Inventories

Items the Council has procured and holds in expectation of future use. Examples are consumable stores and raw materials.

49. Liability

A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year, at some point in the future, or is to be paid off by an annual sum over a period of time.

50. MiRS

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

51. National Non-Domestic Rates Pool

All Non-Domestic Rates collected by local authorities are remitted to the national pool and thereafter distributed to Councils by the Scottish Government.

52. Net Carrying 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.

53. Non-current Assets

These are created by capital expenditure incurred by the Council. They include property, vehicles, plant, machinery, roads, computer equipment etc.

54. Non-Distributable Costs

These are overhead costs where there is no direct linkage to services. Examples are the audit fee and historic pension costs.

55. Operating Leases

A lease where the ownership of the non-current asset remains with the lessor.

56. Past Service Cost (Pensions)

For a defined benefit scheme, the increase in the present value of the scheme's liabilities relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

57. Pension Reserve

The Pension Reserve recognises the Council's share of the actuarial gains and losses in the Strathclyde Pension Fund and the change in the Council's share of the net liability chargeable to the CIES.

58. Pension Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. The scheme's liabilities, measured using the "project unit method", reflect the benefits that the employer is committed to provide for service up to the valuation date.

59. Post-Employment Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment e.g. pensions in retirement.

60. Prior Year Adjustment

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

61. Provision

An amount put aside for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

62. 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.

63. Rateable Value

The annual assumed rental of land or property, which is for national Non-Domestic Rates purposes.

64. Related Parties

Bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. For the Council's purposes related parties are deemed to include the Elected Members, the Chief Executive and its Corporate Directors.

65. 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.

66. Repairs and Renewals Fund

The Repairs and Renewals Fund provides for the upkeep of specific assets held by the Council.

67. Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

68. Residual Value

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

69. Revaluation Reserve

The Revaluation Reserve represents the store of gains on the revaluation of fixed assets not yet realised through sales.

70. Revenue Expenditure

The day-to-day expenses of providing services.

71. Short-term Borrowing

Money borrowed where repayment is due in the following financial year.

72. Significant Interest

The reporting authority is deemed to have Significant Interest if it is actively involved and is influential in the direction of an entity through its participation in policy decisions.

73. Soft Loans

Loans made at significantly below market rates are deemed "soft loans" because there may be some element of subsidy between what the loan would have cost at market rates and the amount of interest actually charged. Examples include small start-up loans to small businesses.

74. Trust Funds

Funds administered by the Council for such purposes as awards and specific projects. Some of the Council's Trust Funds are Charities.

75. Useful Economic Life

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

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