

Argyll and Bute Council



Comhairle Earra Ghàidheal agus Bhòid



Audited Annual Accounts
For the year ended 31 March 2025

LANGUAGE OPTIONS

If you would like this document in another language or format, or if you require the services of an interpreter, please contact us.

Ma tha sibh ag iarraidh an sgrìobhainn seo ann an cànan no riochd eile, no ma tha sibh a' feumachdainn seirbheis eadar, feuch gun leig sibh fios thugainn.

本文件可以翻譯為另一語文版本，或製作成另一格式，如有此需要，或需要傳譯員的協助，請與我們聯絡。

यह दस्तावेज़ यदि आपको किसी अन्य भाषा या अन्य रूप में चाहिये, या आपको आनुवाद-सेवाओं की आवश्यकता हो तो हमसे संपर्क करें

本文件可以翻译为另一语文版本，或制作成另一格式，如有此需要，或需要传译员的协助，请与我们联系。

ਜੇ ਇਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਇੰਟਰਪ੍ਰੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو برائے مہربانی ہم سے رابطہ کیجئے۔

Jeżeli chcieliby Państwo otrzymać ten dokument w innym języku lub w innym formacie albo jeżeli potrzebna jest pomoc tłumacza, to prosimy o kontakt z nami.

**Financial Services
Argyll and Bute Council
Kilmory
Lochgilphead
Argyll
PA31 8RT**

Tel: 01546 605522

	Page
Management Commentary	4-33
Statement of Responsibilities for the Annual Accounts	34
Annual Governance Statement	35-47
The Remuneration Report	48-57
Statement of Comprehensive Income and Expenditure	58-59
Balance Sheet	60-61
Statement of Movement in Reserves – Movement in 2024-25	62-63
Statement of Movement in Reserves – Comparative Movement in 2023-24	64-65
Cash Flow Statement	66
Notes to the Financial Statements (See Page 2-3)	67-137
Council Tax Income Account	138
Notes to the Council Tax Income Account	139
Non-Domestic Rate Income Account	140
Notes to the Non-Domestic Rate Income Account	141
Group Accounts - Introduction	142
Group Statement of Comprehensive Income and Expenditure	143
Group Balance Sheet	144-145
Group Statement of Movement in Reserves – Movement in 2024-25	146
Group Statement of Movement in Reserves – Comparative Movement 2023-24	147
Group Cash Flow Statement	148
Notes to the Group Financial Statements	149-151
Independent Auditors Report	152-155
Glossary of Terms	156-157
Appendix A: Trade Union Facility Time Statement 2024-25	158-159

Note No		Page
1	Summary of Significant Accounting Policies	67-82
2	Accounting Standards Issued But Not Yet Adopted	83
3	Critical Judgements in Applying Accounting Policies	84
4	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	84-86
5	Expenditure and Funding Analysis	87-90
6	General Fund Reserves	91-92
7	Supplementary Notes to the Statement of Comprehensive Income and Expenditure	93-94
8	Other Operating Income and Expenditure	94
9	Agency Services	94
10	Community Care and Health (Scotland) Act 2002	95
11	Fees Payable to External Auditors	95
12	Waste Management Public Private Partnership	96
13	Grant Income	96
14	Related Parties	97-98
15	Property, Plant and Equipment	99-104
16	Heritage Assets	104
17	Intangible Assets	105
18	Investment Property	106
19	Schools Built under Public Private Partnership Contracts (PPP)	106-109
20	Leases	110-111
21	Long Term Debtors	111
22	Debtors	112
23	Assets Held for Sale	113
24	Cash and Cash Equivalents	113
25	Creditors	114
26	Financial Instruments Disclosures	114-117
27	Other Liabilities	118

Note No		Page
28	Provisions	118-119
29	Capital Grants Received in Advance	120
30	Defined Benefit Pension Schemes	121-128
31	Unusable Reserves	128-129
32	Usable Reserves	129-130
33	Contingent Liabilities	131
34	Termination Benefits	132
35	Trust Funds and Other Third Party Funds	133
36	Common Good Funds	133-134
37	Tax Incremental Financing (TIF) Projects	134-135
38	Cash Flow Statement – Operating Activities	135
39	Cash Flow Statement – Investing Activities	135
40	Cash Flow Statement – Financing Activities	135
41	Financing and Investment Income and Expenditure	136
42	Prior Year Restatement	136-137

1. INTRODUCTION

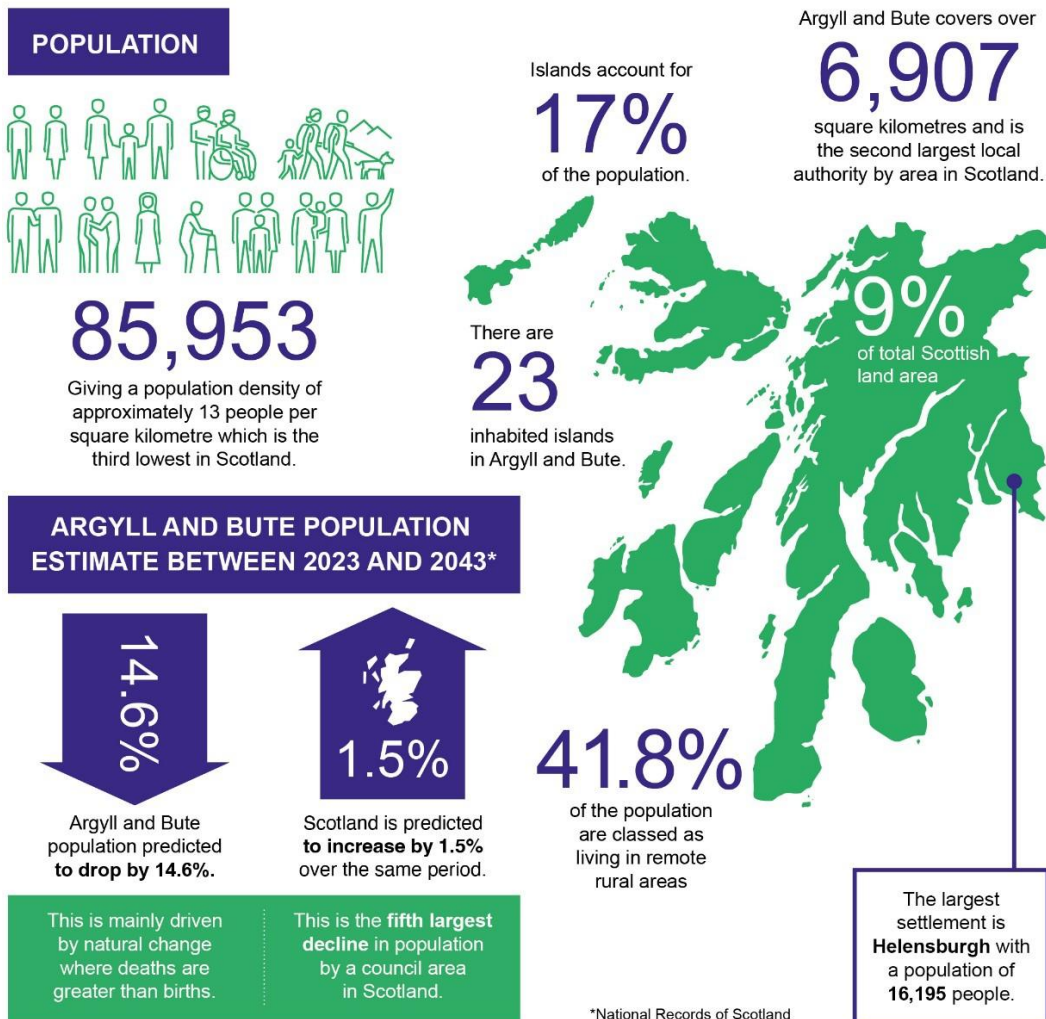
Welcome to the financial statements for Argyll and Bute Council and its group for the year ended 31 March 2025. The statements have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

This commentary highlights the key messages regarding the performance of the Council over the 2024-25 financial year, as well as providing information on risks and issues that may impact the Council in the future.

2. PROFILE OF ARGYLL AND BUTE COUNCIL

Some key facts about Argyll and Bute, in terms of Place and Our Council, are outlined below.

Argyll and Bute Facts – Place



Argyll and Bute Facts – Our Council

ELECTED MEMBERS



36 in total across Argyll and Bute.

For every ward there are at least 3 councillors that represent the area you live in.

Argyll and Bute is split into 11 multi-councillor areas or wards

ELECTORAL WARDS

- Cowal
- Dunoon
- Helensburgh Central
- Helensburgh and Lomond South
- Isle of Bute
- Kintyre and the Islands
- Lomond North
- Mid Argyll
- Oban North and Lorn
- Oban South and the Isles
- South Kintyre

THE COUNCIL IS A MAJOR EMPLOYER IN ARGYLL AND BUTE

4,766

Employed across Argyll and Bute Area (per staffing watch FQ4 2024-25).



There are

3,959

full time equivalent employees.

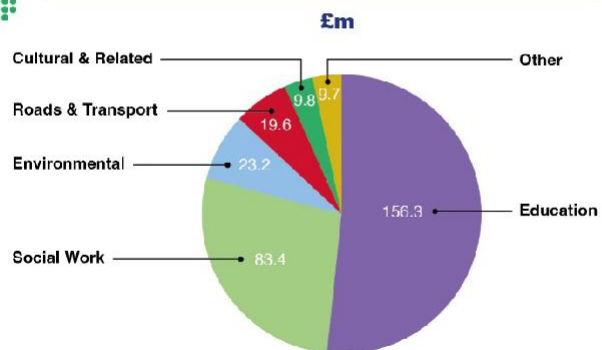


The Council set the Revenue Budget for 2024-25 on 22nd February 2024.

The total revenue budget is

£302.0m

Financed by Scottish Government Grant of £248.5m and Council tax of £63.3m with a net contribution to reserves of £9.8m.



3. VISION AND PRIORITIES

At a Special Council meeting held on Thursday 4 April 2024, a vote led to replacing both the Leader and Provost. Both roles were decided by the old “cut-a-card” method. All political management appointments including Depute Provost and Depute Leader then became vacant with immediate effect with replacements to be agreed at the Full Council meeting on 25 April 2024. A new Council Administration, called the Administration Partnership Group, was formed and political appointments made on 25 April 2024.

The Administration Partnership Group presented their new Council Priorities at the Council meeting on 26 September 2024 and Council agreed these Priorities for the remainder of the life of the Council 2024-

2027. Officers then started work on a revised Corporate Plan and this was presented to Policy and Resources Committee on 8 May 2025.

The Council Priorities overarching aim is “Argyll and Bute’s economy and population need to grow. Each of our Priorities contributes to that overall goal, and all are interconnected. The need to consider these in an integrated way will remain at the forefront as we progress these Priorities”.

The Priorities are summarised in the graphic below. There are agreed actions for each of the priorities and these are outlined within the priorities document on the Council website. Link to the document: [Council Priorities September 2024](#)



The table below provides further information on the purpose of each priority.

Table 1: Council Priorities

Priority	Why This is a Priority
Communities	Empowered and Resilient Communities.
Children and Young People	Making Argyll and Bute an attractive choice for families.
Environment	The Council has already declared a climate emergency and must continue to keep this issue as a

	primary consideration.
Speaking Up for Argyll and Bute, its people and its communities	Collective, as well as collaborative, action is necessary to deliver growth on the scale that Argyll and Bute needs.
Sustainable Service Delivery	We want to provide the best services we can for the money and resources available – and make clear the standards that our communities can expect. We know that this is really important to local people.
Transport Infrastructure and Digital Connectivity	Keeping people, businesses, goods and services moving through Argyll and Bute
Housing, Economic Growth and Population	Working to ensure that everyone who needs a home can find one that they can afford, in the right place, and at the right time Shared prosperity and sustainable business growth in Argyll and Bute. People are Argyll and Bute’s most important asset in driving forward opportunities for growth and vibrant local economies place, and at the right time.

In addition to the Council’s Priorities, Community Planning Partnerships have a statutory obligation to create a 10-year Outcomes Improvement Plan under the provisions of the Community Empowerment (Scotland) Act 2015.

Argyll and Bute Community Planning Partnership is a group of organisations and community representatives who will work together to achieve improvements across the outcomes in ways which promote prevention, reduce inequalities and build community capacity.

This Argyll and Bute Outcomes Improvement Plan for 2024-2034 replaces the plan for 2013-2023 and has been developed through community engagement as the area emerges from a global pandemic and deals with a cost of living crisis and the increasing impacts of climate change.

The Outcomes Improvement Plan for 2024-2034 will focus on improving the outcomes of:

<p>Transport Infrastructure</p> 	<p>Housing</p> 	<p>Community Wellbeing</p> 
---	--	--

Some of our achievements, and the challenges we faced, in relation to the Council's new Priorities are highlighted below.

Priority: Communities

Aspiring Places

Aspiring Places is a new digital space for community groups and organisations across Argyll and Bute to share information about projects that they would like to carry out. Our vision is to create a vibrant bank of community projects that supports joint working and connects community groups to funding, making Argyll and Bute an even better place to live, work, and visit.

We hope Aspiring Places will help community groups and organisations to:

- Spread the word about your group and its aspirations by sharing your project proposals.
- Build connections with other like-minded groups across Argyll and Bute who share your goals and aspirations.
- Find out about external funding opportunities that the council can connect you with.

We hope Aspiring Places will help the Council to:

- Become more aware of the range of community projects interested in being connected with funding opportunities.
- Plan future support for community groups and organisations.
- Inform our plans and strategies.
- Guide funders on priorities and gaps specific to Argyll and Bute.

Tarbert Play Park

The £100,000 upgrade of Tarbert play park was completed ahead of schedule in November 2024 and a range of new outdoor equipment is ready for the children and young people of the village to enjoy. Funding was shared between the council and monies allocated from £938,000 Scottish Government funding to improve play parks throughout Argyll and Bute.



The play park was co-designed by the community thanks to support from the local Parent's Association and Community Council. They led local consultation which highlighted the desire for assault-course type equipment to encourage more outdoor activity and imaginative play for children of all abilities. At the centre of the park is Tarbert Towers, an imposing striped tube slide. The unit also includes a double width slide and accessible ramp, alongside a climbing wall and firefighter's pole.

Priority: Children and Young People

Our Children, Their Future – Thriving Together

Scotland’s vision for education is a “*globally respected, empowered, and responsive education and skills system with clear accountability at every level that supports children, young people and adult learners to thrive.*” (NIF outcome 1) This vision is directly echoed in the refreshed Argyll and Bute Education Service vision and values strategy document - [**Our Children, Their Future – Thriving Together**](#).

In December 2023, we began a comprehensive consultation on the Education Service vision and strategy. Over the following 15 months, leading up to its approval by the Community Services Committee in March 2025, we undertook a robust and inclusive process involving pupils, parents, staff, and key partners. Their feedback, along with alignment to key national policies—including the UN Convention on the Rights of the Child, Getting it Right for Every Child, the National Improvement Framework, The Promise, and Curriculum for Excellence—shaped the development of the refreshed vision and strategy.



Our Children, Their Future- Thriving Together has five key priority areas at its core:

- **Best Start for Learners** – every learner has inspiring learning environments that build curiosity, confidence and the love of learning
- **Ambitious Learners** – Every learner is supported and challenged to aim for their best.
- **Nurtured Learners** – Every learner has the opportunity to thrive in a safe, happy and supportive space.
- **Connected Learners** – Every learner is active in their local and global community.
- **Lifelong Learners** – every learner benefits from opportunities to seek knowledge, value challenge, welcome change and keep learning throughout life.



Each key priority area is presented on a dedicated page, featuring learner-perspective statements that describe what that priority looks like in a school or early years setting. Pupils were excited to see how their feedback influenced the document and shared that they feel represented on every page.

Pupils said:

“We like that the strategy applies to everyone, children will look at this and know they are not alone so it

brings the Argyll and Bute community together and see it like a pledge and sets out the expectations for everyone.”

“We feel it was important to be part of this process because children should be involved in plans for supporting their future. It was good to be listened to and we felt our views were important.”

Rights Respecting Schools

We have made strong progress with UNICEF’s Rights Respecting Schools Award over the past year. We set ourselves an ambitious target of having all schools in Argyll and Bute accredited at either Bronze, Silver or Gold by the end of the academic year. We have now met this target. The progress in Rights Respecting Schools can be seen in the evidence table below.

Table 2: Right Respecting Schools accreditation

	February 2024	June 2025
Unregistered	15	0
Registered/inactive	7	1
Bronze (Rights Committed)	41	30
Silver (Rights Aware)	11	37
Gold (Rights Respecting)	5	11

Progress through the Rights Respecting journey is ensuring that we are increasing awareness of children’s rights across our whole school communities.

Broad General Education (BGE) Attainment

Data for the 2023/24 session was published in December 2024. Strong improvements were seen across the board with the following key highlights present in the data:

- Argyll and Bute performance is in line with national performance in Literacy at P1 and P4. Argyll and Bute is slightly behind in P7, primary combined and S3 Third level, but is ahead in S4 fourth level. Performance across all measures has improved on authority 22/23 data.
- Argyll and Bute performance is in line or ahead across all measures in Numeracy. P4 and S3 Third Level performance is ahead of the national figures. Performance across all measures has improved on 22/23 authority data.
- Across all measures for the literacy sub-components (Listening and Talking, Reading, Writing), Argyll and Bute is in line or slightly behind national performance. Of 12 primary measures (4 stage measures and 3 curricular components), 10 improved on the figures from 22/23.
- Across both Literacy and Numeracy, Argyll and Bute performance has increased significantly against all measures from 2020/21. This represents a strong response to disruption caused by the pandemic. Primary literacy has increased by 13% points, whilst numeracy has increased by 11% points.
- In Literacy and Numeracy, Argyll and Bute places in the middle of its Local Government Benchmarking Family Group. Argyll and Bute places 2nd within its quad across most primary measures.
- For the second year in a row, Argyll and Bute is above the National figure for Literacy and Numeracy performance amongst pupils from SIMD quintile 1 (20% most deprived areas). Argyll and Bute is 8th in Scotland for P1,4,7 combined SIMD Quintile 1 performance in Literacy and 11th for Numeracy.
- Argyll and Bute is the top authority amongst its LGBF partner authorities for Literacy and Numeracy amongst SIMD Quintile 1 pupils in the primary stages assessed.
- Attainment gaps in Literacy and Numeracy increased very slightly but remain significantly ahead of 2021 and 2022. In Numeracy the attainment gap is in line with the best pre-pandemic

performance, whilst in Literacy there is only one pre-pandemic session with a smaller attainment gap.

- Argyll and Bute improved its national ranking in Literacy (21st from 29th in 2023) and Numeracy (16th from 24th in 2023).

Priority: Environment

Wild Venison

The Catering Team, in collaboration with Education and Procurement and supporting a local start-up company, Wild Jura, have introduced venison to children and young people on Islay and Jura who may not have previously had access to this locally sourced product. This pilot project is an innovative approach to introducing local school children to Scotland's wild larder. It promotes sustainability, supports the local economy, reduces food miles and showcases the future of sustainable, locally sourced food in school meals.

Giving recycling a new voice

Recycling is more important than ever - to develop climate-friendly ways of living; and to help save money for vital frontline council services at a time when budgets are under pressure. Argyll and Bute Council spends nearly £3m per year sending general waste to landfill. We want to reduce this bill and preserve vital natural resources through reduce, reuse and recycle (RRR).

With the help of our young people, the Communications Team developed and delivered a social media campaign on recycling at Christmas, a time of high consumerism and waste.

To attract public attention, the aim was to give recycling a new voice – as people hear about it a lot already from the council and other agencies – and to fit the more light-hearted tone that often appeals as part of Christmas.

We ran a competition and welcomed responses from 12 schools, and more than 80 pupils, aged 5-15 participating as individuals and teams. Our young people highlighted in their own words different reasons for recycling and ways to do it.

Here's just one example of their great work. Recycle Save Michael – says it all, and so easy to remember!



The impact? Views of our social media posts increased by 50%+ in comparison to a similar campaign in June, inspiring more people to seek out information about recycling on our website; and the Communications Team earned the place of Finalist in a national digital and social media award.

Priority: Speaking Up for Argyll and Bute, it's people and it's communities

Meeting with Scottish Government, Local Government, Housing and Planning Committee

In November 2024, Members of the Scottish Government, Local Government, Housing and Planning Committee, visited Oban. They met with the Council's leader Jim Lynch, CEO Pippa Milne, other senior council officials, and representatives from the Link Housing Group together with a representative from the Colonsay Community Development Company. The day also included a visit to the Dunbeg Corridor housing development. The Scottish Government has produced a report of the visit which can be accessed here: [Scottish Govt Report on Housing Emergency Visit to Argyll and Bute](#).



A number of requests and suggestions for the Scottish Government were made at the meeting including:

- Market failure needs intervention and radical thinking, and there needs to be a long-term and continuous approach to housing.
- More funding flexibility is required, such as with the housing infrastructure fund (HIF). Devolution of funding to councils could be considered.
- The council would like to be able to accrue funds from any underspend in the Affordable Homes Supply Programme (AHSP).
- The AHSP Grant Benchmark threshold is too low to buy back properties – there needs to be a higher % of funding.
- Key worker housing is important, and the council needs to be able to provide shorter tenures and dispose of sites. However, funding through the AHSP and other funds will not allow this. Consideration of a new Planning Use class for 'non-principal homes' would augment provisions for increased council tax, short-term let licensing and planning control areas.
- There needs to be more flexible grant conditions in the Affordable Housing Supply Programme and other funds.
- Important to avoid unintended impacts of legislation e.g.:
 - Infrastructure levy would have negative impact on builds
 - Cladding levy – would be unfair for local developers who haven't used cladding
 - Passivhaus standard – there are few contractors available, and they would not go to remote builds. Something instead 'near' Passivhaus would be sufficient and more cost effective.

Rural Growth Deal

Due to the change in Government following the General Election, the Council's Rural Growth Deal was put on hold. In early October 2024, the UK Government had advised that its £25m contribution was on hold while it carried out a spending review ahead of the budget on 30 October 2024. At that point we were the only area in Scotland without a growth deal. The Deal is designed to deliver vital benefits for Argyll and Bute and its long-term economic growth. Economic growth is the only way to improve the prosperity of our communities and make people better off.

At the UK Government Budget, the Chancellor committed to our Deal which was very much welcomed by Argyll and Bute Council. The Budget announcement followed positive engagement between the local authority, UK Government departments including the Treasury and the Scotland Office, and local politicians.

Tax Incremental Financing (TIF) Project

After representation was made to the Scottish Government, Argyll and Bute Council's Tax Incremental Financing (TIF) Pilot Project for the Lorn Arc Area has been extended by 10 years, allowing additional time to implement key infrastructure and development investments that will help to create a significant economic boost to the wider Oban area. See Oban Business Park in the Housing, Economic Growth and Population section below.

The TIF Project was developed by Scottish Futures Trust (SFT) and enables the council to retain a proportion of Non-Domestic Rates in a defined area, to finance investment in local infrastructure. Argyll and Bute is just one of four local authorities in Scotland with a TIF project and this extension is part of an agreement between the council and the Scottish Government, supported by SFT.

Plans to establish a new business park at Oban Airport are already underway following an agreement by the Full Council in December 2024 to invest £7.25m to develop additional roads, infrastructure, and utilities. In addition, progress is ongoing to bring forward the long-planned Halfway House Roundabout in tandem with the next housing phase and commercial development at Dunbeg. This development will potentially see more than 400 additional houses at Dunbeg, and a new commercial development to be built adjacent to a new roundabout on the A85.

It is estimated that the combined developments could add between £50m-£179m to the wider local economy.

Priority: Sustainable Service Delivery

Delivering Best Value

By ensuring we consider best value in our approach to designing and delivering services the Council is ensuring we can provide sustainable services delivery. Our progress with this was recently noted in the Accounts Commission's positive Best Value report for Argyll and Bute Council finding no significant areas of concern. The report notes actions from previous Best Value improvements have now been completed. The report also noted the Council is "ahead of the game" when it comes to digital technology having been an early adopter of many of the technologies now being implemented. Within this report the Council's risk-based approach to workforce planning is specifically commended with the recommendation it should be shared with others as an example of good practice following the detailed thematic audit of workforce innovation.

Sustainable Procurement Strategy

The Council's newly published Sustainable Procurement Strategy sets out the vision, objectives, key priorities and actions which will direct and govern procurement activities across the Council for 2025-2028. The procurement team will focus and promote robust and fair working practices within our supply chain and contracts, aim to deliver the Strategy commitment to shape and influence innovative solutions and to ensure the council delivers ethically sourced goods, services and works across its commercial spend profile, whilst striving to support and create contract opportunities for more Argyll and Bute based suppliers, Social Enterprises, Co-operatives, Supported Businesses and Third Sector Organisations.

Table 3: Local spend over the last two years

Financial Year	Total Procurement Spend £000	Total Local Procurement Spend £000	% Local
2024-25	198,523	72,667	36.6%
2023-24	181,468	65,717	36.2%

Community Benefit Delivery

Our Procurement Team have been working closely with our suppliers to deliver additional social, economic and environmental value to our society and the table below shows the 89 Community Benefits achieved through Contract Management, Contract Awards and the Request List during the period from 1st April 2024 to 31st March 2025.

Table 4: Community Benefits achieved by Ward

Ward	Number
Cowal	2
Dunoon	11
Helensburgh Central	6
Helensburgh & Lomond South	11
Isle of Bute	2
Kintyre and The Islands	3
Lomond North	6
Mid Argyll	5
Oban North and Lorn	3
<i>Oban South and the Isles</i>	23
<i>South Kintyre</i>	17
Total	89

Priority: Transport Infrastructure and Digital Connectivity

Digital Hubs on Islands

Strategic Transportation were successful in securing £100,000 from the Scottish Government Islands Infrastructure Fund to engage, supply and support 4 Communities establish Digital Hubs on their Islands. The Islands were Coll (An Cridhe), Tiree (Development Trust Building), Iona (Community Hall) and Islay (Kilarrow Hall). All 4 locations have been provided an additional 3-year extended warranty and a direct line to the supplier for technical advice.

Response to Storm Eowyn

Storm Eowyn struck Argyll and Bute on 24 January 2025, bringing wind speeds of up to 100mph and causing widespread damage. The storm led to power outages, cancelled ferry services, blocked roads and tidal flooding affecting communities across the region. The Council's infrastructure suffered significant damage, particularly to roads, sea walls and harbour facilities. Other affected assets included burial sites, parks, recycling centres, operational depots, and Council and private property.

The Council's initial response was aimed at ensuring public safety. Once windspeeds had dropped sufficiently to enable safe operations, the clear up and assessment works began with initial activity commencing overnight on Friday 24th January and increasing significantly in scale at first light on Saturday 25th January. As an example of scale well over 130 locations were identified where roads were blocked by debris with the majority of these and other priority clearance works being completed by the close of Monday 27th January.



Priority: Housing, Economic Growth and Population

Kilmory Business Park



Kilmory Business Park (KBP) Phase 2AA – This is a joint development between Argyll and Bute Council and M&K MacLeod Ltd (MKML) to create a new business park serving the Mid-Argyll and Kintyre Area. This phase of the works will see the delivery of the essential infrastructure that will facilitate subsequent developments, and will provide the new road junction from the KBP to the A83, the roads and footpaths servicing the KBP, surface water and foul water drainage and connections to the existing Scottish Water network, and upgrade to the electrical supply into the KBP and distribution around it, ducting for telecommunications cabling, and a footpath connection from the KBP back to the existing Industrial Estate.

Management Commentary

Works began on site in December 2024 and are scheduled to be completed in December 2025, following which the Council and MKML will begin marketing the individual development plots to interested businesses, both locally and nationally.

Oban Airport Business Park

Oban Airport Business Park has entered an exciting new phase with initial pre-development works commenced on site in 2025. The proposed development includes servicing of the full business park site and the delivery of two units for aviation related commercial operators with three additional plots also developed. Robertson Construction have been appointed as the Tier 1 contractor for the development and planning consent has been granted for the initial phase of the works. This project is made possible due to the extension of Tax Incremental Finance Funding, as noted above.



Empty Homes for Workers

Our Empty Homes Officer project, working with the HSCP solely to assist empty homes owners to bring back properties in to use for HSCP staff has received national recognition through an award from the Empty Homes Network. This project is directly supporting the retention and recruitment of the key workforce required to sustain essential services and making the best use of existing stock. The role has directly enabled homes and bed spaces for use by HSCP workers in Coll, Connel, Tiree and Islay.



4. FINANCIAL PERFORMANCE 2024-25

The Council has a robust financial reporting and governance framework in place. The annual Revenue Budget and Treasury Management Strategy, and longer-term Capital Plan is approved by full Council. A comprehensive financial monitoring pack and a medium-term Budget Outlook is regularly reported to the Policy and Resources Committee throughout the year. This monitoring pack includes reports on the revenue budget, including an update on delivery of approved savings; capital plan; financial risks; and reserves and balances. Treasury activity is also scrutinised by the Audit and Scrutiny Committee.

Revenue: Outturn against Budget

The performance against budget for financial year 2024-25, after adjusting for automatic transfers to earmarked reserves, was an overall underspend of £1.905m, 0.6% as summarised in the table below. (The corresponding position for 2023-24 was an underspend of £1.728m, 0.6%.)

Table 5: Revenue Budget Final Outturn 2024-25

	Actual	Adjusted Budget	Variance (Overspend)/Underspend	
	£000	£000	£000	%
Chief Executive's Unit	1,178	1,198	20	1.7%
Executive Directorate (Douglas Hendry)	151,184	151,902	718	0.5%
Executive Directorate (Kirsty Flanagan)	64,682	62,558	(2,124)	(3.4%)
Weather related incidents costs (not covered by Bellwin Scheme)	792	0	(792)	-
Joint Boards	1,343	1,458	115	7.9%
Loans Fund	9,576	12,892	3,316	25.7%
Other	13,229	12,647	(582)	(4.6%)
Social Work	80,874	80,874	0	0.0%
Net Expenditure	322,858	323,529	671	0.2%
Total Funding	334,104	332,870	1,234	0.4%
Overall Underspend			1,905	0.6%

Within the Chief Executive's Unit (Chief Executive's Team and Community Planning), there was a small underspend of £0.020m, which is outwith the current reporting criteria, based on materiality.

Within the remit of Executive Director Douglas Hendry (Education, Legal and Regulatory Support and Commercial Services), there was an underspend of £0.718m, after accounting for automatic earmarkings. The main underspends were due to:

- Favourable market conditions and good procurement leading to an underspend on Condition Surveys.
- Staffing underspends due to delays in recruitment and staffing underspends within Cleaning, Early Learning and Childcare and Legal and Regulatory Support.
- Underspends within the Scheme of Devolved School Management where previous carry forwards were not fully utilised.

Within the remit of Executive Director Kirsty Flanagan (Roads and Infrastructure, Development and Economic Growth, Customer Support Services and Financial Services), there was a net overspend of £2.124m, after accounting for automatic earmarkings. The main variances contributing to this net overspend include:

- Increase in bus contract costs for school and public transport.
- Increase in maintenance costs within general Piers and Harbours and, in addition, higher maintenance costs than estimated for Belnahua Ferry.
- Increased winter maintenance costs.
- Saving unachieved during the year in respect of the RIS review, due to a delay in appointing a contractor to take the review forward.
- Over recovery of vacancy savings.
- Increase in Planning and Building Warrant income.

There were costs related to storm Darrah (6-7 December 2024) and storm Eowyn (24 January 2025) that could not be claimed through the Scottish Government's Bellwin Scheme, at an additional cost to the Council of £0.792m. This is not all the costs related to the Storm, there will be other expenditure that will be incurred in financial year 2025-26.

Within Joint Boards, payments were £0.114m lower than budgeted.

The performance against budget for Loans Fund was a net underspend of £3.316m (25.7%). This underspend arose due to significant reserve balances and prevailing high interest rates, beyond original budget assumptions, resulting in increased investment income. Significant slippage in the capital programme reduced the requirement to borrow and the level of reserve balances also provided an opportunity to defer new external borrowing. This has been a prudent and cost effective strategy, as long-term borrowing rates that are currently relatively high are forecast to steadily fall over the next few years.

Other costs were overspent by £0.582m. This relates, in the main, to two items reported to Members during the year: an overspend as a result of the NDR poundage rate increase being unbudgeted during 2024-25; and inflationary pressures on insurance costs.

Social Work Services, part of the Health and Social Care Partnership, overspent by £3.209m in 2024-25. This was met through a planned drawdown of £1.366m and a further £1.843m from reserves, with an HSCP reserves closing position of £2.247m.

The performance against budget for funding was a net over-recovery of income of £1.234m in respect of Council Tax. Several factors contributed to this improved performance:

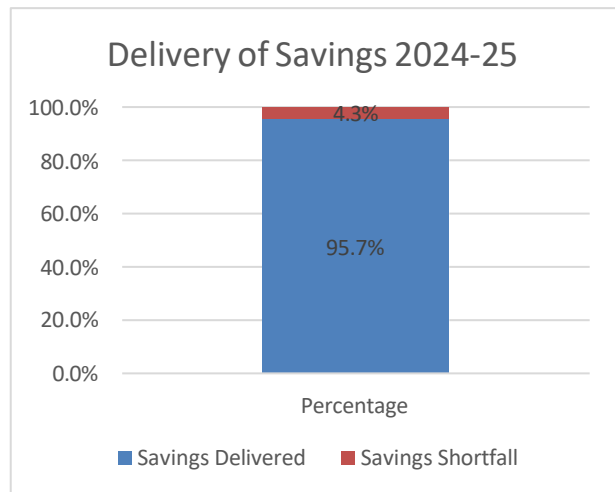
- £0.504m was collected following the reclassification of self-catering units as domestic dwellings by the Assessor during the year.
- £0.115m was generated through higher-than anticipated income from double charging Council Tax on second homes.
- Our debt management partners, Walker Love, recovered £0.265m more than their contractual recovery target.
- An additional £0.350m in income was collected, not directly attributable to specific recovery actions, reflecting broader improvements in billing and collection processes.

The overall favourable outturn position for the year augments the balance already held in the unallocated General Fund, which has provided the opportunity to propose new earmarkings for specific purposes; aligned to the objectives, priorities and targets of the Council.

Delivery of 2024-25 Agreed Savings

The Council has been required to make significant budget savings for a number of years, in order to ensure it responds to continued funding reductions and rising cost pressures, and complies with its statutory requirement to set a balanced budget, whilst meeting the needs of local residents.

New Budget savings of £4.615m (11 savings options) were agreed for 2024-25. The chart on the right shows the overall delivery of savings, with any shortfall absorbed within the overall Council budget, as is evidenced from the Council underspend.



Capital: Outturn against Budget

The gross 2024-25 capital expenditure was £51.102m compared to a profiled annual revised budget of £70.588m, giving rise to an underspend for the year of £19.486m (27.6%). Project specific income totals £4.523m, resulting in project actual net expenditure of £46.579m in 2024-25.

As at 31 March 2025, there are a total of 160 projects within the overall Capital Plan. There are no projects experiencing significant financial issues.

An explanation of significant movements (>£0.500m) in actual project gross expenditure from the original 2024-25 annual profiled budget is noted in the table below. It should be noted that there are a number of variances linked to incorrect profiling at the start of the year, rather than slippage due to actual project delays. The profiling of anticipated spend is an area that requires greater attention, to improve future years' estimates.

Table 6: Capital Plan variances 2024-25

Project	(Over)/Under Spend (£m)	Explanation
Bute Sea Wall	0.522	Works originally expected to start and complete during 2024-25. However, works actually only started late into Quarter 4.
Campbeltown Flood Scheme	0.542	The contract for the Property Flood Resilience Works was originally expected to be awarded during 2024-25, however, this has now slipped into 2025-26.
Clean Energy – NDEEF2	0.590	A new Scottish Government framework, provisionally referred to as 'NDEEF2', will replace the framework followed for the delivery of NDEEF1. There has been a delay in the new framework being made available to the Council and as such, it has not been possible to progress the project during 2024-25.

Project	(Over)/Under Spend (£m)	Explanation
Dunoon STEM Hub	2.408	This project was delayed while the Rural Growth Deal was being finalised, resulting in slippage into future years.
Environmental Projects	0.588	Works originally included within the 2024-25 expenditure profile incorrectly, will now to be delivered in future years.
Harbour Investment Programme	13.449	<p>Iona Breakwater was originally planned to commence early 2024-25, with the majority of works being completed within the financial year, however, this was delayed due to licencing complications. Contractors have mobilised and works will now be completed during 2025-26.</p> <p>Port Askaig's new Islay vessel enabling works have been delayed, with slippage into 2025-26. Progress with the initial identified design has been paused, in order to investigate options for a more cost effective solution, based on feedback from community consultation.</p>
Kilmory Business Park Phase 2AA	0.740	The original expenditure profile was based on estimated start dates, while legal agreements, required to progress the project, were being finalised. Works actually only commenced on the project in December 2024, with slippage into 2025/26.
Nature Restoration Fund	0.809	The expenditure originally profiled for 2024-25 reflected slippage from prior years. However, spending plans have only been developed during the year and have now been determined, with a number of projects to be delivered in 2025-26.
Struan Lodge	0.651	Struan Lodge rewire was forecast to start in 2024-25, however, this project is now on hold and under review. The project has been slipped to 2025-26, pending the outcome of the review.
Street Lighting LED Replacement	0.557	This profiling has been revised to reflect the remaining works to be undertaken during 2025-26, covering a portion of heritage lanterns and columns, as well as further savings generating upgrades that are still to be identified.
Roads Reconstruction	0.527	The majority of slipped schemes were on Islay and were not completed during 2024-25 due to staff shortages, delays in mobilising contractors and asphalt recycler plant, and difficulties in getting the required materials from the mainland across to Islay via ferry (capacity is limited and is used to prioritise the provision of lifeline services).
Play Park Renewal	0.526	The expenditure originally profiled for 2024-25 was incorrect, reflecting slippage from prior years. Works commenced during the year, however, progress and spend was limited due to time required for consultation with the Community Council and procurement process.

5. FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES)

The CIES shows the accounting cost of providing services rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Council is required to make various statutory accounting adjustments to the net cost of services, as reported in the budgetary outturn, in order to comply with the Code of Practice for Local Authority Accounting in the United Kingdom 2024-25. These accounting adjustments include adjustments between accounting and funding basis for capital and accrued holiday leave not taken by 31 March 2025.

Reconciliation of CIES to Revenue Budget Outturn

A reconciliation of the deficit on the Provision of Services of £13.520m, as noted in the CIES, to the revenue budget outturn of £1.905m underspend is shown below.

Table 7: Reconciliation of CIES to Revenue Budget Outturn

	£000	£000
Surplus/(Deficit) on Provision of Services		(13,520)
<i>Remove statutory adjustments that don't feature in budget outturn:</i>		
Depreciation	27,976	
Impairment of Assets charged to services	2,528	
Capital Funding	(19,718)	
CFCR	(1,513)	
Pension Adjustment	12,417	
Statutory Repayment of Debt	(11,466)	
Repayment of Leases	(6,536)	
Transfers to/from Other Statutory Reserves	(1,006)	
Service Concessions	5,050	
Other Adjustments	2,752	
		10,484
Movement In General Fund Balance		(3,036)
Funds used during 2024-25	26,457	
Earmarking previously agreed and created during 2024-25	(13,298)	
New automatic earmarking at the end of 2024-25	(8,278)	
Agreed at 2025-26 Budget – payment to food banks	60	
		4,941
Revenue Budget Underspend/(Overspend)		1,905

Balance Sheet

The Balance Sheet summarises the Council's assets and liabilities as at 31 March 2025 and explanatory notes are provided. The net worth of the Council has increased by £4.775m from £522.020m as at 31 March 2024 to £526.795m as at 31 March 2025. The main changes are set out in the table below.

Table 8: Balance Sheet Changes between 31/03/2024 and 31/03/2025

	31/03/2024 £000	31/03/2025 £000	Change £000	Main Reason
Long Term Assets	769,486	801,808	32,322	Increases to the valuation of Property, Plant and Equipment assets, largely in respect of investment in infrastructure assets.
Current Assets	59,624	44,149	(15,475)	Reduction in Short-term Investments, offset by increase in Cash and Cash Equivalents.
Current Liabilities	(73,938)	(72,388)	1,550	Reduction in Short-term Borrowing.
Long Term Liabilities	(233,152)	(246,774)	(13,622)	Increase in Long-term Borrowing, offset by reductions in Other Long-term Liabilities.
Total	522,020	526,795	4,775	

Provisions

The Council has provisions totalling £5.727m as at 31 March 2025 (£4.520m as at 31 March 2024), as detailed in Note 28 to the Accounts. The larger provisions, those £0.500m or over, are summarised below.

- £2.264m for Landfill Sites. A provision for landfill sites was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council at Glengorm, Gartbreck and Gott Bay. These have been provided for based on the net present value of estimated future costs.
- £1.270m for NPDO and Hub DBFM liabilities. This provision is held in relation to disputed performance deductions and unbilled utility costs.
- £0.555m for Compost Like Output (CLO) liabilities. The position on the use of CLO at the start of the PPP contract changed during the contract period, mainly due to SEPA limits on its usage, which resulted in a surplus of CLO. This surplus needs to be disposed of and we are nearing a final agreement for the disposal of the stockpiled CLO on the BIFFA sites.
- £0.545m for Strathclyde Regional Council (SRC) Intromissions. This is Argyll and Bute's share of estimated claims against the former SRC, mainly in relation to historic abuse claims.

Pension Assets and Liabilities

The Council is required to account for its share of the Strathclyde Pension Fund assets and liabilities. The information included in the Accounts is provided by the Pension Fund actuaries following the annual valuation of the Fund.

The Council's share of the assets of the Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years

dependent on the assumptions about mortality rates, salary levels etc. The asset relates to benefits earned by existing or previous employees up to 31 March 2025.

There has been a reduction in the pension liability from £19.578m in 2023-24 to £16.984m in 2024-25. This is largely as a result of updated actuarial assumptions in respect of unfunded benefits obligations. The pension liability or asset can fluctuate significantly year on year, largely due to changes in actuarial assumptions. From 2023-24, it has been deemed prudent to apply an asset ceiling adjustment, with pension assets reflected at £nil, while a pension liability continues to be recognised in respect of unfunded benefits obligations. The table below shows the pension liability or asset over the last three years. Further details on the pension estimates are included within Note 30.

Table 9: Pension (Liability)/Asset at the end of the financial year

	2022-23 £000	2023-24 £000	2024-25 £000
Pension (Liability)/Asset	139,014	(19,578)	(16,984)

Borrowing

During 2024-25, the authority maintained an under-borrowed position, £118m as at 31 March 2025. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as the authority's significant internal reserves balances provided the opportunity for new external borrowing to be deferred, on a temporary basis.

However, during 2024-25 the Council's external borrowing increased by £9.974m from £120.936m as at 31 March 2024 to £130.910m as at 31 March 2025. In addition to the reduction in short-term borrowing in respect of managing day to day cashflow requirements, new PWLB borrowing was undertaken during the year while interest rates were favourable, in anticipation of future borrowing needs. This proactive approach reduces exposure to potential interest rate increases and provides an element of future budget certainty.

The Council's 2024-25 'Treasury Management Strategy and Annual Investment Strategy' was approved at the full Council meeting on 22 February 2024 and outlines the Council's capital prudential and treasury indicators.

Statement of Movement in Reserves

This Statement shows the movement on the different reserves held by the Council, analysed into Usable Reserves (resource backed reserves which can be used to fund expenditure) and Unusable Reserves (required purely for accounting purposes and are not backed by resources).

The balance of Unusable Reserves has increased by £5.242m from £400.319m as at 31 March 2024 to £405.561m as at 31 March 2025, as outlined in Note 31. The main reason for this movement is an increase in the Capital Adjustment Account, as well as an increase in the Accumulated Absence Account, offset by a decrease in the Pensions Reserve.

The balance of Usable Reserves has decreased by £0.466m from £121.701m as at 31 March 2024 to £121.235m as at 31 March 2025, as outlined in Note 32. This is due to a decrease in the General Fund of £3.036m, offset by small increases in the Capital Fund and the Repairs and Renewals Fund, and recognition of Capital Grants Unapplied.

In respect of the General Fund movement, there has been a decrease of £3.036m from a balance of £115.741m as at 31 March 2024 to £112.705m as at 31 March 2025. Details of the movement in the balance is summarised within the table below.

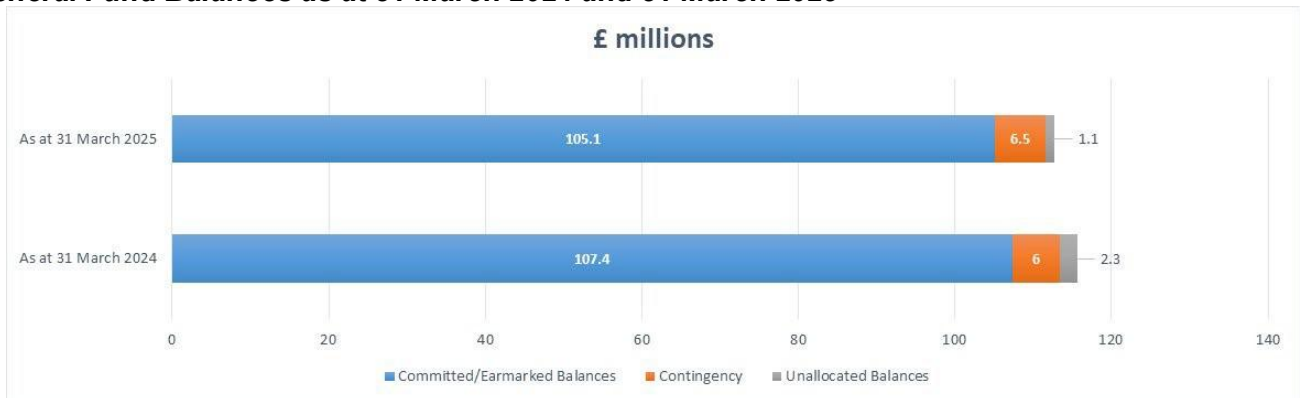
Table 10: Movement on General Fund

	£000
Balance on General Fund 31 March 2024	115,741
Funds used during 2024-25	(26,457)
Earmarking previously agreed and created during 2024-25	13,298
New automatic earmarking at the end of 2024-25 (as per policy on end of year flexibility)	8,278
Underspend in 2024-25 (as referred to above)	1,905
Agreed at 2025-26 Budget – payment to food banks	(60)
Balance on General Fund 31 March 2025	112,705

General Fund Balance

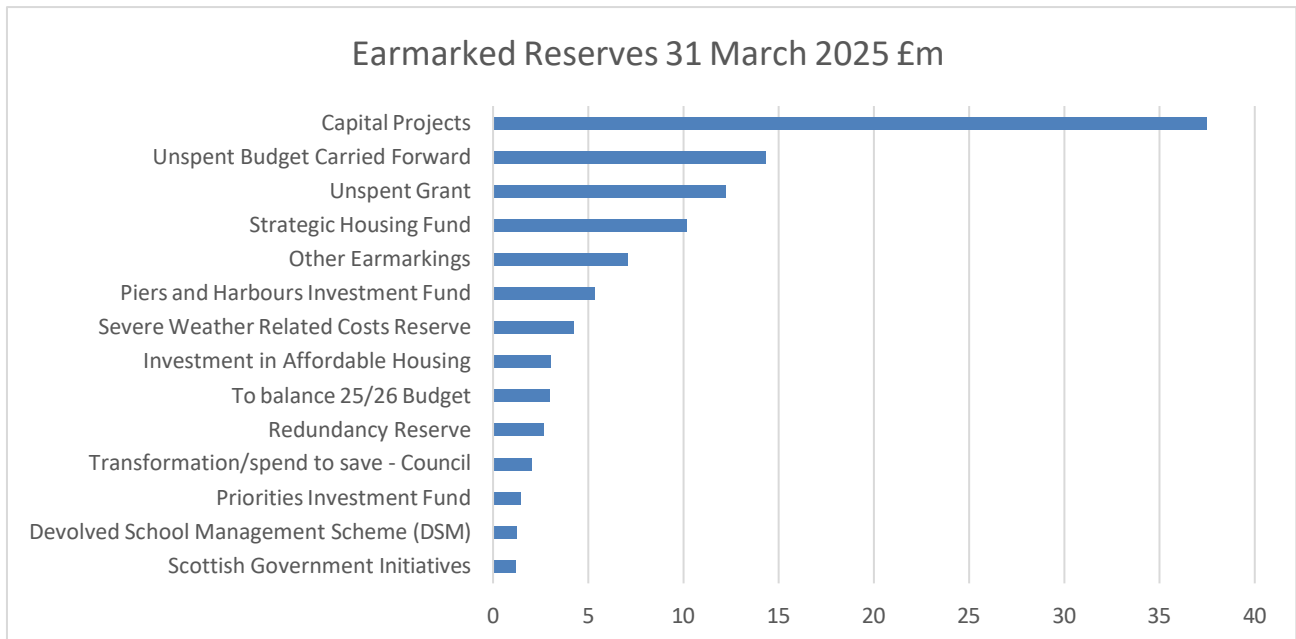
The chart below shows what is included within the General Fund balance as at 31 March 2025, with a comparison to the position as at 31 March 2024.

General Fund Balances as at 31 March 2024 and 31 March 2025



An analysis of the earmarked balances is shown in the chart below.

Earmarked Balances held in the General Fund as at 31 March 2025



Group Accounts

The Code places a requirement on the Council to consider its interests in external organisations. Where this interest is considered to be material, the authority is required to prepare a full set of Group financial statements for inclusion within its annual accounts.

The Council is considered to have a ‘controlling interest’ in LiveArgyll, a wholly owned subsidiary of Argyll and Bute Council. All financial transactions and balances of the Council and Live Argyll are consolidated within the Group financial statements on a line by line basis. In addition, the Council’s Common Good Funds have been fully consolidated into the Group financial statements on the same basis and Note 36 provides further information on the Council’s Common Good Funds.

The Council also has a ‘significant interest’ in Dunbartonshire and Argyll & Bute Valuation Joint Board, with significant influence over its financial and operating policies, termed an associate, and is an equal partner in the Argyll and Bute Integration Joint Board with NHS Highland, termed a joint venture. Associates and joint ventures have been consolidated using the equity method, where a share of net assets, operating results, and other gains and losses are incorporated.

The inclusion of consolidating entities increases Council reserves and net assets by £20.812m as at 31 March 2025 (£21.345m increase in 2023/24), representing the Council’s net asset in the other Group entities. This gives an overall net assets and reserves position for the Group of £547.608m, an increase of £4.243m from the previous year. The increase in Group reserves is reflective of the movement in the Council’s reserves position of £4.776m, as outlined above, offset by a reduction of £0.533m in other Group reserves.

The Argyll and Bute Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the strategic planning and budgeting of these, together with corresponding service delivery for the residents of Argyll and Bute. Argyll and Bute Council contributed £82.245m towards the Argyll and Bute Integration Joint Board in 2024-25. These transactions are accounted for and shown within the single entity financial statements.

5. KEY FINANCIAL INDICATORS

The financial indicators outlined below have been developed to assist the reader in assessing the performance by the Council over the last financial year and the affordability of its ongoing commitments.

Table 11: Key Financial Indicators

Financial Indicator	2023-24	2024-25	Comment
Unallocated General Fund balance as a proportion of next year's Annual Budgeted Net Expenditure	2.75%	2.31%	Reflects the level of funding available to manage financial risk/unplanned expenditure. This includes the 2% contingency. The 2024-25 position is slightly less than 2023-24 but there remains sufficient reserves to meet any unplanned expenditure.
Movement in the Unallocated General Fund Balance	Increase £1.06m	Decrease (£1.26m)	Reflects the extent to which the Council is using its Unallocated General Fund Balance (excluding contingency). Although this balance has decreased, £1.3m relates to creating a fund to pay for the recovery works from Storm Eowyn in January 2025 (with some costs already absorbed within the 2024-25 outturn), and £1m has been ring-fenced to allow for further transformation/spend-to-save initiatives to support the revenue budget sustainability in the future.
In-year Council Tax collection rate	96.34%	95.54%	The in-year collection rate has fallen slightly below the target of 96%. This reduction is primarily due to a significant mid-year increase in net Council Tax billed, following the reclassification of approximately 350 self-catering units as domestic properties by the Assessor. Many of these properties were transferred in February 2025, leaving limited time for collection, and a number are currently under appeal, further impacting the percentage collection rate.
Ratio of Council Tax Income to Overall Level of Funding	19.9%	19.7%	Reflects the capacity of the Council to vary expenditure by raising Council Tax income.
Actual Outturn compared to budgeted expenditure	£1.728m 0.55%	£1.905m 0.57%	A measure of how the final outturn compares to the budgeted position. The surplus is a reflection of the effectiveness of the Council's financial management.
Capital Financing Requirement (CFR) for the current year	£332.394m	£359.924m	Measurement of requirement to borrow for capital purposes. The net increase

Financial Indicator	2023-24	2024-25	Comment
			in 2024-25 reflects additional borrowing required to finance capital expenditure.
External Debt Levels as at 31 March	£119.406m	£129.774m	Actual borrowing for capital purposes. Increase in 2024-25 due to new PWLB borrowing undertaken in the year, offset by a reduction in temporary borrowing to support day to day cashflow requirements. This additional borrowing was undertaken during the year while interest rates were favourable, in anticipation of future borrowing needs. This proactive approach reduces exposure to potential interest rate increases and provides an element of future budget certainty.
Ratio of financing costs to net revenue stream	4.5%	5.8%	Measures the percentage of income that has been committed towards meeting the costs of borrowing. The more income needed to fund financing costs the less that is available to meet other revenue expenditure. The ratio has increased slightly, largely due to special debt repayments over and above statutory debt repayments. However, these special repayments are fully funded by earmarked reserves, with no overall impact on the General Fund balance.

6. OUTLOOK

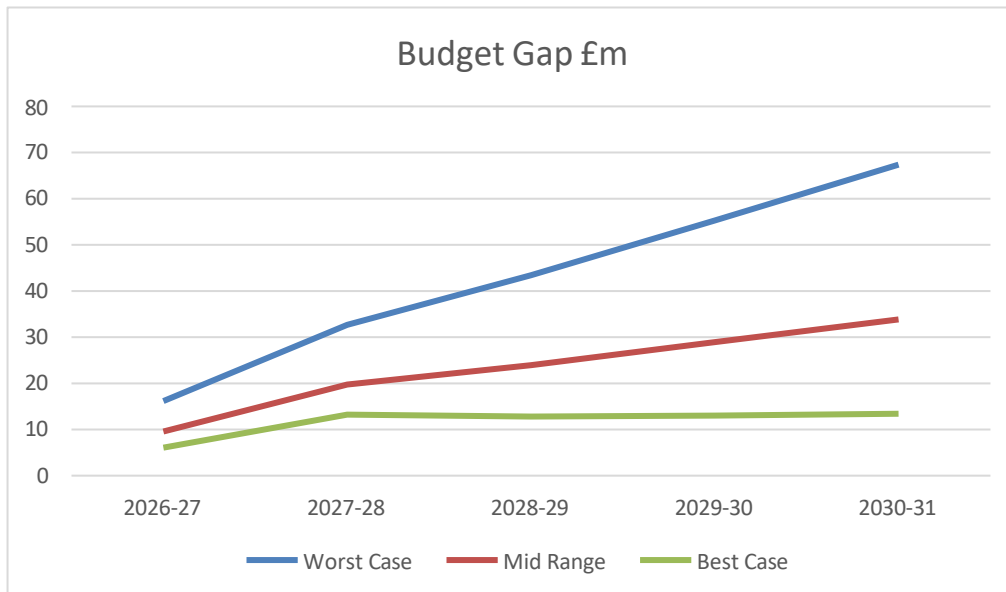
This section provides commentary on the Council's financial outlook, the approach to balancing the budget, and significant projects/funding, as well as the management of risks.

Five Year Financial Outlook

A five-year financial outlook informing Council of the estimated budget gap covering the period 2025-26 to 2029-30 using best case, worse case and mid-range scenarios was kept up to date during 2024-25 and presented to the Policy and Resources Committee in May, August, October and December 2024. Preparing the budget outlook is inherently challenging due to the number of variables involved. Key assumptions, such as inflation rates, costs pressures, service demand, level of Government grant, and future pay awards can change over time, introducing uncertainty into financial planning. These assumptions are reviewed, updated and reported regularly.

The Council has a strong track record in financial management, as recognised by previous years' annual external audit reports and more recently noted in the Best Value Report published in April 2024. The chart below shows the cumulative budget gap over the next five years 2026-27 to 2030-31, as reported to the Policy and Resources Committee on 8 May 2025.

Cumulative Budget Gap 2026-27 to 2030-31 as reported on 8 May 2025



Budget Strategy

A Budget Approach report was presented to Council on 27 June 2024, where it was agreed that a cross-party Budget Working Group (BWG) be established comprising six elected members from the administration, three non-administration elected members and two Trade Union representatives. The BWG's role was to engage with officers and provide a 'sounding board' to assist in the development and identification of savings options.

There remains a strong ambition to achieve a balanced budget over the medium term, however, the reliance on single-year funding settlements make long-term financial planning significantly more challenging. While securing recurring savings is a key objective for financial sustainability, the ongoing financial pressures facing local authorities mean that some one-off savings may also be required to achieve a balanced budget in the short-term.

The options being considered as part of the budget preparations were grouped into a number of categories (1) generate additional income, (2) spend-to-save opportunities, (3) a review of earmarked reserves to return any no longer required to the General Fund that could assist with balancing the budget and (4) service reductions and changes to how services are delivered.

When considering balancing the budget for 2025-26 there were a number of areas of cost pressure that made this more challenging including:

- Increase to Employers National Insurance Contributions announced as part of the UK Budget on 30 August 2024.
- Extended pay negotiations for 2024-25 pay award.
- Increase to school and public transport contract costs.
- Increase in demand for transport for young people with additional support needs.

The Budget Working Group considered savings options for 2025-26 during 2024-25 and these were reported to the Policy and Resources Committee on 5 December 2024, in advance of the Council's budget meeting in February 2025. The savings options exceeded £3m but still left the Council with an estimated budget gap in excess of £6m. The Council achieved a balanced budget for 2025-26 at its meeting on 27 February 2025, which included a 9.9% increase to Council Tax.

Preparation is already underway for the 2026-27 budget setting process, with a report on the budget approach being presented to Council on 26 June 2025. In a recent Audit Scotland report on Local Government budgets, it states that “at a time of constrained public finances and growing demand, not all cost increases can be met from central government funding and Councils need to take local action to achieve budget balance over the short and medium term”.

The Accounts Commission Best Value Report of Argyll and Bute Council published in April 2025 noted the following findings:

“Given its remote and rural characteristics, the council is ahead of the game in terms of achieving efficiencies, including through its use of digital technology, with exciting examples of innovation within service areas. However, the potential for further management efficiency savings may now be limited. In line with our forthcoming Best Value reporting on transformation, we will expect the council to build on its culture of innovation and provide evidence of a more strategic approach to transformation and service redesign, aligned to its new corporate priorities and required savings.

The council has comprehensive structures for managing and reporting financial matters and for budget-setting, and a strong track record of delivering recurring savings. However, given the budget gap projected over the next five years, we expect the council to adopt a more strategic approach to savings planning, driven by its new corporate priorities.”

Officers have now developed a longer-term approach to balancing the budget, whilst acknowledging that there is a significant gap in 2026-27 that will need to be addressed in the short-term. The budget approach has been named “Enabling the Council of the Future to Thrive”. The approach includes developing a five-year pipeline of savings that is visible to officers and Members. The pipeline will allow for any required lead in time for transformation and savings, and will ensure that savings are planned, so that those taken in the short-term take into consideration future service delivery requirements. The proposals will also align to the Councils set of priorities.

Rural Growth Deal

On 10 March 2025, the Scottish and UK Governments signed a £70m investment programme with Argyll and Bute Council to deliver vital economic growth for the area.

The 10 year Rural Growth Deal (RGD) for Argyll and Bute will see the Scottish and UK Governments each contributing £25m to the programme, and the Council and its partners providing at least £20m of match funding.

The RGD is designed to deliver at least 300 additional jobs, training opportunities for more than 6,000 people, support for business growth, new housing and worker accommodation, and more than 70,000 additional visitors to the area every year.

This is significant and very welcome investment in the economy and longer-term future of Argyll and Bute. Our area boasts a number of key industries that support, not only our local economy, but that of Scotland and the UK more widely.

The Deal was signed on Bute, home of Rothesay Pavilion, the first project expected to be delivered with support from the Rural Growth Deal. The renovation of the 1938 Pavilion is designed to transform the building into a valuable resource for day-to-day life on Bute, and a driver for the island economy as a national tourist destination.



The project themes in the deal are as follows:

- Marine Tourism/Place Programme, including Rothesay Pavilion
- Low Carbon Economy - Islay
- Rural Skills Accelerator
- Housing – Isle of Mull and Isle of Islay
- Clyde Engineering and Innovation Centre
- West Coast UAV
- Marine Aquaculture Programme.

Regular updates on progress are posted on the website, see link: [Rural Growth Deal \(argyll-bute.gov.uk\)](https://www.argyll-bute.gov.uk).

Community Regeneration Partnership Funding (CRP)

In the management commentary last year, we advised that the Levelling Up Partnership funding was announced by the UK Government in the 2023 Autumn Statement and Argyll and Bute had been allocated up to £20m of Levelling Up Partnership funding. It was originally envisaged that a long list of projects would be identified by May 2024 with a short list by mid-July 2024. Business cases would then be developed by the UK Government with a final decision made in September 2024. This all changed due to the General Election on 4 July 2024.

In the 2024 Autumn Statement, the UK Government committed to delivering a package of support to Argyll and Bute Council, in order to improve outcomes across the region, in line with the Government's core missions and priorities. Community Regeneration Partnership Funding (CRP) will build upon previous work and engagement undertaken by the Ministry of Housing, Communities and Local Government (MHCLG) under the banner of Levelling Up. As part of the core funding package, there is up to £20m capital and £250k revenue funding available for the CRP. Funding is profiled for payment in financial year 2026-27 and is subject to business case approvals.

The Council was asked to identify 5 priority projects to put forward for funding and UK Government officials would also carry out their own field work to identify opportunities. The 5 priority projects identified by the Council were Oban Airport Business Park, Former Royal Hotel Rothesay, European Marine Science Site Phase 2, Affordable Housing for Key Workers and SME Business Units. A decision is expected soon and it will provide much welcomed funding for several projects across Argyll and Bute.

Effects of Climate Change – Weather Incidents across Argyll and Bute

Weather Incident October 2023

In October 2023, following a period of unprecedented wet weather where there was a level of rainfall that left ground conditions very wet and, in many cases, saturated. Over a month's worth of rain fell over a 36 hour period starting Friday 6 October 2023 and running into Saturday 7 October 2023. This was the wettest 2-day period on record for Scotland since 1891 (MET Office report).

A report to Council in April 2024 advised that the estimated costs related to the weather incident amounted to £10.543m. A Bellwin Claim was submitted amounting to £4.965m, net of the threshold to be met by the Council. The purpose of the Bellwin Scheme is not to put right all the ill effects resulting from an emergency incident but to provide a degree of financial protection to both local authorities and their local council taxpayers, as a result of having to deal with an emergency situation or situations over and above what could reasonably have been budgeted for (0.2% of their total net revenue budget). The Scheme addresses revenue and uninsurable expenditure incurred within a two-month period from the date of the incident (for the weather incident in October 2023, this was extended by Scottish Ministers to 4 months). The scheme does not cover capital expenditure. The Council also secured a further £2.3m of funding as part of the 2024-25 budget negotiations.

It was reported in August 2024 that several projects had become increasingly more complex as the full extent of the damage, underlying ground conditions and other factors emerged and as a result, costs increased by £3.853m. This meant the total costs for the storm in October 2023 were over £14m.

Storm Eowyn

Storm Eowyn struck Argyll and Bute on 24 January 2025, bringing wind speeds of up to 100mph and causing widespread damage. The storm led to power outages, cancelled ferry services, blocked roads and tidal flooding affecting communities across the region. The Council's infrastructure suffered significant damage, particularly to roads, sea walls and harbour facilities. Other affected assets included burial sites, parks, recycling centres, operational depots, and Council and private property.

As at 10 June 2025, the estimated cost of the storm is almost £4m and this does not include the costs for Helensburgh Leisure Centre, which was severely affected by the storm. It is likely there will be a difference between insured works and required works.

The Council were able to submit a Bellwin Claim totalling £0.353m (net of threshold). Most of the costs associated with the permanent repair of roads and infrastructure assets are capital in nature and therefore are not eligible to be claimed through the Bellwin Scheme. It also does not cover loss of income in respect of the closure of Helensburgh Leisure Centre.

Increase in weather events

We are experiencing an increase in severe weather events, consistent with the effects of climate change. This is placing additional strain on already fragile infrastructure, highlighting the need for increased investment in resilience and maintenance.

At the Council budget meeting in February 2025, the Council set aside a provision of £2.9m to boost future resilience for managing severe weather-related costs. It was further agreed at the Environment, Development and Infrastructure Committee in March 2025 that the Council should write to the Scottish Government seeking dialogue in relation to future funding models to support recovery of infrastructure and wider capital assets following major storm events.

Health and Social Care Partnership

The Health and Social Care sector across Scotland is in a difficult position at present due to the financial challenges they are facing. Most HSCPs have significant forecast deficits and depleted reserves. Audit Scotland have repeatedly reported that the sector is not operating on a financially sustainable basis. As noted elsewhere in this commentary, Social Work Services, part of the Health and Social Care Partnership, were overspent at the end of 2024-25, however, HSCP reserves were drawn down, in order to recover this position.

In respect of 2025-26, the Integrated Joint Board approved the HSCP budget at their meeting on 26 March 2025. They approved £1.547m of savings and the use of £2.964m of non-recurring reserves for Social Work which left a balance of £0.500m still to be identified.

Further savings cannot be delivered without reduction in service and capacity within the HSCP. Almost all social care services are provided to individuals with protected characteristics (children, older people, people with disability) and it is therefore not possible to reduce services without having a disproportionate adverse impact on these groups. The IJB endorsed a recovery plan on 28 May which included increases to income, vacancy savings, review of services, application of a care ceiling and agency staff savings.

There remains a risk that the HSCP cannot bring its 2025-26 expenditure within budget and that the Council may be faced with having to make interim funds available which would most likely have to come from the Council's General Fund. The use of reserves to balance the budget in 2025-26 will also make the scale of the challenge in 2026-27 more severe. The management of longer-term financial sustainability is a priority and service change, and transformation plans aimed at addressing this require to be developed, consulted upon and implemented during 2025-26. The position will be closely monitored.

Risks

The Council's Strategic Management Team (SMT) actively manage strategic risks via a six monthly review of the Strategic Risk Register (SRR), which adopts established risk management arrangements, including reviewing current mitigating measures and identifying key actions to further mitigate risk. These actions are designed to be consistent with the work required to deliver services, which are aligned to the Council's objectives through the Council's strategic and service plans. The SRR currently has 13 strategic risks, which are categorised using a RAG (Red, Amber, Green) Status based on the residual impact and likelihood of crystallisation, after accounting for mitigation measures. Furthermore, departmental management teams review their Operational Risk Registers (ORR) on a quarterly basis, with the 'Red' risks identified in ORRs being reported to the SMT, to ensure they are sighted on all emerging high priority risks.

There are currently four strategic risks classified as 'Red', as set out in the diagram below, which also summarises the current mitigating actions. These are risks that the Council continues to manage through programmes of work, such as, the Rural Growth Deal, the progression of compliant solutions for the Biodegradable Municipal Waste (BMW) Ban that comes into place on 1 January 2026, as well as the ending of our Waste PPP Contract in September 2026, cyber security awareness, contingency planning and addressing the Housing Emergency.

Population, Infrastructure and Economic Decline

- Maximise external funding
- Rural Growth Deal
- Community Regeneration Partnership
- Aspiring Places

Waste Management

- Progressing with compliant solutions for the Bio-degradable Municipal Waste Ban that comes in on 1 January 2026
- Options for Waste Disposal beyond the Waste PPP Contract
- Increase drive towards recycling

Cyber Security

- Contingency Planning
- Raising Cyber Security awareness
- Disaster Recovery Plan
- Work with Scottish Government Cyber Resilience Team

Housing Availability

- Housing Strategy and Investment Plan
- Housing Delivery Group
- Delivery of key worker accommodation

7. CONCLUSION

The Council continues to operate in a challenging financial environment, shaped by ongoing pressures on public sector funding and increasing demand for services. Despite this, we have maintained sound financial management and continue to take a proactive, planned approach to ensure our long-term financial sustainability.

We recognise the risks that lie ahead, including inflation, service cost pressures and uncertainty over future funding and are actively working to mitigate these through prudent budgeting, strategic planning, and investment and transformation.

The Council remains committed to delivering best value for our communities, while protecting essential services and planning responsibly for the future.

8. ACKNOWLEDGEMENTS

We would take this opportunity to acknowledge the significant effort in producing the Annual Accounts and to record our thanks to both Elected Members and staff for their continued hard work and support.



Councillor Jim Lynch
Leader
29 January 2026



Pippa Milne
Chief Executive
29 January 2026



Kirsty Flanagan
Section 95 Officer
29 January 2026

THE AUTHORITY'S RESPONSIBILITIES

The Council is required:

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

SECTION 95 OFFICER RESPONSIBILITIES

The Section 95 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 Code).

In preparing the Annual Accounts, the Section 95 Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates on a reasonable basis;
- complied with legislation;
- complied with the Local Authority Accounting Code of Practice 2024-25 (in so far as it is compatible with legislation).

The Section 95 Officer has also:

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

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



Councillor Jim Lynch
Leader
29 January 2026



Kirsty Flanagan
Section 95 Officer
29 January 2026

1. BACKGROUND AND SCOPE OF RESPONSIBILITY

Argyll and Bute Council's (the Council) governance framework includes the systems, processes and culture by which the Council is controlled, engages with communities and monitors the achievement of strategic objectives. The Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to the economic, efficient and effective use of public money.

The system of internal control is a key part of the framework and is designed to manage risk to an acceptable level.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance (the Code) which is consistent with the principles and requirements of the CIPFA/SOLACE revised Framework for 'Delivering Good Governance in Local Government'. This Statement explains how the Council has complied with the Code and meets the requirements of current good practice.

2. THE GOVERNANCE FRAMEWORK

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

We have four values which underpin everything we do, providing a strong foundation for achieving the transformation that will ensure we meet the challenges of the future and deliver quality services:

Caring

Committed

Collaborative

Creative

The Council has developed a change programme 'Connect for Success' with the seven principles – One Council One Place, Purpose and Mission Focus, Employee Empowerment, Data and Evidence Driven, Learning Council, Agile and Maximise Useful Technology - [Connect for Success](#)

We have developed and communicated an [Ethical Framework](#) within the Council's Constitution, which defines standards of behaviour for Members and staff. Protocols for Member/Officer relations are also detailed within the Constitution.

The Councillors' Code of Conduct is set out at a national level, applying to all members in Scottish local authorities and is incorporated into the Council's Constitution as part of the ethical framework which also includes a protocol for the Monitoring Officer. Each Member's interests can be found in their respective profiles at Member's Interests and is publicly available for inspection.

In addition, the Constitution has a section on conduct at meetings and meeting agendas require declarations of interest to be made where appropriate. Standing orders for meetings are included within the Council's constitution and training and support is provided to members on their role in Council committees.

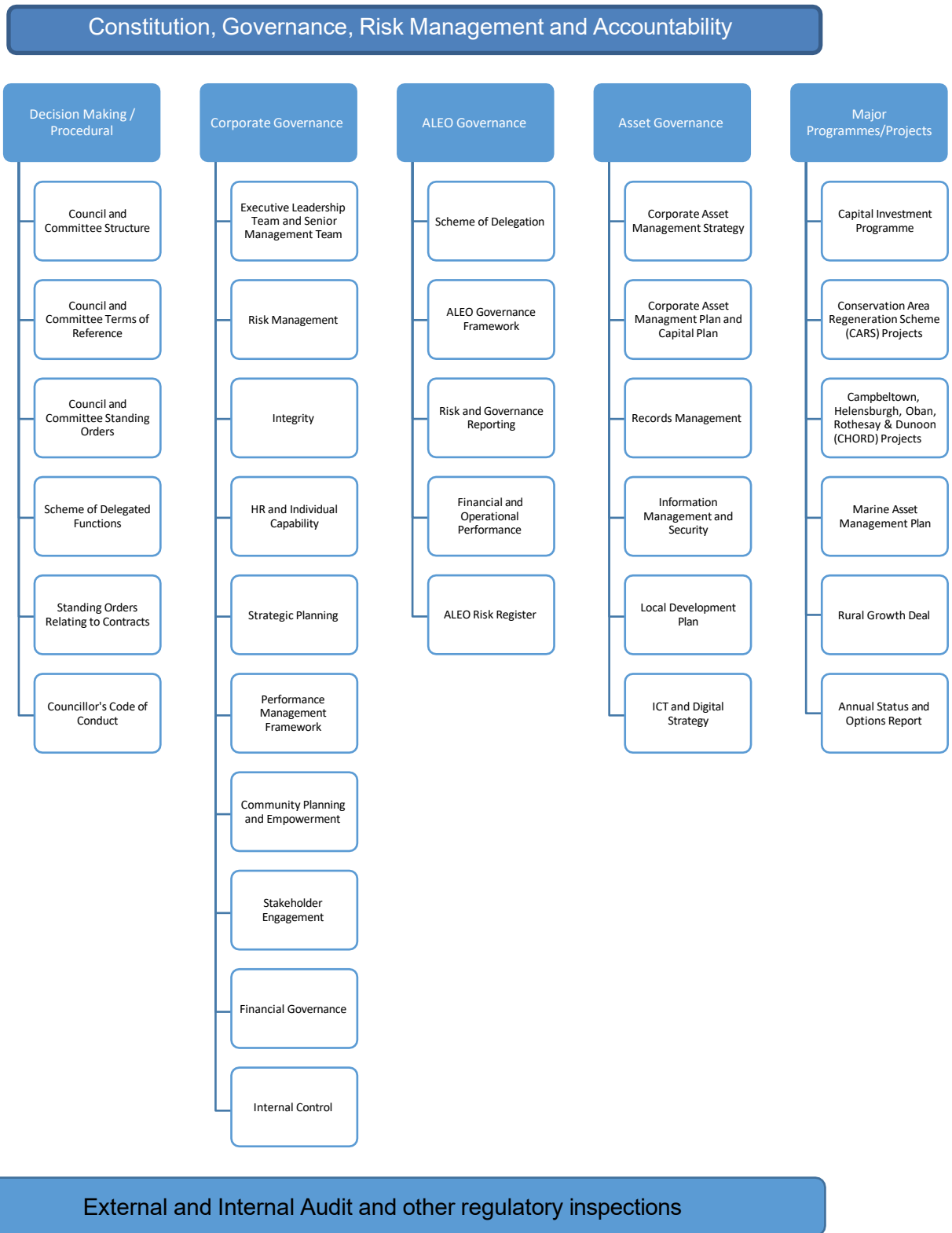
[Anti-fraud and whistleblowing](#) policies are in place and the Council has adopted the Scottish Public Services Ombudsman's (SPSO's) Model [Complaints Handling Procedure](#).

The Council complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.

In addition, Professional advice on the discharge of statutory social work duties is provided to the Council by the Chief Social Work (CSWO).

Annual Governance Statement

A structure of governance and framework across our day to day activities and which supports accountability, control, risk management and appropriate overview of the Council is outlined in the diagram below:



Principle 2: Ensuring openness and comprehensive stakeholder engagement.

We have established clear channels of communication with the community and other stakeholders through our Communication Strategy. Key mechanisms include:

[Consultation Diary](#)

The Council is committed to working with, as well as for, our communities so consultation and engagement are an important element of our work. There is a section on our website dedicated to consultations, where consultations run by the Council are hosted. Importantly this includes a section which publicises the results and/or outcome of consultations and the resultant decisions, showing how they were informed by the consultation process. This 'You Said We Did' section is part of our commitment to showing how the Council listens to views from our communities on wide ranging aspects of the council's work and life in Argyll and Bute. These include for example, transport, bins, budget planning, procurement, early years provision, school catchment areas, and customer service.

[Keep in the Loop Service](#)

Over 14,000 customers currently subscribe to receive notifications across 22 different subscription services. In 2024/25 386,303 email notifications, newsletters and alerts were issued via the Keep in the Loop Service to its subscribers.

['Myaccount'](#)

This is a secure sign-in service for accessing online public services in Scotland. It provides the ability to set up an online account and use it to access a growing range of online public services, Scotland-wide, including Argyll and Bute Council services. Currently 19,231 customers have linked their national Myaccount to the Argyll and Bute Council instance and use it to access and personalise their interaction with the Council on a range of services e.g. it gives authenticated access to our Council Tax and Benefits Portal.

[Public Performance Reporting](#)

The Council's website makes all relevant performance information available to the public. This includes information on performance scorecards, budgets and other service related information. This promotes open accountability to the public for its performance against agreed policies and standards. As part of phase two of the Performance Excellence Project a review of the council's approach to public performance reporting is being undertaken. It also includes all copies of the [Council's financial accounts](#) and papers for all Council and Committee Meetings, supplemented by [webcasts of meetings](#).

[Accessibility](#)

In 2024/25, 77% of 528,606 customer interactions through the Council's Customer Engagement Team were made using digital self-service. This very high proportion is because of the scope and quality of the digital services provided. In order to ensure maximum accessibility for everyone and meet our equalities responsibilities, the Council's website is [independently assessed](#) against the international WCAG2.2 standard and in April 2025 it scored 99% and was the second highest ranked website in Scotland. The website had 4,501,450 page views in 2,868,330 separate sessions in 2024/25, an increase of 5.4% on the previous year. A new online service for all council employees called MyCouncilWorks was completed and it's had 512,000 page views. In addition, our 24/7 voice automated telephone service had 41,309 calls and collected £2.2m in automated phone payments. The council also fully reviewed and updated its [Customer Service Strategy](#) with a focus on inclusivity and accessibility.

[Community Engagement](#)

To support strengthening communities, community empowerment and engagement, the Council has in place:

- An officer Community Engagement Strategy Group which has supported the development and implementation of the Council's Engagement Framework; advising on best practice in engagement tools and techniques and supporting skills development and capacity within the Council to effectively engage with communities which has included training for officers, elected members and communities. On this group sit those officers with expertise in engagement from a range of services across the Council, including those from Corporate Communications and the Communities & Partnership Team. The Council's Communications Team has developed an engagement app for services to use, and the Council's Communities & Partnership Team has resources and expertise to support hard-to-reach groups, community organisations and remote communities, to have a voice in decision making.
- A Community Development service, with a focus on improving active citizenship and capacity building by delivering best practice in community development through a responsive and effectively targeted programme of Community Development support, internally to the Council and externally within communities across Argyll and Bute.
- A range of [training and resources](#) to help build the knowledge, skills and confidence of community organisations and development trusts, including publishing webinars on key topics of relevance to community organisations.
- Funding support to help empower community organisations to take forward priority projects and activities in their area: [Monthly funding alert | Argyll and Bute Council \(argyll-bute.gov.uk\)](#), hosting [GrantNet](#) for self-service funding searches, supporting funding applications through the [Community Funding Toolkit](#), and undertaking tailored funding searches on request.
- The annual delivery of a Supporting Communities Fund grant award scheme which community groups can apply for (up to £1,500 each), including offering advice and support on applications and other funding routes.
- Resourcing community council liaison activities, including training and support activity, helping to build the capacity of community councils. Delivering capacity building to communities to increase the use of the Gaelic language and to make it more accessible and visible.
- Resourcing and supporting delivery of the statutory requirements under [Part 3](#) (Participation requests) and [Part 5](#) (Asset transfer requests) of the Community Empowerment (Scotland) Act 2015. Council departments are also provided with support in relation to [Part 9](#) of the Act (Allotments).

The Council also has a statutory lead role to ensure Community Learning and Development provision in Argyll and Bute is set out in an Argyll and Bute Community Learning and Development Strategic Plan, and this is delivered through collaboration with its Arms-length External Organisation (ALEO) partner, Live Argyll, and the Argyll and Bute Third Sector Interface (TSI).

The Council continues to promote the [Community-led action plan toolkit](#) (developed in partnership with Scottish Community Development Centre) to help support communities interested in developing a local Community-led Action Plan. The Council also provides support for communities interested in the development of a Place Plan: [Local Place Plans | Argyll and Bute Council \(argyll-bute.gov.uk\)](#).

The Council directly resources the management of the Community Planning Partnership (CPP) to bring partners together, including the community, to deliver the statutory requirements under [Part 2](#) (Community Planning) of the Community Empowerment (Scotland) Act 2015, including a Local Outcomes Improvement Plan. Support is also provided to the four Area Community Planning Groups.

The Community Planning Partnership seeks to ensure that young people are engaged in community planning and has implemented the following:

- The 3 local Members of the Scottish Youth Parliament (MSYPs) are invited to attend the Community Planning Partnership Management Committee meetings on a rotational basis.

- The Area Community Planning Groups (ACPGs) invite members of local youth forums to attend meetings when they are held in their local areas, with information passed on to young people by youth workers who are kept updated on any developments.
- The revised Scheme of Establishment for Community Councils outlines the requirement to encourage young people to attend and participate in community council meetings and the age to become a community councillor was lowered to be 16, to encourage more young people to become involved.

The Council also provides opportunities for community organisations to engage with Community Planning and Community Development through the following resources: Community Development Bulletin, Community Planning Bulletin, Gaelic Newsletter, Community Planning Podcast.

Council/Committee Meetings

Meetings are always held in public, unless one of the statutory exemptions in the Local Government (Scotland) Act 1973, schedule 7A applies to the content of the report. Agendas for and minutes of meetings are detailed on the Council's website. When schedule 7A applies papers are adjusted to ensure that the maximum amount of content is in the public domain.

The Council's [Constitution](#) defines the roles and responsibilities of the administration, committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.

The Standards Commission Advice Note for Councillors on Distinguishing between their Strategic Role and any Operational Work has previously been included in an Elected Member Seminar and is hosted on the Members Resource page on the Hub for ease of reference.

Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Our [Corporate plan](#) sets out our, and our community planning partner's, vision for Argyll and Bute's economic success to be built on a growing population. It also defines our mission "*To make Argyll and Bute a place people choose to live, learn, work and do business*" and establishes our outcomes, priorities and approach to delivering on our shared ambition with our community partners.

We have a [Performance Improvement Framework \(PIF\)](#) that ensures performance is integral to the work of the Council. The PIF is focused not just on measuring what we do but on measuring the difference we make in terms of our outcomes.

Asset management planning and capital investment is structured to consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. The Council has put arrangements in place to comply with key elements of the Community Empowerment Act.

In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders. Community benefit is an important consideration in the procurement of goods and services.

The Council has acknowledged the effects of the 'Cost of Living' within Argyll and Bute and during 2024/25 client gain achieved by the Flexible food and Fuel fund project reached £5.2 million. This project supports the most vulnerable low income households and those using foodbanks in our area to access short term grants to cover the cost of food and fuel. In the longer term support through the provision benefit maximisation, money advice and energy advice services is provided by third sector partner agencies.

In addition, this year the Council has issued 1,256 Scotland Loves Local Gift Cards to low income island households and it likely that the £119,320 loaded onto the gift cards will be spent in island based local businesses in Argyll and Bute. The Council and the Third Sector Interface is supporting the Poverty Alliance on a project entitled "Taking Action on Rural Poverty" which is looking at new ways of addressing rural poverty in Argyll and Bute by reducing the rural poverty premium.

The Council has also provided a one-stop-shop webpage where individuals and families can access energy advice, money advice and links to the services the Council provides in this area and those provided by third sector partner organisations.

Throughout 2024/25, Argyll & Bute Council actively drove forward its commitment to reducing carbon emissions, guided by our Decarbonisation Plan. We continued to deliver a range of projects aimed at lowering our environmental impact. This included tangible progress in enhancing energy efficiency within our buildings, advancing renewable technology installations such as the solar PV system at Cardross Primary School, and progressing the transition towards a lower-emission fleet. Efforts to minimise waste sent to landfill also remained a key operational focus.

A significant development in 2024/25 was commencing the adoption of the Scottish Government's ClimateOS platform. This strategic tool is set to enhance our climate action planning capabilities, a positive step being embraced by local authorities across Scotland. These dedicated actions and project deliveries during the year reinforce our steadfast commitment to achieving Scotland's net zero targets and ensuring a greener Argyll & Bute.

Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Committee reports contain compulsory sections which ensure that decision makers receive detailed information indicating how intended outcomes would be achieved, together with the implications associated with the proposals covering financial, risks and mitigations, integrated impact assessment, acting sustainably, carbon management, island proofing, and changes to schemes.

The Council's Executive Leadership Team (ELT) meet regularly with the administration to discuss their key priorities and requirements for decision making in addition there is regular survey and feedback on their needs and a regular review of governance arrangements to ensure that decision making is fully supported.

In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders. Community benefit is an important consideration in the procurement of goods and services.

The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private, and voluntary organisations in delivering services that meet the needs of the local community as stated in the Council's Corporate Plan.

Principle 5: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Elected Member Development

The Council has signed up to the Improvement Service's Continuing Professional Development Framework for Elected Members. All Elected Members are provided with opportunities to progress personal development plans so that individual training needs and aspirations are identified and support provided as appropriate. This is complemented by a comprehensive seminar and workshop programme which addresses a wide range of topics and strategic issues. Additional training was undertaken by Elected Members in relation to the technology, knowledge and skills necessary to support the transition to a virtual environment including webcasting of strategic Committee meetings and the operation of meetings on a hybrid basis, enabling a mixed attendance of members being physically or virtually present.

Officer Development

The Council has frameworks in place to support officer development. These are underpinned by our corporate behaviours and delivered through the corporate training programme and leadership development programmes. These frameworks are being redesigned to better reflect the principles of Connect for Success. During 2024/25 Executive Coaching for Chief Officers was introduced. While the corporate behaviours and Argyll and Bute Manager programme are being redesigned all content from the

previous courses are available on LEON (the Council’s eLearning platform). A new coaching conversations training programme has also been added to the corporate training programme to support managers with empowering team members and having coaching conversations.

Principle 6: Managing risks and performance through robust internal control and strong public financial management.

Internal Financial Control

Our standing orders, financial instructions, scheme of delegation and supporting procedure notes/manuals clearly define how decisions are taken and the processes and controls in place to manage risks. These are reviewed and updated on an annual basis. We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Council’s Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair. Furthermore, the Council has a designated Data Protection Officer and all services have Information Asset Registers along with appropriate guidance on how data should be managed.

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer and we ensure that our independent Audit and Scrutiny Committee undertakes the core functions identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities.

The Council has a proactive, holistic approach to tackling fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively. It is based upon the national counter fraud standard CIPFA’s Code of Practice on ‘Managing the Risk of Fraud and Corruption’.

The Council has a system of internal financial control designed to manage risk to a reasonable level. It is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

Development and maintenance of the system is undertaken by officers within the Council and the named bodies mentioned below.

<u>Internal Financial Controls and Prevention</u>	<u>Are these in Place?</u>
Comprehensive budget systems	<input checked="" type="checkbox"/>
Financial and budget monitoring systems	<input checked="" type="checkbox"/>
Financial and Performance reporting systems	<input checked="" type="checkbox"/>
Clearly defined Capital Expenditure guidelines	<input checked="" type="checkbox"/>
Project Management processes and disciplines	<input checked="" type="checkbox"/>
An effective Internal Audit Section	<input checked="" type="checkbox"/>
An effective Counter Fraud Team	<input checked="" type="checkbox"/>

Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

This annual review also covers the other bodies whose activities are incorporated into our Group Accounts and reliance is placed on the formal audit opinion contained in the financial statements of each individual body.

- Dunbartonshire and Argyll and Bute Valuation Joint Board

- Live Argyll
- Argyll and Bute Integration Joint Board

The Council's risk management processes are well developed. In particular the:

- Strategic Risk Register is updated twice a year and approved by the SMT
- Chief Executive presents the Strategic Risk Register to the Audit and Scrutiny Committee on an annual basis
- Operational Risk Registers are updated quarterly by departmental management teams.
- Internal Audit will perform an audit of compliance with risk management arrangements every three years.
- The Chief Internal Auditor (CIA) performs an annual strategic risk assurance mapping exercise.

Principle 7: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Internal Audit

The Council and its Group bodies have internal audit functions, which operate to Public Sector Internal Audit Standards. The work of Internal Audit is informed by an analysis of the risk to which the Council and its Group bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's Audit and Scrutiny Committee endorses the preparation methodology and annual internal audit plan and monitors the performance of Internal Audit in completing the plan. In addition, the Council has developed a hybrid meeting facility enabling physical and virtual attendance at meetings with a public broadcast function so that members of the public can see and hear meetings of the Council's strategic committees live increasing openness and transparency.

The Chief Internal Auditor provides the Audit and Scrutiny Committee with an annual report on internal audit activity in the Council and an opinion of the assurance that can be taken regarding the systems of governance and internal control and whether they are operating effectively. This is an independent and objective opinion of the CIA based on work carried out in conformance with the Public Sector Internal Audit Standards to fulfil statutory Internal Audit provision.

Internal audit provides members and management of the Council with independent assurance on risk management, internal control and corporate governance processes. External audit has, and continues to, use the work of Internal Audit.

The Annual Accounts and Report sets out the financial position in accordance with relevant accounting regulations.

Review of the Adequacy of Effectiveness of the Council's Governance Framework

The Council has appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The legislative framework of local government defines a number of posts which are primary to the Council's governance arrangements. These include the Chief Executive, Pippa Milne fulfilling the role of Head of Paid Service. As Monitoring Officer, the Executive Director Douglas Hendry:

- oversees the implementation of the Code and monitoring its operation
- reports annually to the Council on compliance with the Code and any changes required to maintain it and ensure its effectiveness.

Specific responsibilities are assigned to the Executive Director Kirsty Flanagan as the Council's Chief Financial Officer (S95 Officer), to ensure that public funds are properly accounted for. In recognition of the significant role that the Chief Financial Officer has in relation to financial performance and the financial control environment, CIPFA has set out key principles that define the core activities and behaviours that belong to the role. These include, being a key member of the Leadership Team, being actively involved in

and influencing decision making, and leading the delivery of good financial management across the whole organisation. The Council have appointed a Data Protection Officer in line with the requirements of the UK-General Data Protection Regulations and the Data Protection Act 2018.

3. FINANCIAL SUSTAINABILITY

It is anticipated that the Scottish public sector will continue to face a very challenging short and medium-term financial outlook with uncertainty over the level of Scottish Government funding. The current one year only financial settlements provide very little medium term budget certainty. Furthermore, the continued ring-fencing of monies and additional policy commitments, which are not always fully funded, limit financial flexibility and create additional budget pressures.

In addition to uncertainty around future funding levels, there are also prevailing levels of economic uncertainty, with continued volatility in financial markets. Against a backdrop of historic real terms standstill/reducing Local Government Finance Settlements and the global economic climate, the management of budget pressures in respect of pay and other inflationary cost increases, together with increasing demands for key services, will continue to be challenging.

The Council undertakes financial planning to provide a longer-term view of its financial position over future years. Financial estimates are provided within its medium-term financial outlook over a five-year period, to provide a longer-term view of the Council's estimated budget gap. The financial outlook is underpinned by planning assumptions in respect of available funding, cost and demand pressures, pay and non-pay inflation, together with potential measures to balance the budget. These assumptions are reviewed and updated on an ongoing basis, with the outlook prepared to reflect best case, worst case and mid-range scenarios.

The Council has a strong track record in effective financial management, as recognised by previous years' annual external audit reports, and is well placed to manage future financial challenges. The annual audit report for the year ended 31 March 2024 also recognises that the Council has effective financial planning arrangements in place to support financial sustainability. In addition to its revenue budget outlook, the Council provides regular update reports on capital plans, reserves and balances, financial risks and treasury management activity, in accordance with its approved strategies.

The Council is taking a longer-term approach to budget planning and recognises that opportunities for budget savings will require to be delivered, whilst maintaining services, in line with its key strategic objectives and within available budget resources. Service transformation, underpinned by robust financial planning, will continue to be a key focus, in order to safeguard the financial sustainability of the council.

4. HEALTH AND SOCIAL CARE INTEGRATION

The Argyll and Bute Integrated Joint Board (IJB) has been established as a separate legal entity from Argyll and Bute Council and NHS Highland, with its own board of governance. The IJB comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board members from NHS Highland. In addition, there are a number of non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff.

The arrangements for the operation, remit and governance of the IJB are set out in the Argyll and Bute Integration Scheme which has been prepared and approved by Argyll and Bute Council and NHS Highland. It has also been approved by the Scottish Government. The IJB, via a process of delegation from the Health Board and Local Authority as outlined in the Scheme of Integration has responsibility for the planning, resourcing and operational delivery of all health and social care services within Argyll and Bute.

The Council places reliance on the IJB's framework of internal controls and similarly the IJB places reliance on the procedures, policies and operational systems of the Council and the Health Board. The IJB operates within an established procedural framework. The roles and responsibilities of board members and officers are defined within Standing Orders, the Integration Scheme, Financial Regulations and Standing Financial Instructions.

The IJB has proportionate internal audit arrangements in place to provide independent assurance on risk management, corporate governance and the system of internal control. A risk based internal audit plan was developed and commissioned for 2024/25 and the IJB's internal auditor has issued a formal annual report providing their independent opinion on the effectiveness of the IJB's risk management, internal control and governance processes. The overall conclusion of the Internal Auditor is to provide a reasonable level of assurance on the adequacy of internal controls and governance arrangements within the IJB.

During 2024-25 the IJB has progressed a number of areas for development in respect of governance and this has resulted in a marked improvement in the way in which the IJB operates and is governed. The action plan is now fully implemented, highlights included the development of the Workforce plan, the roll out of the Integrated Performance Management Framework (IPMF), the development of the engagement strategy and training and development for IJB members. The IPMF is now subject to review.

The operating environment going forward is very challenging as funding allocations have not kept pace with cost and demand increases. The increase in the employer national insurance rate and threshold is having a material impact on commissioned service providers, increasing cost and service risk further. The impact of an increasing older population with ongoing recruitment constraints and workforce shortages is adding to the challenge. The HSCP is working to address its workforce gaps throughout the area and across many professions in a variety of ways. For example, it is seeking to address key worker accommodation shortages in partnership with the Council, Shelter and the Social Housing Sector and is constantly trying new approaches to attract workers from outside Argyll & Bute. The Health and Care (Staffing) Act is still in the early stages of its implementation and this will continue to impact upon staffing models through 2025/26 along with reduction in the working week (NHS) and other implications from pay awards. The financial constraints are so severe that the HSCP will be implementing its financial recovery plan and making reductions to its service offer. These risks and challenges are particularly acute in many of our rural and island communities which are experiencing increasing costs along with very small scale, lifeline services which are becoming ever more difficult to sustain or operate in a financially efficient way. The HSCP will seek to balance the financial pressures it, and its partners, are currently experiencing with the care needs of the communities it serves.

The IJB approved a budget for 2025/26 which indicates that financial recovery actions are required to identify further savings in year and that additional funding from NHS Highland may be required. The budget is also dependent upon the allocation of non-recurring pension fund savings and use of remaining reserves, this approach means that the scale of the challenge in 2026/27 is expected to be even more severe. The management of longer-term financial sustainability is a priority and service change and transformation plans aimed at addressing this require to be developed, consulted upon and implemented during the course of 2025/26. The delivery of the short term savings and recovery plan is a priority for the HSCP particularly as it seeks to manage down spend on expensive agency and locum staff whilst maintaining the safety of services.

5. UPDATE ON AREAS FOR DEVELOPMENT IDENTIFIED IN PREVIOUS ANNUAL GOVERNANCE STATEMENTS

The 2023/24 Annual Governance Statement identified a number of areas for further development. A summary update for each area is provided in the table below.

Area	2024/25 Update
<p>Preparation for the implementation of the Visitor Levy in 2026 - Work with the Digital Office, Improvement Service, City of Edinburgh and Highland Council on the development of a new digital platform for the billing and collection of the new levy. (Head of Financial Services/Head of Development and Economic Growth – March 2025)</p>	<p>The Council has completed its public consultation on the visitor levy and is now analysing the 3,300 responses received prior to reporting back to the council for a potential decision in September 2025 on whether to proceed or not. Work also continues on creating a digital platform for the billing and collection of the levy taking into account issues raised through each councils' respective consultations with the public. A decision on whether or not to proceed using this platform will be taken following decision at Committee in August on the Visitor Levy.</p>
<p>Preparation for new processes being implemented including the practice around Initial Referral Discussions relating to child protection, there will be a need to audit and develop practice further and the development of an action plan based on the findings will help improvement and the need to consider the staffing structures which support this vital area of work. (Head of Children, Families and Justice – March 2025)</p>	<p>New Initial Referral Discussions guidance has been developed and was launched on 28th April 2025. Following this event, ongoing monitoring and auditing will be carried out to judge the effectiveness of this new guidance.</p>
<p>Housing Emergency declared by the Council in June 2023 - Utilise outputs from the Housing Summit held, to develop a multi-stakeholder Action Plan, and synthesise the relative elements of this into a revised Local Housing Strategy Action Programme. (Head of Development and Economic Growth – March 2025)</p>	<p>A multi stakeholder action plan has been prepared and approved by the council. This action plan has informed a new housing strategy that has also been approved by the Council and forwarded to the Scottish Government. A new housing delivery group has also been established to focus on delivering the actions identified in the action plan. Regular updates on progress are presented to the Council's EDI Committee.</p>
<p>The revaluation of properties for building insurance purposes - Estates will undertake a revaluation programme for the general portfolio, together with a programme of recorded inspections of vacant properties. (Head of Commercial services March 2025)</p>	<p>During 2024/25 Estates completed the revaluation of general properties within MAKI and H&L areas and it is intended to complete OLI and B&C areas in 2025/26. Reports were also submitted to DMT in relation to vacant property inspections and it was agreed on 24th March 2025 that a working group of officers would be set up to progress this matter in conjunction with the council's insurers.</p>
<p>Publication of the Annual Procurement Report for the Council – This will promote our obligations set out in the Procurement Regulations. (Head of Legal and Regulatory Support – March 2025)</p>	<p>Complete – https://www.argyll-bute.gov.uk/sites/default/files/2024-08/Annual%20Procurement%20Report%202023-24.pdf</p>
<p>The Licensing Board will undertake a review of its Licensing Policy statement as required in terms of the Licensing (Scotland) Act 2005. (Head of Legal and Regulatory Support – March 2025)</p>	<p>A review of the Licensing Policy is ongoing with the intention of submitting a report to the meeting of the Licensing Board in September on the outcome of the review. Continued to March 2026 – see below.</p>

<p>The use of Cloud Storage – Following results of the Internal Audit, put in place actions to ensure optimum, appropriate and secure use of cloud storage is applied across all applications. (Head of Customer Support Services – March 2025)</p>	<p>The Audit of Cloud Computing Services was completed in May 2024 with a substantial level of assurance. All actions have been completed.</p>
<p>Further enhance school engagement with national programmes and community partnership approaches supporting young people to build their confidence, increase mental health awareness and promote diversity. (Head of Education, Performance & Improvement – March 2025)</p>	<p>Education have engaged in a number of programmes and approaches, e.g., Time for Inclusive Education (TIE), the LGBT Youth Project Charter, the CORRA Foundation to further develop an inclusive curriculum that celebrates diversity, the Rights Respecting Schools programme which raises the profile of rights across our schools, the Mentors in Violence Prevention Programme (MVP) which is a peer mentoring programme that uses an active bystander approach to addressing gender based violence, and the ADP School Support Service to provide evidence based, up to date Alcohol and Drugs education to pupils and parents/carers.</p>

6. ISSUES FOR FURTHER DEVELOPMENT

The review of governance and internal control has identified the following areas for consideration during 2025/26, particularly in the context of continuous improvement within the Council:

- An Internal Audit in Non-Domestic Rates (NDR) has identified that the current appeal process needs to be improved to enhance independent decision making and checking. A new independent panel of managers, separate from Finance, will be established to adjudicate on NDR appeals, improving impartiality and robustness of decisions. (Head of Financial Services – March 2026).
- The internal audit of IR35 - Off Payroll Working compliance reported assurance as limited. A comprehensive Policy and Procedures document has been drafted for approval and implementation during 2025/26 in order to minimise any risk to the council. (Head of Financial Services – March 2026).
- Further embedding good governance and information management in the MS365 project and the roll out of Teams - Once the business case has been approved for the next stage of the MS365 project and the roll out of Teams the service will ensure appropriate governance and information management arrangements are in place. (Head of Legal and Regulatory Support – March 2026)
- Financial Recovery – pressures deriving from increasing demand, workforce shortages and reduced real terms funding in Health and Social Care. Plans under development to reduce expenditure and service provision. (Chief Officer – March 2026).
- Reduce risk in long term housing supply by identifying long term strategic expansion sites at scale which will create better economies of scale in terms of servicing infrastructure and site de-risking. Produce Strategic Development Frameworks for the two main population and commerce centres, Helensburgh and Oban. (Head of Development and Economic Growth – March 2026).
- The Licensing Board will undertake a review of its Licensing Policy Statement as required in terms of the Licensing (Scotland) Act 2005. This will ensure that the Policy Statement continues to reflect the Board’s current practice and policy and is updated as necessary to ensure compliance with the statutory licensing objectives. The review will include an extensive consultation exercise with internal and external partners, agencies and the public. (Head of Legal and Regulatory Support – March 2026).

- Ensure continuing improvement in the quality of Learning, Teaching and Assessment (LTA) and pupil learning experiences across all schools. Expanded programme of observation, feedback and support relating to LTA by the central team for targeted schools. (Head of Education, Performance & Improvement – March 2026).
- Strengthen professional learning opportunities for Head Teachers and the Education Central Team in line with the new Leadership Progression Framework. Plan and create a suite of Professional Learning sessions for Head Teachers and system leaders, focusing on key local priorities and involving external partners where possible. Continue to develop the Newly Appointed Head Teacher programme. (Head of Education, Performance & Improvement – March 2026).
- Single Authority Model - Continue exploring the potential for a single authority model including elements such as health and social care. (Chief Executive - March 2026).
- Budget Planning - Develop a longer-term savings plan enabling a more strategic approach to transformation and service redesign. (Chief Executive - March 2026).
- Agree option for continuity of waste service following the end of the PPP Contract. (Head of Roads and Infrastructure - September 2026).
- External residential placements for children - Strengthening the governance arrangements of external placements even further. Monitoring commissioning visits, goals of placements and discharge planning. (Head of Children, Families and Justice - March 2026).
- Stabilisation of staffing - Addressing absences and vacancies. (Head of Children, Families and Justice - March 2026).
- The Council's insurers identified an issue around the revaluation of properties for building insurance purposes. A phased approach of revaluations was implemented with General properties for the OLI and B&C areas to be completed in 2025/26 - Estates will complete a revaluation programme for the General portfolio. (Head of Commercial Services - March 2026).
- Succession Planning - 28% of Property Service staff are 55 or over. Succession planning is therefore essential to ensure continuity of service provision. (Head of Commercial Services - March 2026).

CONCLUSION

The conclusion from the review activity outlined above, and our opinion, is that reasonable assurance can be placed upon the adequacy and effectiveness of Argyll and Bute Council's systems of internal control and governance. Although areas for further improvement have been identified, the annual review demonstrates sufficient evidence that the Council's Local Code of Corporate Governance is operating effectively and that the Council complies with the Local Code in all significant respects. Systems are in place to regularly review and improve governance and systems of internal control.



Councillor Jim Lynch
Leader
29 January 2026



Pippa Milne
Chief Executive
29 January 2026



Kirsty Flanagan
Section 95 Officer
29 January 2026

BACKGROUND

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 was audited by Forvis Mazars LLP. All other sections within the Remuneration Report were reviewed by Forvis Mazars LLP to ensure it is consistent with the Financial Statements.

REMUNERATION POLICY AND ARRANGEMENTS

Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No 2020/26). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements. There are 4 grades of councillor in each local authority for the purposes of payment of remuneration, the Leader of the Council; the Civic Head (Provost); senior councillors; and councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

The Regulations also provide for the banding of local authorities. Argyll and Bute is in Band B and the Council has determined the level of remuneration for councillors within that banding. The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2024-25 the salary for the Leader of Argyll and Bute Council is £42,698. The Regulations permit the Council to remunerate one civic head. The Regulations set out the maximum salary that may be paid to that civic head. The Council's civic head is the Provost and their remuneration is set at £32,024 which is the maximum allowed for local authorities in Band B.

The Regulations also set out the remuneration that may be paid to senior councillors in addition to the Leader and Civic Head and the total number of senior councillors the Council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all its senior councillors shall not exceed £0.374m. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors up to a maximum of 14 and their salary within these maximum limits. The Council's policy is to pay a salary of £32,024 to each appointed policy lead. Chairs of Area Committees without a policy lead remit are paid a salary of £25,574.

In 2024-25, following formation of the new administration on 25/04/2024, Argyll and Bute Council had 9 senior councillors in the Administration (excluding the Provost and the Leader). Following Robin Currie's death on 9 May 2024, this reduced to 8 senior councillors with the Council Leader taking on the policy lead role that Robin held from 26/09/2024. The total salary remuneration for senior councillors (excluding the Provost and the Leader) during 2024-25 was £0.318m. 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.

Senior Employees

The salary of senior employees is set by reference to national arrangements as well as local decisions on management structures and their associated remuneration levels. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services (Chief Officials) sets the salary levels for the Chief Executives of Scottish Local Authorities and also sets out the spinal column salary points for Chief Officers which local authorities can utilise in setting the salary levels for posts within their authority. Industrial Relations Circular 2024 IR 10-24b sets the amount of salary for the Chief Executive of Argyll and Bute Council for 2024-25. The salaries of Executive Directors are paid at SCP 43 with Heads of Service being paid at SCP 29.

COUNCILLORS' REMUNERATION

Councillors' payments are made in accordance with the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 and The Local Government (Allowances and Expenses) (Scotland) Regulations 2007.

The total amount of councillors' remuneration paid by the Council during the year was:

2023-24 Actual £'000	Members Allowances	2024.25 Actual £'000
464	Basic Councillor Salaries	499
70	Leader and Provost's Salary	75
313	Senior Councillor Salaries	318
25	Other Expenses and Allowances paid to Members	18
872	Total Allowances	910

The annual return of councillors' salaries and expenses for 2024-25 is available for any member of the public to view at all Council libraries and public offices during normal working hours. It is also available on the Council's website at <http://www.argyll-bute.gov.uk/council-and-government/councillors-and-community-councillors>.

SENIOR COUNCILLORS' REMUNERATION

Additional disclosures are required for senior councillors' remuneration. Senior councillors' remuneration is in accordance with the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 which for the purpose of remuneration, grades Councillors as either the Leader of the Council, The Civic Head (Provost), senior Councillors or Councillors. Details of senior Councillors' remuneration are as follows:

2023-24 Total Remuneration £	Senior Members	Responsibility	2024-25 Total Remuneration £
Senior Councillor Prior to Change of Administration on 04 April 2025			
24,054	Councillor Garret Corner	Chair of Mid Argyll, Kintyre & the Islands Area Committee to 04/04/2024	275
30,120	Councillor Maurice Corry	Provost to 04/04/2024	344
30,120	Councillor Amanda Hampsey	Policy Lead for Care Services to 04/04/2024	344
30,120	Councillor Andrew Kain	Policy Lead for Roads and Transport to 04/04/2024 Chair of Oban, Lorn & the Isles Area Committee to 04/04/2024	344
30,120	Councillor Liz McCabe	Policy Lead for Islands and Business Development to 04/04/2024 Chair of Bute & Cowal Area Committee to 04/04/2024	344
30,120	Councillor Yvonne McNeilly	Policy Lead for Education to 04/04/2024	344
24,054	Councillor Gemma Penfold	Chair of Helensburgh & Lomond Area Committee to 04/04/2024	275
30,120	Councillor Alastair Redman	Policy Lead for Economic Growth and Corporate Services to 04/04/2024	344
Senior Councillor Prior to and after Change of Administration on 04 April 2024			
40,160	Councillor Robin Currie	Leader to 04/04/2024 Policy Lead for Strategic Development to 04/04/2024 Joint Depute Leader from 25/04/2024 to 09/05/2024 Policy Lead for Economic Development, Islands and Rural Communities and Housing from 25/04/2024 to 09/05/2024	1,793
30,120	Councillor Kieron Green	Policy Lead for Planning & Regulatory Services to 04/04/2024 Policy Lead for Planning & Regulatory Services from 25/04/2024	30,276
24,054	Councillor James Lynch	Leader of the Largest Opposition Group to 04/04/2024 Leader of the Council from 04/04/2024 Policy Lead for Economic Development, Islands, Rural Communities and Housing from 26/09/2024	42,514
30,120	Councillor Ross Moreland	Policy Lead for Climate Change and Environment Services to 04/04/2024 Policy Lead for Financial and Commercial Services from 25/04/2024 Joint Depute Leader from 27/06/2024	30,276
30,120	Councillor Gary Mulvaney	Depute Leader to 04/04/2024 Policy Lead for Finance and Commercial Services to 04/04/2024 Leader of the Largest Opposition Group from 25/04/2024	25,545

The Remuneration Report

Senior Councillor After Change of Administration on 04 April 2024			
-	Councillor John Armour	Policy Lead for Roads, Transport & Amenity Services from 25/04/2024 Chair of Mid Argyll, Kintyre & the Islands Area Committee from 25/04/2024	29,932
-	Councillor Gordon Blair	Chair of Bute & Cowal Area Committee from 25/04/2024	23,903
-	Councillor Math Campbell-Sturgess	Policy Lead for Business Development from 25/04/2024	29,932
-	Councillor Audrey Forrest	Policy Lead for Education from 25/04/2024 Joint Depute Leader from 25/04/2024	29,932
-	Councillor Mark Irvine	Chair of Helensburgh & Lomond Area Committee from 25/04/2024 Policy Lead for Community Planning and Corporate Services from 25/04/2024	29,932
-	Councillor Luna Martin	Policy Lead for Climate Change, Renewables and Net Zero from 25/04/2024	29,932
-	Councillor Dougie McFadzean	Policy Lead for Care Services from 25/04/2024	29,932
-	Councillor Julie McKenzie	Chair of Oban, Lorn & the Isles Area Committee from 25/04/2024	23,903
-	Councillor Douglas Philand	Provost from 04/04/2024	31,680

Senior Councillors' remuneration in the tables above does not include non-taxable expenses and there were no taxable expenses in the year. There is no compensation/loss of office payments within the period and there were no benefits or bonuses paid during the year.

EMPLOYEES' REMUNERATION

The Regulations require that local authorities provide an analysis of the number of employees whose remuneration in the year was £50,000 or more, including those classified as senior employees who are subject to separate disclosure requirements. The definition of remuneration includes all sums paid to or receivable by an employee, expense allowances chargeable to tax and the monetary value of benefits received other than in cash. This definition therefore includes all payments made to the employee in respect of agreed employment terminations or retirements. However, employer pension contributions are excluded from the definition.

Readers should be aware when making comparisons between years that, due to contractual incremental pay increases, the number of employees covered by this disclosure will increase each year. In addition, payments made in respect of agreed employment terminations or retirements can also distort the number and/or banding of employees.

The number of employees whose remuneration, excluding employer pension contributions and including redundancy/retirement payments, was £50,000 or more in bands of £5,000 was:

2023-24 Number of Officers	Range £	2024-25 Number of Officers
303	£50,000 - £54,999 (i)	222
107	£55,000 - £59,999	109
78	£60,000 - £64,999	80
76	£65,000 - £69,999	73
43	£70,000 - £74,999	69
17	£75,000 - £79,999	13
7	£80,000 - £84,999	12
13	£85,000 - £89,999	-
2	£90,000 - £94,999	10
-	£95,000 - £99,999	2
1	£100,000 - £104,999	1
1	£105,000 - £109,999	1
-	£110,000 - £114,999	1
3	£115,000 - £119,999	-
-	£120,000 - £124,999	3
-	£125,000 - £129,999	-
-	£130,000 - £134,999	-
-	£135,000 - £139,999	-
1	£140,000 - £144,999	-
	£145,000 - £149,999	-
	£150,000 - £154,999	1
652	Total	597

(i) Please note during 2023-24, a one-off backdated pay award was paid to teaching staff. This resulted in a higher number of officers being included in the £50,000-£55,000 range than would otherwise have been the case.

The Remuneration Report

SENIOR EMPLOYEES' REMUNERATION

The table below provides details of the remuneration paid to the Council's senior employees. This is defined by the regulations as;

- someone who has responsibility for the management of the organisation,
- occupy a position which is politically restricted, or
- any additional employee whose annual remuneration is £150,000 or more (remuneration includes salary, non-cash benefits and any lump sum payment for loss of employment)

The following table sets out the remuneration disclosures for 2024-25 for senior officers:

Total Remuneration 2023-24 £	Post Holder	Salary (Including Fees and Allowances) £	Taxable Expenses £	Total Remuneration 2024-25 £
144,135	Chief Executive - Pippa Milne	152,645	438	153,083
118,651	Executive Director - Douglas Hendry	122,961	804	123,765
118,637	Executive Director, Section 95 Financial Officer - Kirsty Flanagan	123,523	662	124,185
89,237	Head of Children and Families and Criminal Justice (Section 3 Social Work Officer) - David Gibson	91,057	568	91,625

The following table sets out the remuneration disclosures for 2024-25 for Live Argyll:

Total Remuneration 2023-24 £	Post Holder	Salary (Including Fees and Allowances) £	Taxable Expenses £	Total Remuneration 2024-25 £
89,237	Live Argyll General Manager (Subsidiary of Argyll & Bute Council) - Kevin Anderson	91,043	-	91,043

PENSION BENEFITS

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

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

Local government employees had a final salary pension scheme prior to 1 April 2015. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. As of 1 April 2015, local government employees are now part of a defined benefit pension scheme worked out on a career average basis. Benefits accumulated are calculated using pensionable pay each scheme year, rather than final salary. All benefits accumulated prior to 1 April 2015 are protected.

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

The tiers and members contribution rates for 2024-25 are as follows:

Whole time pay	Contribution Rate
	2024-25
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 of £56,601 and above	12.00%

From 1 April 2015, if a person works part-time their contribution is worked out on their part-time pay rate for the job. Prior to this, if a person worked part-time, their contribution rate was worked out on the whole-time pay rate for the job with actual contributions paid on actual pay earned.

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

From 1 April 2015, benefits are calculated on the basis of a revalued annual pension built up of 1/49th of pensionable pay each year, plus inflation to keep up with the cost of living. Prior to this date, the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

SENIOR COUNCILLORS' PENSION BENEFITS

The pension entitlements for senior councillors for the year to 31 March 2025 are shown in the table on the following page, together with the contribution made by the Council to each senior Councillor's pension during the year.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their relevant local government service and not just their current appointment.

For the year to 31 March 2024			For the year to 31 March 2025		
In-year pension contributions	Accrued pension benefits	Senior Members	In-year pension contributions	Accrued pension benefits	
£	£'000		£	£'000	
Senior Councillor Prior to Change of Administration on 04 April 2025					
4,642	1	Councillor Garret Corner	Pension	53	1
5,813	1	Councillor Maurice Corry	Pension	66	1
5,813	1	Councillor Amanda Hampsey	Pension	66	1
5,813	1	Councillor Andrew Kain	Pension	66	1
5,813	2	Councillor Liz McCabe	Pension	66	2
5,813	4	Councillor Yvonne McNeilly	Pension	66	4
4,642	1	Councillor Gemma Penfold	Pension	53	1
5,813	1	Councillor Alastair Redman	Pension	66	1
Senior Councillor Prior to and after Change of Administration on 04 April 2024					
7,751	10	Councillor Robin Currie	Pension	324	10
	1		<i>Lump Sum</i>		1
5,813	5	Councillor Kieron Green	Pension	2,124	5
4,642	3	Councillor James Lynch	Pension	2,888	4
5,813	1	Councillor Ross Moreland	Pension	2,124	1
	-		<i>Lump Sum</i>		2
5,813	9	Councillor Gary Mulvaney	Pension	1,660	9
	2		<i>Lump Sum</i>		2
Senior Councillor After Change of Administration on 04 April 2024					
-	-	Councillor John Armour	Pension	1,946	5
-	-	Councillor Gordon Blair	Pension	1,554	
-	-	Councillor Math Campbell-sturgees	Pension	1,946	1
-	-	Councillor Audrey Forrest	Pension	1,946	4
-	-	Councillor Mark Irvine	Pension	1,946	
-	-	Councillor Luna Martin	Pension	1,946	1
-	-	Councillor Dougie McFadzean	Pension	1,946	1
-	-	Councillor Julie McKenzie	Pension	1,554	

SENIOR EMPLOYEES' PENSION BENEFITS

The pension entitlements for senior employees for the year to 31 March 2025 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their relevant local government service and not just their current appointment.

For the year to 31 March 2024		Senior Officers	For the year to 31 March 2025		
In-year pension contributions	Accrued pension benefits		In-year pension contributions	Accrued pension benefits	
£	£'000		£	£'000	
27,699	75	Chief Executive - Pippa Milne	Pension	11,376	82
	111		Lump Sum		118
22,786	70	Executive Director - Douglas Hendry	Pension	9,220	77
	112		Lump Sum		119
22,786	41	Executive Director, Section 95 Financial Officer - Kirsty Flanagan	Pension	9,220	46
	32		Lump Sum		34
17,223	40	Head of Children and Families and Criminal Justice (Section 3 Social Work Officer) - David Gibson	Pension	6,969	13
	-		Lump Sum		-

Argyll and Bute Council staff and members pension costs for 2024-25 were notably lower than in 2023-24 due to a temporary reduction in the employers contribution rate to the Strathclyde Pension Fund. The rate was reduced from 19.3% to 6.5% (15.1% for Live Argyll employees) for both 2024-25 and 2025-26 before reverting to 17.5% from 1 April 2026.

Live Argyll Senior Employees' Pension Benefits

For the year to 31 March 2024		Senior Officers	For the year to 31 March 2025		
In-year pension contributions	Accrued pension benefits		In-year pension contributions	Accrued pension benefits	
£	£'000		£	£'000	
17,223	37	Live Argyll General Manager (Subsidiary of Argyll & Bute Council) - Kevin Anderson	Pension	14,286	41
	40		Lump Sum		42

EMPLOYEE EXIT PACKAGES

The numbers of exit packages with cost per band for compulsory and other redundancies are set out in the table below:

2023-24						Exit Package Cost Band	2024-25					
Compulsory Redundancies		Other Departures		Total			Compulsory Redundancies		Other Departures		Total	
No	£	No	£	No	£		No	£	No	£	No	£
2	13,896	-	-	2	13,896	£0 - £20,000	-	-	2	2,424	2	2,424
-	-	-	-	-	-	£20,001 - £40,000	1	22,205	1	20,221	2	42,426
-	-	-	-	-	-	£40,001 - £60,000	-	-	-	-	-	-
-	-	-	-	-	-	£60,001 - £80,000	-	-	-	-	-	-
-	-	-	-	-	-	£80,001 - £100,000	-	-	1	81,937	1	81,937
1	134,437	1	127,350	2	261,787	£100,001 - £150,000	1	116,184	-	-	1	116,184
-	-	-	-	-	-	£150,001 - £200,000	-	-	-	-	-	-
3	148,333	1	127,350	4	275,683		2	138,389	4	104,582	6	242,971

For the purposes of this note, Exit Packages include:

- Redundancy payment;
- Strain on the fund cost (the amount which the Council is required to pay to the pension fund because the employee has retired before the assumed retirement age);
- Added Years Lump Sum (the amount which the Council pays to the individual in a one-off lump sum, according to the compensatory added years awarded – maximum three years); and
- A capitalised value of the recurring Compensatory Added Years payment. This represents the amount which the Council has to pay to the pension fund because the employee has retired with enhanced service (maximum three years). This amount is paid on an annual basis once a person has left employment with the Council and is therefore a notional cost at 31 March 2025.

Termination costs for all Council employees who have accepted redundancy by 31 March 2025 are recognised in the Exit Packages note in 2024-25, or in previous financial years. The total cost recognised in the Exit Packages note in 2024-25 is £0.243m for 6 employees and in 2023-24 was £0.276m for 4 employees.

The supplementary Termination Benefits Note 34 provides more information.

FACILITY TIME STATEMENT

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Council is required to collect and publish data in relation to its usage and spend of trade union facility time in respect of employees who are trade union representatives. Full details for the period 1 April 2024 to 31 March 2025 are attached at Appendix A.

Statement of Comprehensive Income and Expenditure

2023-24			Service	Note	2024-25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,281	95	1,186	Chief Executive		1,395	125	1,270
			Executive Director Douglas Hendry				-
427	-	427	Executive Director		555	-	555
23,010	3,857	19,153	Commercial Services		24,215	2,027	22,188
114,124	13,202	100,922	Education		125,114	10,628	114,486
17,520	4,241	13,279	Legal and Regulatory Support		19,692	4,752	14,940
			Executive Director Kirsty Flanagan				
242	-	242	Executive Director		256	-	256
25,613	18,639	6,974	Financial Services		24,797	18,274	6,523
12,165	534	11,631	Customer Support Services		13,137	580	12,557
23,138	13,849	9,289	Development and Economic Growth		23,915	12,609	11,306
75,990	29,300	46,690	Roads and Infrastructure		81,642	27,612	54,030
181,285	103,209	78,076	Social Work		194,266	108,276	85,990
10,075	678	9,397	Other Non-Departmental Costs		13,141	1,454	11,687
484,870	187,604	297,266	Net Cost of Services		522,125	186,337	335,788

Statement of Comprehensive Income and Expenditure

	(262)	Other Operating Income and Expenditure:		
	1,670	Net (Gain)/loss on Disposal of Long Term Assets		(66)
		Other Operating Income and Expenditure	8	1,680
	1,408	Total Other Operating Income and Expenditure		1,614
		Financing and Investment Income and Expenditure:		
	18,967	Interest Payable and Similar charges		24,361
	(9,709)	Interest and Investment Income		(10,041)
	(6,596)	Net Pension Interest Expense		1,214
	2,662	Total Financing and Investment Income and Expenditure	41	15,534
		Taxation and Non-Specific Grant Income:		
	(187,193)	General Government Grants		(210,601)
	(23,550)	Government Capital Grants and Other Capital Contributions	13	(19,569)
		Gain on Initial Recognition of Lease - Capital Contribution		(149)
	(37,645)	Non-domestic Rates Redistribution		(41,334)
	(804)	Non-domestic Rates TIF		(815)
	(61,909)	Council Tax Income		(66,948)
	(311,101)	Total Taxation and Non-Specific Grant Income		(339,416)
	(9,765)	(Surplus)/Deficit on Provision of Services	7.1	13,520
	(10,097)	(Surplus)/Deficit on revaluation of Long Term Assets		(3,285)
	164,914	Other Post Employment Benefits (Pensions)	30.2	(15,011)
	154,817	Other Comprehensive Income and Expenditure		(18,296)
	145,052	Total Comprehensive Income and Expenditure		(4,776)

This 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. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves.

Balance Sheet



1 April 2023 <i>Restated</i>		31 March 2024 <i>Restated</i>			31 March 2025	
£'000	£'000	£'000	£'000	Note	£'000	£'000
Long Term Assets						
Property Plant & Equipment 15						
451,018		457,369			455,904	
10,872		11,012			11,829	
235,076		239,372			255,831	
8,892		9,110			9,438	
3,286		4,620			5,319	
21,440		35,724			45,447	
					6,016	
	730,584		757,207			789,784
	2,345		2,569	16		2,678
	733		888	17		1,100
	2,553		2,514	18		2,281
	5,492		492	27		492
	5,880		5,816	21		5,473
	139,014		-	31		-
	886,601		769,486			801,808
Current Assets						
					862	
1,130		1,043				
24,515	-	29,462		22	27,571	
1,554		1,619		23	1,326	
60,000		27,500			-	
5,765		-		24	14,390	
	92,964		59,624			44,149
Current Liabilities						
(11,818)		(13,478)			(8,374)	
(52,315)		(52,984)		25	(53,372)	
(1,450)		(1,665)		28	(3,099)	
(5,280)		(5,336)		27	(7,543)	
		(475)		24	-	
	(70,863)		(73,938)			(72,388)
Long-term Liabilities						
(132,155)		(107,458)			(122,536)	
(107,033)		(101,697)		27	(104,626)	
-		(19,578)		30	(16,984)	
(2,444)		(2,855)		28	(2,628)	
		(1,564)		29	-	
	(241,632)		(233,152)			(246,774)
	667,070		522,020			526,796

Balance Sheet



1 April 2023 <i>Restated</i>		31 March 2024 <i>Restated</i>		Note	31 March 2025	
£'000	£'000	£'000	£'000		£'000	£'000
				Unusable Reserves		
174,952		180,661		Revaluation Reserve	179,662	
268,788		249,093		Capital Adjustment Account	255,558	
(1,871)		(1,585)		Financial Instruments Adjustment Account	(1,413)	
139,014		(19,578)		Pensions Reserve	(16,984)	
(7,588)		(8,272)		Accumulated Absences Account	(11,262)	
	573,295		400,319			405,561
				Usable Reserves		
-		-		Capital Grants Unapplied	1,564	
4,503		3,197		Capital Funds	3,358	
2,916		2,763		Repairs and Renewals Funds	3,608	
86,356		115,741		General Fund	112,705	
	93,775		121,701			121,235
	667,070		522,020	Total Reserves		526,796

The Balance Sheet is a snapshot of the value as at the 31 March 2025 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported as follows:

- **Unusable Reserves:** reserves that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".
- **Usable Reserves:** reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and statutory limitations on their use (for example the capital funds that may only be used to fund capital expenditure or repay debt).

Please note the comparative figures in the above Balance Sheet have been restated to reflect prior period reclassification relating to cash balances held on behalf of LiveArgyll. The opening balance sheet at 1 April 2023 has also been restated in accordance with the CIPFA Code of Practice. Further details are provided in Note 42.

The Unaudited Annual Accounts were issued on 26 June 2025 and the Audited Annual Accounts were authorised for issue on 29 January 2026.

Kirsty Flanagan

Kirsty Flanagan
Section 95 Officer
29 January 2026

Statement of Movement in Reserves

Movements in 2024-25	Usable Reserves (Note 32)					Unusable Reserves (Note 31)					Total Reserves	
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account		Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Balance at 31 March 2024	(115,741)	(2,763)	(3,197)	-	(121,701)	(180,661)	(249,093)	19,578	1,585	8,272	(400,319)	(522,020)
(Surplus)/Deficit on Provision of Services	13,520				13,520						-	13,520
Other Comprehensive Income and Expenditure					-	(3,285)		(15,011)			(18,296)	(18,296)
Total Comprehensive Income and Expenditure	13,520	-	-	-	13,520	(3,285)	-	(15,011)	-	-	(18,296)	(4,776)
<i>Adjustments between accounting basis and funding basis under regulations:</i>												
Depreciation of Non-current Assets	(23,692)				(23,692)		23,692				23,692	-
Impairment of Non-current Assets	(2,528)				(2,528)		2,528				2,528	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	19,718				19,718		(18,154)				(18,154)	1,564
Capital Expenditure Charged to the General Fund	1,513				1,513		(1,513)				(1,513)	-
Net Gain or Loss on Sale of Non-current Assets	66				66		(66)				(66)	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	172				172				(172)		(172)	-
Employee Benefits	(2,990)				(2,990)					2,990	2,990	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(12,417)				(12,417)			12,417			12,417	-

Statement of Movement in Reserves

Movements in 2024-25	Usable Reserves (Note 32)					Unusable Reserves (Note 31)						Total Reserves £'000
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Statutory and Special Repayment of Debt - Loans Fund Advances	11,466				11,466		(11,466)				(11,466)	-
Right-of-Use Lease Obligations	1,996				1,996		(1,996)				(1,996)	-
PPP Type Arrangements	4,540				4,540		(4,540)				(4,540)	-
Service Concession Annual Gain	(5,050)				(5,050)		5,050				5,050	-
Total Statutory Adjustments	(7,206)	-	-	-	(7,206)	-	(6,465)	12,417	(172)	2,990	8,770	1,564
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	6,314	-	-	-	6,314	(3,285)	(6,465)	(2,594)	(172)	2,990	(9,526)	(3,212)
<i>Other Transfers required by Statute</i>												
Transfer to/from Other Statutory Reserves	1,006	(845)	(161)	(1,564)	(1,564)						-	(1,564)
<i>Other Transfers</i>												
Adjustments permitted by Accounting Standards for depreciation that is related to the revaluation balance rather than historic cost	(4,284)				(4,284)	4,284					4,284	-
(Increase)/Decrease in Year	3,036	(845)	(161)	(1,564)	466	999	(6,465)	(2,594)	(172)	2,990	(5,242)	(4,776)
Balance at 31 March 2025 Carried Forward	(112,705)	(3,608)	(3,358)	(1,564)	(121,235)	(179,662)	(255,558)	16,984	1,413	11,262	(405,561)	(526,796)

This Statement shows the movement in the 2024-25 financial year on the different reserves held, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and "Unusable Reserves". The '(Surplus)/Deficit on the Provision of Services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the Statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Statement of Movement in Reserves

Comparative Movements in 2023-24	Usable Reserves (Note 32)				Unusable Reserves (Note 31)						Total Reserves
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account	Total Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2023	(86,356)	(2,916)	(4,503)	(93,775)	(174,952)	(268,788)	(139,014)	1,871	7,588	(573,295)	(667,070)
(Surplus)/Deficit on Provision of Services	(9,765)			(9,765)						-	(9,765)
Other Comprehensive Expenditure and Income	-				(10,097)		164,914			154,817	154,817
Retrospective adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	(36,038)			(36,038)		36,038				36,038	-
Total Comprehensive Expenditure and Income	(45,803)	-	-	(45,803)	(10,097)	36,038	164,914	-	-	190,855	145,052
Adjustments between accounting basis and funding basis under regulations:											
Disposal of Assets					99	(99)					
Amortisation of Intangible Assets				-						-	-
Depreciation and of Non-current Assets	(21,443)			(21,443)		21,443				21,443	-
Impairment of Non-current Assets	2,576			2,576		(2,576)				(2,576)	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	23,550			23,550		(23,550)				(23,550)	-
Capital Expenditure Charged to the General Fund	1,616			1,616		(1,616)				(1,616)	-
Net Gain or Loss on Sale of Non-current Assets	262		(671)	(409)		409				409	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	286			286				(286)		(286)	-
Employee Benefits	(684)			(684)					684	684	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	6,322			6,322			(6,322)			(6,322)	-

Statement of Movement in Reserves

Comparative Movements in 2023-24	Usable Reserves (Note 32)				Unusable Reserves (Note 31)						Total Reserves	
	General Fund Balance	Repairs and Renewals Fund		Capital Funds	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Financial Instrument Adjustment Account	Accumulated Absences Account		Total Unusable Reserves
		£'000	£'000									
Statutory and Special Repayment of Debt - Loans Fund Advances	7,696			7,696		(7,696)					(7,696)	-
Finance Lease Obligations	48			48		(48)					(48)	-
PPP Type Arrangements	5,232			5,232		(5,232)					(5,232)	-
Service Concession Annual Gain	(4,831)			(4,831)		4,831					4,831	-
Total Statutory Adjustments	20,630	-	(671)	19,959	99	(14,134)	(6,322)	(286)	684	(19,959)	-	
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(25,173)	-	(671)	(25,844)	(9,998)	21,904	158,592	(286)	684	170,896	145,052	
<i>Other Transfers required by Statute</i>												
Transfer to/from Other Statutory Reserves	77	153	1,977	2,207		(2,207)					(2,207)	-
<i>Other Transfers</i>												
Adjustments permitted by Accounting Standards for depreciation that is related to the revaluation balance rather than historic cost	(4,289)			(4,289)	4,289						4,289	-
(Increase)/Decrease in Year	(29,385)	153	1,306	(27,926)	(5,709)	19,697	158,592	(286)	684	172,978	145,052	
Balance at 31 March 2024 Carried Forward	(115,741)	(2,763)	(3,197)	(121,701)	(180,661)	(249,093)	19,578	1,585	8,272	(400,319)	(522,020)	

This Statement shows the movement in the 2023-24 financial year on the different reserves held, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and "Unusable Reserves". The '(Surplus)/Deficit on the Provision of Services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the Statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

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 amounts of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. 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.

2023-24 <i>Restated</i> £'000		Note	2024-25 £'000
(9,765)	Net (Surplus)/Deficit on the Provision of Services		13,520
17,846	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(30,801)
(7,763)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(1,748)
318	Net Cash Flows from Operating Activities	38	(19,029)
(20,429)	Net Cash Flows from Investing Activities	39	3,274
26,351	Net Cash Flows from Financing Activities	40	890
6,240	Net (Increase)/Decrease in Cash and Cash Equivalents		(14,865)
(5,765)	Cash and Cash Equivalents at the beginning of the Reporting Period		475
475	Cash and Cash Equivalents at the end of the Reporting Period	24	(14,390)

The Council has adopted the direct method of presenting Financing, Investing and significant Operating Cash Flows for 2024-25, and has also disclosed an analysis of significant operating cash flows, whereas the 2023-24 approach, prepared using the indirect method, did not provide a similar analysis. Both approaches are permitted under the CIPFA/LASAAC Code of Practice on Local Authority Accounting. The prior year comparator has been restated on the same basis as 2024-25. The change has been made to improve transparency and understanding and provide a clearer link between significant cash flows and the Net Surplus or Deficit on the Provision of Services. This method will be applied consistently in future years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

The Annual Accounts summarise the Council's transactions for the 2024-25 financial year and its position at the year-end of 31 March 2025. The Council must ensure that its Annual Accounts are prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 require 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 2024-25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounts have been prepared under the historic cost convention, other than changes resulting from the revaluation of certain categories of non-current assets and financial instruments, and on a going concern basis.

The accounting policies adopted are set out below and have been applied consistently throughout the year in dealing with any items that are considered material to the accounts.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations 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 receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the

change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts 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 fixed assets attributable to the service.

The council 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 an amount calculated on a prudent basis determined by the Council in accordance with the Statutory Repayment of Loans Fund Advances.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by Loans Fund principal repayments in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.6 Employee Benefits

1.6.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and non-monetary benefits (e.g. cars) for current employees. These benefits are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

1.6.2 Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.6.3 Post-Employment Benefits

The Council participates in two separate pension schemes:

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

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned while employees work for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme. No liability for future payments of benefits is recognised in the Balance Sheet and the Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year.

Local Government Pension Scheme

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

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.8% (based on the indicative rate of return on a "high quality corporate bond of equivalent term and currency to the liability" (as measured by the yield on iBoxx Sterling Corporates Index, AA over 15 years)).
- The assets of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

The change in the net pension's liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at

the beginning of the period, taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.

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

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

1.6.4 Post Employment Discretionary Benefits

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

1.7 Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material impact, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

1.8 Financial Liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of the restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.9 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, and
- Fair value through other comprehensive income

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a 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 Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price

- Other instruments with fixed and determinable payments – discounted cash flow analysis

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

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

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

1.10 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.11 Heritage Assets

The main heritage assets held by the Council are two art collections, an archaeology collection and a historic jail and courthouse which is operated as a “living” museum. The “Argyll Collection” is an art collection which was set up to provide the young people of Argyll and Bute with direct access to a wide range of quality art recognising that they had limited access to museums and galleries. In addition, the Council holds other works of art which are held at various libraries and the Campbeltown Museum. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council’s accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council’s main heritage assets are accounted for as follows:

The Art Collections

The collections cover a range of media including acrylic, charcoal, embroidery, engraving, etching, gouache, lithography, oil, pastel, pencil, procion dye, screenprint, monoprint, watercolour, woodcut, ceramic, bronze and woodcarving. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These valuations are updated periodically. The assets within the art collections are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant and recent information from sales at auctions.

Inveraray Jail and Courthouse and “Other” Historic Buildings

The building is owned by Argyll and Bute Council and leased out to an organisation which runs it as a “living museum”. The building is valued in accordance with the Council’s property, plant and equipment policy. Other buildings included in this category are McCaig’s Folly in Oban, the Argyll Mausoleum and Castle Lodge in Dunoon.

Archaeology and “Other” Museum Exhibits

The Council has obtained specialist valuations for the archaeology collection held within Campbeltown Museum which covers a range of objects including swords, bones, pottery, stone and leather remains. Similar to the Art Collections, these items are reported in the Balance Sheet at insurance valuation which is based on market values. These valuations will be updated periodically. The assets within the collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council’s general policies on impairment (see note 1.19.3 in this summary of significant accounting policies). The proceeds of any disposals are accounted for in accordance with the Council’s general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and receipts (see note 1.19.4 in this summary of significant accounting policies).

1.12 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 future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council’s goods or services.

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 to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.13 Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates or joint ventures and requires to prepare Group Accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.14 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

1.15 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.16 Leases and lease-type arrangements

1.16.1 International Financial Reporting Standard 16 (IFRS 16)

In 2024/2025, the Council has applied IFRS 16 Leases as adopted by the Code of Accounting Practice.

IFRS 16 mainly impacts arrangements where the Council is a lessee. Lessee arrangements for property, plant and equipment that were previously accounted for as operating leases (i.e. without recognising the leased item as an asset and future rents as a liability), will instead be accounted for as a right-of-use asset with a corresponding lease liability, and will be brought onto the balance sheet at 1 April 2024. Arrangements that were previously recognized as finance leases will remain on the balance sheet but will be referred to as Right of Use assets.

On transition to IFRS 16, the Council elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2024.

IFRS 16 also applies to service concession arrangements, i.e. Public-Private Partnerships (PPP) and similar schemes. Under IFRS 16, 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 as a contingent rent, the net present value of future payments that increase the liability is

recalculated based on the revised level of payments.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/2025 and not by adjusting prior year figures. The details of the changes in accounting policies are disclosed below.

1.16.2 Definition of a Lease

Previously, the Council determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 and IAS 17. Under IFRS 16, the Council assesses whether a contract is or contains a lease based on the following definition of a lease.

A lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

1.16.3 The Council as Lessee

As a lessee, the Council previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet (as property, plant and equipment assets with a corresponding liability).

Contracts and parts of contracts, including those described as contract for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. These terms are expanded below:

- Convey the right to control the use of an identified asset – this may be specified explicitly or implicitly and should be physically distant or represent substantially all of the capacity of a physically distinct asset. If the supplier had a substantive substitution right, then the asset is not identified;
- The Council has the right to obtain substantially all of the economic benefits and service potential from use of the asset throughout the period of use; and
- The Council has the right to direct the use of the asset throughout the period of use. The Council has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Council has the right to direct the use of the asset if either:
 - o The Council has the right to operate the asset; or
 - o The Council designed the asset in a way that predetermines how and for what purpose it will be used

a) Initial Measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognizes lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

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

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

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

b) Subsequent Measurement

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

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

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

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

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

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

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

c) Low Value and Short Lease Exemption

As permitted by the Code, the Council excludes leases:

- For low value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- With a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

A lease that contains a purchase option is automatically excluded from the definition of a short-term lease.

At transition to IFRS 16, a short-term lease is a lease that has a remaining term of 12 months or less at the transition date.

The Council has elected to apply the recognition exemption for leases where the underlying asset is of low value (when new) and has applied a de minimis of £10,000. The Code disqualifies head leases from being leases of low value assets automatically by the fact that the assets have been sub-let or if the Council expects to sublease them.

d) Lease Expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. For both short-term and low value leases, the Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

1.16.4 The Council as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

a) Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where

a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

b) Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.17 Overheads and Support Services

The costs of overheads and support services are not charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

1.18 Assets Held for Sale

Property, plant and equipment are classified as *Assets 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 and Equipment* will be reclassified as *Assets Held for Sale*.

1.19 Property, Plant and Equipment

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

1.19.1 Recognition

Expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic

benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

1.19.2 Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Accounts. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current 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, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of an impairment loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

1.19.3 Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

1.19.4 Disposals and Non-current Assets Held for Sale

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 re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as *Assets Held for Sale*.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Disposal receipts are categorised as capital receipts. All capital receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

1.19.5 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable

finite useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation periods may be shorter than the standard ranges where operational use is limited, such as landfill facilities.

Where an asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

1.20 Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on the Balance Sheet.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance Cost – this is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, this is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a lease).
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.21 Provisions and Contingent Liabilities

1.21.1 Provisions

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

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

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

1.21.2 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.22 Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies above and Note 31 to the accounts.

1.23 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable.

1.24 Revenue from Contracts with Service Recipients

In line with IFRS 15 and the CIPFA Code of Practice, the Council recognises income from fees and charges for traded services when performance obligations are satisfied. Income is recognised either over time as services or at a point in time depending on the nature of the underlying obligation. Revenue from contracts with service recipients are included in accounting note 7.2 and as part of income figures within the Comprehensive Income and Expenditure Statement.

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET 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 2025-26 Code:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- IFRS 17 Insurance Contracts

The Code requires implementation from 1 April 2025 and there is therefore no impact on the 2024/25 financial statements. The impacts on 2025/26 at this stage are unknown.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council currently operates three Private Finance Initiative (PFI), or similar, contracts which are accounted for as Service Concession arrangements under IFRIC12 – *Service Concession Arrangements*. The Council has determined that in the case of the Schools NPDO contract and the Schools DBFM contract, the Council has control over the services provided through use of the schools and that a qualifying asset has been created. The appropriate accounting treatment is to bring the assets “on Balance Sheet” along with a lease liability.
- The Council also operates a Waste Management Public Private Partnership (PPP) contract. In this case the Council determined that a “qualifying asset” had not been created and that the Council did not have significant control over the services being provided. The appropriate accounting treatment was therefore determined to be “off Balance Sheet” and that payments to the contractor are charged to the appropriate service line within the Comprehensive Income and Expenditure Account.
- The Council has considered its exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, material contingent liabilities have been disclosed in Note 33.
- Unused holiday entitlement earned at 31 March 2025 but not taken at that date has been quantified on the basis of a 5% sample of all non-term time Council employees. The calculation in respect of unused holidays for term time staff in schools is based on actual leave entitlement as at 31 March and no estimation is required for these staff. The liability shown in the 2024-25 financial statements in respect of the holiday pay accrual is £11.262m.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council’s Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are outlined in the table that follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.954m for every year that useful lives had to be reduced.</p>
Rolling Programme Valuation	The Council employs professional valuers who are registered with the Royal Institution of Chartered Surveyors. These valuers carry out regular reviews of the assets reported in the Balance Sheet and any significant changes in value are processed as an asset revaluation or impairment. These valuations are based on their professional opinion using available market information at the time of assessment. Due to the high number of assets, a rolling programme of asset valuations has been established for many years, with the aim of revaluing one fifth of the portfolio each financial year which is made up of various asset types. This is in addition to those assets which are valued annually; Surplus Assets, Investment Properties, Held for Sale assets and those where capital spend has exceeded £0.1m in the current year.	<p>This carries inherent risk that assets not revalued in-year have been subject to material changes in value particularly if affected by external factors such as inflation.</p> <p>The highest risk in this respect relates to assets valued using the Depreciated Replacement Cost (DRC) method, which for Argyll and Bute Council includes schools. To mitigate this risk, a desktop assessment was undertaken for 2024-25 to estimate the potential increase in value of our assets valued using depreciated replacement cost using BCIS indices. As the BCIS indices have not increased materially, the impact on these assets was not deemed to be material so no adjustment was made.</p> <p>Consideration will be given on an annual basis to those assets which may have material impairment.</p>

Pensions Asset	<p>Estimation of the net asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension's obligations of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions used to measure the scheme obligations are set out as follows:</p> <table border="1" data-bbox="1205 359 2094 833"> <thead> <tr> <th data-bbox="1205 359 1619 502">Sensitivities at 31 March 2025</th> <th data-bbox="1619 359 1845 502">Approximate % Increase to Employer Liability</th> <th data-bbox="1845 359 2094 502">Approximate monetary amount £'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="1205 502 1619 587">0.1% decrease in real discount rate</td> <td data-bbox="1619 502 1845 587">2%</td> <td data-bbox="1845 502 2094 587">9,567</td> </tr> <tr> <td data-bbox="1205 587 1619 671">1 Year increase in member life expectancy</td> <td data-bbox="1619 587 1845 671">4%</td> <td data-bbox="1845 587 2094 671">23,716</td> </tr> <tr> <td data-bbox="1205 671 1619 756">0.1% increase in salary increase rate</td> <td data-bbox="1619 671 1845 756">0%</td> <td data-bbox="1845 671 2094 756">624</td> </tr> <tr> <td data-bbox="1205 756 1619 833">0.1% increase in the pension increase/revaluation rate (CPI)</td> <td data-bbox="1619 756 1845 833">2%</td> <td data-bbox="1845 756 2094 833">9,199</td> </tr> </tbody> </table>	Sensitivities at 31 March 2025	Approximate % Increase to Employer Liability	Approximate monetary amount £'000	0.1% decrease in real discount rate	2%	9,567	1 Year increase in member life expectancy	4%	23,716	0.1% increase in salary increase rate	0%	624	0.1% increase in the pension increase/revaluation rate (CPI)	2%	9,199
Sensitivities at 31 March 2025	Approximate % Increase to Employer Liability	Approximate monetary amount £'000															
0.1% decrease in real discount rate	2%	9,567															
1 Year increase in member life expectancy	4%	23,716															
0.1% increase in salary increase rate	0%	624															
0.1% increase in the pension increase/revaluation rate (CPI)	2%	9,199															

5.1 EXPENDITURE AND FUNDING ANALYSIS

2023-24			Service	2024-25		
Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 5.2) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 5.2) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
1,161	25	1,186	Chief Executive	1,162	108	1,270
			Executive Director Douglas Hendry			
421	6	427	Executive Director	527	28	555
12,232	6,921	19,153	Commercial Services	9,994	12,194	22,188
104,697	(3,775)	100,922	Education	117,496	(3,010)	114,486
12,259	1,020	13,279	Legal and Regulatory Support	12,298	2,642	14,940
			Executive Director Kirsty Flanagan			
237	5	242	Executive Director	293	(37)	256
6,885	89	6,974	Financial Services	6,133	390	6,523
9,403	2,228	11,631	Customer Support	9,729	2,828	12,557
8,904	385	9,289	Development and Economic Growth	10,091	1,215	11,306
33,981	12,709	46,690	Roads and Infrastructure	38,450	15,580	54,030
77,137	939	78,076	Social Work	82,283	3,707	85,990
11,109	(1,712)	9,397	Other Non-Departmental Costs	12,030	(343)	11,687
278,426	18,840	297,266	Net Cost of Services	300,486	35,302	335,788

Notes to the Financial Statements

(307,811)	780	(307,031)	Other Income and Expenditure	(297,451)	(24,818)	(322,268)
(29,385)	19,620	(9,765)	(Surplus) / Deficit	3,036	10,484	13,520
(86,356)			Opening General fund Balance	(115,741)		
(29,385)			(Surplus) or Deficit on General Fund Balance	3,036		
(115,741)			Closing General Fund Balance	(112,705)		

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business 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 this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

5.2 EXPENDITURE AND FUNDING ANALYSIS RECONCILIATION

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis 2024-25				
	Adjustments for Capital Purposes Note (i) £'000	Net change for Pension Adjustments Note (ii) £'000	Capital element of Schools NPDO payment Note (iii) £'000	Other Adjustments Note (iv) £'000	Total Adjustments £'000
Chief Executive	-	106	-	2	108
Executive Director (Douglas Hendry)					
Executive Director	-	38	-	(10)	28
Commercial Services	3,198	918	-	8,078	12,194
Education	4,006	2,567	-	(9,583)	(3,010)
Legal and Regulatory Support	3,387	523	(4,540)	3,272	2,642
Executive Director (Kirsty Flanagan)					
Executive Director	(67)	31	-	(1)	(37)
Financial Services	-	447	-	(57)	390
Head of Customer Support	1,535	847	-	446	2,828
Head of Development and Economic Growth	298	871	-	46	1,215
Roads and Infrastructure	12,001	2,066	-	1,513	15,580
Social Work	1,292	3,127	-	(712)	3,707
Other Non-Departmental Costs	-	(339)	-	(4)	(343)
Net Cost of Services	25,650	11,202	(4,540)	2,990	35,302
Other Income and Expenditure	(27,909)	1,215	5,050	(3,174)	(24,818)
Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement (Surplus)/Deficit	(2,259)	12,417	510	(184)	10,484

(i) **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.
- 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 throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- Financing and investment income and expenditure – the statutory charges for capital financing (loans fund advances) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

(ii) **Net change for the Pensions Adjustments**

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

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

(iii) **Capital element of schools NPDO payment**

- This is the capital cost of the annual payment to the schools NPDO operator and represents repayment of the Balance Sheet liability rather than a charge to Comprehensive Income and Expenditure Statement.

(iv) **Other Adjustments**

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- For services an adjustment is made for the accrual of holiday pay and other similar entitlements, this is required under generally accepted accounting principles but the impact on the General Fund is mitigated by statute which allows the impact to be reversed out through the Movement in Reserves Statement.

6.1 GENERAL FUND RESERVES

The Council has ring-fenced £105.162m of the balance on the General Fund. The contingency balance of £6.539m is 2% of the Council's budgeted net expenditure for 2025-26.

Ring-fenced Balances	Balance 1 April 2024 £'000	Funds Used £'000	Contributions to/from Funds £'000	Earmarking previously agreed and created in 2024-25 £'000	New Earmarking at end of 2024-25 £'000	Balance 31 March 2025 £'000
Strategic Housing Fund	8,765	(1,184)	-	-	2,560	10,141
Investment in Affordable Housing	3,024	-	-	-	-	3,024
Capital Projects	37,958	(8,756)	2,667	5,625	-	37,494
Lochgilphead and Tarbert Regeneration	1,050	(761)	-	-	-	289
Support for Rural Growth Deal	541	(99)	-	-	-	442
Piers and Harbours Investment Fund	4,125	-	-	-	1,179	5,304
Scottish Government Initiatives	2,779	(810)	(870)	-	58	1,157
CHORD	409	-	(409)	-	-	-
Devolved School Management Scheme (DSM)	739	(738)	-	-	1,206	1,207
Energy Efficiency Fund	238	(24)	-	-	-	214
Unspent Grant*	15,786	(4,357)	(1,498)	-	2,254	12,185
Unspent Third Party Contributions*	454	(87)	(1)	-	43	409
Other Previous Council Decisions	4,140	(902)	(1)	60	978	4,275
Redundancy Reserve	2,963	(304)	-	-	-	2,659
Connect for Success Fund	681	(275)	122	371	-	899
Fleet - Timing Delay	484	-	-	-	-	484
Hermitage Park	56	-	-	-	-	56
Priorities Investment Fund	4,742	(40)	(3,275)	-	-	1,427
Severe Weather Related Costs Reserve	-	-	2,944	-	1,300	4,244
Transformation/spend to save - Council	-	(120)	-	1,125	1,000	2,005
Transformation/spend to save - HSCP	-	(3,053)	-	3,053	-	-
To balance 24/25 Budget	-	(2,000)	-	2,000	-	-
To balance 25/26 Budget	-	-	1,889	1,064	-	2,953
Unspent Budget Carried Forward	18,509	(2,947)	(1,568)	-	300	14,294
Total Ring-fenced	107,443	(26,457)	-	13,298	10,878	105,162
Contingency	6,039	-	500	-	-	6,539
Unallocated	2,259	-	2,469	(1,124)	(2,600)	1,004
Total General Fund Balance	115,741	(26,457)	2,969	12,174	8,278	112,705

* The "Unspent Grant" balance brought forward to 1 April 2024 was incorrectly named "Unspent third-party contributions" within the 2023-24 accounts and the "Unspent Third-Party Contributions" balance brought forward to 1 April 2024 was incorrectly named "Contributions carried forward" within the 2023-24 accounts. The narrative has been corrected this year.

6.2 Service Concessions

During 2022/23 the Scottish Government announced revised regulations in relation to the treatment of service concessions: Local government finance circular 10/2022 - finance leases and service concession arrangements. The council currently operates two service concessions in relation to its Public Private Partnerships (PPP) and Design, Build, Finance, Maintain (DBFM) arrangements both within Education.

The revised regulations allow for the debt costs associated with these schemes to be written off over the expected lives of the respective assets rather than over the contract period of each arrangement. This ensures repayments are aligned to the period over which benefit flows from the asset and provides scope to realign debt costs to reflect the asset lives.

The cumulative value of the liability charged to the General Fund prior to applying the permitted flexibility was £43.376m up to and including the financial year 2023-24. After applying the permitted flexibility, there was a one-off historical debt cost saving of £36.038m and in year savings of £5.050m, resulting in an overall benefit in 2023-24 of £40.869m. The annual gain in this respect totalled £4.861m in 2024-25.

7 SUPPLEMENTARY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

7.1 Expenditure and Income Analysed by Nature

Council's expenditure and income is analysed as follows:

2023-24 £'000	Expenditure/Income	2024-25 £'000
	Expenditure	
195,129	Employee benefits expenses	211,364
189,024	Other services expenses	198,098
77,604	Contribution to Argyll and Bute Integration Joint Board	82,245
23,113	Depreciation, amortisation, impairment	30,269
12,371	Interest payments	25,575
1,254	Precepts and levies	1,268
416	Other operating expenditure	412
(262)	Net Loss/(Gain) on the disposal of assets	(66)
498,649	Total Expenditure	549,165
	Income	
(110,000)	Fees, charges and other service income	(104,092)
(77,604)	Income to fund social care services (Argyll and Bute Integration Joint Board)	(82,245)
(9,709)	Interest and investment income	(10,041)
(100,358)	Income from council tax and non-domestic rates	(109,097)
(210,743)	Government grants and contributions	(230,170)
(508,414)	Total Income	(535,645)
(9,765)	(Surplus)Deficit on the Provision of Services	13,520

7.2 Revenue from Contracts with Service Recipients

2023-24 Actual £'000		2024-25 Actual £'000
34,201	Revenue from contracts with service recipients	36,917
34,201	Total Included in Comprehensive Income and Expenditure Statement	36,917

8 OTHER OPERATING INCOME AND EXPENDITURE

The expenditure of £1.680m shown in the Other Operating Income and Expenditure line on the Statement of Comprehensive Income and Expenditure can be analysed as follows:

2023-24 Actual £'000	Other Operating Income and Expenditure	2024-25 Actual £'000
1,254	Dunbartonshire and Argyll & Bute Valuation Joint Board Requisition	1,268
416	Other Operating Income and Expenditure not attributable to Services	412
1,670	Total	1,680

9 AGENCY SERVICES

The Council bills and collects non-domestic rates on behalf of the Scottish Government from ratepayers situated within Argyll and Bute. The Council also bills and collects, along with its own council tax, domestic water and sewerage charges on behalf of Scottish Water. In some cases, an administration grant was awarded to the Council to facilitate these payments. This is accounted for as operational income and expenditure and not disclosed here.

2023-24 Actual £'000	Agency Income	2024-25 Actual £'000
37,645	Scottish Government - Contributions (to)/from the non-domestic rates pool	41,334
15,830	Domestic water and sewerage charges collected	17,289
(15,830)	Domestic water and sewerage charges paid over to Scottish Water	(17,289)
367	Service income from Scottish Water for collection of domestic water and sewerage	353
8	Service income BID levy - Dunoon	8
7	Service income BID levy - Oban	8
7	Service income BID levy - Bute	8
(373)	BEIS Energy Grant - amount paid out	-
373	BEIS Energy Grant - funding received from the UK Government	-
38,034	Total	41,711

Notes to the Financial Statements

10 COMMUNITY CARE AND HEALTH (SCOTLAND) ACT 2002

From 1 April 2016 health and social care services were fully integrated as part of the new Health and Social Care Partnership.

During 2024-25 the Partnership included provision of services to older people, supporting people with a learning disability and provision of support to adults who have a mental health difficulty.

Budgets are currently aligned which means that each Partner organisation holds their own element of the budget and records the income and expenditure that relates to the part of the service for which they are responsible.

During 2024-25 income received by the Council from this source amounted to £7.957m and the related expenditure was £11.447m. This can be analysed as follows:

2023-24		Purpose of Services	2024-25	
Income £'000	Expenditure £'000		Income £'000	Expenditure £'000
3,464	5,658	Care of the Elderly	3,575	5,994
2,945	3,787	Provision of Services for People with Learning Disabilities	3,031	3,934
1,402	1,508	Provision of Services for People with Mental Health Needs	1,351	1,519
7,811	10,953	TOTAL	7,957	11,447

11 FEES PAYABLE TO EXTERNAL AUDITORS

In 2024-25 the following fees relating to external audit and inspection were incurred alongside comparative figures for 2023-24:

2023-24 £'000	Auditor's Remuneration	2024-25 £'000
325	Fees payable to External Auditors with regard to external audit services carried out by the appointed Auditor	331
325	Total Remuneration	331

The figure above excludes fees for the audit of the Council's charitable trusts.

12 WASTE MANAGEMENT PUBLIC PRIVATE PARTNERSHIP

The Council has entered into a Public Private Partnership for the provision of its waste disposal service. This agreement requires the provider to upgrade or replace three waste disposal sites, two transfer stations and five civic amenity sites. In addition, the provider will also provide composting facilities to meet waste diversion targets. When the agreement ends in September 2026, during financial year 2026-27, the provider will hand back to the Council the waste disposal facilities with a remaining life of 5 years.

The Council has paid a service charge of £7.895m which represents the value of the service provided from 1 April 2024 to 31 March 2025 (£7.268m for 2023-24). Under the agreement the Council is committed to paying the following sums:

Future Repayment Periods	£'000
2025-2026	7,108
2026-2027	2,336
Total	9,444

The average service charge equates to £5.216m per annum over the life of the contract.

13 GRANT INCOME

The Council credited the following grants to the Comprehensive Income and Expenditure Statement:

2023-24 £'000	Grant Income	2024-25 £'000
	Credited to Taxation and Non Specific Grant Income	
187,193	General Revenue Grant	210,601
38,449	Non-Domestic Rates	42,149
	Government Capital Grants and Other Capital Contributions:	
96	Specific Capital Grants	2,634
22,347	General Capital Grant	13,482
1,107	Other	3,453
23,550		19,569
249,192	Total	272,319
	Credited to Services	
12,555	Scottish Government Specific Grants	4,917
855	General Capital Grant - Private Sector Housing Improvement Grants	824
16,443	Housing Benefit Subsidy	16,392
21,243	Other Revenue Government Grants	14,814
51,096	Total	36,947

14 RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows 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 aim of the Financial Reporting Standard dealing with Related Parties is to highlight instances where influence and control has been exercised over an external organisation by the Council, and where an elected member, their close family or someone in their household, has the ability to exercise the influence or control. Elected members and Senior Officers have completed a signed declaration on Related Party Interests and these have been used to compile this disclosure.

14.1 Scottish Government

The Scottish Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 13 – Grant Income.

14.2 Members

Members of the council have direct control over the Council’s financial and operating policies. The total of members’ allowances paid in 2024-25 is shown in the Remuneration Report.

During the year there was two organisations in which members had a significant interest and where the total of transactions exceeded £10,000.

2023-24 Expenditure £'000	Transactions in which Members have a significant interest	2024-25 Expenditure £'000
337	S & C Crawford Building Contractors Ltd	404
81	Bookfan Ltd Trading as South Peak Services	91
418	Total	495

14.3 Other Related Bodies

This category relates to transactions with entities which are controlled or significantly influenced by the Council.

During the year transactions with other related bodies were as follows:

2023-24 Expenditure £'000	Related Bodies	2024-25 Expenditure £'000
4,418	Transactions with related bodies during the year totalled	4,483
	<i>Of these, transactions with the following exceeded £10,000:</i>	
48	ACHA	264
590	Dunbritton Housing Association Limited	561
30	LINK Group Ltd	-
312	West Highland Housing Association Ltd	-
26	Fyne Homes	72
606	Oban and Lorn Community Enterprise - Atlantis Leisure	640
141	Islay and Jura Community Enterprise	147
110	Mid Argyll Community Enterprise	114
65	Scotland Excel	75
55	Argyll and Bute Citizens Advice Bureaux	53
182	Bute Advice	180
10	Kintyre Recycling	16
104	SEEMIS	104
200	Argyll and the Isles Coast & Countryside Trust	155
429	Carr Gomm	467
132	Argyll & Bute Women's Aid	144
252	Argyll & Bute Care & Repair	252
168	HELP	182
71	COSLA	99
416	Strathclyde Passenger Transport	419
209	Strathclyde Concessionary Travel Scheme	208
73	Group Recycling in Argyll & Bute (GRAB)	-
-	North West Mull Community Woodland Company	54
148	Mull & Iona Community Trust (MICT)	-
-	West of Scotland Local Authority Weather Service (Sth Lanarkshire	165
-	South Kintyre Development Trust	19
-	Argyll and the Isles Tourism	75
42	ALLenergy*	10
4,419	Total	4,475

*The Council provides payroll services to ALLenergy, debtors balances were held at the year-end of £42k and £10k (2023/24 and 2024/25 respectively) in relation to reimbursement of the payroll costs.

Given the relationships the Council has with other organisations and partners it is possible that some related party transactions may exist. However, the purpose of the requirement to complete the disclosure is to provide additional information to the users of the Annual Accounts and, by declaring possible instances, there is no suggestion that any inappropriate transactions have taken place.

Notes to the Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT

15.1 Movement in Property, Plant and Equipment

Movements in 2024-25	Other Land & Buildings **Note £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Right-of-Use Assets **Note £'000	Total 2024-25 £'000	Infrastructure Assets *Note £'000
Cost or Valuation								
At 1 April 2024	467,618	48,065	9,119	4,617	35,724	5,844	565,143	
	3,372						9,216	
Additions	8,946	3,916	328	5	9,723	2,178	25,096	25,586
Additions financed under a new leasing arrangement	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	557	-	-	(55)	-	-	502	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,237)	-	-	(202)	-	-	(2,439)	-
Derecognition - Disposals	-	(337)	-	-	-	-	(337)	-
Assets reclassified (to)/from Held for Sale	(949)	-	-	951	-	-	2	-
Other movements in cost or valuation	-	-	-	-	-	-	-	-
At 31 March 2025	477,307	51,644	9,447	5,316	45,447	8,022	597,183	
Depreciation and Impairments								
At 1 April 2024	(10,249)	(37,053)	(9)	3	-	-	(47,308)	
Depreciation Charge for 2024-25	(13,649)	(3,097)	-	-	-	(2,006)	(18,752)	(9,127)
Depreciation written out to the Revaluation Reserve	2,789	-	-	38	-	-	2,827	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	307	-	-	(38)	-	-	269	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(700)	-	-	-	-	-	(700)	-
Derecognition - Disposals	-	335	-	-	-	-	335	-
Derecognition - Other	99	-	-	-	-	-	99	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-	-
At 31 March 2025	(21,403)	(39,815)	(9)	3	-	(2,006)	(63,230)	
Balance Sheet amount at 31 March 2025	455,904	11,829	9,438	5,319	45,447	6,016	533,953	255,831
Balance Sheet amount at 31 March 2024	457,369	11,012	9,110	4,620	35,724	-	517,835	239,372

Notes to the Financial Statements

Comparative Movements in 2023-24	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2022-23 £'000	Infrastructure Assets *Note £'000
Cost or Valuation							
At 1 April 2023	453,644	46,440	8,901	3,283	21,440	533,708	
Additions	8,483	3,177	218	(18)	15,117	26,977	12,309
Additions financed under a new leasing agreement	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,217	-	-	653	-	5,870	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	813	-	-	69	-	882	-
Derecognition - Disposals	-	(1,552)	-	-	-	(1,552)	-
Assets reclassified (to)/from Held for Sale	(539)	-	-	630	-	91	-
Other movements in cost or valuation	-	-	-	-	(833)	(833)	833
At 31 March 2024	467,618	48,065	9,119	4,617	35,724	565,143	
Depreciation and Impairments							
At 1 April 2023	(2,626)	(35,568)	(9)	3	-	(38,200)	
Depreciation Charge for 2023-24	(13,802)	(3,037)	-	-	-	(16,839)	(8,846)
Depreciation written out to the Revaluation Reserve	4,125	-	-	16	-	4,141	
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,037	-	-	-	-	2,037	
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	
Derecognition - Disposals	-	1,552	-	-	-	1,552	
Derecognition - Other	17	-	-	(16)	-	1	
Other movements in depreciation and impairment	-	-	-	-	-	-	
At 31 March 2024	(10,249)	(37,053)	(9)	3	-	(47,308)	
Balance Sheet amount at 31 March 2024	457,369	11,012	9,110	4,620	35,724	517,835	239,372
Balance Sheet amount at 31 March 2023	451,018	10,872	8,892	3,286	21,440	495,508	235,076

Notes to the Financial Statements

*As permitted by Finance Circular 09/2022 and subsequently extended by Finance Circular 8/2024, the council has adopted both Statutory Override 1 & 2 relating to infrastructure assets which allow for the following;

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2025 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: For accounting periods commencing 1 April 2010 until 31 March 2025 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

In accordance with the temporary relief offered by the update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets. Historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

** The Council adopted IFRS 16 using the modified retrospective approach. As a result, right-of-use assets and corresponding lease liabilities were recognised at the date of transition, with no restatement of comparative information. Right-of-use assets, excluding NPDO and DBFM school arrangements, are included for the first time in the opening balance sheet at 1 April 2024 with a value of £5.844m. The NPDO and DBFM assets are included within Other Land and Buildings and increase the opening balance sheet for 2024-25 by £3.372m.

15.2 Valuation of Property, Plant and Equipment

IAS 16 – Property, Plant and Equipment has been adapted for the public sector by IPSAS 17 – Property, Plant and Equipment. Under IPSAS 17 each category of Property, Plant and Equipment is valued as follows:

- Infrastructure, community assets and assets under construction are valued at historical cost.
- Vehicles, plant and equipment are valued at depreciated historical cost as a proxy for current value.
- All other classes of assets are valued at current value. Where there is no market based evidence of current value because of the specialist nature of the asset and the asset is rarely sold then an estimate of current value is made using a depreciated replacement cost approach.

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured is re-valued at least every five years.

Assets identified as Corporate Surplus Assets are valued in accordance with IFRS 13 - Fair Value Measurement. The Balance Sheet value of Corporate Surplus assets at 31 March 2025 was £5.319m. Corporate Surplus assets are valued at their fair value on 31 March each year. Level 2 or 3 inputs were used for most Corporate Surplus asset valuations.

Revaluations of Council owned land and property were carried out at 31 March 2025 in accordance with the Council’s rolling programme of revaluations. The revaluations have been carried out in house by the Council’s Estates Service. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. For assets not valued in-year a desktop assessment was undertaken for 2024-25 to estimate the potential increase in value of those assets valued using depreciated replacement cost using BCIS indices. As the BCIS indices have not increased materially, the impact on these assets was not deemed to be material so no adjustment was made.

The following table shows the progress of the Council’s rolling programme for the revaluation of Other Land and Buildings:

Valued at Current Value as at:	Other Land & Buildings		
	Estates Valuation £'000	Desktop Valuation £'000	Current Valuation £'000
31 March 2025	58,207	-	58,207
31 March 2024	109,492	10,316	119,808
31 March 2023	227,598	11,401	238,999
31 March 2022	12,727	-	12,727
31 March 2021	22,323	161	22,484
Total Cost or Valuation	430,347	21,878	452,225

Notes to the Financial Statements

15.3 Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer (20 to 60 years). In some cases such as landfill facilities, assets within this category are depreciated over shorter lives aligned to the remaining operational life of the site.
- Infrastructure – straight-line allocation over 40 – 60 years.
- Vessels – straight line allocation over 25 years.
- Vehicles, Plant and Equipment - straight-line allocation over the useful life of the asset as determined by a suitably qualified officer (5 to 20 years).

15.4 Summary of Capital Expenditure and Financing

Capital expenditure involves the creation of assets, the benefit of which will be available to future rates and Council taxpayers. It is financed from borrowing, capital receipts and capital grants. The cost of the asset is effectively borne over a period of years. In 2024-25 total spending on capital projects was £48.553m.

2023-24 £'000		2024-25 £'000
291,782	Opening Capital Financing Requirement	341,610
	<i>Capital Investment:</i>	
8,483	Property Plant and Equipment: Other Land and Buildings	8,946
3,177	Vehicles, Plant, Furniture and Equipment	3,916
12,309	Infrastructure Assets	25,586
218	Community Assets	328
(18)	Surplus Assets	5
15,117	Assets Under Construction	9,723
	Right-of-Use Assets (leases)	2,178
224	Heritage Assets	109
202	Intangible Assets	307
382	Investment Assets	4
40,094	Total Capital Investment	51,102
	<i>Sources of Finance:</i>	
-	- Asset Sales	(318)
(23,550)	Capital Grants and Other Contributions	(19,569)
-	- Less: Transfer to Capital Grants Unapplied Reserve	1,564
(1,616)	Capital Financed from Current Revenue	(1,513)
(6,111)	Statutory Repayment of Loans Fund Advances	(6,545)
(1,532)	Special Repayment of Loans Fund Advances	(4,921)
35,589	Reduction in Right-of-Use Asset and PPP Liabilities	(1,486)
(2,207)	Capital Receipts transferred to/(from) Capital Fund	-
(55)	Other	-
518	Total Funding	(32,788)
332,394	Closing Capital Financing Requirement	359,924

The Council adopted IFRS 16 using the modified retrospective approach. As a result, right of use assets and corresponding lease liabilities were recognised at the date of transition, with no restatement of comparative information. Right of use assets are included for the first time in the opening balance sheet at 1 April 2024 with NPDO and DBFM school arrangements included within Other Land and Buildings.

15.5 Commitments under Capital Contracts

At 31 March 2025, the Council had commitments on capital contracts of £9.932m. This expenditure will be funded from a combination of Government Grants, borrowing and income from selling assets and contributions from Revenue Accounts. Similar commitments at 31 March 2024 were £6.236m. The major commitments are:

Commitments Under Capital Contracts	2024-25 £'000
CSE - John Logie Baird PS - Roof Repairs - 2019-20	4,252
Kilmory Business Park PH2AA – Professional Fees	1,104
October Weather Event 2023-24 - B836 Balliemore Bridge Replacement	1,083
DISR - Campbeltown Flood Scheme - Professional Services	1,025
Tobermory Housing - Rural Growth Deal	598
09-TIF-Oban Airport Business Park - Implementation	597
October Weather Event 2023-24 - A816 Kilmelford Bridge/Culfail Hotel Bridge Replacement	422
DISR - Tigh Dearg Road - Flood Prevention	255
CSE - Tiree Primary School - Emergency Lighting - 2024-25	198
Other projects each less than £0.150m in value	398
Total Capital Commitments	9,932

16 HERITAGE ASSETS

The main heritage assets held by the Council are two art collections, an archaeology collection and Inveraray Jail and Courthouse. The Council holds other heritage assets which are not valued and shown on the Balance Sheet. Further details on the council's heritage assets policy can be found in note 1.11.

Reconciliation of the carrying value of heritage assets held by the Council:

Movements in 2024-25	Art Collections £'000	Heritage Property £'000	Total £'000
Cost or Valuation			
Net Book Value at 1 April 2024	1,600	969	2,569
Additions	-	109	109
Disposals	-	-	-
Revaluations	-	-	-
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	-	-	-
Transfer from Assets Under Construction	-	-	-
At 31 March 2025	1,600	1,078	2,678

17 INTANGIBLE ASSETS

Intangible assets comprise of software licences. Purchased software licences are shown at cost and this cost is charged to the relevant service lines within the Comprehensive Income and Expenditure Statement over the economic life of the licences, assessed as five years.

The movement in intangible assets during the year was:

Movements in 2024-25	Purchased Software Licences £'000	Total Intangible Assets £'000
Cost or Valuation		
At 1 April 2024	2,651	2,651
Additions	307	307
Disposals	-	-
Revaluations	-	-
Reclassifications	-	-
At 31 March 2025	2,958	2,958
Amortisation and Impairments		
At 1 April 2024	(1,763)	(1,763)
Charge for 2024-25	(95)	(95)
Disposals	-	-
At 31 March 2025	(1,858)	(1,858)
Balance Sheet amount at 31 March 2025	1,100	1,100
Balance Sheet amount at 31 March 2024	888	888

Comparative Movements in 2023-24	Purchased Software Licences £'000	Total Intangible Assets £'000
Cost or Valuation		
At 1 April 2023	2,449	2,449
Additions	202	202
Disposals	-	-
Revaluations	-	-
Reclassifications	-	-
At 31 March 2024	2,651	2,651
Amortisation and Impairments		
At 1 April 2023	(1,716)	(1,716)
Charge for 2023-24	(47)	(47)
Disposals	-	-
At 31 March 2024	(1,763)	(1,763)
Balance Sheet amount at 31 March 2024	888	888
Balance Sheet amount at 31 March 2023	733	733

Notes to the Financial Statements

18 INVESTMENT PROPERTY

Investment property has been accounted for in accordance with IAS 4 - Investment Property, except where interpretations or adaptations to fit the public sector are detailed in the Code. The definition of an investment property in the context of the public sector is one that is used solely to earn rentals or for capital appreciation or both.

The value of investment property is initially measured at cost and thereafter measured at fair value. The fair value of investment property reflects market conditions at 31 March 2025. Revaluations of investment properties were carried out at 31 March 2025 in house by the Estates Service.

18.1 Movement in Investment Property

The movement in investment property during 2024-25 was:

Movements in 2024-25	Investment Properties £'000
Cost or Valuation	
At 1 April 2024	2,514
Acquisitions	4
Disposals	-
Net Gains/Losses from fair value adjustments	(235)
Transfers	(2)
At 31 March 2025	2,281

18.2 Investment Property Income and Expenditure

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2023-24 £'000		2024-25 £'000
144	Rental income from investment property	142
144		142

19 SCHOOLS BUILT UNDER PUBLIC PRIVATE PARTNERSHIP CONTRACTS (PPP)

Argyll and Bute Council have two schemes:

Schools Non-Profit Distributing Organisation (NPDO)

During 2007-08 two secondary schools, two joint campuses and one primary campus, developed as part of the Non-Profit Distributing Organisation (NPDO) variant of a Public Private Partnership (PPP), became operational. When the agreement ends in 2035 the provider will hand the five school complexes back to the Council.

Schools Hub Design, Build, Finance and Maintain Contract (DBFM)

Campbeltown and Oban High Schools have been built under this type of arrangement which reached Financial Close in March 2016.

Campbeltown Grammar School Construction Phase 1 was completed on 19 February 2018 and provided a new secondary school for pupils aged between 12 and 18. The new school has capacity for

Notes to the Financial Statements

500 pupils and replaces the existing Campbeltown Grammar School on the current school site at Hutcheon Road, Campbeltown. Phase 2 which included the demolition of the existing school buildings, provision of a car park, landscaping and 3G artificial turf pitch was completed during 2018-19.

Oban High School Construction Phase 1 was completed on 5 April 2018 and provided a new secondary school for pupils between 12 and 18. The new school has capacity for 1,300 pupils and replaces the existing Oban High School, on the current school site at Soroba Road, Oban. Phase 2 included the demolition of the existing school buildings, provision of a car park, landscaping and a pedestrian footway with lighting from the new school facilities to the grass pitches owned by the Council at Glencruitten, Oban was completed during 2018-19.

19.1 Assets Held under Schools NPDO and DBFM Contracts

Five schools were constructed under the Schools NPDO Contract; Hermitage Academy, Dunoon Grammar, Lochgilphead Joint Campus, Rothesay Joint Campus and Oban Primary Campus. The construction costs of the buildings, adjusted for revaluations on 31 March 2025 and depreciation to date are included as part of Other Land and Buildings.

As noted above, two schools were completed under the Schools DBFM Contract. Oban High School and Campbeltown Grammar have been included within Other Land & Buildings.

Movements in 2024-25	Schools DBFM - Other Land & Buildings £'000	Schools NPDO - Other Land & Buildings £'000	Total Schools Built under PFI Contracts £'000
Cost or Valuation			
At 1 April 2024	77,465	136,690	214,155
Additions at Cost	128	348	476
Transfers	-	-	-
Revaluations	-	-	-
At 31 March 2025	77,593	137,039	214,631
Depreciation and Impairments			
At 1 April 2024	-	(3,355)	(3,355)
Charge for 2024-25	(2,363)	(3,398)	(5,760)
Transfers	-	-	-
Revaluations	-	-	-
At 31 March 2025	(2,363)	(6,753)	(9,115)
Balance Sheet amount at 31 March 2025	75,230	130,286	205,516
Balance Sheet amount at 31 March 2024	77,465	133,335	210,800

The Council adopted IFRS 16 using the modified retrospective approach. As a result, the standard was implemented at 1 April 2024 with no restatement of comparative information, giving rise to a difference between the closing balance at 31 March 2024 and the opening balance for 2024-25.

Comparative Movements in 2023-24	Schools DBFM - Other Land & Buildings £'000	Schools NPDO - Other Land & Buildings £'000	Total Schools Built under PFI Contracts £'000
Cost or Valuation			
At 1 April 2023	71,539	134,178	205,717
Additions at Cost	-	-	-
Transfers	-	-	-
Revaluations	5,066	-	5,066
At 31 March 2024	76,605	134,178	210,783
Depreciation and Impairments			
At 1 April 2023	-	-	-
Charge for 2023-24	(2,457)	(3,355)	(5,812)
Transfers	-	-	-
Revaluations	2,457	-	2,457
At 31 March 2024	-	(3,355)	(3,355)
Balance Sheet amount at 31 March 2024	76,605	130,823	207,428
Balance Sheet amount at 31 March 2023	71,539	134,178	205,717

19.2 Schools NPDO and DBFM Finance Lease Liability

The finance lease liability arising from the Schools NPDO and DBFM contracts are as follows:

Movements in 2024-25	Schools DBFM £'000	Schools NPDO £'000	Total Schools Finance Lease Liability £'000
Balance at 1 April 2024	(51,902)	(58,588)	(110,491)
Additions	(128)	(243)	(371)
Repayments	2,000	3,487	5,487
Prior year repayment adjustment	-	-	-
Schools Lease Liability at 31 March 2025	(50,030)	(55,344)	(105,375)
Split:			
Obligations payable within 1 year	(2,039)	(3,506)	(5,546)
Obligations payable after 1 year	(47,991)	(51,838)	(99,829)
Schools Lease Liability at 31 March 2025	(50,030)	(55,344)	(105,375)

The Council adopted IFRS 16 using the modified retrospective approach. As a result, the standard was implemented at 1 April 2024 with no restatement of comparative information, giving rise to a difference between the closing balance at 31 March 2024 and the opening balance for 2024-25.

Comparative Movements in 2023-24	Schools DBFM £'000	Schools NPDO £'000	Total Schools Finance Lease Liability £'000
Balance at 1 April 2023	(51,876)	(59,338)	(111,214)
Additions	-	-	-
Repayments	1,970	3,262	5,232
Prior year repayment adjustment	-	-	-
Schools Finance Lease Liability at 31 March 2024	(49,906)	(56,076)	(105,982)
Split:			
Obligations payable within 1 year	(1,990)	(3,298)	(5,288)
Obligations payable after 1 year	(47,916)	(52,778)	(100,694)
Schools Finance Lease Liability at 31 March 2024	(49,906)	(56,076)	(105,982)

19.3 Payments due to Operator under Schools NPDO Contract

The Council is committed to paying the following sums under the Schools NPDO contract:

Future Repayment Periods	Repayment of Liability £'000	Lifecycle Costs £'000	Payment of Interest £'000	Service Charges £'000	Total Payments £'000
2025 - 2026	3,506	756	5,291	7,576	17,129
2026 - 2030	19,958	2,634	17,010	30,883	70,485
2030 - 2035	31,880	3,732	8,455	39,639	83,706
Total	55,344	7,122	30,756	78,098	171,320

19.4 Payments due to Operator under Schools DBFM Contract

The Council is committed to paying the following sums under the Schools DBFM contract:

Future Repayment Periods	Repayment of Liability £'000	Payment of Interest £'000	Service Charges £'000	Total Payments £'000
2025 - 2026	2,039	2,407	924	5,370
2026 - 2030	8,794	8,603	4,082	21,479
2030 - 2035	12,041	8,282	6,526	26,849
2035 - 2040	15,653	4,969	6,228	26,849
2040 - 2043	11,503	965	2,903	15,372
Total	50,030	25,225	20,663	95,918

20 LEASES

Authority as Lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles.

Right-of-use assets

The implementation of IFRS 16 Leases has identified over seven hundred lease-type arrangements, of which 184 were brought on-balance sheet at 1 April 2024 as part of the transition to IFRS 16, and a further 107 were added during 2024-25. Prior to 1 April 2024, the Council already held three lease-type arrangements on its balance sheet. This includes the NPDO and DBFM school arrangements with details provided at note 19, and a cremator and abatement plant at Cardross Crematorium. To enable comparison with the 2023-24 annual accounts the table below provides information on Right-of-Use assets, and lists separately the leases that were on-balance sheet prior to 1 April 2024.

20.1 Leases – Authority as Lessee

Movements in 2024-25	Land & Buildings		Vehicles, Plant & Equipment		Total
	Schools under PFI contracts	Other Right of Use assets	Previously held as Finance Lease	Other Right of Use assets	Right of Use Assets
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	210,800	4,163	274	1,681	216,918
Additions	476	1,031	-	1,147	2,654
Revaluations	-	-	-	-	-
Depreciation and amortisation	(5,760)	(995)	(51)	(1,011)	(7,817)
Disposals	-	-	-	-	-
Balance at 31 March 2025	205,516	4,199	223	1,817	211,755

20.2 Transactions Under Leases

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

2023-24		Land & Buildings		Vehicles, Plant &		Total
		Schools under PFI contracts	Other Right of Use assets	Previously held as Finance Lease	Other Right of Use assets	Right of Use Assets
		£'000	£'000	£'000	£'000	£'000
	Comprehensive income and Expenditure statement					
8,596	Interest expense on lease liabilities	8,129	209	12	81	8,431
-	- Expense relating to short-term leases		152		748	900
-	- Expense relating to exempt leases of low-value items		15		189	204
	Cash flow statement					
5,280	Minimum lease payments					7,434

Notes to the Financial Statements

20.3 Maturity Analysis of Lease Liabilities

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

2023-24 £'000		Land & Buildings		Vehicles, Plant &		Total Right of Use Assets £'000
		Schools under PFI contracts	Other Right of Use assets	Previously held as Finance Lease	Other Right of Use assets	
		£'000	£'000	£'000	£'000	
13,315	Less than one year	13,243	1,062	63	936	15,303
53,468	One to five years	54,365	1,473	217	1,177	57,232
101,990	More than five years	93,748	2,981	-	-	96,729
168,773	Total undiscounted liabilities	161,355	5,515	280	2,113	169,264

21 LONG TERM DEBTORS

31 March 2024 £'000		31 March 2025 £'000
11	House Loans	10
750	Waste PPP Historic Contamination Fund	750
2,099	Charging Orders - Care Home Fees	1,908
2,879	Strategic Housing Fund Loans to Registered Social Landlords	2,728
77	Other Long Term Debtors	77
5,816	Total Long Term Debtors	5,473

22 DEBTORS

Restated 31 March 2024			31 March 2025	
£'000	£'000		£'000	£'000
20,310 (17,776)		Arrears of Local Taxation Less: Impairment of Bad Debts	22,316 (18,838)	
	2,534			3,478
375 (277)		Housing Benefits Overpayments Less: Impairment of Bad Debts	192 (173)	
	98			19
4,586 (1,121)		Debtor Accounts Less: Expected Credit Loss	3,270 (979)	
	3,465			2,291
	1,670	Net Debtor to Scottish Government for Non Domestic Rates		3,694
	2,807	VAT Recoverable from HMRC		4,760
	145	Strategic Housing Fund Loans due within 1 Year		151
	14,576	Accrued Income		7,417
	4,167	Other Debtors		5,761
	29,462	Total Debtors		27,571

23 ASSETS HELD FOR SALE

The movement in assets held for sale was:

2023-24 £'000	Movements	2024-25 £'000
1,554	Balance Sheet amount at 1 April 2024	1,619
286	Assets newly classified as "Held for Sale" (Property, Plant and Equipment)	-
-	Revaluation losses	(43)
189	Revaluation gains	-
(410)	Assets Sold	(250)
1,619	Balance Sheet amount at 31 March 2025	1,326

24 CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2024 Restated £'000		31 March 2025 £'000
3	Cash held by the Authority	2
633	Short term deposits with banks	948
1,400	Short term deposits in Money Market Funds	13,600
(2,511)	Bank Current Accounts	(160)
(475)	Total Cash and Cash Equivalents	14,390

The balances as at 31 March 2025 represent the ledger position and there are timing differences between this and the bank position. No accounts were in an overdraft position as at 31 March 2025 and timing differences are represented accordingly through the Debtors and Creditors accounts.

25 CREDITORS

31 March 2024 Restated £'000		31 March 2025 £'000
9,174	Accrued Payrolls and Superannuation	8,224
3,495	Accrued Employer's National Insurance Contributions and PAYE	3,644
8,272	Accrual for Short Term Accumulating Absences	11,262
(19)	Creditors System Liability	5
11,384	Accrued Expenditure	11,152
3,389	Health and Social Care Partnership Creditor	2,247
2,060	RCGF Grant Income	887
901	Trust Funds	943
1,408	Net Creditor to Scottish Government for Non Domestic Rates	1,676
12,920	Other Creditors	13,332
52,984	Total Creditors	53,372

26 FINANCIAL INSTRUMENTS DISCLOSURES

26.1 Types of Financial Instruments

Accounting regulations require the “Financial Instruments” (investment, lending and borrowing of the Council) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of “Financial Instruments”:

31 March 2024 <i>Restated</i>			31 March 2025	
Long Term £'000	Current £'000		Long Term £'000	Current £'000
6,308	49,381	Investments and Lending Financial Assets at Amortised Cost	5,965	30,010
209,151	64,015	Financial Liabilities Financial Liabilities at amortised cost	227,407	62,175

26.2 Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- Estimated interest rates at 31 March 2025 for loans from the PWLB were taken from the appropriate interest rate notice and for other loans receivable and payable from market rates obtained by our treasury advisors.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Notes to the Financial Statements

The fair values are calculated as follows:

31 March 2024 <i>Restated</i>			31 March 2025	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
55,689	55,689	Lending Financial Assets at Amortised Cost	35,976	35,976
273,166	273,406	Financial Liabilities Financial Liabilities	289,581	280,236

The fair value is lower than the carrying amount because the Council's lending figure includes a number of loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. The fair value reflects the amounts the Council would have to pay to transfer the liabilities to another lender or repay early, including any premiums due under market conditions at the reporting date.

26.3 Gains and Losses on Financial Instruments

There are no gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments.

26.4 Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks 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 has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

26.5 Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, money market funds, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and money market funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31 March 2025 £'000	Historical Experience of Non-payment adjusted for Market Conditions at 31 March 2025 %	Estimated Maximum Exposure to Default and Uncollectability £'000
Deposits with Banks and Money Market Funds	14,548	-	-

The information in respect of the Council's debtors can be found in Notes 21 and 22. The Debtor Accounts represents the amounts owed by the Council's customers; Other Debtors include prepaid expenditure, accrued income and money owed to the Council in respect of projects being carried out under partnerships where the Council is the lead partner. The bad debt provision shown in Note 22 represents

Notes to the Financial Statements

the Council's assessment of the likely recoverability of the debt outstanding.

The credit risk around unprovided for debt is considered to be low. Debtors relate to the normal business of the Council and credit is issued on the Council's standard credit terms. There are no significant amounts past due but not impaired where recoverability is considered to be an issue.

26.6 Liquidity Risk

The Council's main source of borrowing is the Treasury's Public Works Loans Board (PWLB). There is no significant risk that the Council will be unable to raise finance to meet its commitments under Financial Instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowings do 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's policy is to ensure that not more than 30% of the loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities is as follows:

31 March 2024 <i>Restated</i> £'000	Maturity analysis of financial liabilities	31 March 2025 £'000
64,013	Less than one year	62,175
7,219	Between one and two years	20,763
25,773	Between two and five years	39,824
176,159	More than five years	166,819
273,164		289,581

All other amounts due to the Council for council tax, non-domestic rates and other income are due to be paid in less than one year.

26.7 Market Risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Changes in market rates also affect the notional "fair value" of lending and borrowing. For example, a rise in interest rates would reduce the "fair value" of both lending and borrowing at fixed rates. Changes in "fair value" of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

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 30% 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 restructuring of existing borrowings.

Any potential for a financial impact on the Council is also significantly limited by the Scottish Government's grant distribution mechanism that automatically adjusts for changes in interest rates in the Government Grant support the Council receives for "loan charges".

Notes to the Financial Statements

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
Impact on tax-payer	
Increase on interest payable on variable rate borrowings	53
Increase in interest receivable on variable rate lending	-
Increases in government grant receivable for "loan charges"	-
Net effect on Statement of Comprehensive Income & Expenditure	53

	31 March 2025 £'000
Other accounting presentational changes	
An (increase) / decrease in the "fair value" of fixed rate borrowing (disclosure confined to the notes to the financial statements)	11,869

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

26.8 Price Risk

The Council has no investment classified as "available-for-sale".

26.9 Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

26.10 Short-Term Deposits

The short-term deposits arise as a result of the timing of expenditure and associated income and movements in fund and revenue balances. The Council adopts a proactive but prudent approach to its Treasury Management operations, which are governed by the fully revised edition of CIPFA's Code of Practice on Treasury Management.

31 March 2024 £'000		31 March 2025 £'000
2,033	Banks and Money Market Funds	14,548

26.11 Soft Loans

The Council has no material soft loans at 31 March 2025, on which no interest was being charged.

Notes to the Financial Statements

27 OTHER LIABILITIES

Other liabilities consist of liabilities which by arrangement are payable at some point in the future or paid off by an annual sum over a period of time. Other liabilities total £112.168m as at 31 March 2025 and comprise the following:

Movements in 2024-25	Opening Balance 1 April 2024 £'000	Movement in Year £'000	Closing Balance 31 March 2025 £'000
Existing Lease Liability	(301)	51	(250)
Schools Lease Liability	(110,491)	5,116	(105,375)
Right-of-Use Assets Liability	(5,562)	(232)	(5,794)
Land Contamination	(750)	-	(750)
Total Other Liabilities	(117,104)	4,935	(112,168)
Split:			
Short Term Liabilities (due within 1 year)			(7,543)
Long Term Liabilities (due after 1 year)			(104,626)
Total Other Liabilities			(112,168)

28 PROVISIONS

	Opening Balance 1 April 2024 £'000	Additional Provision £'000	Amounts Used £'000	Unused Amounts Reversed £'000	Closing Balance at 31 March 2025 £'000
Equal Pay Claims	(13)	-	10	-	(3)
SRC Intromissions	-	(545)	-	-	(545)
SW - Mull Homecare Backdated Pay	(13)	-	-	-	(13)
Income due to Registered Social Landlords	(115)	(242)	-	-	(357)
Commercial Rent Balances	(37)	-	-	16	(21)
Redundancy Costs	(137)	-	27	-	(110)
Landfill Sites - Restoration and Aftercare Costs	(2,740)	-	-	476	(2,264)
Utilities Provision	(244)	(48)	-	-	(292)
Litigation Claims	(196)	(116)	18	4	(290)
NPDO and Hub DBFM Payments	(1,025)	(687)	252	190	(1,270)
Compost Like Output Payment	-	(555)	-	-	(555)
Right-of-Use - Dismantle & Removal	-	(7)	-	-	(7)
Total Provisions	(4,520)	(2,200)	307	686	(5,727)
Split:					
Short-Term Provisions (due within 1 year)					(3,099)
Long-Term Provisions (due after 1 year)*					(2,628)
Total Other Liabilities					(5,727)

*Long-term provisions mainly in relation to Landfill Sites Restoration and Aftercare Costs and SRC Intromissions

A provision was created at the end of 2005-06 in relation to employees in catering, cleaning and home care services who had not accepted the Council's equal pay settlement. There may be further outstanding claims where the settlement amount cannot be estimated reliably enough to provide for the costs.

A provision in respect of Strathclyde Regional Council Intromissions for £0.545m has been created

Notes to the Financial Statements

representing Argyll and Bute's share of estimated claims against the former SRC mainly in relation to historic abuse.

The Council reduced the discount on Council Tax from second homes to 10% during 2005-06. The additional Council Tax income invoiced during 2024-25 amounted to £2.768m; this amount is to be paid to registered social landlords to invest in social housing. A provision for cash not yet collected has been created amounting to £0.357m.

There is a provision for Commercial Rents where arrangements have been put in place for repayment over a number of years. The provision reflects the uncertainty of collection of the debt.

Liabilities have arisen in respect of employees who will be made redundant as a result of savings options agreed. The cost for any employee, whose contract has been terminated on or before 31 March 2025 has been incurred in year. For the employees who have confirmed acceptance of redundancy but have left or are leaving after 31 March 2025, a provision of £0.110m has been created.

A provision for landfill sites was created in 2014-15 reflecting the Council's liability for restoration and ongoing maintenance in respect of landfill sites operated by the Council, at Glengorm, Gartbreck and Gott Bay. The landfill sites were revalued at 31 March 2025 and the provision for restoration and aftercare decreased to £2.264m. These have been provided for based on the net present value of estimated future costs.

The utilities provision was created during 2011-12 to cover a potential liability in relation to discrepancies in charges for utility costs, £0.048m additional provision has been added during 2024-25 resulting in a total provision of £0.292m.

A legal litigation provision was created in 2020-21 as the Council is currently involved in several ongoing cases that will incur costs into future years. The provision is based on sums invoiced and anticipated future costs.

The NPDO provision for withheld sums from the Unitary Charge paid to ABC Schools relates to unbilled utility costs, Authority related damage and contract variations. The HUB DBFM provision for withheld sums from the Monthly Service Payment paid to Hub North Scotland (O&C) Ltd relates to unbilled Authority related damage and contract variations.

A provision of £0.555m has been included to reflect the estimated cost of managing compost like output (CLO) held at contractor sites as at 31 March 2025. This provision reflects the Council's ongoing waste management responsibilities and the requirement to divert such material from landfill in line with regulatory obligations.

29 CAPITAL GRANTS RECEIVED IN ADVANCE

A Capital Grant of £1.564m was transferred to the Capital Grants Unapplied (CGU) reserve during 2024-25 in respect of the Cuan Sound/Jura Ferry Programme.

	Opening Balance 1 April 2024 £'000	Capital Grants Received £'000	Transfer to Capital Grants Unapplied £'000	Closing Balance 31 March 2025 £'000
HITRANS	1,564	-	(1,564)	-
	-	-	-	-
Total Other Liabilities	1,564	-	(1,564)	-
Split:				
Capital Grant Receipts in Advance (due within 1 year)				-
Capital Grant Receipts in Advance (due after 1 year)				-
Total Other Liabilities				-

30 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two separate pension schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. The schemes are as follows:

Teachers

The Scottish Teachers' Superannuation Scheme is an unfunded scheme administered by the Scottish Government. This means that liabilities for the benefits provided cannot be identified by the Council. The scheme is therefore accounted for as if it were a defined contribution scheme where no liability for future payments of benefits is recognised in the balance sheet and revenue accounts are charged with the employer's contributions payable to the Scottish Government in the year.

Local Government Pension Scheme

This is administered by Strathclyde Pension Fund – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The contributions are based on rates determined by the Fund's professionally qualified actuary and based on triennial valuations of the Fund.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note.

Legal and Regulatory Uncertainty – Virgin Media vs NTL Pension Trustees II Limited

In June 2023, the High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by section 37 actuarial certificates. The Court of Appeal rejected an appeal of this decision in July 2024. The Local Government Pension Scheme is affected by this ruling.

As at 31 March 2025 the current position in law is that the Government has so far failed to evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS 26 or if it can be reliably estimated.

On 5 June 2025 the Government announced that it will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. This is intended to reduce uncertainty and ensure that scheme obligations and funding remain unaffected. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the financial statements.

30.1 Accrued Pensions Contribution

Due to the timing of salary processing, not all employee and employer contributions have been paid to the pension schemes by the 31 March 2025. These payments have been accrued and are included within the creditors figure on the Balance Sheet. These have been paid during April 2025. The amounts are as follows:

- Local Government Pension Scheme – £1.106m
- Teachers' Scheme – £1.494m

30.2 Transactions in Respect of the Local Government Pensions Scheme

The latest formal valuation of the Strathclyde Pension Fund for funding purposes was at 31 March 2023. The independent actuaries appointed by the Council are Hymans Robertson and they have assumed that employees have continued to earn new benefits on the same basis as the latest formal valuation and that the employer’s pensionable payroll over the year to 31 March 2025 remains substantially stable with new entrants replacing any leavers.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

2023-24 £'000		2024-25 £'000
	Comprehensive Income and Expenditure Statement:	
	Cost of Services:	
	<i>Service cost comprising:</i>	
19,119	Current Service Cost	20,278
-	Past Service Cost (Including Curtailments)	276
19,119	Net Cost of Services	20,554
(11,307)	Net Interest Expense	(12,648)
4,711	Interest on the Effect of IAS 19 Asset Ceiling	13,862
12,523	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	21,768
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
(43,972)	Return on Assets (excluding amounts included in net interest)	11,693
56,060	Other Experience (see note (i) below)	(6,943)
(22,174)	Change in Financial Assumptions	(99,533)
(9,904)	Change in Demographic Assumptions	(1,116)
(103,890)	Reversal of Prior Year IAS 19 Asset Ceiling and Interest Adjustment	(302,656)
288,794	IAS 19 Asset Ceiling Adjustment	383,544
177,437	Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	6,757
	Statement of Movement in Reserves:	
6,322	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(12,417)
	Actual Amount charged against the General Fund Balance for pensions in the year:	
18,845	Employer's Contributions Payable to the Scheme	9,351

(i) A measure of the difference between actual experience and that expected based upon actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular cost method. (ASOP No. 4)

30.3 Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2023-24 £'000		2024-25 £'000
622,872	Defined Benefit Obligation at 1 April 2024	669,149
19,119	Current Service Cost	20,554
-	Past Service Costs including Curtailments	-
29,453	Interest Cost	32,079
5,280	Contributions by Scheme Participants	5,788
2,949	Re-measurement (Gains) and Losses	(124,576)
(30,102)	Estimated Benefits Paid	(27,071)
649,571	Defined Benefit Obligation at 31 March 2025	575,923
19,578	Present Value of Unfunded Liabilities	16,984
669,149	Defined Benefit Obligation at 31 March 2025	592,907

Reconciliation of fair value of the scheme (plan) assets:

2023-24 £'000		2024-25 £'000
861,065	Fair Value of Employer Assets at 1 April 24	938,365
	Re-measurement (Gains) and Losses:	
43,972	Expected Rate of Return on Pension Fund Assets	(11,693)
(1,455)	Actuarial (Gains) and Losses	-
40,760	Interest Income on Plan Assets	44,727
18,845	Employers Contributions	9,351
5,280	Contributions by Scheme Participants	5,788
(30,102)	Estimated Benefits Paid	(27,071)
938,365	Fair Value of Employer Assets at 31 March 25	959,467

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. An asset ceiling adjustment was included in 2023-24 and 2024-25 to ensure compliance with IAS 19 which limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The re-measurement gains and losses line shown within the defined benefit obligation table is presented net of the adjustment for unfunded liabilities. The unfunded element is disclosed separately to ensure transparency between funded and unfunded obligations whilst maintaining full reconciliation to the actuary's closing valuation.

30.4 Pensions Assets and Liabilities Recognised in the Balance Sheet

2023-24 £'000	Local Government Pension Scheme	2024-25 £'000
(649,571)	Present Value of Funded Liabilities	(575,923)
938,365	Fair Value of Employer Assets	959,467
(288,794)	IAS19 Asset Ceiling Adjustment	(383,544)
-	Surplus/(Deficit) in the Scheme	-
(19,578)	Present Value of Unfunded Liabilities	(16,984)
(19,578)	Net Surplus/(Deficit) in the Scheme	(16,984)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits.

30.5 Analysis of Pension Fund's Assets

Argyll and Bute Council's share of the Pension Fund's assets at 31 March 2025 comprised:

2023-24 £'000		2024-25 £'000
17,395	Cash and Cash Equivalents	23,345
	Equity Instruments (by industry type)	
43,350	Consumer	47,376
54,078	Manufacturing	44,766
8,511	Energy and Utilities	7,458
26,936	Financial Institutions	21,909
25,047	Health and Care	22,823
31,804	Information Technology	55,053
-	Other	-
189,726	Sub-total Equity Instruments	199,385
	Real Estate	
73,783	UK Property	72,390
73,783	Sub-total Real Estate	72,390
224,026	Private Equity (All)	221,782
	Investment Funds and Unit Trusts	
323,600	Equities	234,184
109,461	Bonds	202,393
374	Commodities	470
-	Infrastructure	3,385
-	Other	2,133
433,435	Sub-total Investment Funds and Unit Trusts	442,565
938,365	Total Assets	959,467

Notes to the Financial Statements

30.6 Basis for Estimating Assets and Liabilities

The Council's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels, etc.

The principal assumptions used by the actuary have been:

2023-24		2024-25
Years	Mortality assumptions	Years
20.0	Longevity at 65 for current pensioners: Men	19.9
22.7	Women	22.6
20.9	Longevity at 65 for future pensioners: Men	20.8
24.7	Women	24.6
2023-24		2024-25
%	Financial Assumptions	%
2.8%	Rate of Inflation (CPI)	2.8%
3.5%	Rate of Increase in Salaries	3.5%
2.8%	Rate of Increase in Pensions (CPI)	2.8%
4.8%	Rate for discounting scheme liabilities	5.8%
2023-24		2024-25
%	Long-term Expected Rate of Return on Assets in the Fund	%
4.8%	Equity Investments	5.8%
4.8%	Bonds	5.8%
4.8%	Property	5.8%
4.8%	Cash	5.8%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

For sensitivity analysis on the net pension asset please see Note 4.

30.7 Asset and Liability Matching (ALM) Strategy

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

30.8 Impact on the Council's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 6.5% for 2025-26.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2026 is £6.188m. This is based on an assumed pensionable payroll of £95.204m.

The assumed weighted average duration of the defined benefit obligation for the Council falls into the "Medium" duration category which is between 17 and 23 years (this is different from the mortality assumptions quoted in the table above in "Basis for Estimating Assets and Liabilities").

30.9 Teachers Pensions – Administered By Scottish Public Pensions Agency

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency. The Scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The Scheme is financed by payments from employers and from those current employees who are members of the Scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified by the regulations.

Employers currently pay a contribution rate of 26% - about two thirds of the cost of an individual's pension. This took effect from 1 April 2024.

The Council has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the Scheme or withdrawal from the Scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Authority is unable to identify its share of the underlying assets and liabilities of the scheme.

At the last valuation a shortfall of £2.9 billion was identified in the notional fund which will be repaid by a supplementary rate of 7.6% of employers' pension contributions for fifteen years from 1 April 2024. This contribution is included in the 26% employers' contribution rate.

As a proportion of the total contributions into the Teachers' Pension Scheme during the year ended 31 March 2025, the council's own contributions equate to 1.6%.

2023-24		2024-25
10,779	Amount Paid Over (£'000)	12,715
23.00%	Rate of Contribution (%)	26.00
507	Amount of Added Years Awarded by the Council (£'000)	506

The contributions due to be paid to the Teacher's Scheme by the Council in the next financial year are estimated to be £13.423m.

31 UNUSABLE RESERVES

Movements in the Council's unusable reserves are detailed in the Statement of Movement in Reserves.

31.1 Revaluation Reserve

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

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

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31.2 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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations which are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

31.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax.

31.4 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds. The Pensions Reserve shows a negative position at the end of 2024-25 due to the impact of the inclusion of the asset ceiling and recognition of unfunded benefits liabilities, in line with the requirements of IAS 19.

31.5 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

32 USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Statement of Movement in Reserves.

32.1 Capital Funds

The Council holds two funds which make up the Capital Funds total in the Statement of Movement in Reserves, these are:

Usable Capital Receipts Reserve

During the 2006-07 financial year, and prior to the transfer of the Council's housing stock during November 2006, the receipts from the sale of council houses were transferred to the Usable Capital Receipts Reserve. The amounts held in this reserve can only be used for social housing capital expenditure.

Capital Fund

All receipts from capital disposals are to be paid into this fund with effect from 14 February 2008 and may be applied to finance capital expenditure or loan debt repayments. During 2024-25 capital receipts from asset sales have been fully applied to reduce the net borrowing requirement for capital expenditure incurred during the year. The movement in the Usable Capital Receipts Reserve and Capital Fund are as follows:

Movements in 2024-25	Usable Capital Receipts Reserve £'000	Capital Fund £'000	Total Capital Funds £'000
Balance at 1 April 2024	3,080	117	3,197
Proceeds of Disposals	-	318	318
Transfer to Capital Adjustment Account	-	(318)	(318)
Contribution to Capital Fund From Revenue	-	-	-
Interest Earned	152	8	160
Balance at 31 March 2025	3,232	125	3,357

Notes to the Financial Statements

32.2 Repairs and Renewals Fund

The movement in the Education Repairs and Renewals Fund is as follows:

Movements in 2024-25	Balance at 1 April 2024 £'000	Contribution from Revenue £'000	Interest Earned £'000	Contribution to Revenue £'000	Balance at 31 March 2025 £'000
Education	2,763	(594)	146	1,293	3,608
Total	2,763	(594)	146	1,293	3,608

32.3 Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds capital grant income received but not yet applied to fund capital expenditure. These amounts will be used to finance future capital investment in line with any grant conditions.

	2024-25 £'000
Balance at 1 April 2024	-
Capital Grants Applied from prior years	-
Capital Grants Unapplied in current year	1,564
Balance at 31 March 2025	1,564

32.4 General Fund

There has been a decrease in the General Fund of £3.036m from a balance of £115.741m as at 31 March 2024 to £112.705m as at 31 March 2025. Details of the movements are in the table below and this details total earmarked, contingency and unallocated balances.

General Fund	Earmarked £'000	Contingency £'000	Unallocated £'000	Total General Fund £'000
Balance at 1 April 2024	107,443	6,039	2,259	115,741
Funds used during 2024-25	(26,457)			(26,457)
Earmarking previously agreed and created during 2024-25	13,298			13,298
New automatic earmarking at the end of 2024-25	8,278			8,278
New earmarking proposals approved at the end of 2024-25	2,600		(2,600)	-
Underspend in 2024-25			1,905	1,905
Agreed at 2025-26 budget			(60)	(60)
Transfers between categories		500	(500)	-
Balance at 31 March 2025	105,162	6,539	1,004	112,705

33 CONTINGENT LIABILITIES

33.1 Equal Pay Claims

The Council settled a number of equal pay claims during 2017-18, however there are a small number remaining where the outcome of the applications are unknown and there is insufficient information to allow the potential cost of these claims to be provided for. There is also the potential for other equal pay claims whose costs may be met by the Council.

33.2 Goodwin Judgement

The Social Security Act 1986 introduced changes to survivor pensions which resulted in most public service pension schemes providing survivor benefits to widowers (male survivors in opposite-sex marriages) based on the female spouse's service from 6 April 1988 onwards. Since the introduction of civil partnerships and same sex marriages, public service pension schemes have provided survivor benefits in respect of both which have been in line with those paid to widowers. An employment tribunal (the Goodwin case) concluded on 30 June 2020 that a female member in an opposite sex marriage is treated less favorably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. Where schemes contain provisions deemed discriminatory, those provisions must be dis-applied as being contrary to the non-discrimination rule set out in section 61 of the Equality Act 2010. In light of this ruling the Chief Secretary to the Treasury has confirmed that amendments would be made to the Teachers' Pension Scheme and other public service pension schemes so that "surviving male same-sex and female same-sex spouses and civil partners will, in certain cases, receive benefits equivalent to those received by widows of opposite sex marriages"

There is still uncertainty surrounding the potential remedy to the Goodwin judgement however the Council's actuaries have estimated the potential impact of implementing a solution to correct the past underpayment of spouses' benefits to be circa 0.1% of gross obligations. This would amount to £0.593m at 0.1% for the Council. As there is still uncertainty over the remedy and the potential impact no provision has been made in the accounts at the current time.

33.3 SRC Intrusions

The Local Government (Transitional Financial Provisions) (Scotland) Order 1996, 'the Order' provided for the appointment of Glasgow City Council (GCC), as the relevant Accounting Authority for residual matters relating to the former Strathclyde Regional Council (SRC), on behalf of the successor authorities. This places a duty on GCC to account to successor authorities in respect of all expenditure and income attributable to its duties as Accounting Authority, to be shared across successor authorities on a Council Tax Band D Equivalent basis.

A provision has been recognised in the accounts in respect of potential future liabilities outstanding relating to SRC Intrusions. While the council has accounted for known claims to date the final settlement values remain uncertain. In addition, there remains a risk of further claims being brought forward which are not yet known or quantified. The provision reflects the latest information available but full due diligence by the council's claim team has not been undertaken. As such, final liabilities may differ from the amount provided for and will remain under review until all legal and settlement processes are concluded.

33.4 Other Legal Challenges

There may be other legal challenges on-going which could result in future liabilities.

34 TERMINATION BENEFITS

A number of savings options have been agreed at Council budget meetings to balance the Council budget. A number of these savings options were reliant on a reduction in the Council's staffing levels. The Council had forewarned of the level of savings required to balance the budget and had previously asked all Council employees to express an interest in voluntary redundancy. As a result of the budget savings options approved by the Council a number of employees have had their redundancy application accepted.

Redundancy costs have been incurred by the Council since the 2010-11 financial year in relation to the budget savings agreed. In each year, provision was made within the financial year for the costs of all employees who had accepted redundancy or where redundancy was probable as at 31 March ending that year, including accounting for costs for employees who confirmed redundancy by 31 March but left or were leaving after this date.

Termination costs for all Council employees who have accepted redundancy by 31 March 2025 are recognised in the Exit Packages note in 2024-25, or in previous financial years. The total cost recognised in the Exit Packages note in 2024-25 is £0.243m for 6 employees and in 2023-24 was £0.276m for 4 employees. These costs are detailed further in the Remuneration Report.

The reduction in the staffing establishment includes posts from all services across the Council and reductions were in line with the savings agreed by the Council. There will be further redundancy costs incurred as the Council is required to make further savings to balance the budget in future years and the Council have earmarked monies from the loans fund one-off reprofiling gain.

35 TRUST FUNDS AND OTHER THIRD-PARTY FUNDS

The Council acts as sole or custodian trustee for 57 trust funds. The funds do not represent assets of the Council, and as such have not been included in the Balance Sheet.

Funds for which the Council act as sole trustee:

	Income £'000	Expenditure £'000	Net Assets £'000	Reserves £'000
Argyll Education Trust	20	19	684	684
GM Duncan Trust	3	5	66	66
MacDougall Trust	30	-	1,191	1,191
Various Other Trust Funds	23	19	473	473
Total Trust Funds	76	43	2,414	2,414

Argyll Education Trust: this is made up of a number of small trusts to award prizes, bursaries, etc. to pupils and ex-pupils of schools within the former Argyll County Council area. GM Duncan Trust: for the provision of fuel, clothing and foodstuffs for the needy of Campbeltown. MacDougall Trust: for the provision of sheltered housing on the Ross of Mull.

Further information on the Trust Funds, administered by the Council, can be obtained from Financial Services.

A number of the trust funds administered by the Council are charitable trusts and as such are required to comply with current Office of the Scottish Charities Regulator (OSCR) financial reporting requirements. Arrangements have been put in place to ensure that all charities administered by the Council comply and will continue to comply with these requirements. The Trust Funds had monies temporarily invested with the Council's loans fund during the year, the amount at 31 March 2025 was £0.943m.

36 COMMON GOOD FUNDS

The Council administers the Common Good Accounts for the former Burghs of Oban, Campbeltown, Rothesay, Dunoon, Lochgilphead, Inveraray, Cove and Kilcreggan. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2025. The Common Good Funds are for the benefit of the geographical areas of the former burghs. Further information on the Common Good Funds can be obtained from Financial Services. Some of the Common Good Funds had monies temporarily invested with the Council's loans fund during the year, the amount at 31 March 2025 was £0.162m.

36.1 Common Good Income and Expenditure Account for the year ended 31 March 2025

2023-24				2024-25		
Oban Common Good £'000	Other Common Goods £'000	Total Common Good £'000		Oban Common Good £'000	Other Common Goods £'000	Total Common Good £'000
129	54	183	Expenditure	151	35	186
(232)	(150)	(382)	Income	38	14	52
(103)	(96)	(199)	(Surplus)/Deficit for the Year	189	49	238

36.2 Common Good Balance Sheet at 31 March 2025

2023-24				2024-25		
Oban Common Good £'000	Other Common Goods £'000	Total Common Good £'000		Oban Common Good £'000	Other Common Goods £'000	Total Common Good £'000
5,622	319	5,941	Tangible Fixed Assets	5,504	319	5,823
2,113	1,252	3,365	Investments	2,015	1,194	3,209
171	176	347	Current Assets	198	186	384
(21)	(1)	(22)	Current Liabilities	(22)	(1)	(23)
7,885	1,746	9,631	Total Assets less Liabilities	7,695	1,698	9,393
5,620	323	5,943	Revaluation Reserve	5,504	323	5,827
2,263	1,423	3,686	Common Good Fund	2,191	1,375	3,566
7,883	1,746	9,629	Total Net Worth	7,695	1,698	9,393

37 TAX INCREMENTAL FINANCING (TIF) PROJECTS

The Council entered into an agreement with the Scottish Government in May 2014 in respect of the Lorn Arc Tax Incremental Finance (TIF) scheme. This agreement essentially allows for the repayment of debt arising from infrastructure investment from incremental Non-Domestic Rates (NDR) revenue.

The assets to be funded by the TIF project largely comprise public realm and infrastructure improvements within the Lorn Arc area of Oban. The project is for 35 years, a 10-year extension was agreed with the Scottish Government during 2024-25, with the first material capital investment incurred during the financial year ended 31 March 2015.

During the TIF project period, the Council is entitled to retain the TIF revenue from its NDR revenue, a pro-rata amount of NDR equal to the amount (if any) by which the collected amount exceeds the collectable amount. The Council is required to apply 100% of the TIF revenue towards repayment of the TIF debt. If all projects are delivered and debt is fully paid, the Council can retain 50% of the TIF revenue for further infrastructure investment until the end of the TIF period.

Net capital expenditure incurred in the year to 31 March 2025, to be funded from borrowing, in respect of TIF assets totalled £0.503m (2023-24 £0.016m). This is reflected in the “Summary of Capital Expenditure and Financing” outlined within note 15.4. The total TIF debt to be repaid over the project period, in respect of investment to 31 March 2025, has been calculated in accordance with finance circular No. 4/2014 at £1.530m (2023-24 £1.027m).

There is a retention of £0.815m of TIF income during 2024-25 (2023-24 £0.804m) to repay the notional borrowing for TIF. Principal sums accumulated by 2024-25 amount to £0.167m (2023-24 £0.139m) and cumulative interest £0.129m (2023-24 £0.118m) resulting in a net cumulative surplus of £3.327m (2023-

Notes to the Financial Statements

24 £2.551m) which will be used to pay down TIF debt per the TIF agreement and the balance of £2.438m will be placed in earmarked reserves to be used in future years to repay debt costs.

38 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The Net Cash Flows for Operating Activities can be reconciled to the Net (Surplus)/Deficit on the Provision of Services as follows:

2023-24 <i>(Restated)</i> £'000		2024-25 £'000
196,575	Cash Paid to and on behalf of Employees	209,175
90,181	Other Services Net Operating Cash Payments / (Receipts)	91,700
(187,193)	General Revenue Grant Receipts	(210,601)
(37,645)	Non-domestic Rates Receipts from National Pool	(43,169)
(61,600)	Council Tax Receipts	(66,134)
318	Net Cash (Inflow)/Outflow from Operating Activities	(19,029)

39 CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for Investing Activities include the following items:

2023-24 <i>restated</i> £'000		2024-25 £'000
40,676	Purchase of Property, Plant and Equipment, Investment Property and Intangible and Heritage Assets	49,097
(37,500)	Investments made/(disposed of) during year	(27,500)
-	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(318)
(23,605)	Other Receipts from Investing Activities	(18,005)
(20,429)	Net Cash Outflow from Investing Activities	3,274

40 CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for Financing Activities include the following items:

2023-24 <i>restated</i> £'000		2024-25 £'000
23,548	Cash Flow from Short and Long Term Borrowing	(10,186)
51	Cash Payments for the reduction of Finance Lease Liabilities	51
5,232	Cash Payments for the reduction of on balance sheet PPP and similar contract Liabilities	5,487
-	Cash Payments for the reduction of Right-of-Use Asset Liabilities	1,946
(2,480)	Other Financing Activities: NDRI Net Debtor/Creditor	3,591
26,351	Net Cash (Inflow)/Outflow from Financing Activities	890

41 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2023-24		2024-25
£'000		£'000
18,967	Interest payable and similar charges	24,361
(6,596)	Net interest on the net defined benefit liability (asset)	1,214
(9,144)	Interest receivable and similar income	(9,662)
(565)	Income and expenditure in relation to investment properties and changes in their value	(379)
2,662	Total	15,534

42 PRIOR PERIOD RESTATEMENT

Prior period balances for the financial years 2022/23 and 2023/24 have been restated in order to present the financial statements on a basis that is consistent with the accounting treatment adopted in 2024/25.

During the preparation of the 2024/25 Annual Accounts, a review of balances held on behalf of LiveArgyll, the Council's Arm's Length External Organisation (ALEO), identified that certain bank balances held by the Council on behalf of LiveArgyll had previously been presented within Short Term Debtors as part of a net debtor balance. On review it was concluded that this presentation did not appropriately reflect the underlying nature of the arrangement.

The balances represent cash and cash equivalents held by the Council on behalf of LiveArgyll, with a corresponding liability due to LiveArgyll. The appropriate accounting treatment is therefore to recognise the cash balance within Cash and Cash Equivalents and the corresponding obligation within Short Term Creditors.

Accordingly, prior period balances have been reclassified to reflect the gross position on the Balance Sheet. This restatement affects the presentation of balances within the Balance Sheet.

The restatement does not impact the Council's net assets, usable reserves or the Surplus or Deficit on the Provision of Services. The classification has been reviewed as part of the year-end process and the Council will ensure that balances held on behalf of LiveArgyll are presented appropriately in future financial statements.

Effect on the Balance Sheet

The effect of the restatement on the Balance Sheet at 1 April 2023 and 31 March 2024 is shown in the table below.

Notes to the Financial Statements

1 April 2023			31 March 2024		
As originally stated	As restated	Restated	As originally stated	As restated	Restated
£'000	£'000	£'000	£'000	£'000	£'000
Current Assets					
1,130	1,130	-	1,043	1,043	-
27,186	24,515	(2,671)	38,368	29,462	(8,906)
1,554	1,554	-	1,619	1,619	-
60,000	60,000	-	27,500	27,500	-
823	5,765	4,942	-	-	-
90,693	92,964	2,271	68,530	59,624	(8,906)
Current Liabilities					
(11,818)	(11,818)	-	(13,478)	(13,478)	-
(50,044)	(52,315)	(2,271)	(52,374)	(52,984)	(610)
-	-	-	-	-	-
(1,450)	(1,450)	-	(1,665)	(1,665)	-
(5,280)	(5,280)	-	(5,336)	(5,336)	-
-	-	-	(9,991)	(475)	9,516
(68,592)	(70,863)	(2,271)	(82,844)	(73,938)	8,906

The restatement affects the figures disclosed in Notes 22, 24, 25, 26, 38, 39 and 40. The restatement also affects the figures presented in the Group Balance Sheet.

Effect on the Cash Flow Statement

The reclassification of LiveArgyll bank balances into Cash and Cash Equivalents has consequentially affected the opening and closing cash and cash equivalents balances presented in the Cash Flow Statement for 2023/24 as shown in the table below.

	As originally stated	As restated	Restated
	£'000		
Cash and Cash Equivalents at the beginning of the Reporting Period	(823)	(5,765)	(4,942)
Cash and Cash Equivalents at the end of the Reporting Period	9,991	475	(9,516)

The restatement affects the figures disclosed in Notes 24 and 38. The restatement also affects the figures presented in the Group Cash Flow Statement.

Council Tax Income Account

The Council Tax Income Account shows the gross income raised from council tax levied and deductions made under the Local Government Finance Act 1992. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Council.

2023-24 Actual £'000		2024-25 Actual £'000
76,511	Gross Council Tax Levied and Contributions in Lieu excluding RSL Second Home Additional Income	84,040
	Less:	
(14,008)	Other Discounts and Reductions	(16,429)
(1,490)	Provision for Bad and Doubtful Debts	(1,620)
61,013	Total	65,991
896	Adjustment to Previous Years' Community Charge and Council Tax	957
61,909	Transfers to General Fund	66,948

Notes to the Council Tax Income Account

1. CALCULATION OF THE COUNCIL TAX

Dwellings are valued by the Assessor and placed within a valuation band ranging from the lowest “A” to the highest “H”. The Council Tax charge is calculated using the Council Tax Base, Band D equivalent as below. This value is then decreased or increased dependent upon the band of the dwelling. The charge for each band for 2024-25 was as follows:

Band	Valuation Band	Ratio Band D (%)	£ per year
A	Up to £27,000	66.7	986.13
B	£27,001 - £35,000	77.8	1,150.49
C	£35,001 - £45,000	88.9	1,314.84
D	£45,001 - £58,000	100	1,479.20
E	£58,001 - £80,000	131.4	1,943.50
F	£80,001 - £106,000	162.5	2,403.70
G	£106,001 - £212,000	195.8	2,896.77
H	Over £212,000	245.0	3,624.04

2. CALCULATION OF THE COUNCIL TAX BASE 2024-25

Council Tax Base	A	B	C	D	E	F	G	H	Total
Total Number of Properties	7,543	10,206	9,630	6,501	7,848	4,618	3,082	269	49,697
Less - Exemptions / Deductions	1,038	805	963	554	629	267	175	53	4,483
- Adjustment for Single Chargepayers	932	1,145	821	494	471	229	123	6	4,220
Effective Number of Properties	5,573	8,256	7,846	5,454	6,748	4,123	2,785	211	40,995
Band D Equivalent Factor (ratio)	67%	78%	89%	100%	131%	163%	196%	245%	
Band D Equivalent Number of Properties	3,715	6,421	6,974	5,454	8,866	6,699	5,454	516	44,099
Add Contribution in lieu in respect of Class 18 dwellings (Band D Equivalent)									518
Nominal Tax Yield									44,617
Less Provision for Council Tax Reduction Scheme					9.70%				4,327
Council Tax Base 2024-25 - Number of Band D equivalents									40,290

Non-Domestic Rate Income Account



The Non-Domestic Rate 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 the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992 on non-domestic property. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2023-24 Actual £'000		2024-25 Actual £'000
68,224	Gross rates levied and Contributions in Lieu	71,151
	Less:	
(21,766)	Reliefs and other deductions	(19,129)
-	Payment of Interest	(1)
(464)	Write-off of Uncollectable Debts and Allowance for Impairment	(520)
45,994	Total Net Non-Domestic Rate Income	51,501
(858)	Adjustments for prior years	(3,705)
-	Business Rate Incentivisation Scheme (BRIS) NDR Income Retained	-
(804)	Tax Incremental Finance (TIF) Scheme NDR Income Retained	(815)
44,332	Contribution to National Non-Domestic Rate Pool	46,981
(6,687)	Difference between Distributable and Contributable NDR Income amounts	(5,647)
37,645	Distribution from Non-Domestic Rate Pool credited to Comprehensive Income and Expenditure Statement	41,334

1. ANALYSIS OF RATEABLE VALUES

2023-24 £		2024-25 £
11,125,355	Industrial and freight transport subjects	11,306,325
87,231,569	Miscellaneous including Telecomms, Rail, Gas and Electricity Companies	90,280,904
	Commercial subjects:	
16,202,980	Shops	16,038,315
6,187,070	Offices	6,028,745
13,919,931	Hotels, Boarding Houses etc.	13,939,437
2,395,685	Others	2,377,885
137,062,590	Total Rateable Value	139,971,611

2. NON-DOMESTIC RATE CHARGE

2023-24 Pence		2024-25 Pence
49.8p	Rate Per Pound	49.8p
1.3p	Supplementary Rate Per Pound for Properties between £51,001 and £100,000	4.7p
2.6p	Supplementary Rate Per Pound for Properties over £100,000	6.1p

3. CALCULATION OF RATE CHARGE FOR EACH PROPERTY

The rates charge 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 Government.

INTRODUCTION

The Code of Practice on Local Authority Accounting in the United Kingdom 2024-25: Based on International Financial Reporting Standards, places a requirement on Councils to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the Council is required to prepare a full set of group accounts in addition to those prepared for Argyll and Bute Council. The Group Accounts are designed to show “a true and fair view” of the financial performance and position of the Council’s Group.

THE GROUP ACCOUNTS

The Group Accounts comprise the following financial statements:

- **Group Statement of Comprehensive Income and Expenditure:** this statement shows the accounting cost in the year of providing the Council’s services and its share of the results of its associates in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves.
- **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 its share of the net assets or liabilities of its associates and Common Good funds. 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 is matched by its share of the reserves of the associates (i.e. its group reserves).
- **Group Statement of Movement in Reserves:** this statement shows the movement in the year on the reserves held by the Council plus its share of the reserves of its associates. The Common Good reserves are also fully consolidated into the Group Accounts. 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 Associates is an unusable reserve (i.e. it cannot be used to fund expenditure or reduce taxation). The Council’s Statement of Movement in Reserves gives a more detailed analysis of the movement in the Council’s usable and unusable reserves during 2024-25.
- **Group Cash Flow Statement:** The Cash Flow Statement shows the changes in cash and cash equivalents of the Council and its associates Common Good Funds. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amounts of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group’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 Group.

Group Statement of Comprehensive Income and Expenditure

2023-24			Service	2024-25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,281	95	1,186	Chief Executive	1,395	125	1,270
159,449	25,620	133,829	Executive Director - Douglas Hendry	174,853	21,939	152,914
137,148	62,322	74,826	Executive Director - Kirsty Flanagan	143,747	59,075	84,672
181,285	103,209	78,076	Health and Social Care Integration	194,266	108,276	85,990
9,979	678	9,301	Other Non-Departmental Costs	13,412	1,454	11,958
1,479	2,716	(1,237)	Associates and Joint Ventures Accounted for on an Equity Basis	1,542	1,705	(163)
490,621	194,640	295,981	Net Cost of Services	529,215	192,574	336,641
		(262)	Other Operating Income and Expenditure: Net (Gain)/loss on Disposal of Fixed Assets			(66)
		1,670	Other Operating Income and Expenditure			1,680
		1,408	Total Other Operating Income and Expenditure			1,614
		18,967	Financing and Investment Income and Expenditure: Interest Payable and Similar charges			24,361
		(9,811)	Interest and Investment Income			(10,077)
		(6,596)	Net Pension Interest Expense			1,214
		2,560	Total Financing and Investment Income and Expenditure			15,498
		(187,193)	Taxation and Non-Specific Grant Income: General Government Grants			(210,601)
		(23,550)	Government Capital Grants and Other Capital Contributions			(19,569)
		0	Gain on Initial Recognition of Lease - Capital Contribution			(149)
		(38,449)	Non-domestic Rates Redistribution and Retained Non-domestic Rates (TIF & BRIS)			(42,149)
		(61,909)	Council Tax Income			(66,948)
		(311,101)	Total Taxation and Non-Specific Grant Income			(339,416)
		(11,152)	(Surplus)/Deficit on Provision of Services			14,337
		(10,097)	(Surplus)/Deficit on revaluation of Fixed Assets			(3,285)
		165,164	Other Post Employment Benefits (Pensions)			(15,298)
		2	Share of Other Comprehensive Income and Expenditure of Associates and Common Good Funds			-
		155,069	Other Comprehensive Income and Expenditure			(18,583)
		143,917	Total Comprehensive Income and Expenditure			(4,246)

Group Balance Sheet



1 April 2023 <i>restated</i>		31 March 2024 <i>restated</i>			31 March 2025	
£'000	£'000	£'000	£'000		£'000	£'000
				Long Term Assets		
				Property Plant & Equipment		
451,018		457,369		Other Land and Buildings	455,904	
10,872		11,012		Vehicles, Plant, Furniture and Equipment	11,829	
235,076		239,372		Infrastructure Assets	255,831	
14,922		15,051		Community Assets	15,261	
3,286		4,620		Surplus Assets	5,319	
21,440		35,724		Assets Under Construction	45,447	
				Right-of-Use Assets	6,016	
	736,614		763,148	Total Property Plant & Equipment		795,607
	2,345		2,569	Heritage Assets		2,678
	733		888	Intangible Assets		1,100
	2,553		2,514	Investment Property		2,281
	5,880		5,816	Long-Term Debtors		5,473
	8,579		3,857	Long-Term Investments		3,700
	139,014		-	Other Long-Term Debtors (Pensions)		-
	9,178		10,326	Investment in Associates and Joint Ventures		10,628
	904,896		789,118	Total Long Term Assets		821,467
				Current Assets		
1,145		1,059		Inventories	881	
24,585		29,028		Short Term Debtors (Net of Impairment)	27,749	
1,554		1,619		Assets Held for Sale	1,326	
60,000		28,771		Short Term Investments	1,432	
8,221		322		Cash and Cash Equivalents	14,703	
	95,505		60,799	Total Current Assets		46,091
				Current Liabilities		
(11,676)		(13,323)		Short-term Borrowing	(8,374)	
(52,996)		(53,076)		Short-term Creditors	(54,149)	
(1,450)		(1,665)		Provisions	(3,099)	
(5,280)		(5,336)		Other Short Term Liabilities	(7,543)	
	(71,402)		(73,400)	Total Current Liabilities		(73,165)
				Long-term Liabilities		
(132,155)		(107,458)		Borrowing Repayable within a Period in Excess of 12 Months	(122,536)	
(107,033)		(101,697)		Other Long-term liabilities	(104,626)	
(75)		(19,578)		Other Long-term liabilities (Pensions)	(16,995)	
(2,444)		(2,855)		Provisions	(2,628)	
-		(1,564)		Capital Grant Receipts in Advance	-	
	(241,707)		(233,152)	Total Long-term Liabilities		(246,785)
	687,292		543,365	Total Assets less Liabilities		547,608

Group Balance Sheet



1 April 2023 <i>restated</i>		31 March 2024 <i>restated</i>			31 March 2025	
£'000	£'000	£'000	£'000		£'000	£'000
174,952		180,661		Unusable Reserves		
268,788		249,093		Revaluation Reserve	179,662	
(1,871)		(1,585)		Capital Adjustment Account	255,558	
139,014		(19,578)		Financial Instruments Adjustment Account	(1,413)	
(7,588)		(8,272)		Pensions Reserve	(16,984)	
	573,295		400,319	Accumulated Absences Account	(11,262)	
						405,561
				Usable Reserves		
4,503		-		Capital Grants Unapplied	1,564	
2,916		3,197		Capital Funds	3,358	
86,356		2,763		Repairs and Renewals Funds	3,608	
-		115,741		General Fund Balance	112,705	
	93,775		121,701			121,235
	10,791		11,719	Group Reserves		11,419
	9,431		9,626	Common Good Reserves		9,393
	687,292		543,365	Total Reserves		547,608

The Unaudited Annual Accounts were issued on 26 June 2025 and the Audited Annual Accounts were authorised for issue on 29 January 2026.

Kirsty Flanagan

Kirsty Flanagan
Section 95 Officer
29 January 2026

Group Statement of Movement in Reserves



Movements in 2024-25	Argyll and Bute Council											
	Usable Reserves					Total Unusable Reserves	Total Reserves of the Council	Council's Share of Reserves of Associates	Total Live Argyll Reserves Usable	Total Live Argyll Reserves Unusable	Total Common Good Reserves	Total Reserves
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Capital Grants Unapplied	Total Usable Reserves							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	(115,741)	(2,763)	(3,197)	-	(121,701)	(400,319)	(522,020)	(10,326)	(1,390)	-	(9,629)	(543,365)
(Surplus)/Deficit on Provision of Services	13,520	-	-	-	13,520	-	13,520	(164)	748	-	236	14,340
Other Comprehensive Income and Expenditure	-	-	-	-	-	(18,296)	(18,296)	(139)	(148)	-	-	(18,583)
Total Comprehensive Income and Expenditure	13,520	-	-	-	13,520	(18,296)	(4,776)	(303)	600	-	236	(4,243)
Total Statutory Adjustments (See Page 62 to 63)	(7,206)	-	-	-	(7,206)	8,770	1,564	-	-	-	-	1,564
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	6,314	-	-	-	6,314	(9,526)	(3,212)	(303)	600	-	236	(2,679)
Other Transfers required by Statute												
Transfer to/from Other Statutory Reserves	1,006	(845)	(161)	(1,564)	(1,564)	-	(1,564)	-	-	-	-	(1,564)
Adjustments permitted by Accounting Standards	(4,284)	-	-	-	(4,284)	4,284	-	-	-	-	-	-
(Increase)/Decrease in Year	3,036	(845)	(161)	(1,564)	466	(5,242)	(4,776)	(303)	600	-	236	(4,243)
Balance at 31 March 2025 Carried Forward	(112,705)	(3,608)	(3,358)	(1,564)	(121,235)	(405,561)	(526,796)	(10,629)	(790)	-	(9,393)	(547,608)

Group Statement of Movement in Reserves



Comparative Movements in 2023-24	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Live Argyll Reserves Usable	Total Live Argyll Reserves Unusable	Total Common Good Reserves	Total Reserves
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council					
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves							
	£'000	£'000	£'000	£'000							
Balance at 31 March 2023	(86,356)	(2,916)	(4,503)	(93,775)	(573,295)	(667,070)	(9,103)	(1,689)	-	(9,431)	(687,293)
Surplus/(Deficit) on Provision of Services	(9,765)	-	-	(9,765)	-	(9,765)	(1,225)	49	-	(198)	(11,139)
Other Comprehensive Expenditure and Income	(36,038)	-	-	(36,038)	190,855	154,817	2	250	-	-	155,069
Total Comprehensive Expenditure and Income	(45,803)	-	-	(45,803)	190,855	145,051	(1,223)	299	-	(198)	143,929
Total Statutory Adjustments (See Page 64 to 65)	20,630	-	(671)	19,959	(19,959)	-	-	-	-	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(25,173)	-	(671)	(25,844)	170,896	145,051	(1,223)	299	-	(198)	143,929
Other Transfers required by Statute											
Transfer to/from Other Statutory Reserves	77	153	1,977	2,207	(2,207)	-	-	-	-	-	-
Other Transfers											
Adjustments permitted by Accounting Standards	(4,289)			(4,289)	4,289						
(Increase)/Decrease in Year	(29,385)	153	1,306	(27,926)	172,978	145,051	(1,223)	299	-	(198)	143,929
Balance at 31 March 2024 Carried Forward	(115,741)	(2,763)	(3,198)	(121,702)	(400,319)	(522,020)	(10,326)	(1,390)	0	(9,629)	(543,365)

Group Cash Flow Statement

2023-24 <i>restated</i> £'000		2024-25 £'000
(11,152)	Net Deficit on the Provision of Services	14,337
20,894	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(31,098)
(7,765)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,784)
1,977	Net Cash OutFlow from Operating Activities	(18,545)
(20,429)	Investing Activities	3,274
26,351	Financing Activities	890
7,899	Net (Increase)/Decrease in Cash and Cash Equivalents	(14,381)
(8,221)	Cash and Cash Equivalents at the beginning of the Reporting Period	(322)
(322)	Cash and Cash Equivalents at the end of the Reporting Period	(14,703)

The Group Cash Flow Statement is materially consistent with the single entity statement. The only differences relate to minor operating activity adjustments from the inclusion of Live Argyll and small movements in Common Good Fund balances. Given the limited nature of these differences, no additional notes have been provided to accompany the Group Cash Flow Statement.

1. GROUP ACCOUNTING POLICIES

The group accounts are prepared in accordance with the policies set out in Note 1 to the Financial Statements.

2. COMBINING ENTITIES

The Council has an interest in a number of Associate Entities. For the purposes of consolidation and incorporation within the Group Accounts recognition has been made of the Council's significant influence over Joint Boards and other entities.

The Associates which have been incorporated are:

- Dunbartonshire and Argyll & Bute Valuation Joint Board

Under accounting standards, the Council is required to include the results of the above organisations as "associates" because it has "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.

Live Argyll is a wholly owned subsidiary of Argyll and Bute Council and is consolidated within the group accounts on a line by line basis.

The accounting period for all entities is 31 March 2025.

3. NON MATERIAL INTEREST IN OTHER ENTITIES

The Council has an interest in Scotland Excel. Scotland Excel took up the activities of the Authorities Buying Consortium and similar bodies across the Scottish Local Authority sector on 1 April 2008. Renfrewshire Council prepare the financial statements for Scotland Excel in its role as lead authority. Scotland Excel is a not-for-profit organisation funded mainly by the 32 participating Scottish Local Authorities. The Council contributed £0.075m towards Scotland Excel in the 2024-25 financial year.

The Council also has an interest in the Highlands and Islands Transport Partnership (HITRANS). The Partnership was established as one of the seven Scottish Regional Transport Partnerships. The Transport (Scotland) Act 2005 requires these Partnerships to prepare Transport Strategies for their regions which will enhance economic well-being; promote safety; social inclusion and equal opportunity; plan for a sustainable transport system; and integrate across boundaries with other partnerships.

The Council has an interest in 57 Trust Funds where it acts as sole or custodian trustee. The funds do not represent assets of the Council.

These entities are part of the Council's group for the purposes of Group Accounts. As such it is recognised that the nature of the relationship with these bodies should be included within these notes. However, it has been decided that the Council's share of the net worth of these entities is not material to a fair understanding of the financial position of the Council, and so they have not been consolidated into the Group Accounts.

The Council inherited its interest in these entities following the reorganisation of local government in 1996.

4. ARGYLL AND BUTE INTEGRATION JOINT BOARD

The Argyll and Bute Integration Joint Board was established as a body corporate by order of Scottish Ministers on 27 June 2015. The partnership between the Council and NHS Highland has been established in accordance with the provisions of the Public Bodies (Joint Working)(Scotland) Act 2014 and associated Regulations. The Integration Joint Board has responsibility for all health and social care functions relating to adults and children and will oversee the Strategic Planning and budgeting of these, together with corresponding service delivery for the residents of Argyll and Bute. The Council contributed £82.245m towards the Argyll and Bute Integration Joint Board in the 2024-25 financial year.

Notes to the Group Financial Statements

The Council and NHS Highland are required to treat the IJB as a Joint Venture in their annual accounts and recognise a share of the overall surplus or deficit of the IJB for the year.

5. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the Associates, Joint Ventures, Subsidiaries and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £20.812m. This gives an overall net asset position for the Group of £547.608m.

All associates and subsidiaries have prepared their accounts on a 'going concern' basis. For the Joint Valuation Board funding arrangements between the Scottish Government and constituent authorities remains assured. In common with these public bodies, the Council's Group Accounts have been prepared on a 'going concern' basis as there is no reason to suggest that future funding will not continue.

6. FURTHER DETAILS ON CONSOLIDATION

Live Argyll

Live Argyll was established by Argyll and Bute Council and is limited by guarantee and was fully incorporated and commenced trading on 2 October 2017. The Trust is a charitable company registered in Scotland and provides a wide range of services within the Argyll and Bute area including libraries, leisure facilities, halls, sports development and community centres the assets of which are owned by the Council. During 2024-25 Argyll and Bute Council paid £3.266m in the form of a Management Fee to Live Argyll and increased the overall net worth of the Group Balance Sheet by £0.763m.

The board is made up of 3 independent board members, 3 Councillors and a Trade Union representative.

Dunbartonshire and Argyll and Bute Valuation Joint Board

This body was formed in October 1995 at Local Government reorganisation by a Statutory Instrument and is responsible for the maintenance of the electoral, council tax and non-domestic rates registers for Argyll and Bute, West Dunbartonshire and East Dunbartonshire Councils. The Board's running costs are met by the three Councils. During 2024-25 Argyll and Bute Council contributed £1.264m towards estimated running costs and accounted for £1.636m of Balance Sheet Liabilities within the Group Balance Sheet. The accounts of the Board are subject to independent audit and will be available from the Valuation Joint Board's website www.saa.gov.uk/dab-vjb/ and West Dunbartonshire Council's website <https://www.west-dunbarton.gov.uk>.

The following disclosures are also required for Dunbartonshire and Argyll and Bute Valuation Joint Board because the Council's interest exceeds the 25% threshold for accounting purposes:

2023-24 £'m		2024-25 £'m
	Argyll and Bute Council has a 44.33% share of:	
2.860	Gross Income	2.851
0.469	Net (Surplus)/Deficit	0.612
0.388	Long Term Assets	0.399
0.670	Current Assets	3.863
(0.014)	Liabilities due within one year	(3.537)
(0.175)	Pension Asset/(Liability)	(0.154)
0.869	Capital and Revenue Reserves	0.571

7. REPORTING AUTHORITY ADJUSTMENTS

A number of adjustments are required to the Council's Statement of Comprehensive Income and Expenditure for group accounting purposes. These can be summarised as follows:

- All intra-group transactions have been removed from the Group Accounts as part of the subsidiary consolidation process.
- The Common Good Funds described in Note 36 of the Notes to the Financial Statements have been fully consolidated into the Group Accounts. This adjustment increases the net assets and reserves of Argyll and Bute Council's Group by £9.393m.

Independent auditor's report to the members of Argyll and Bute Council and the Accounts Commission

Report on the audit of the financial statements

Opinion on the financial statements

We certify that we have audited the financial statements in the annual accounts of Argyll and Bute Council and its group ("the Council") for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Statement of Comprehensive Income and Expenditure Statement, Balance Sheet, Statement of Movement in Reserves, Cash Flow Statement, Council Tax Income Account, Non-Domestic Rate Income Account, Group Statement of Comprehensive Income and Expenditure, Group Balance Sheet, Group Statement of Movement in Reserves, Group Cash Flow Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Council and its group as at 31 March 2025 and of its income and expenditure of the Council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the Council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Section 95 Officer and the Audit and Scrutiny Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Section 95 Officer is responsible for the preparation of financial statements, that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Section 95 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 95 Officer is responsible for assessing the ability of the Council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the Council and its group.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the Council and its group;
- inquiring of the Section 95 Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the Council and its group;
- inquiring of the Section 95 Officer concerning the policies and procedures of the Council and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on other requirements

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

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

Other information

The Section 95 Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

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

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

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

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

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

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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



Mark Outterside, Director
For and on behalf of Forvis Mazars LLP

Forvis Mazars LLP
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

7 April 2026

Glossary of Terms

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

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

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

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

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

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

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

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

Fixed Assets. Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

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

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

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

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

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

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

International Public Sector Accounting Standards (IPSAS), a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.

Impairment. A reduction in the value of fixed or financial asset below the valuation held on the balance sheet.

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

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

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

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

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Service Expenditure Analysis (SEA). An analysis which groups together expenditure on services within headings or divisions as defined in the Service Reporting Code of Practice (SeRCOP).

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

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

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

Useful Life. The period over which the Council will derive benefits from the use of a fixed asset.

Trade Union Facility Time Statement 2024-25

This information is published under the Trade Union (Facility Time Publication Requirements) Regulations 2017

Schedule 2 (Regulation 8)

1. Relevant union officials

Total number of employees who were relevant union officials during the relevant period.

Number of employees who were relevant union officials during the relevant period		Full time equivalent employee number
Central Function	24	27.8
Education Function	7	7

Note: The headcount figure for relevant union officials includes all stewards and school-based reps who are elected by their peers to provide first line support for members.

2. Percentage of time spent on facility time

Number of employees who were relevant union officials employed during the relevant period spent who spent 0%, 1%-50%, 51% - 99% or 100% of their working hours on facility time.

Percentage of time	Number of employees	
	Central Function	Education Function
0%	0	3
1% - 50%	22	2
51% - 99%	2	2
100%	0	0

3. Percentage of pay bill spent on facility time

The percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

	Central Function	Education Function
The total cost of facility time	£207,805	£73,565
The total pay bill (Finance figures)	£123,583,776	£69,332,106
The percentage of the total pay bill spent on facility time	0.17%	0.11%

4. Paid Trade Union activities

Percentage of total paid facility time hours spent by employees who were relevant union officials during the relevant period on paid trade union activities.

	Central Function	Education Function
Time spent on paid trade union activities as percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%	0%