



2023/24

UNAUDITED ANNUAL ACCOUNTS



The City of Edinburgh Council

Annual Accounts

Year to 31 March 2024

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MANAGEMENT COMMENTARY

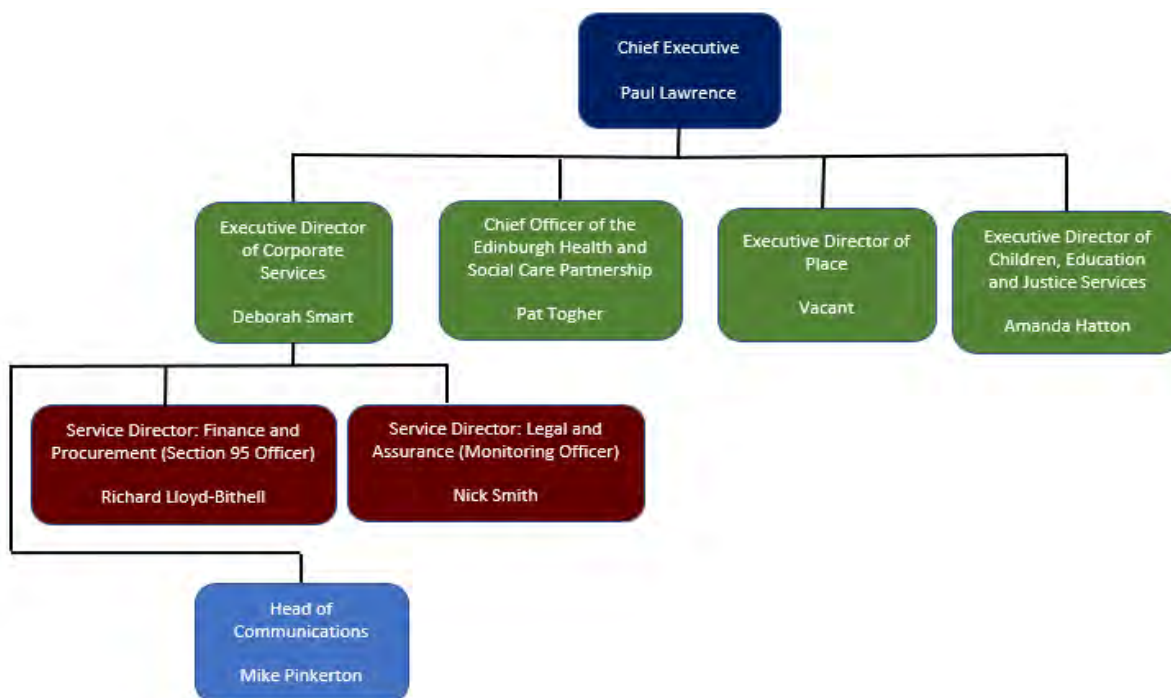
Introduction

The Unaudited Annual Accounts present the financial position and performance of the Council, together with the wider Council Group, for the year to 31 March 2024. They have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 using the Council's management structure as a reporting basis, the same as in the previous year.

The City of Edinburgh Council was constituted under the Local Government, etc. (Scotland) Act 1994 and became the unitary local authority to Scotland's capital city in April 1996. The Council brought together most of the services delivered by the previous regional and district councils, with its primary current frontline functions being the provision of education to school-age children within the city, social care services, economic development, a range of community-based services such as roads maintenance, street lighting and refuse collection and quality of life functions such as libraries, culture, recreation and parks. Services are delivered to some 537,000 citizens across the 102 square mile Council area. As of March 2024, the Council employed 15,588 FTE staff, compared to 15,109 FTE as of March 2023.

The **Scottish Index of Multiple Deprivation (SIMD)** is one of the key tools for identifying concentrations of deprivation in Scotland. The most recent data set in 2020 showed that Edinburgh's share of the most deprived areas in Scotland decreased from 5.7% in 2016 to 5.0% in 2020. Edinburgh's share of the population of Scotland is 9.4%.

The structure of the Council continues to evolve but the Corporate Leadership Team (CLT) organisational chart and tables below indicate the position at the date the unaudited accounts were approved.



Paul Lawrence was appointed as Chief Executive with effect from 17 June 2024 following the retirement of Andrew Kerr and Richard Lloyd-Bithell was appointed as Section 95 Officer with effect from 25 September 2023 following the retirement of Hugh Dunn.

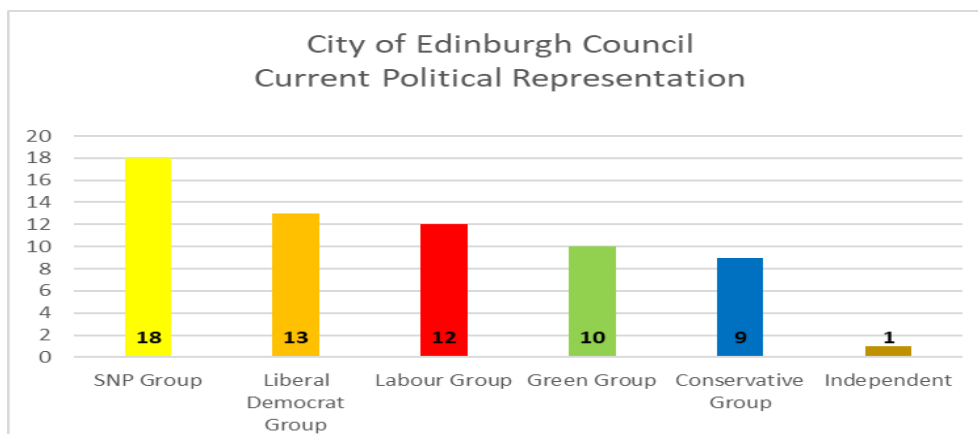
Corporate Services	Health and Social Care	Place
Customer and Digital Services	Edinburgh Integration Joint Board	Environment (incl. waste and parks)
Finance and Procurement	Older people's services	Transport (incl. parking)
Legal and Assurance	Learning and Physical disabilities	Roads, bridges and flood prevention
Human Resources	Mental Health	Housing and Regulatory Services
Strategy and Communications	Substance Misuse	Planning and building standards
	Children, Education and Justice Services	Property and Facilities Management
	Schools and Lifelong Learning	Culture, Museums and Galleries
	Children's social work	Libraries and Sports
	Community education	Homelessness services
	Early Years	
	Community Justice	

Further comprehensive detail of the services provided by the Council is included on its [website](#) and within the annual **Key Facts and Figures** publication.

MANAGEMENT COMMENTARY

There was a **Local Government Election on 5 May 2022** which resulted in a change in political representation for the Council, with a new minority Labour administration formed. Following a subsequent resignation, a local by-election was held on 9 March 2023.

The Council currently has **63 Councillors** representing 17 wards within the city.



The Full Council meets once a month and also delegates decisions to **committees** which meet regularly throughout the year.

Details of the senior councillors' remuneration and committee roles, for those in office during the financial year, are disclosed in the Remuneration Report from page 134 of these financial statements.

The Council in 2023/24

As our city continues to grow, we must provide the right infrastructure and amenities in our local communities, and our 20-minute Neighbourhood Strategy will help us develop places where everyone can meet most of their daily needs within a short walk or wheel from their home.

2023 was a hugely significant year for trams, with the completion of the line to Newhaven and passenger numbers already well ahead of expectations. The continuing evolution of the city also included the success of St James Quarter – whose £1bn investment depended heavily on trams and significant support from the Council – the regeneration of Leith Walk and the Waterfront, with the long-awaited £250m reinvention of Ocean Terminal set to bring 500 much-needed homes and a direct pedestrian link to the Royal Yacht Britannia.

Just along the coast, the £1.3bn transformation of Granton Waterfront into Europe's first net-zero coastal town, complete with 3,500 new, sustainable homes, will also rely heavily on trams.

Demographic Trends

Edinburgh continues to see significant population growth, with a 10.2% increase in the ten years to 2021, compared to a national rise of 3.4% over the same period, and further projected growth of 9.2% by 2043. The main driver of this growth continues to be net overseas migration and the number of residents aged 65 and over continues to increase. This will place further demands on a range of frontline services and as a result, the Council's and EIJ's budget frameworks continue to provide additional annual sums in respect of growing numbers of at-risk children, older people and those with physical and/or learning disabilities. Following several years of increases, it is now projected that by 2033 the number of pupils in our schools will decrease by 1% as a result of falling birth rates, however the number of secondary school pupils is expected to grow by 5.7%.

City of Edinburgh Council's Corporate Strategy and Vision

In 2023, a new **Business Plan** was approved, which sets out the Council's priorities from 2023 to 2027 and the actions being taken to achieve these priorities. The Business Plan sets out three main priorities that the Council is focussing on:

1. Creating good places to live and work in Edinburgh;
2. Taking all the local actions needed to end poverty in Edinburgh; and
3. Working to deliver a net zero city by 2030

These priorities connect the major strategies and Council policies agreed in recent years, through the shared goals and commitments of the Edinburgh Partnership as set out in the **Edinburgh Partnership Community Plan 2022-28**.

This plan stands as one part of a golden thread linking and guiding operations through to the shared goals and commitments of the Edinburgh Partnership and towards the long-term ambitions for Edinburgh to be a thriving, connected, inspired and fair city, as outlined in the **2050 Edinburgh City Vision**.

A Medium-Term Financial Plan is being developed alongside the Business Plan to ensure that the actions committed to are affordable and deliverable.

The Business Plan also meets the Accounts Commission's Best Value Report recommendations on aligning the Council's strategic direction.

MANAGEMENT COMMENTARY

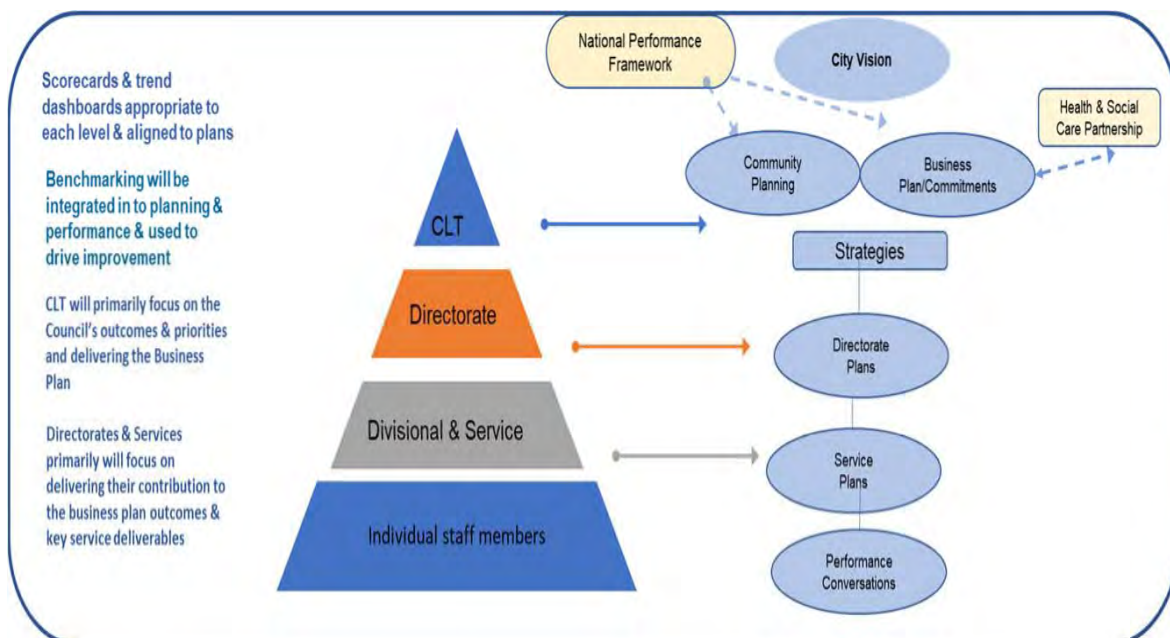
The actions identified in the Business Plan will ensure that:

1. Core services for people in need of care and support are improved;
2. People can access fair work and the support they need to prevent and stay out of poverty and homelessness;
3. Edinburgh is a cleaner, better maintained city that we can all be proud of;
4. People can access public services locally and digitally in ways that meet their needs and expectations and contribute to a greener net zero city;
5. People have decent, energy efficient, climate-proofed homes they can afford to live in;
6. Attainment, achievement and positive destinations are improved for all, with a particular focus on those in poverty;
7. People use decarbonised public transport and active travel as the first choice way to get round the city;
8. Edinburgh is a climate adapted city, with biodiverse green spaces, and cheaper, cleaner networks for energy use;
9. Edinburgh has a stronger, greener, fairer economy and remains a world leading cultural capital; and
10. We have the capacity, skills, and resources to deliver our priorities efficiently, effectively and at lower cost.

The Business Plan forms the central part of the strategic Planning and Performance Framework and sits within the wider ecosystem of strategic planning for the Council as shown in the diagram below.

The framework has been designed to ensure that our priorities and outcomes are translated into clear actions and performance measures which are appropriately monitored, actioned and delivered. It is underpinned by the “Plan, Do, Check, Act/Review” continuous improvement model and delivered through a robust annual cycle.

The approach embeds a “golden thread” between the Business Plan, strategies, annual Directorate/ Divisional plans and colleague annual performance conversations, ensuring a clear understanding of our key deliverables across all our services.



Scrutiny and Oversight

The Council's executive committee structure is set out in the Annual Governance Statement. The six executive committees are Policy and Sustainability; Culture and Communities; Education, Children and Families; Finance and Resources; Housing, Homelessness and Fair Work; and Transport and Environment. These committees are responsible for policy and financial decision making and scrutiny within their designated areas of responsibility. Oversight is provided by the Governance, Risk and Best Value Committee, which scrutinises the Council's financial and non-financial performance.

Risks and Uncertainty

The Corporate Leadership Team's highest-prioritised risks as reported to the Governance, Risk and Best Value Committee (GRBV) on 7 May 2024 are outlined below, along with the key controls in place to mitigate them.

MANAGEMENT COMMENTARY

Risks and Uncertainty - continued

The main enterprise risks facing the Council are as follows:

R1	Strategic Delivery	Inability to design and / or implement a strategic plan for the Council, resulting in a lack of clarity regarding future direction and Council structure, impacting quality and alignment of strategic decisions.
R2	Financial and Budget Management	Inability to perform financial planning; deliver an annual balanced budget; manage cash flows; and confirm ongoing adequacy of reserves, meaning that the Council is unable to continue to deliver services and implement change in line with strategic objectives, meet Edinburgh Integration Joint Board (EIJB) financial directions and/or be at risk of an adverse external audit opinion.
R3	Programme and Project Delivery	Inability to deliver major projects and programmes effectively, on time and within budget, affecting delivery of strategy, service delivery improvements and savings targets.
R4	Health and Safety (including Public Safety)	Employees and / or citizens (including those in the Council's care) suffer unnecessary injury and / or harm, with legal, financial or reputational consequences.
R5	Resilience	Inability to respond to a sudden high impact event or major incident, resulting in service disruption and serious injury or harm to employees and/or citizens.
R6	Supplier, Contractor and Partnership Management	Inability to effectively manage the Council's most significant supplier and partnership relationships, resulting in inability to achieve best value.
R7	Technology and Information	Potential failure of cyber defences; network security; application security; and physical security and operational arrangements, resulting in inability to use systems to deliver services; loss of data and information; regulatory and legislative breaches; and reputational consequence.
R8	Governance and Decision Making	Inability of management and elected members to effectively manage and scrutinise performance, and take appropriate strategic and operational decisions, meaning poor performance is not identified and decisions are not aligned with strategic direction.
R9	Service Delivery	Inability to deliver quality services that meet citizen needs effectively and in line with statutory requirements, resulting in censure from national government and regulatory bodies and adverse reputational impacts.
R10	Workforce	Insufficient resources to support delivery of quality services that meet citizen needs effectively and in line with statutory requirements, resulting in ongoing employee health and wellbeing; increased trade union concerns; censure from national government and regulatory bodies; and adverse reputational impacts.
R11	Regulatory and Legislative Compliance	Delivery of Council services and decisions are not aligned with applicable legal and regulatory requirements, resulting in regulatory censure and penalties; legal claims; and financial consequences.
R12	Reputational Risk	Adverse publicity as a result of decisions taken and / or inappropriate provision of sensitive strategic, commercial and / or operational information to external parties, resulting in significant adverse impact to the Council's reputation in the public domain.
R13	Fraud and Serious Organised Crime	Isolated or systemic instances of internal and / or external fraud and / or serious organised crime, resulting in financial consequences; loss of systems; loss of data; inability to deliver services; regulatory censure and penalties; and adverse reputational impacts.

Details of the mitigating actions that are in progress in respect of each of these risks, are included in Appendix 1 of the **Risk Report**. Several risks currently exceed the Council's agreed Risk Appetite levels and mitigating actions for these are described below:

R2	Financial and Budget Management	Quarterly Capital and Revenue budget monitoring; Directorate Revenue savings proposals being developed; Robust medium term financial plan developed; detailed analysis and management of drivers behind demand-led and other budget pressures.
R7	Technology and Information	Controls and mitigations in place around cyber security pertaining to people, infrastructure, desktop and mobile assets. These continue to be monitored.
R9	Service Delivery	Production of Edinburgh Integration Joint Board strategic plan and Medium-Term Financial Strategy. The Partnership continues to restructure the operations management division and this will provide the organisation with stability.
R10	Workforce	HR Workforce Plan, Recruitment and Attraction Plan, Total Reward review with benchmarking against other local authorities and market rates.

MANAGEMENT COMMENTARY

Risks and Uncertainty - continued

The Council's **Risk Management Policy** is reviewed and approved annually by the Policy and Sustainability Committee.

Once approved by the Committee, the Policy is shared and communicated across the Council, with the refreshed version published on the policy register maintained on the Council's website. The most recent Risk Management Policy was approved on 24 October 2023.

The Council's **Risk Appetite Statement**, covering its attitude to service delivery, infrastructure, compliance and financial risks, was also approved at the meeting of the Policy and Sustainability Committee on 24 October 2023.

Other Risks, Challenges and Uncertainties

On 1 December 2020, in response to the Poverty Commission's final report, the City of Edinburgh Council became the first UK local authority to set a target date for ending poverty by agreeing the proposals set out in the **End Poverty in Edinburgh Delivery Plan 2020-30**.

The Edinburgh Partnership has also published a **paper** setting out how partners will collectively work towards the aim of ending poverty in the city by 2030.

The third **annual update report** on how Edinburgh is progressing in its aim details the actions taken by the Council and partners, in response to calls to action made by the Edinburgh Poverty Commission. The report covers the period from October 2022 to the end of September 2023 and provides a refreshed framework to guide future Council and partnership actions to end poverty in Edinburgh. Further information is provided on the next page.

Ending poverty in Edinburgh is one of the Council's key priorities for 2023 to 2027 and this is firmly embedded in the Business Plan.

Performance Overview

The latest in-year **Public Performance Scorecard report** was considered by the Governance, Risk and Best Value Committee on 7 May 2024. This provides information to enable Elected Members to scrutinise performance in a structured way, following the approach set out in the updated Planning and Performance Framework (PPF) which was approved on 21 March 2023.

Council Performance and Best Value

The scorecard is structured around 75 Key Performance Indicators (KPIs) split into six themes: Adult Social Care; Children, Families and Communities; Climate Change; Corporate Services; Environmental Services; and Housing. The indicators cover services used by a large proportion of the residents of Edinburgh or where there is a high level of public interest.

The report gives an overview of performance across a range of Council services and for each KPI, it provides the latest data available, the current target where available, performance for the previous year and performance for the previous four years where available. The latest report shows that of the 75 indicators:

- 56 KPIs have been assigned a red, amber or green (RAG) status based on performance (29 on or ahead of target, 17 just behind target and 10 behind target by more than 5%)
- 6 KPIs are awaiting end of year figures against target for 2023/24 and so have been assigned a blue RAG status
- 13 KPIs are for monitoring purposes only, or are awaiting a target and have been assigned a grey RAG status

Indicators where performance met, or exceeded, target were primarily in areas including roads, parks, street lighting and refuse collection.

The KPIs assessed as being behind target were:

- Education - schools leavers in deprived areas achieving one or more award at SCQF Level 6 or higher
- Children's Services - percentage of cases that are allocated
- Customer Transactions - days to process change of circumstances for benefits
- Finance - percentage of revenue spend that is with contracted suppliers
- HR and Information Compliance - percentage of Freedom of Information requests completed within timescale
- Street Cleaning - LMS/ LEAMS Score (Litter Monitoring Score / Local Environmental Audit and Management System)
- Homelessness - average case length
- Homelessness - number of households in temporary accommodation
- Homelessness - number of households in unsuitable accommodation
- Housing management - average time to complete emergency repairs

MANAGEMENT COMMENTARY

Council Performance and Best Value - continued

The next Public Performance Scorecard will be the **Annual Performance Report**, covering the full year from April 2023 to March 2024, which will be considered by members in August 2024.

Local Government Benchmarking Framework (LGBF) 2022/23

An analysis of the **LGBF dataset for 2022/23** was reported to the Governance, Risk and Best Value Committee on 4 June 2024, providing an overview of the 2022/23 benchmarking data which allows comparison over time and comparison with other local authorities.

The latest figures show that overall, Edinburgh's relative position is in the top two quartiles (so above the national average) for 58% of the indicators (48 out of 82) and less than a fifth sit in the bottom quartile (11 indicators). In terms of performance, compared to 2021/22, Edinburgh has shown an improvement in 38 of the indicators (46.3%). However, our relative performance has declined in 42 of the indicators and maintained for two.

The LGBF 2022/23 data analysis will be used to inform Senior Management Team discussions and the Council Planning and Performance Framework.

In addition to the LGBF, the Council also participates in several other benchmarking and service development groups. These include the Association for Public Service Excellence (APSE), Scotland's Housing Network and Keep Scotland Beautiful. Along with the LGBF, these allow the Council to share best practice and provide a focus for service improvement initiatives.

Ending Poverty in Edinburgh

We continue to act in line with our End Poverty in Edinburgh Delivery Plan and details of progress can be found in our third **Annual Report**, which was considered by the Policy and Sustainability Committee in October 2023. The report provides an overview of actions taken by the Council and partners over the twelve months to September 2023 which include:

- Increasing income from work and opportunities - continuing campaigns to promote the real Living Wage, launching plans to develop a new Edinburgh Fair Work Charter, and supporting 4,150 people into work and learning through council funded employability programmes;
- Maximising support from social safety nets including helping low income people in Edinburgh achieve total financial gains of £20.5m through money and welfare advice services;
- Reducing the cost of living: Investing over £119m in building new affordable homes and improving existing homes and neighbourhoods and delivering 54 new social rented homes and 148 homes for mid-market rent; and
- Making it easier to find help - establishing a new Whole Family Support Project team, and a new Integrated Front Door Project for early intervention and prevention.

The Council's **Best Value Assurance Report (BVAR)** was considered by the Accounts Commission on 12 November 2020. The Accounts Commission accepted the Controller of Audit's report and endorsed his recommendations. The final report was published by the Accounts Commission on 26 November 2020.

The BVAR for the City of Edinburgh Council focused on five key areas: the Council's vision and strategic direction; performance and outcomes including public performance reporting; effective use of resources; partnership working and community engagement; and continuous improvement.

Actions were agreed at the Edinburgh Partnership Board on 23 March 2021, in response to the partnership working and empowerment findings of the Council Best Value Assurance Audit.

At least once every five years, the Controller of Audit will report to the Accounts Commission on the Council's performance in meeting its Best Value duties. The Council has been selected to report to the Accounts Commission in October 2024.

The latest **Best Value Review Update** was considered by the Policy and Sustainability Committee in January 2024, outlining the current status of the Best Value recommendations. Progress made to date includes the following:

MANAGEMENT COMMENTARY

Council Performance and Best Value - continued

- The Council is refreshing its People Strategy and is developing a Medium Term Financial Plan, and a Workforce Plan
- The performance section of the Council's [website](#) has been improved and a Public Performance Scorecard is being reported quarterly to the Governance, Risk and Best Value Committee.
- An ongoing training programme has been established for elected members, to build on the initial induction training provided and to ensure that continuous learning is available.
- The Council has introduced and updated its Consultation and Engagement Policy and the Consultation Advisory Panel to provide control, reporting and expert advice on consultation and engagement activity to all services.
- There has been an increase in activity on community asset transfers (CAT) and the Council continues to provide guidance to applicants and help identify organisations and resources that will assist them in their CAT journey.
- The Edinburgh Partnership Board continues to work to strengthen its governance arrangements and has agreed to a Transformation and Improvement Programme, with quarterly reporting of priorities and development of a new integrated performance framework.

In March 2024, the Policy and Sustainability Committee approved a new [people strategy](#) which supports the Council Business Plan 2023-27. This sets out an overarching vision on how the Council will achieve its future workforce requirements. The strategy will be underpinned by a revised Workforce action plan, due for approval in August 2024, which will set out how to deliver this in more detail.

Reinforced Autoclaved Aerated Concrete

Reinforced Autoclaved Aerated Concrete (RAAC) panels are a form of lightweight concrete plank commonly used in roofs, walls, cladding, floors and eaves in the 1960s to 1980s with local authorities using them in a variety of buildings, including many schools. Safety concerns began to be raised in June 2023 as to the strength of these panels, initiating an urgent inspection process, with the initial focus being on the learning estate and then all operational properties. An [update report](#) considered by the Finance and Resources Committee in January 2024 provided details of works required and the estimated financial impact, with initial remedial costs estimated at £15.838m. The longer term implications for certain buildings, particularly Fox Covert and St Andrews RC Primary Schools and Blackhall library will be more clear once options appraisals are completed, with initial cost estimates of between £23.5m and £36.0m.

Policy Changes

Enforcement of a Low Emission Zone (LEZ) began in June 2024 in order to reduce levels of harmful vehicle emissions in the city centre and help the Council achieve its ambitious targets, including net zero emissions by 2030. All vehicles entering the city centre zone area must now meet the less-polluting emission standards or face a penalty charge. The aims of the LEZ are to:

- improve air quality and help protect public health;
- help accelerate the uptake of less polluting vehicles;
- encourage people to move away from private car use; and
- increase the safety, attractiveness, and amenity of the city centre.

Implementation costs of £1.1m have been incurred up to 31 March 2024, which have been met from grant funding received.

Council officers met with members of the Scottish Property Federation in August 2023 and in November, the Finance and Resources Committee approved an update to the [Non-Domestic Rates - Empty Property Policy](#), which came into operation from 1 April 2024. This revision removes open ended exemptions and reliefs for most empty properties and instead places a 12-month limit on any such award. This timeline will apply from the last time the property was occupied, regardless of the owner/occupier. There are approximately 1,800 empty non-domestic properties in Edinburgh. The future occupation and active use of these properties will deliver economic, social and cityscape benefits. The potential net increase in billable liability for these properties is estimated at over £13.8m.

There are approximately 1,700 properties in Edinburgh currently categorised as second homes. The Scottish Parliament has approved new powers enabling councils to increase the amount of [Council Tax payable on second homes](#) by up to 100%. In January the Finance and Resources Committee approved the implementation of a double charge (200%) for second homes in Edinburgh with effect from 1 April 2024. This change will help address the challenging housing market within Edinburgh, by encouraging owners to bring properties back into active use as permanent homes. The potential net increase in billable liability for these properties is estimated at up to £3.2m. Over time the amount of additional income raised through application of the premium may reduce significantly, consistent with the policy intent.

Following the triennial valuation of the pension fund in 2023, the Pensions Committee considered and supported a recommendation to reduce the employer contribution rate by 5.1% to 17.6% for the three year period to 31 March 2027. This resulted in a total estimated saving of £19.9m effective from 2024/25, of which £16.5m relates to council employees and £3.4m relates to staff employed by the Edinburgh Health and Social Care Partnership. There is no impact arising from this change on either employee contributions or benefits paid.

As part of the 2024/25 budget setting process, it was agreed not to increase Council Tax, in return for the Scottish Government's offer of compensation in the amount of £16.1m towards the resulting income foregone.

MANAGEMENT COMMENTARY

Performance Overview - continued

A refreshed **Medium Term Financial Plan** was brought to Finance and Resources Committee and Council for approval in February 2024 as part of setting the revenue and capital budgets, and was integrated into the Budget Strategy 2024-29. A further update will be considered by Finance and Resources Committee on 25 June.

As part of its annual work on Best Value, Audit Scotland conducts thematic reviews as directed by the Accounts Commission. In 2023/24, the thematic review across the sector was on workforce innovation and considered how councils are responding to the current workforce challenge through building capacity, increasing productivity and innovation. The findings from the review will be reported to Governance, Risk and Best Value Committee on 17 September.

Under Section (1) (1) (a) of the Local Government Act 1992, the Accounts Commission has a statutory power to define the performance and outcome information that councils must publish locally in the following financial year with a view to facilitating comparison over time within, and across, authorities, including their effectiveness in working with partners and communities. Councils also require to assess how they are performing against the duty of best value, including actions taken in response to audit recommendations for improvement.

Financial Performance

Revenue - General Fund

The Council's financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be seen on page 25. This statement has been prepared as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. To show the net position of the Council, it is necessary to adjust the Comprehensive Income and Expenditure Statement for statutory items that require to be taken into account in determining the position on the General Fund and Housing Revenue Account for the year. These are summarised in the Movement in Reserves Statement (page 22).

An Expenditure and Funding Analysis has been provided to reconcile adjustments between the Council's financial performance under the funding position and the surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis can be found in Note 5 and the Expenditure and Income Analysed by Nature in Note 6.

The outturn position for the General Fund, excluding accounting practice adjustments, compared to budget is summarised below. This basis of presentation is the main one adopted for reporting purposes as it is consistent with both budget-setting and in-year monitoring and also best aligned to the Council's statutory responsibilities.

	Revised Budget 2023/24 £000	Actual 2023/24 £000	(Under) / Over Spend £000
General Fund services	1,158,555	1,183,179	24,624
Non-service specific areas			
Loans charges / interest on revenue balances	83,405	80,232	(3,173)
Other non-service specific costs	18,094	9,551	(8,543)
Council Tax Reduction Scheme*	28,647	27,421	(1,226)
Empty Property Relief Non-Domestic Rates	14,979	16,817	1,838
Net Cost of Benefits	(127)	(689)	(562)
Dividends received	0	(2,912)	(2,912)
Non-service specific areas total	144,998	130,420	(14,578)
Movements in Reserves			
Net contribution to / (from) earmarked portion of the General Fund	(15,119)	(8,895)	6,224
Net contribution from 2022/23 underspend	0	(13,638)	(13,638)
Contribution to / (from) Capital Fund	(13,747)	(13,747)	0
Movements in Reserves total	(28,866)	(36,280)	(7,414)
Sources of funding			
General Revenue Grant	(552,075)	(552,075)	0
Distribution from Non-Domestic Rate pool	(377,317)	(377,317)	0
Council Tax **	(345,295)	(350,205)	(4,910)
Sources of funding total	(1,274,687)	(1,279,597)	(4,910)
Transfer (to) / from earmarked portion of the General Fund	0	(2,278)	(2,278)

Fees and charges levied by the Council have been offset against the cost of providing services and are included within the actual cost of General Fund Services shown above.

*uncommitted funds linked to the in-year underspend in respect of the Council Tax Reduction Scheme of £1.226m were transferred to an earmarked portion of the General Fund.

** Council Tax (excluding Council Tax Reduction Scheme)

MANAGEMENT COMMENTARY

Financial Performance - continued

Revenue - General Fund - continued

On 23 February 2023, the Council set a **balanced budget** for 2023/24 but with the delivery of approved savings and the prompt identification and management of underlying or emerging pressures key to maintaining financial stability in the year. In total, the approved budget was predicated on the delivery of some £26.6m of directorate-specific and corporate savings and additional income.

Covid-19 Financial Impact and overall outturn

While the financial effects of the pandemic continued to reduce in 2023/24, the impacts remained significant. 'Legacy' costs / lost income to the Council during the year, including exposure through its Arm's-Length External Organisations (ALEOs), was over £12m, primarily due to the effects of changed working patterns. The largest single contributors were the loss of the core Lothian Buses dividend of £6m, a reduction in parking income, net of enforcement costs, of £4.0m and further support for Edinburgh Leisure of £2.0m. An exceptional one-off dividend of £2.9m was received from Lothian Buses. The budget framework assumes a reducing drawdown of COVID reserves for the next three years, the adequacy of which will be kept under review.

The provisional revenue budget outturn for the year shows an overall underspend of £2.278m, albeit this position comprises three distinct elements:

	£m
Overspends before corporate mitigations within Directorates and Edinburgh Integration Joint Board	24.624
Application of 2022/23 underspend	(13.638)
Savings in corporate budgets, principally Council Tax, energy costs and loans charges/interest received	(13.264)
Provisional outturn for year	(2.278)

Given the extent of service area pressures, application of the prior year's underspend was crucial to achieving financial balance. Had this not been available, overall expenditure would have exceeded budgeted levels by some £11.4m. In addition, most of the recurring elements of the favourable variances in corporate budgets had already been assumed in setting 2024/25's budget. This reinforces the importance of all Directorates and the Health and Social Care Partnership delivering all approved savings (or, where this is not possible, identifying substitute measures as appropriate) and robustly managing service pressures on a sustainable basis.

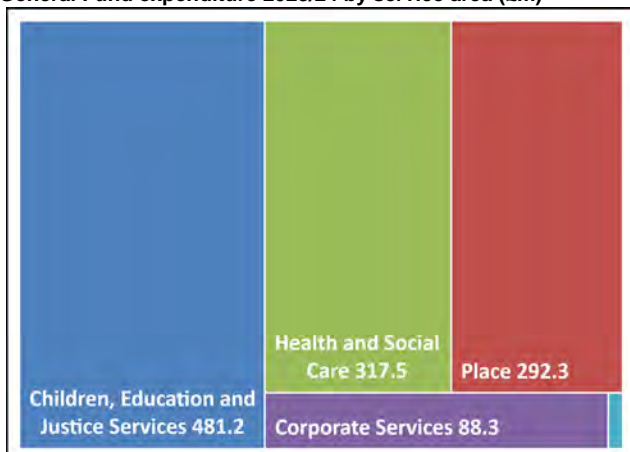
In overall terms, 84% of approved savings were delivered during the year compared with equivalent figures for 2022/23 (98%), 2021/22 (89%), 2020/21 (82%), 2019/20 (77%) and 2018/19 (60%). Although the majority of savings were delivered, delays in implementation across a number of approved savings within the Place Directorate resulted in only partial in-year delivery. These included savings related to the release of empty Housing Revenue Account properties to alleviate costs of temporary accommodation and additional income from parking penalty charge notices. These timing-related shortfalls are expected to be addressed in full in 2024/25.

Principal Sources of Funding - General Fund

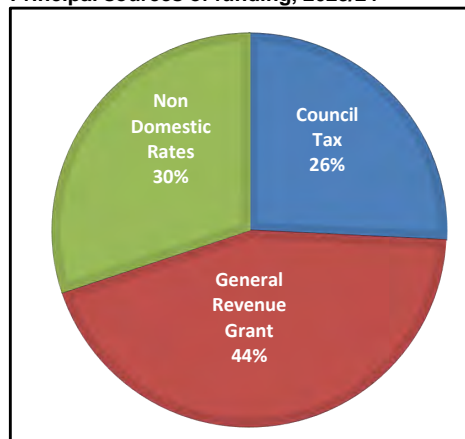
The principal sources of funding used by the Council during the year were:

	£000
Council Tax, net of Council Tax Reduction Scheme (CTRS) <i>(property-related tax from households)</i>	322,784
General Revenue Grant <i>(Government revenue grant funding based on city's relative needs assessment)</i>	552,075
Distribution from Non-Domestic Rates pool <i>(property-related tax primarily from businesses)</i>	377,317
Total	1,252,176

General Fund expenditure 2023/24 by service area (£m)*



Principal sources of funding, 2023/24



* - The turquoise-shaded box on the expenditure diagram represents the Council's requisition for the Lothian Valuation Joint Board of £3.8m.

MANAGEMENT COMMENTARY

Financial Performance - continued

Reserves

General Fund

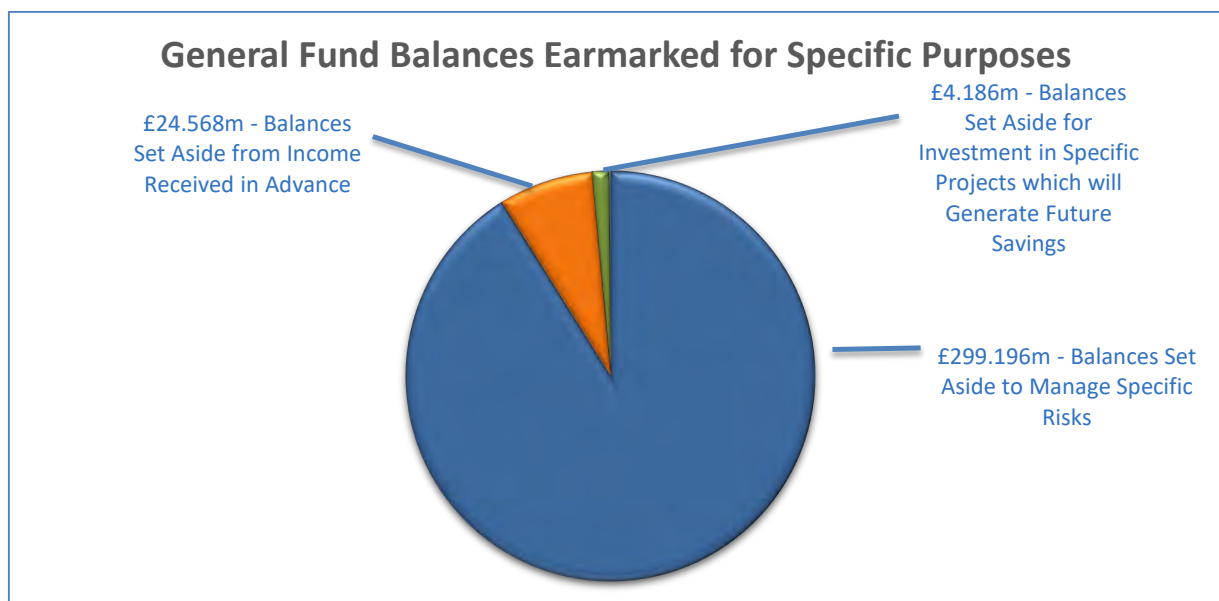
The Council's General Fund reserves comprise two elements:

- The unallocated General Fund; and
- Balances earmarked for specific purposes.

The unallocated General Fund is held against the risk of unanticipated expenditure and/or reduced income arising in any particular year. The level of this reserve is reviewed annually by the Council as part of the revenue budget-setting process. This review considers the level of balances held, the financial risks which could be realised and the arrangements in place to manage these.

The **latest review** was in February 2024, as part of the 2024/25 budget-setting process. The unallocated General Fund balance at 31 March 2024 was £25.753m, which equates to 2.07% of annual budgeted net expenditure.

In addition, the Council has a further £327.485m (2022/23 £240.476m) of balances earmarked for specific purposes. A significant element of this increase is as a result of the adoption of service concession flexibility arrangements accounted for in year. As sums requiring to be drawn down under the Devolved School Management scheme exceeded the opening balance available, this resulted in a combined overall debit balance of £0.465m at the year end. Details can be seen in note 12 to the Financial Statements. The chart below highlights the split of these balances.



- Balances set aside for specific financial risks which are likely to arise in the medium-term future. Examples include monies earmarked for staff release costs, dilapidations and other related contractual commitments and the insurance fund. The sums shown above include £82.8m of service concession flexibility monies and £19.017m of non-service specific legacy COVID-related funding to be applied against expenditure and income losses in future years;
- Balances set aside from income received in advance are primarily from grant income, due to timing differences between the receipt of the grant income and the planned expenditure thereof. The sums above include £0.785m of service-specific COVID-related funding carried forward to be offset against expenditure in 2024/25;
- Balances set aside to enable the Council to undertake investment in specific projects which will deliver savings in future years, such as Spend to Save. These savings are used, initially, to replenish the earmarked balances; and
- Balances held under the Devolved School Management scheme (DSM) and Pupil Equity Fund (PEF), which permits balances on individual school budgets to be carried forward to the following financial year and academic years (see note 12.2).

The overall balance of reserves held for specific purposes increased significantly during the year, the majority of this related to the adoption of the service concession flexibility arrangements.

Other Reserves

The Council holds other usable reserves; these are the Capital Grants Unapplied Account with a balance of £20.404m, the Capital Fund with a balance of £19.851m and the Renewal and Repairs Fund with a balance of £35.880m, including £9.527m of monies for schools prepaid under PPP arrangements. These sums are used to support capital investment across the Council's property estate.

MANAGEMENT COMMENTARY

Financial Performance - continued

Financial Ratios

Financial ratios relating to Council Tax, debt and borrowing are shown below.

Council Tax	2023/24	2022/23	Notes on interpretation of ratios
In-year collection rate	96.24%	97.13%	This shows the % of Council Tax collected during the financial year that relates to bills issued for that year. It does not include collection of sums billed relating to previous financial years. The collection rate is stated on a line-by-line basis, adjusted for the impact of water-only debt in the joint collection of Council Tax and water charges. The indicator shows that the in-year collection levels have decreased from levels achieved in prior year.
Council Tax income as a percentage of overall funding	25.78%	25.94%	This shows the proportion of total funding that is derived from Council Tax, net of Council Tax Reduction Scheme (CTRS) support. While Council Tax rates increased in 2023/24, the proportion was similar to previous years.
Debt and Borrowing - Prudence			Notes on interpretation of ratios
Capital Financing Requirement	£2,210.6m	£2,025.8m	The capital financing requirement represents the underlying need to borrow to fund expenditure on assets and shows an increase of around 9% during the year. Financing costs are provided for within the Council's Long-Term Financial Plan. Further details of the capital financing requirement can be seen in note 37 to the Financial Statements and in the Capital Strategy section on the next page.
External debt levels	£1,731.7m	£1,680.9m	External debt levels include long-term commitments in respect of finance leases (mainly schools provided through PPP schemes) together with borrowing undertaken to finance capital expenditure. (Excludes Donated and Right of Use Assets) External debt levels are lower than the capital financing requirement as the Council has adopted a position of under borrowing, as set out in the Treasury Strategy.
Debt and Borrowing - Affordability			Notes on interpretation of ratios
Financing costs to net revenue stream - General Fund	8.00%	7.18%	These ratios show the proportion of total revenue funding that is used to meet financing costs. High interest rates have increased the relative financing costs for the General Fund.
Financing costs to net revenue stream - HRA	32.40%	33.89%	
Impact of capital investment on Council Tax	4.32%	2.49%	These ratios show incremental impact of financing costs, the increase or (decrease) in financing costs from the previous financial year, as a percentage of Council Tax, in respect of costs payable through the General Fund and house rents for the HRA. The ratios for 2023/24 reflect the combined effect of increased capital expenditure and higher interest rates in the General Fund.
Impact of capital investment on house rents	1.29%	2.33%	

Treasury Management Strategy

The **Annual Treasury Management Strategy 2024/25** was approved on 21 March 2024. The key points are:

- the Council's total capital expenditure is forecast to be £3.250 billion between 2023/24 and 2028/29;
- the Council's underlying need to borrow at 31 March 2029 is forecast to be £2.879 billion;
- the Council has reached the limit in resources for funding its Capital Financing Requirement from temporary investment balances and requires to undertake significant external borrowing.

MANAGEMENT COMMENTARY

Financial Performance - continued

Capital Strategy

The **Capital Strategy 2024-34 - Annual Report** was approved at Full Council on 21 March 2024.

The report provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of Council services and is linked to a number of other key plans and policies such as the Annual Treasury Strategy, the Capital Investment Programme and HRA Budget Strategy.

The Capital Budget Strategy has been reviewed in light of COVID-19, the war in Ukraine, cost of living crisis and the Council's priorities and Council Business Plan.

Capital expenditure is controlled through the Prudential Code that provides the framework for investing in infrastructure. In Scotland, local authorities are required by regulation to comply with the Prudential Code under Part 7 of the Local Government (Scotland) Act 2003. The key objectives of the Prudential Code are to ensure that capital plans are affordable, prudent and sustainable and that treasury decisions are taken in accordance with professional guidance and best practice.

The 2023/24 outturn position for capital expenditure is summarised below:

	Budget	Actual	(Slippage) /
	2023/24	2023/24	Acceleration
	£000	£000	£000
Capital expenditure			
General Fund services	285,346	288,309	2,962
Housing Revenue Account	<u>125,504</u>	<u>136,531</u>	<u>11,027</u>
Total capital expenditure	<u>410,850</u>	<u>424,840</u>	<u>13,989</u>
Capital receipts and other contributions			
- General Fund services	(37,618)	(23,772)	13,846
- Housing Revenue Account	(45,750)	(23,455)	22,295
Government and other grants			
- General Fund services	(180,650)	(180,054)	596
- Housing Revenue Account	<u>(10,889)</u>	<u>(24,886)</u>	<u>(13,997)</u>
Total capital income	<u>(274,907)</u>	<u>(252,167)</u>	<u>22,740</u>
Balance to be funded through borrowing			
- General Fund services	67,078	84,483	17,404
- Housing Revenue Account	<u>68,865</u>	<u>88,190</u>	<u>19,325</u>
Total advances from loans fund	<u>135,943</u>	<u>172,673</u>	<u>36,729</u>

The gross General Fund capital budget was reduced by £16.000m to reflect anticipated slippage in the capital programme, however actual slippage was £13.038m. Therefore, as delivery of the programme has exceeded expectations, this has resulted in budget acceleration of £2.962m. Of the actual slippage, the Fleet Replacement Programme was the biggest contributor (£7.573m), followed by the Active Travel Programme (£7.376m). Further slippages in The Dunard Centre (£4.000m) and Place Lending (£5.190m), for lending to Edinburgh Living to purchase mid-market homes, has been offset by acceleration in the Learning Estate programme with Currie High School (£3.600m) and The Royal High School extension (£4.000m) requiring a reprofiling of their respective budgets from future years. Additionally delays in the sale of land at Brunstane has meant an acceleration for Castlebrae High School (£8.700m) has also been required. The rest of the slippage (£5.199m) is smaller amounts accumulated across the rest of the capital programme.

The borrowing requirement is £17.404m more than budget due to this acceleration, and due to delays to capital receipts and developers' contributions.

Delivery of the 2023-24 HRA Capital Programme is largely in line with the revised budget. Some acceleration in the housebuilding programme was required for Western Villages (£5.200m) and for the purchase of completed units at Hawthorn Gardens in South Queensferry (£5.500m).

The borrowing requirement was £19.325m more than budget due to the acceleration in the programme totalling £11.027m and the decision to retain reserves rather than use them to fund the capital programme.

International Financial Reporting Standard 16 (IFRS 16) - Leases

The Council adopted IFRS 16 (Leases) with effect from 1 April 2022, having elected not to take the option of further deferring implementation. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2022.

With effect from 1 April 2023, IFRS 16 also applies to service concession arrangements i.e. Public-Private Partnerships (PPP) and similar schemes. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase balance sheet assets by £88.947m, with an equal increase in finance lease liabilities as at 31 March 2024.

MANAGEMENT COMMENTARY

Financial Performance - continued

Capital Expenditure

The Council received £54.891m of general capital grant during 2023/24, £15.334m of which has been transferred to the Capital Fund, and subsequently drawn down to revenue, primarily as part of the Scottish Government's mechanism for funding the Pay Award. The support provided through general capital grant enables the Council to direct resources to its own priorities.

Capital expenditure for the year totalled £424.840m. Major capital projects undertaken during the year included:

- Creation and expansion of educational properties - £80.291m;
- Trams to Newhaven project - £10.887m;
- Investing in new council homes and enhancing existing assets through the Housing Revenue Account programme - £136.531m;
- Roads, carriageways and other transport infrastructure - £84.048m;
- Social housing through the housing development fund - £52.713m;
- Asset Management Works at operational properties - £9.565m;
- The Council's environmental capital programmes including waste, parks and greenspace, depot rationalisation and fleet - £12.318m; and
- Providing funding for homes for mid-market rent through Edinburgh Living MMR LLP - £8.574m.

Housing Revenue Account

The Council has a statutory obligation to maintain a housing revenue account (HRA) which records all income and expenditure for the management of, and investment in, Council homes. The HRA is entirely self-financing and receives no funding from the general Council budget. All expenditure is funded through tenants' rent, related service charges and interests gained through HRA assets.

The approved 2023/24 capital programme budget was £173.361m but was later revised down at Month 3 forecast following a review to incorporate the most up to date cash flow projections in both the new build and improvement programmes. The year end capital programme outturn for 2023/24 was £136.531m, which was the largest capital spend delivered to date.

The Council Housebuilding Programme delivered 240 new homes in 2023/24 at Dumbryden, Pennywell and North Sighthill. This included 55 social rented homes, 57 mid-market rented homes that were purchased by Edinburgh Living MMR LLP and 128 homes for market sale. The delivery pipeline for new homes remains strong. There were around 480 affordable homes under construction (as of the end of March 2024), and a further c.3,300 in the design or pre-construction stage.

In addition to the Acquisition and Disposals programme, which helps to increase supply and consolidate block ownership, the Council has to date been able to benefit from 'off the shelf' purchases (c.160 homes for social rent, 46 for mid market rent and 135 homes for temporary accommodation) of newly completed/ completing homes from private developers to supplement development. These opportunities have been approved by Finance and Resources Committee during 2023/24 and in April 2024. Completions are expected across 2024/25 and 2025/26.

There has been significant design and development work progressed throughout 2023/24 to transition towards a holistic area-based and Whole House Retrofit (WHR) approach on improving existing homes and estates, including major design work at Magdalene, Bingham and the Christians and Restalrig/ Lochend areas, as well as Oxcars/Inchmickery Court and Craigmillar/Peffermill Court.

The Mixed Tenure Improvement Service (MTIS) Programme will be moving into its final year of works in its pilot area in 2024/25. To date a total of 1,291 homes (including 353 private and 938 Council homes) are either complete or currently undergoing construction.

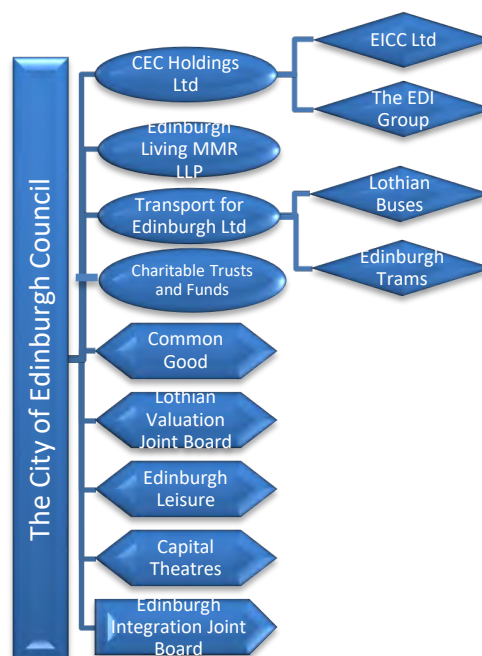
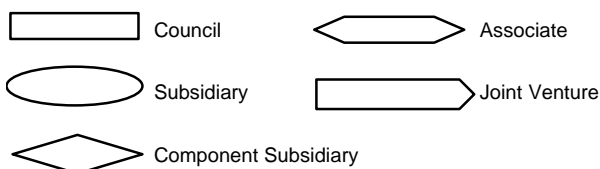
MANAGEMENT COMMENTARY

Financial Performance - continued

Group Accounts

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared, which consolidate the financial interests the Council has in subsidiaries, associates and joint ventures, where the interest is considered material. Note 9 details the interests the Council holds and further financial details about the entities. The adjacent chart shows the components in the structure of the Group. Information on the Common Good can be found on page 120.

Key:



CEC Holdings Ltd

EDI Group Ltd (subsidiary of CEC Holdings Ltd)

The EDI Group was established in 1988 by The City of Edinburgh Council to carry out the development of Edinburgh Park, now regarded as one of the principal business parks in Europe.

In 2017 the Council reviewed its approach to the use of surplus land and determined to prioritise the delivery of affordable housing rather than other developments. The Council therefore instructed the directors to begin a process of closure. The company has now ceased development activities with the majority of the land and buildings transferred to the Council and the remaining land at Brunstane subject to sale negotiations. The group will continue to trade until such time as all projects currently being undertaken by EDI have either concluded or transferred to the Council.

For the year ended 31 December 2023, the EDI Group Ltd reported a net loss of £0.284m which was mainly due to a reduction in the companies' level of activity, resulting in minimal trading revenue and other income to offset costs.

Edinburgh International Conference Centre (EICC) Ltd (subsidiary of CEC Holdings Ltd)

EICC Ltd operates a prime conference venue in the centre of Edinburgh. The Centre was built in 1995 and since that time has welcomed 2 million delegates from more than 120 countries, generating £850m of economic impact for the city region.

The Conference Centre held 184 events in 2023, these events varied enormously in their size, duration, diversity and profitability. As well as holding conferences, meetings and exhibitions, the Conference Centre hosted, amongst other things: tennis exhibitions; celebrity evenings; a variety of award ceremonies; dance competitions; ballet performances; comedy shows; book exhibitions; theatre performances; food and drink fairs; and university examinations.

The Company made significant progress towards its aim of operating a hotel during the year. It is believed that this is essential in order to provide the necessary funding for the Conference Centre's long-term capital expenditure programme. Construction commenced in August 2022 with the hotel due to open in 2026. The subsidiary, Edinburgh International Conference Centre Hotels Ltd, which was incorporated to operate the hotel is fully owned by the Company.

The year to December 2023 saw the Company produce operating profits of £2.582m which was due to the sales team securing the required business for the year. This was achieved despite the depressed economic outlook, high levels of inflation, some localised problems and increased competition within the UK and from across the world and aggressive price competition.

MANAGEMENT COMMENTARY

Financial Performance - Group Accounts - continued

Edinburgh Living MMR LLP

Edinburgh Living MMR LLP was established as a housing delivery partnership to address housing needs in Edinburgh. The initiative is a partnership between the Council (99.999%) and Scottish Futures Trust (0.001%). The partnership delivers homes for mid-market rent to let to households in housing need.

Edinburgh Living is financed under a Facility Agreement with the Council to borrow up to £248m along with access to funding via the Council to various Scottish Government grants and Council Tax Discount Fund monies to support property acquisitions. Edinburgh Living bought its first homes in January 2019 and owned 574 homes across the city by the end of December 2023.

The results for the year show a net profit before tax of £8.347m, which includes the gain from property valuation increases of £6.564m, the underlying operating profit being £3.588m, reflecting the increase in rental revenue relative to operating costs.

Transport for Edinburgh Ltd

The core purpose of Transport for Edinburgh Ltd (TfE) is to provide world-class, integrated, environmentally-friendly and socially-inclusive transport which plays a central role in the future prosperity of Edinburgh and the Lothians. It also maximises net revenue through a strong commercial focus and drive for efficiency across all of its activities.

During 2020, it was agreed that Lothian Buses be reconstituted to be responsible for the management of all Council-owned public transport models in the city whilst retaining the brands and services of each of the transport companies. A Transport Project Board was established in early 2023 to focus on establishing the scope and methodology for due diligence. The Board presented a reform report to the City of Edinburgh Council's Transport and Environment Committee in October 2023 where the recommendations were agreed. These recommendations are now being taken forward.

The Group retained a substantial share of the local public transport market in Edinburgh and the Lothians in 2023 which included the launch of tram services to Newhaven in June opening a new travel option for communities in Leith. Revenue has increased by 10.1% from the previous year to £207.3m, while the profit after tax was £4.1m. The results for the year were in line with expectations, with patronage improving despite changing travel patterns. Up to 31 March 2023, Transport for Edinburgh continued to receive some funding support from Scottish Government via Transport Scotland's Network Support Grant.

Lothian Valuation Joint Board (LVJB)

The Lothian Valuation Joint Board is a local authority organisation providing a range of services to and on behalf of City of Edinburgh, West Lothian, Midlothian and East Lothian Councils. The services provided represent duties embedded in statute and associated case law. Specifically, they relate to the creation and maintenance of the Valuation Roll, Council Tax List and Electoral Register.

During 2023/24, the residual impact of the COVID-19 pandemic and the significant resources allocated to the preparation for the 2023 Non-Domestic rate revaluation influenced the Board's performance. The principal of these show that 75.09% of all properties were inserted onto the Council Tax List within three months following occupation. During 2023/24, 5,805 dwellings were inserted onto the Council Tax list while 2,712 amendments were made to the Valuation Roll. The Electoral Register was maintained throughout 2023 (new register published December 2023) with 58,888 electors added and 58,889 deleted.

The Board reported expenditure of £6.686m for 2023/24. This required a net drawdown of £0.523m from the Board's reserves, mainly due to additional employee expenditure of £0.186m being incurred due to the cost of the 2023/24 Local Government pay award being beyond the budgeted provision. The Board retains a General reserve of £0.772m. £0.200m is retained to meet the Board's commitment to a minimum level of Reserve of 3%.

Edinburgh Leisure

Edinburgh Leisure is a charity dedicated to making a positive difference by committing to help everyone enjoy a healthier and more active life. During the year, Edinburgh Leisure had over five million customer visits across fifty venues, offering hundreds of activities and opportunities for people who live, work and visit Edinburgh, to get active and protect their own health and wellbeing.

For Edinburgh Leisure, the focus for 2023/24 was the re-opening of Warrender Swim Centre following its lifecycle works and the refurbishment of the Glenogle, Leith Victoria and Gracemount gyms. Edinburgh Leisure continued to work with the Council and other stakeholders on a range of projects during the year, including the Active Communities Programme which supports around 10,000 people a year to get active to improve their health and wellbeing.

Edinburgh Leisure reported an underlying surplus of £750k for the year to March 2024 following a very strong final quarter. This translated into a healthier than expected cash position going into 2024/25 which will allow the charity to invest in assets which will continue to improve their long-term sustainability.

Capital Theatres

Capital Theatres is a registered Scottish charity which operates three busy theatre venues in Edinburgh; the Festival Theatre, the King's Theatre and The Studio. The theatres present world-class shows to entertain and inspire audiences of all ages with the mission to inspire a life-long love of theatres.

MANAGEMENT COMMENTARY

Financial Performance - Group Accounts - continued

Capital Theatres - continued

2023/24 was a strong year for Capital Theatres due to a range of exciting programming success, particularly from staging the global musical phenomenon, Hamilton, which sold out in 9 weeks and broke all box office records for the organisation. Additionally, other shows more broadly over-performed pre-COVID sales, demonstrating audiences' return to live performance. The charity won the UK Theatres Award for Excellence in Inclusivity for the ground-breaking Dementia Friendly Programme. Further focus was also placed audience accessibility with the launch of a 25 and under discount scheme, developed in partnership with the Youth Advisory Board.

The results of the 2023/24 financial year show an operating surplus of £10.768m including a revenue grant of £0.585m from the City of Edinburgh Council. £9.187m of this surplus is committed to restricted funds which cover The Studio, upgrade of the wi-fi and broadband infrastructure and the redevelopment project of the King's Theatre.

Edinburgh Integration Joint Board

The Edinburgh Integration Joint Board (EIJB) was formally delegated the functions and resources of the Council's Health and Social Care Service and NHS Lothian's Community Health Partnership, with effect from 1 April 2016. In view of the basis of level of control being fifty percent, Board representation, and wider materiality levels, this Joint Venture has been consolidated into the Group accounts for the year to 31 March 2024, see note 9.4.

In June the Edinburgh Integration Joint Board agreed its draft strategic plan for 2024-27 and launched a 3-month consultation. This refreshed draft plan, titled 'More Good Days', seeks to reflect the challenges anticipated in the coming years while remaining realistic about ambition given the significant financial challenges. The strategy will inform a whole system planning and prioritisation approach that will identify short, medium, and longer-term phases of delivery over the next five years. This will be a dynamic process that may flex as the impact and effectiveness of actions in improving population health are evaluated. Delivery plans will be developed, setting out intentions year by year in delivering the aspirations of the strategy.

For the year to 31 March 2024, the EIJB reported an in-year deficit of £16m in the annual accounts. This purely reflects timing differences, with income received in 2022/23 offsetting expenditure incurred during the year.

The City of Edinburgh Charitable Trusts and City of Edinburgh Charitable Funds

Due to the City of Edinburgh Council acting as sole trustee for the City of Edinburgh Charitable Trusts and Funds, it has been consolidated into the Group accounts as a subsidiary for the year to 31 March 2024.

The City of Edinburgh Council administers six charitable trusts, as listed below, which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR).

The funds are:

Scottish

Registered Charities

Lauriston Castle

Jean F. Watson

Edinburgh Education Trust

Nelson Halls

The Royal Scots Trust

Boyd Anderson

Approval has been granted to wind up the Boyd Anderson Trust once all of the trust's funds are fully distributed, therefore, the Boyd Anderson Trusts is not considered as a going concern.

On the 20th June, the Finance and Resources Committee approved, subject to onward ratification from Council subsequently received on 31st August 2023, to apply to the Court of Session to use its exceptional power – the nobile officium – to wind up Lauriston Castle Trust and transfer ownership of the property to the Council. Legal advisors have been appointed to progress this on the Trust's behalf.

For the year ending 31 March 2024, the Trusts and Funds reported a net surplus of £0.286m and the total support funding received in year from the City of Edinburgh Council was £0.483m.

Group Summary

Net assets for 2023/24 include a combined group pension liability of £19.848m (2022/23 liability £25.051m), as shown in note 41.9. This reflects the inclusion of pension liabilities relating to the Council, other employees (including subsidiary companies) and the incorporation of Lothian and Borders Valuation Joint Board as an associate within the group. It should be noted that this is a snapshot of the position at 31 March 2024. The actuarial valuation, which takes a longer term view, will consider the appropriate employers' contribution rates and these, together with employee contributions and revenues generated from fund investments, will be utilised to meet the financing of these liabilities. It is therefore appropriate to adopt a going concern basis for the preparation of the group financial statements.

MANAGEMENT COMMENTARY

Financial Performance - continued

COVID-19 Impact and Benchmarking

A report to the Finance and Resources Committee on 6 February 2024 provided a summary of the main issues and themes identified within the Accounts Commission's Financial Bulletin 2022/23 published on 16 January 2024, and how these relate to the local context within Edinburgh. These included the following:

- total funding and income fell by 2.8 per cent in real terms in 2022/23 compared to the previous year;
- an increasing proportion of external grant funding is either formally ring-fenced or provided with the expectation it will be spent on specific services;
- there is pressure on all public-sector capital budgets, and this presents risks to the viability of local government capital programmes, many of which impact on key services (eg, the construction and maintenance of schools, libraries, roads). Capital funding from the Scottish Government rose in 2022/23 but remains lower than before the pandemic;
- councils are increasingly having to rely on savings and reserves to balance budgets and require to make increasingly difficult decisions to reduce or stop services; and
- councils have placed an increased reliance on raising council tax to help deliver a balanced budget over the past two years. A council tax freeze significantly reduces discretion and flexibility at individual council level.

In the Accounts Commission's briefing on Local Government budgets 2024/25 published in May 2024, it was reported that "funding remains constrained as the increase in the general revenue grant is largely directed towards the delivery of Scottish Government policies or to support previous pay awards, rather than an increase in available funding for councils to use at their discretion." A report on this will be considered by Finance and Resources Committee on 19 September.

Climate Change and Sustainability

The Council published its 2030 Climate Strategy in December 2021 with an ambitious target for Edinburgh to become a net zero city by 2030. This means that by 2030, we want to remove the same amount of greenhouse gases that we, as a city, put into the air. The 2030 target recognises the need for Edinburgh to play its part in helping to deliver on national goals to reduce emissions, with cities having to make faster progress on reducing greenhouse gas emissions if Scotland is to meet its national 2045 net zero target. Our longer-term vision for a greener, cleaner, fairer Edinburgh will only be possible through working with others, with people from across the city, across the Council and across our partners. We remain determined to play our part in the global fight against climate change and continue to make progress towards our targets.

The Policy and Sustainability Committee considered a City-wide Carbon Emissions and 2030 Climate Strategy update report in January 2024 and agreed that the scale and importance of the challenge requires a review of the Climate Strategy implementation plan, attempting to set out new ways of unlocking barriers to the delivery of high impact actions. City-wide carbon emissions increased by an estimated 12% between 2020 and 2021 due to post-pandemic recovery. Against the baseline year of 2018 emissions have decreased by 9%.

The most significant climate impacts identified for Edinburgh are rising sea level and coastal erosion, heavy rainfall and storms, river flooding, surface-water flooding, drought, temperature change and heatwaves, wildfires, landslides and subsidence and multi-hazards affecting people, species and habitats. These impacts will result in risks to coastal communities, housing, cultural heritage assets, infrastructure assets, coastal habitats, transport infrastructure, business activity and communication services, other buildings (including schools and hospitals) within floodplains, water availability, local river water quality, wetland or loch environments, flora and fauna, food production, public health and wellbeing (heat stress, air and water quality), water and energy demand due to higher temperatures and biodiversity.

The Sustainable Capital Budget Strategy 2024-2034 sets out priorities for £1.45bn of Council capital investment, in alignment with the Council Business Plan and our wider net-zero goals and responsibilities over the medium to long-term. A climate assessment has been carried out for capital spending proposals with 23% assessed as very favourable, 31% favourable under conditions, 37% neutral, 6% unfavourable and 3% undefined. The Capital Budget Strategy continues to experience significant financial pressure due to current market conditions, reductions in assumed capital grant in future years, and revenue pressures limiting the capacity to borrow. Additional projects can only be progressed following the development of fully funded business plans or by reallocating funding from projects within the existing programme. Further work will continue during 2024 to refresh the Capital Budget Strategy to ensure it continues to align with Council priorities.

Updated RICS Valuation Standards effective from January 2022 have been incorporated in the Council's asset valuation procedures. Environmental and sustainability information obtained from the Energy Team (including building-specific emissions data and Energy Performance Certificates) is used to inform assessments of remaining useful lives (RULs) for all buildings revalued in a given year. These assessments take into account planned programmes of property retrofitting with net-zero measures. As a result, both Environmental, Social and Governance definitions and sustainability have been taken into account in the calculation of asset valuations and RULs.

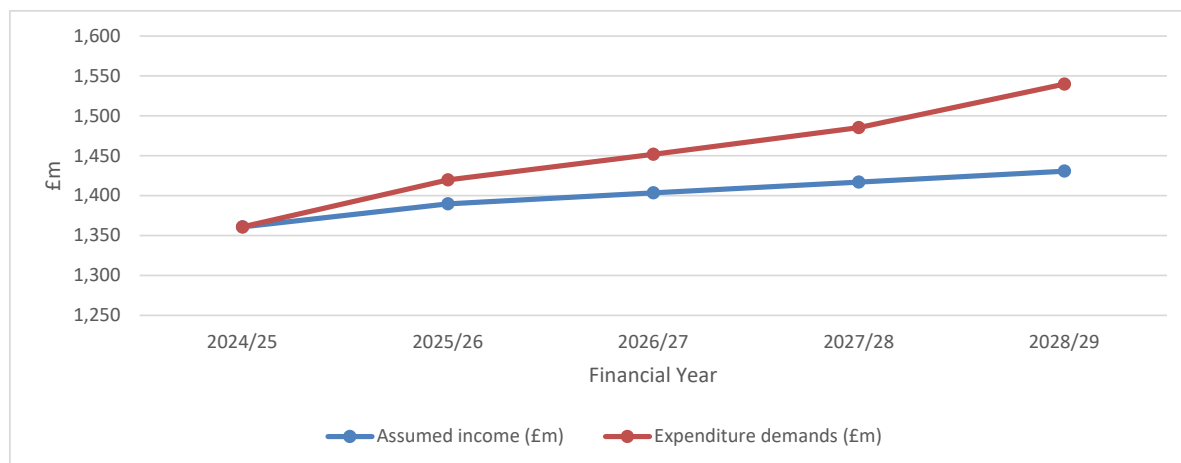
MANAGEMENT COMMENTARY

Medium-term financial planning

The need to initiate a structured medium to longer-term savings programme was highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21. Development of the Council's Medium-Term Financial Plan (MTFP) therefore placed a greater emphasis on strategic and cross-cutting proposals, informed by the priorities included within the Business Plan, as a means of improving outcomes and ensuring continuing financial sustainability.

A series of assessments of the financial position has been reported to elected members. The most recent of these was considered by the Finance and Resources Committee on 25 June 2024.

While the Council has approved a balanced budget for 2024/25, it faces significant financial challenges going forward. Current projections indicate a need to deliver at least £29.9m of recurring savings in 2025/26, increasing to £109.1m over the four-year period to 2028/29 as shown in the chart below:



The position presented assumes robust management of all service pressures and full delivery of all approved savings.

Given the significant incremental gaps in future years of the budget framework, there is an urgent need to continue development of the MTFP. This is a crucial vehicle for the Council, encompassing a strategic approach to financial management that examines the resources available over a multi-year timeframe, aiming to create a sustainable and resilient fiscal framework. This approach not only facilitates the alignment of financial resources with long-term goals but also enhances transparency, accountability and the efficient allocation of resources. With effective medium-term financial planning, the Council can better anticipate financial challenges, make informed decisions and ensure that public funds are utilised effectively to address the evolving needs and aspirations of our communities. This approach will aid the organisation to navigate economic uncertainties, safeguard essential services and promote the long-term well-being of Edinburgh's residents. Consultation and engagement with communities will lie at the heart of this process.

CIPFA Financial Management Code (FM Code)

CIPFA's Financial Management Code (FM Code) was published in October 2019 and is designed to support good practice, and assist councils in demonstrating their financial sustainability and resilience by setting out expected standards of financial management. 2020/21 was a "shadow" year for adoption of the Code with full implementation in 2021/22.

Focus has been maintained to embed improvements introduced through the 2021/22 to 2023/24 budget processes including:

- Maintaining an increased level of unallocated general reserve;
- Incorporating explicit revenue budget provision for exceptional inflationary pressures and underlying service pressures including temporary accommodation for homeless households;
- Continuing to reflect the ongoing impacts of the pandemic, particularly for losses of income; and
- Earlier publication of the schedule of proposed fees and charges for 2023/24 and 2024/25.

Improvements introduced for the 2024/25 process include the following:

- Continuing progress in the identification of revenue budget savings with £37.5m of savings, additional income and mitigation of service pressures approved in setting a balanced revenue budget for 2024/25;
- Reflecting on the budget process for 2023/24, it was agreed that some proposals would benefit from consideration through the relevant executive committee as part of the budget process;
- The deadline for budget motions was brought forward to a week and a day before Council to allow more time for consideration ahead of final budget decision-making;
- The budget strategy 2024/25 to 2028/29 was introduced as an objective statement by the Council's section 95 officer outlining the financial landscape. The document set out a forecast for the medium-term financial gap, potential scenarios for the Council's finances and also charts an indicative pathway towards achieving sustainable finances;
- The establishment of a formal change programme to support the development of the Council's Medium-Term Financial Plan (MTFP) with governance and monitoring through monthly meetings of the Strategic Programme Board and six-monthly reporting to the Governance, Risk and Best Value (GRBV) Committee;

MANAGEMENT COMMENTARY

Medium-term financial planning - continued

- Publication of updated Financial Management guidance incorporating additional direction on the Capital Investment Programme and Housing Revenue Account;
- Recruitment of additional professional accounting staff was completed recognising additional workload, risk and complexity relating to the Council's Capital Investment Programme and areas of the revenue budget including Housing, Refugee Support and Homelessness;
- Development and implementation of the training necessary to support the introduction of updated core financial management systems during 2023/24;
- Assessing the congruence of the capital investment programme to our wider net-zero goals and responsibilities, through the sustainable capital budget strategy update; and
- Agreement of a multi-year Housing rent strategy aligned to the outputs within the 10-year Housing Capital Investment Programme.

Further initiatives are underway to support the Council's Section 95 Officer's assessment and further strengthen financial management arrangements including:

- A Cross Party Strategic Budget Working Group is being established to progress budget development in collaboration with the Members of all political parties. Officers will provide monthly briefings to Members with key risks, issues and proposals being discussed;
- Governance and Accountability Board: an officer group will be established to look at in year overspends, plans for mitigations of pressures and development of firm delivery plans for approved savings. This will be led by the Chief Executive, S95 Officer and Monitoring Officer; and
- A new Financial Strategy and Best Value Team will bring additional capacity to deliver on existing service reviews and generate new ideas that will drive both immediate financial stability and our medium-term financial strategy. The immediate objectives will be delivering best value service reviews in priority areas of the organisation, working with the business partnering team to manage existing pressures and develop future mitigation plans, incorporating these outcomes into a refreshed budget strategy, and providing analysis, benchmarking, and best practice cases to support the existing budget challenge and medium-term plan.

Financial flexibilities - service concession arrangements

In June 2022, the Cabinet Secretary for Finance and the Economy agreed to the main elements of COSLA's request on changes to accounting for service concession arrangements as part of making available a wider suite of financial flexibilities, thus allowing councils to spread the principal element of capital repayments over the (longer) asset life as opposed to the existing contract term. It is important to emphasise, however, that this mechanism is a timing-related one that merely spreads an unchanged overall level of liability over a longer period. Council approval of this change as part of setting the 2023/24 budget has resulted in the transfer of £101.8m to a usable reserve in 2023/24 with the retrospective element of this sum then applied equally over a five-year period. Timing-related savings generated going forward will be ringfenced both to provide for additional repairs and maintenance liabilities when the assets revert to Council ownership, consistent with the assumed extended asset lives, and to mitigate future principal repayment liabilities.

Change Strategy and Business Plan

A Best Value Assurance Audit was carried out by a team from Audit Scotland and the Council's (then) external auditor, Azets. The resulting **Best Value Assurance Report (BVAR)** was published by the Accounts Commission on 26 November 2020.

As recommended in the report, the Council amalgamated its Change Strategy into its Business Plan which was approved in 2021. The Business Plan also addressed the other recommended improvement actions included in the BVAR.

In 2023, a new **Business Plan** was approved for 2023 - 2027, and this continues to meet the BVAR recommendations on aligning the Council's strategic direction. The Policy and Sustainability Committee will consider a progress update report in August 2024.

In order to achieve the outcomes and objectives that the Council's services aim to deliver in 2023 - 2027, the Business Plan sets out the following key strategies:

- **2030 Climate Strategy**
- **Edinburgh Economy Strategy**
- **20 Minute Neighbourhoods Strategy**
- **Edinburgh Learns for Life**
- **Our People Strategy**
- **Digital and Smart City Strategy**
- **Sustainable Procurement Strategy**
- **Equality and Diversity Framework**

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs, including group interests, and to secure that the proper officer of the authority 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 Service Director: Finance and Procurement.
- to manage its affairs to secure economic, efficient and effective use of its 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.

The Section 95 Officer's responsibilities

The Section 95 Officer is responsible for the preparation of the Authority's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Local Authority Accounting Code (insofar as it is compatible with legislation), except where stated in the Policies and Notes to the Accounts.

The Section 95 Officer has also:

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

Annual Accounts

I certify that the financial statements 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 2024.

RICHARD LLOYD-BITHELL - CPFA
Service Director: Finance and Procurement
Section 95 Officer

Date:

MOVEMENT IN RESERVES STATEMENT

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

Council 2023/24		General Fund Balance	Housing Revenue Account Balance	Renewal and Repairs Fund	Capital Grants Unapplied Account	Capital Fund	Total Usable Reserves	Total Unusable Reserves	Total Reserves
2023/24		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023		266,306	0	37,430	31,189	42,194	377,119	3,698,177	4,075,296
Movement during 2023/24									
Total Comprehensive Income and Expenditure		(46,574)	(111,208)	0	0	0	(157,782)	16,599	(141,183)
Adjustments to Usable Reserves permitted by accounting standards		86,352	5,814	0	0	0	92,166	(92,166)	0
Adjustments between accounting basis and funding basis under regulations (Note 11)		53,603	97,395	0	(10,785)	(22,343)	117,870	(117,870)	0
Net increase / (decrease) before transfers to statutory reserves		93,381	(7,999)	0	(10,785)	(22,343)	52,254	(193,437)	(141,183)
Transfer (to) / from other statutory reserves (Note 12.3)		(6,449)	7,999	(1,550)	0	0	0	0	0
Increase / (decrease) in year		86,932	0	(1,550)	(10,785)	(22,343)	52,254	(193,437)	(141,183)
Balance at 31 March 2024		353,238	0	35,880	20,404	19,851	429,373	3,504,740	3,934,113

Group - 2023/24		Total Usable Reserves	Total Unusable Reserves	Council Total Reserves	Group Reserves	Minority Interest	Total Reserves
2023/24		£000	£000	£000	£000	£000	£000
Balance at 31 March 2023		377,119	3,698,177	4,075,296	190,175	11,819	4,277,290
Movement during 2023/24							
Total Comprehensive Income and Expenditure		(157,782)	16,599	(141,183)	46,620	0	(94,563)
Adjustments to Usable Reserves permitted by accounting standards		92,166	(92,166)	0	0	0	0
Adjustments between accounting basis and funding basis under regulations		117,870	(117,870)	0	0	0	0
Net increase / (decrease) before transfers to statutory reserves		52,254	(193,437)	(141,183)	46,620	0	(94,563)
Transfer (to) / from other statutory reserves		0	0	0	0	0	0
Minority interest and other consolidation adjustments		0	0	0	(13,518)	2,044	(11,474)
Increase / (decrease) in year		52,254	(193,437)	(141,183)	33,102	2,044	(106,037)
Balance at 31 March 2024		429,373	3,504,740	3,934,113	223,277	13,863	4,171,253

MOVEMENT IN RESERVES STATEMENT

Re-stated Council	General Fund Balance £000	Housing Revenue Account Balance £000	Renewal and Repairs Fund £000	Capital Grants Unapplied Account £000	Capital Fund £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
2022/23 Comparative Data								
Balance at 31 March 2022	<u>257,205</u>	<u>0</u>	<u>50,407</u>	<u>46,994</u>	<u>42,550</u>	<u>397,156</u>	<u>3,071,961</u>	<u>3,469,117</u>
Movement during 2022/23								
Total Comprehensive Income and Expenditure	(117,587)	12,087	0	0	0	(105,500)	711,679	606,179
Adjustments to Usable Reserves permitted by accounting standards	68,364	5,420	0	0	0	73,784	(73,784)	0
Adjustments between accounting basis and funding basis under regulations (Note 11)	64,119	(36,278)	0	(15,805)	(356)	11,680	(11,680)	0
Net increase / (decrease) before transfers to statutory reserves	<u>14,896</u>	<u>(18,771)</u>	<u>0</u>	<u>(15,805)</u>	<u>(356)</u>	<u>(20,036)</u>	<u>626,215</u>	<u>606,179</u>
Transfer (to) / from other statutory reserves (Note 12.3)	(5,795)	18,771	(12,977)	0	0	(1)	1	0
Increase / (decrease) in year	<u>9,101</u>	<u>0</u>	<u>(12,977)</u>	<u>(15,805)</u>	<u>(356)</u>	<u>(20,037)</u>	<u>626,216</u>	<u>606,179</u>
Balance at 31 March 2023	<u>266,306</u>	<u>0</u>	<u>37,430</u>	<u>31,189</u>	<u>42,194</u>	<u>377,119</u>	<u>3,698,177</u>	<u>4,075,296</u>

Re-stated Group - 2022/23	Total Usable Reserves £000	Total Unusable Reserves £000	Council Total Reserves £000	Group Reserves £000	Minority Interest £000	Total Reserves £000
Balance at 31 March 2022	<u>397,156</u>	<u>3,071,961</u>	<u>3,469,117</u>	<u>249,352</u>	<u>15,562</u>	<u>3,734,031</u>
Movement during 2022/23						
Total Comprehensive Income and Expenditure	(105,500)	711,679	606,179	(55,720)	0	550,459
Adjustments to Usable Reserves permitted by accounting standards	73,784	(73,784)	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	11,680	(11,680)	0	0	0	0
Net increase / (decrease) before transfers to statutory reserves	<u>(20,036)</u>	<u>626,215</u>	<u>606,179</u>	<u>(55,720)</u>	<u>0</u>	<u>550,459</u>
Transfer (to) / from other statutory reserves	(1)	1	0	0	0	0
Minority interest and other consolidation adjustments	0	0	0	(3,457)	(3,743)	(7,200)
Increase / (decrease) in year	<u>(20,037)</u>	<u>626,216</u>	<u>606,179</u>	<u>(59,177)</u>	<u>(3,743)</u>	<u>543,259</u>
Balance at 31 March 2023	<u>377,119</u>	<u>3,698,177</u>	<u>4,075,296</u>	<u>190,175</u>	<u>11,819</u>	<u>4,277,290</u>

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services for the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover its expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

for the year ended 31 March 2024

Re-stated 2022/23 £000		Notes	Gross Expend. £000	Income £000	Net Expend. £000
	SERVICES				
446,404	Children, Education and Justice Services		569,813	(85,712)	484,101
458,514	Place		806,357	(339,559)	466,798
11,867	Housing Revenue Account		241,490	(117,154)	124,336
299,435	Health and Social Care		748,283	(432,236)	316,047
102,609	Corporate Services		109,048	(19,223)	89,825
3,817	Lothian Valuation Joint Board		3,774	0	3,774
(117)	Net cost of benefits		165,641	(166,330)	(689)
10,316	Other non-service specific costs		8,904	(3,032)	5,872
(4,220)	Subsidiary Companies		210,930	(219,049)	(8,119)
<u>1,328,625</u>	COST OF SERVICES		<u>2,864,240</u>	<u>(1,382,295)</u>	1,481,945
(1,719)	Gains on disposal of non-current assets				(4,278)
68,991	Financing and Investment Income and Exp.	13.			55,453
(1,302,254)	Taxation and Non-Specific Grant Income	14.			(1,391,781)
<u>93,643</u>	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES				141,339
29,671	Associates and Joint Ventures Accounted for on an Equity Basis				6,865
(681)	Taxation of Group entities	14.			563
<u>122,633</u>	GROUP (SURPLUS) / DEFICIT				<u>148,767</u>
(481,740)	Surplus on Revaluation of Non-Current Assets			(26,488)	
18,797	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp			(170,432)	
(195,076)	Changes in Financial and Demographic Assumptions / Other Experience			145,555	
(15,073)	Other Unrealised (Gains) / Losses			(2,839)	
(673,092)	Other Comprehensive Income				(54,204)
<u>(550,459)</u>	TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE				<u>94,563</u>

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing Council services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover its expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

		for the year ended 31 March 2024		
Re-stated 2022/23		Gross Expend.	Income	Net Expend.
£000	SERVICES	£000	£000	£000
446,404	Children, Education and Justice Services	569,813	(85,712)	484,101
458,514	Place	806,357	(339,559)	466,798
11,867	Housing Revenue Account	241,490	(117,154)	124,336
299,435	Health and Social Care	748,283	(432,236)	316,047
102,609	Corporate Services	109,048	(19,223)	89,825
3,817	Lothian Valuation Joint Board	3,774	0	3,774
(117)	Net cost of benefits	165,641	(166,330)	(689)
14,316	Other non-service specific costs	8,904	(7,032)	1,872
<u>1,336,845</u>	COST OF SERVICES	<u>2,653,310</u>	<u>(1,167,246)</u>	1,486,064
(1,527)	Gains on disposal of non-current assets			(3,943)
72,436	Financing and Investment Income and Exp.	13.		67,442
(1,302,254)	Taxation and Non-Specific Grant Income	14.		(1,391,781)
<u>105,500</u>	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES			157,782
(481,037)	Surplus on Revaluation of Non-Current Assets		(26,488)	
18,797	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp		(170,432)	
(249,440)	Changes in Financial and Demographic Assumptions / Other Experience		180,321	
<u>(711,680)</u>	Other Comprehensive Income			<u>(16,599)</u>
<u>(606,180)</u>	TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE			<u>141,183</u>
RECONCILIATION OF THE COUNCIL'S POSITION TO THE GROUP POSITION				
£000				£000
(606,180)	Total Comprehensive (Income) / Expenditure on the Council's Comprehensive Income and Expenditure Statement (CIES)			141,183
(5,983)	Subsidiary and associate transactions included in the Council's CIES			(7,581)
33,357	(Surplus) / deficit arising from other entities included in the Group Accounts Subsidiaries			(31,696)
<u>28,347</u>	Associates and Joint Ventures			<u>(7,343)</u>
<u>(550,459)</u>	Group total Comprehensive (Income) / Expenditure for the year			<u>94,563</u>

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council and Group. The net assets (assets less liabilities) are matched by the reserves held by the Council and Group. Reserves are reported in two categories. The first is usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category are those that are not able to be used to provide services. This includes reserves that hold unrealised gains and losses (for example, the revaluation reserve) where amounts would only become available 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'.

Re-stated					
31 March 2023				31 March 2024	
Group	Council		Notes	Group	Council
£000	£000			£000	£000
68	68	Intangible Assets	17.	0	0
5,841,075	5,662,974	Property, Plant and Equipment	15.	5,908,082	5,742,821
125,900	21,532	Investment Properties	16.	144,896	24,835
53,770	31,425	Heritage Assets	18.	53,851	31,425
117	117	Assets Held for Sale	23.	1	1
26,047	0	Other Long-Term Assets (Pension)	41	51,699	0
619	20,219	Long-Term Investments	22.1	644	18,494
47,328	0	Investments in Associates and Joint Ventures		54,671	0
66,887	162,661	Long-Term Debtors	20.	67,969	184,413
6,161,811	5,898,996	Long-Term Assets		6,281,813	6,001,988
15,549	9,995	Short-Term Investments	22.2	18,613	10,857
4,216	4,216	Assets Held for Sale	23.	1,801	1,801
36,147	36,147	Financial Assets	42.	23,350	23,350
9,241	3,982	Inventories	19.	9,605	4,248
213,271	196,546	Short-Term Debtors	20.	215,512	206,690
184,586	139,636	Cash and Cash Equivalents	21.	99,118	36,699
463,010	390,522	Current Assets		367,999	283,645
(59,744)	(59,744)	Short-Term Borrowing	42.	(62,099)	(62,099)
(315,487)	(263,450)	Short-Term Creditors	24.	(328,405)	(277,426)
(14,754)	(12,909)	Provisions	25.	(11,250)	(9,251)
(389,985)	(336,103)	Current Liabilities		(401,754)	(348,776)
(1,419,176)	(1,419,176)	Long-Term Borrowing	42.	(1,476,135)	(1,476,135)
(362,324)	(298,930)	Other Long-Term Liabilities	38.1	(430,142)	(379,257)
(24,477)	(24,477)	Long-Term Provisions	25.	(21,649)	(21,649)
(16,033)	0	Deferred Tax		(22,159)	0
(84,438)	(84,438)	Deferred Liability	42.	(77,981)	(76,965)
(51,098)	(51,098)	Other Long-Term Liabilities (Pensions)	27.5	(48,738)	(48,738)
(1,957,546)	(1,878,119)	Long-Term Liabilities		(2,076,804)	(2,002,744)
4,277,290	4,075,296	Net Assets		4,171,254	3,934,114
3,855,156	3,698,177	Unusable Reserves	27.	3,672,495	3,504,740
422,134	377,119	Usable Reserves	12.	498,758	429,373
4,277,290	4,075,296	Total Reserves		4,171,253	3,934,113

The unaudited financial statements were issued on 21 June 2024.

RICHARD LLOYD-BITHELL - CPFA
 Service Director: Finance and Procurement
 Date:

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council and Group during the reporting period. The statement shows how the Council and Group generate and use cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council and Group are funded by way of taxation and grant income or from the recipients of services provided by the Council and Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council and 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 Council and Group.

Re-stated					
Year to 31 March 2023				Year to 31 March 2024	
Group	Council			Group	Council
£000	£000		Notes	£000	£000
Operating Activities					
93,643	105,500	(Surplus) / Deficit on the Provision of Services		141,339	157,782
(681)	0	Adjustment to (Surplus) / Deficit for Taxation of Group entities		563	0
(363,740)	(337,601)	Adjustments to (Surplus) / Deficit on the Provision of Services for non-cash	29.	(396,675)	(370,577)
120,691	117,246	Adjustments for items included in the (Surplus) / Deficit on the Provision of Services that are investing or Financing	29.	140,677	128,688
<u>(150,087)</u>	<u>(114,855)</u>	Net cash flows from operating activities	28.	<u>(114,096)</u>	<u>(84,107)</u>
Investing Activities					
157,275	123,236	Net cash flows from investing activities	30.	214,614	196,943
Financing Activities					
<u>(8,144)</u>	<u>(3,438)</u>	Net cash flows from financing activities	31.	<u>(15,050)</u>	<u>(9,899)</u>
<u>(956)</u>	<u>4,943</u>	Net decrease / (increase) in cash and cash equivalents		<u>85,468</u>	<u>102,937</u>
<u></u>	<u>(144,579)</u>	Total Cash and cash equivalents at 1 April		<u>(184,586)</u>	<u>(139,636)</u>
<u>(184,586)</u>	<u>(139,636)</u>	Cash and cash equivalents at 31 March	21.	<u>(99,118)</u>	<u>(36,699)</u>
<u>(956)</u>	<u>4,943</u>	Net decrease / (increase) in cash and cash equivalents		<u>85,468</u>	<u>102,937</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The Annual Accounts summarise the authority's and the authority's group transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The authority is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that these accounts be prepared in accordance with proper accounting practices. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and supported by International Financial Reporting Standards (IFRS).

1.1 Material Items

Items of income and expenditure are material if individually or collectively they could influence the decisions or assessments of users of the financial statements, by omission, misstatement or obscuring of information. Materiality is an expression of the relative significance of a matter in the context of the annual accounts as a whole.

The principle of materiality does not, however, override the need for relevant statutory disclosures (such as those included within the remuneration report), even if the amounts concerned would otherwise fall below the materiality threshold. Similarly, the assessment of materiality also considers the nature of transactions, irrespective of amount, insofar as these might influence a user of the financial statements.

1.2 Recognition of Income and Expenditure

- The revenue and capital accounts have been prepared on an accruals basis in accordance with the Code. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Income from service recipients is recognised when the goods or services are transferred to the service recipient.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date the supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- 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 on the Balance Sheet.
- Provision has been made in the relevant accounts for bad and doubtful debts.
- Revenue from Council Tax and Non Domestic Rates is recognised when it is probable that the economic benefits will flow and the amount of revenue can be measured reliably. Revenue is measured at the full amount receivable (net of any bad debt provision) as they are non-contractual, non-exchange transactions.

1.3 Value Added Tax

Value added tax (VAT) is excluded from the financial statements unless it is non-recoverable from HM Revenue and Customs.

1.4 Overheads

The costs of support services are reported in accordance with the current management structure. Certain support service costs are recovered through direct charges during the year.

1.5 Going Concern

The Council's Statement of Accounts for 2023/24 has been prepared on a going concern basis. The concept of a going concern assumes that the Council's functions and services will continue in operational existence for the foreseeable future. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In accordance with the CIPFA Code of Local Government Accounting (2023/24), the Council is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.6 Events after the balance sheet date

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 the effect would have been material, disclosure is made in the notes of the nature of the event and its estimated financial effect.

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

1.7 Prior period adjustments, changes in accounting policies and estimates

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by proper accounting practice or to provide more reliable or relevant information on the Council's financial position. 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. Changes in accounting estimation techniques are applied in the current and future years and do not give rise to a prior period adjustment.

1.8 Public Private Partnership - School Buildings, Maintenance and Other Facilities

Public Private Partnership (PPP) contracts are agreements to receive services, where the responsibility for making available the non-current assets required to provide the services passes to the PPP contractor. As the Council is deemed to control the services that are provided under this scheme and as ownership of the schools and other facilities will pass to the Council at the end of the contracts for no additional charge, the Council carries the non-current assets used under the contracts on its Balance Sheet.

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

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

- fair value of the services received during the year - debited to services in the Comprehensive Income and Expenditure Statement.
- finance cost - an interest charge of 8.968% (PPP1 scheme), 5.895% (PPP2 scheme), 8.197% (James Gillespie's High School), 4.36% (Queensferry High School) and 6.84% (Millerhill Residual Waste Facility) on the outstanding balance sheet liability - debited to 'financing and investment income and expenditure' 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 'financing and investment income and expenditure' in the Comprehensive Income and Expenditure Statement.
- payment towards liability - applied to write down the value of the finance lease on the Balance Sheet.
- lifecycle replacement costs - recognised as non-current assets on the Balance Sheet.

Service Concession Agreements are accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. The Standard recognises that the Council is in control of services provided under the PPP scheme. As ownership of the long-term assets will pass to the Council at the end of the contract for no additional charge, the Council carries the assets on the Balance Sheet. With effect from 1 April 2023, IFRS 16 (Leases) also applies to service concession arrangements. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase balance sheet assets by £88.947m, with an equal increase in finance lease liabilities as at 31 March 2024.

1.9 Right of Use Assets

The Council adopted IFRS 16 (Leases) with effect from 1 April 2022, having elected not to take the option of further deferring implementation. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2022. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short-term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As noted under policy 1.8 above, with effect from 1 April 2023 IFRS16 also applies to Service Concession Agreements and recognition of the resultant remeasurement of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.10 Fair Value measurement - surplus assets and investment properties

Surplus assets, investment properties and relevant financial instruments are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In measuring the fair value, the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use is taken into account.

Appropriate valuation techniques have been applied, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as:

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

1.11 Property, Plant and Equipment

• Categories of Assets

Property, plant and equipment is categorised into the following classes:

Council dwellings	Other land and buildings
Surplus assets (assets that are surplus to requirements, but there are no clear plans to sell these at the current time)	Infrastructure assets, e.g. roads and footways
Assets under construction	Community assets, e.g. parks
Vehicles, plant, furniture and equipment	

• Recognition

Expenditure on the acquisition, creation or enhancement of non-current assets has been capitalised on an accruals basis. Expenditure lower than £10,000 on individual assets is charged to revenue.

Interest costs associated with qualifying assets are capitalised to better match costs to income streams, with an approved de minimis limit of £2m.

• Measurement

Infrastructure, community assets and assets under construction are initially measured at historic cost, comprising their purchase price and any costs attributable to bringing the assets into use for their intended purpose.

All other classes of property, plant and equipment are measured at fair value.

- Other land and buildings - fair value is the amount that would be paid for the assets in their existing use.
- Council dwellings - fair value is measured at existing use value - social housing.
- Vehicles, plant, furniture and equipment - fair value is the amount equivalent to depreciated historical cost for short life and/or low value assets. For assets with longer lives and/or high values, fair value is the amount that would be paid for the asset in its existing use or depreciated replacement cost for specialised /rarely sold assets where insufficient market-based evidence exists.
- Surplus assets - fair value is the price that would be paid for an asset in its highest and best use.

• Components

Component accounting is applied to all assets that comprise land and buildings. Land and buildings are treated as separate components of an asset and accounted for separately.

The building component of an asset is separated into further components primarily to those with a carrying value of over £5 million. This policy is also applied to buildings with a carrying value of less than £5 million where enhancement expenditure is considered significant in relation to the overall carrying value of the building component.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.11 Property, Plant and Equipment - continued

- **Depreciation**

Depreciation is provided on all property, plant and equipment, other than freehold land, community assets and assets under construction.

The Council depreciates its non-current assets in the year of acquisition. The Council operates a five-year rolling revaluation programme for assets and provides for depreciation on a straight line basis on the opening book value plus the cost of acquisitions and enhancements during the year over the remaining useful life of the asset. Thus the charge to the Comprehensive Income and Expenditure Statement for the year is impacted by changes in asset value during the year arising from enhancements but not revaluation.

Component accounting is applied as part of the revaluation process. As a result, where a building asset is split down into further components for the first time in year, the depreciation charge is based on the opening book value over the opening remaining useful life of the asset rather than subsequent component values and associated lives. The difference is not considered material.

- **Charges to Revenue for use of Non-Current Assets**

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- impairment losses attributable to the clear consumption of economic benefits on property, plant and equipment used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

The Council is not required to raise Council Tax to cover depreciation or impairment losses.

Depreciation and impairment losses are therefore a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account by way of an adjusting transaction with the capital adjustment account.

- **Revaluations**

Where assets are included in the Balance Sheet at fair value, revaluations are carried out at intervals of no more than five years. The Council operates a rolling programme for revaluations. The determination of fair value of land and buildings is undertaken by the Council's Operational Estate Manager. Changes in the market are monitored throughout the year and any property which has a material change during the year that impacts its value is revalued at the time of the change. This includes extensions, improvements, demolitions, new construction and property damage.

The Council has reviewed the potential for indexation of the Other Land and Buildings within our asset base and it was deemed by our senior surveyors and external advisors that in their professional judgement, an indexation of 3.3% should be applied to build cost components of Other Land and Buildings that are not revalued in the year, to reflect the conditions in the external market.

- **De-recognition**

An asset is de-recognised either on its disposal, or where no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from de-recognition of an asset is included in 'surplus or deficit on the provision of services' within the Comprehensive Income and Expenditure Statement when the asset is de-recognised.

The gain or loss on de-recognition of property, plant and equipment assets is a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account.

The Scottish Government issued a Statutory Override under section 12(2)(b) of the Local Government in Scotland Act 2003 to manage historic issues surrounding the derecognition of Infrastructure asset components, which had the potential for the gross cost of assets to be overstated, albeit that the Net Book Value was still materially correct. The Council has adopted the Statutory Overrides in full, but particularly relevant to derecognition is Override 2, which is detailed overleaf:-

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.11 Property, Plant and Equipment - continued

• De-recognition - continued

Statutory Override 2

For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

Where it is necessary to break a building down into further components, the following categories are applied:

- Structural - includes external and internal walls, traditional roofing, doors, etc.
- Non-traditional roofing - includes flat roof, non-traditional roof coverings and industrial type roofs.
- Finishes - includes doors, windows and room finishes.
- Mechanical and electrical services - includes water, heat, ventilation, electrical, lifts, fire and communications.
- Fittings and furnishings - includes fittings, furnishings and sanitary appliances.

1.12 Revenue Expenditure Funded from Capital Under Statute

Expenditure that may be capitalised under statutory provisions that does not result in the creation of assets for the Council has been charged to the 'cost of services' in the Comprehensive Income and Expenditure Statement.

These costs are a reconciling item in the Movement in Reserves Statement for the General Fund by way of an adjusting transaction with the capital adjustment account.

1.13 Group Account Consolidation

The group has reviewed its investments in other entities and has determined to consolidate the City of Edinburgh Council Charitable Trusts and Funds into the Group accounts with effect from 1 April 2022.

Group accounts have been prepared on the following basis:

- Accounting policies for group members have been aligned unless highlighted below.
- The following methods of consolidation have been used:
 - Subsidiaries - line-by-line basis;
 - Associates and Joint Ventures - equity method.
- Transport for Edinburgh Limited's, CEC Holdings Limited's and Edinburgh Living MMR LLP's reporting periods are to 31 December. As this is within three months of the Council's reporting period (to 31 March) a review was undertaken to establish the potential impact of the different reporting periods on the financial position of the companies. An adjustment has been made for the B Shares issue of Transport for Edinburgh, as a result of this review, but no other consolidation adjustments have been assessed as being required.
- Edinburgh Living MMR LLP accounts for government grants for acquisition of properties on a deferred income basis, which is not aligned to the Council's income recognition policy requirements. Adjustments have been made for this on consolidation.
- Inter-company transactions have been eliminated on consolidation.
- Group members' financial statements have been prepared on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting Standards that have been 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 2024/25 Code:

The Code requires implementation from 1 April 2024 and there is therefore no impact on the 2023/24 financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS1)
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

3. Judgements Made in Applying Accounting Policies

In applying the accounting policies set out in Note 1 and elsewhere in the notes to the Financial Statements, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The most significant judgements made in these Financial Statements are detailed below:

3.1 Provision of School Buildings and Waste Facility

The Council has entered into Public Private Partnership (PPP) and Design, Build, Finance and Maintain (DBFM) agreements for provision of school buildings and waste facilities. For each of these contracts the Council has considered the tests under IFRIC12 and concluded these to be service concessions.

The Council is deemed to control the services provided under the Public Private Partnership agreements (PPP1 and PPP2) and the Design, Build, Finance and Maintain (DBFM) for James Gillespie's High School (JGHS) and Queensferry High School (QHS), for the provision of school buildings, maintenance and other facilities with Edinburgh Schools Partnership (PPP1), Axiom Education Limited (PPP2), Hub South East Scotland (JGHS) and QHS DBFMCO Ltd (QHS).

The Council is deemed to control 80% of the services provided under the DBFM for Millerhill Residual Waste Facility (20% controlled by Midlothian Council).

The accounting policies for public private partnerships have been applied to these arrangements and the schools and waste facility (valued at net book value of £775.879m and £115.939m respectively at 31 March 2024) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.

3.2 Group Membership

The Council has an interest in a number of subsidiary and associate companies and trusts. The most significant of these companies in terms of the size of trading operations, shareholding and board representation and other factors have been assessed and where deemed material to the Council, are included in the Group Accounts. Full details of these interests are shown in note 9 to the Financial Statements.

3.3 Materiality

The assessment of materiality is based on 1% of gross expenditure, at net cost of services level, as this is considered to be the principal consideration for users when assessing the Group and Council's performance. The materiality assessment is set out in the table below.

Specific levels of materiality are considered appropriate for the Housing Revenue Account. The Housing Revenue Account has been assessed on 1% of gross expenditure.

Group	Council	HRA
£m	£m	£m
28.642	26.533	2.415

3.4 Agency Arrangements

The Council is in receipt of funding which it administers on behalf of other bodies. The Council has assessed the nature of these transactions to determine if it is acting as a Principal or Agent in the process. Under the Code an Agent is acting as an intermediary, whereas a Principal is acting on its own behalf. Details of those arrangements which have been assessed as agency are disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

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 the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The following table details uncertainties on assumptions and estimates, and outlines the potential effect if actual results differ from the assumptions made.

Item	Uncertainty	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. A reduction in spending on repairs and maintenance would bring into doubt the useful lives assigned to the assets. The Council has used data available on repairs and maintenance to improve the identification of impairments as part of the valuation process. A formal procedure has been put in place in accordance with that procedure and included within the Checklist for Asset Valuation Process. The valuation process also includes a material changes spreadsheet which includes both impairments from unexpected events, the scrutiny of the repairs and maintenance data and the condition score data, as well as changes from capital expenditure on assets, demolitions, etc. No estimations and assumptions about the estimated cost of dismantling, removing or restoring items of property, plant and equipment have been included in the Capital Expenditure in the Accounts. The Council has reviewed the potential for indexation of the Other, Land and Buildings within our asset base and it was deemed by our senior surveyors and external advisors that in their professional judgement, an indexation of 3.3% should be applied to build cost components of Other Land and Buildings that are not revalued in the year, to reflect the conditions in the external market. Council dwellings are valued using the Beacon Method under which the values of groups of similar properties are calculated by assessing the capital value of one of them (a beacon) then extrapolating the value across the rest of the group. The beacon discount factor is determined by comparing levels of private rent with social rent for each beacon property and calculating the average to apply across the whole portfolio to take account of the difference between private stock (the source of the comparable sales data) and social rented stock. This methodology takes account of regional variations in capital values, stock condition, rent arrears and voids. The discount factor applied in the 2023-24 revaluations is 71.8%, reflecting the application of 28.2% multiplier to the market value (38% previously).	<p>If the useful life of assets is reduced, depreciation increases and the carrying value of the assets falls.</p> <p>It is estimated that the annual depreciation charge would increase and the carrying value would fall by £2.978m for each year that useful lives were reduced.</p>				
	Per Accounting Policy 1.11, the building component of an asset is separated into further components primarily to those with a carrying value of over £5 million. This policy is also applied to buildings with a carrying value of less than £5 million where enhancement expenditure is considered significant in relation to the overall carrying value of the building component.	<p>If the discount factor is increased by 1%, this would lead to a corresponding reduction in the total value of council dwellings of £31.395m.</p>				
	In any given financial year, we also calculate useful lives for each property we revalue. This is used as the basis for the useful life of the building component.	<p>If the assumption of £5m building carrying value increased to £10m then the number of assets included would decrease from 130 to 61.</p>				
The Council uses the table below as the basis for its standard apportionments of components;						
Standard Apportionments						
Type	B - Structural	D - Finishes	F - Fittings	R - Non-Traditional Roof	S - Services	This table and the relevant splits will be reviewed annually by the valuer.
High School	38%	17%	3%	6%	36%	
Primary School	38%	17%	3%	6%	36%	
Care Home	36%	19%	4%	3%	38%	
Sport Centre	39%	17%	4%	6%	34%	
Waverley Court	43%	16%	2%	3%	36%	
City Chambers	46%	16%	2%	0%	36%	
Offices, Galleries and Other	44%	16%	2%	2%	36%	
Millerhill Residual Waste	38%	16%	4%	5%	37%	
Est. Useful Life	Various	25 Years	15 Years	35 Years	20 Years	

NOTES TO THE FINANCIAL STATEMENTS

4. Assumptions Made About the Future and Other Major Sources of Estimation

Uncertainty - continued

Pensions Liability	<p>Estimation of the net asset / liability 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 interim solution to avoid inequalities between men and women's benefits following the introduction of the Single Status Pension in 2016 has resulted in a recalculation of pension liabilities related to the estimated impact of Guaranteed minimum pension (GMP) indexation changes.</p> <p>Accounting Standards impose a limit on the maximum amount of pension surplus recognised on the Balance Sheet Note 41 provides further information</p> <p>A further ruling on GMP has been made, in relation to historic transfers.</p> <p>Legislation requires the Local Government Pension Scheme (LGPS) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. The costs management process has been paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) were age discriminatory. These cases could have knock on implications for the LGPS (potentially increasing the liabilities).</p> <p>The Goodwin case judgement, in respect of deemed discrimination in spousal transfer on death of a member, may also result in the potential increasing of the pension liabilities.</p> <p>The Walker and O'Brien cases, may impact LGPS benefits in the future, in respect of retrospective discrimination in spousal transfer of benefits for same sex couples.</p>	<p>The effects on the net pensions asset / liability of changes in individual assumptions can be measured.</p> <p>Note 41.6 provides further information on the Council's pension asset / liability.</p> <p>The increased liability has been reflected in the pension liability as a past service cost.</p> <p>The Council's actuary has provided a basis of restriction calculation.</p> <p>The Council's actuary has not included any allowance for this as they deem it unlikely to have a significant impact on the pension obligations of a typical Employer.</p> <p>The Council's actuary has included an estimate within the pension asset / liability as a past service cost.</p> <p>The Council's actuary has not included an estimate of the impact of the Goodwin case in the valuation due to the uncertainty of the final outcome. The estimated impact on the Employer's future obligations may be around 0.1% higher.</p> <p>The Council's actuary has not included an estimated of the impact of these cases as they are unlikely to result in a significant impact on the pension obligations.</p>
Arrears	<p>At 31 March, the Council had a balance of sundry debtors of £27.466m. A review of significant balances suggested that an impairment of doubtful debts of £4.562m (16.6%) was appropriate. In the current economic climate it is not certain that this will be sufficient.</p>	<p>If collection rates were to deteriorate, a 5% increase in the rate of the impairment of doubtful debts would require an additional £1.373m to be set aside as an allowance.</p>
House Rent Arrears	<p>At 31 March, the Council had a balance of housing rent arrears of £13.689m. A review of significant balances suggested that an impairment of doubtful debts of £11.855m (86.6%) was appropriate. In the current economic climate it is not certain that this will be sufficient.</p>	<p>There is a relatively high level of arrears and the impairment set aside should help protect against potential loss of income to the Council arising from welfare reforms such as Universal Credit and the reduction in the benefits cap which will potentially impact on the level of rent arrears.</p>

This list does not include assets and liabilities that are carried at fair value based on recently observed market prices.

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the authority (i.e. government and other grants, rents, fees and charges, Council Tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis 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 on Page 25.

2023/24	Net Expend. Chargeable to the General Fund and HRA Balances £000	Adjustments £000	Net Expenditure in the CIES £000
Children, Education and Justice Services Place	481,227	2,874	484,101
Housing Revenue Account	292,341	174,457	466,798
Health and Social Care	0	124,336	124,336
Corporate Services	317,547	(1,500)	316,047
Lothian Valuation Joint Board	88,290	1,535	89,825
	3,774	0	3,774
Cost of Services	1,183,179	301,702	1,484,881
Other income and expenditure			
Net cost of benefits	(689)	0	(689)
Other non-service specific costs	26,368	(24,497)	1,871
Net income and changes in relation to investment properties and changes in their fair value	0	(5,457)	(5,457)
Interest and investment income	(22,892)	(2,137)	(25,029)
Interest payable and similar charges (<i>loan charges in management reporting</i>)	100,212	(1,903)	98,309
Net pension interest income	0	(377)	(377)
Gains on disposal of assets	0	(3,943)	(3,943)
Gains on derecognition or revaluation of financial assets	0	(4)	(4)
Contribution from Capital Fund	(13,747)	13,747	0
Contribution from General Fund	(22,533)	22,533	0
Income from Council Tax	(322,784)	0	(322,784)
Government Grants	(552,075)	0	(552,075)
Distribution from NDR1 pool	(377,317)	0	(377,317)
Movement in donated assets	0	(10,916)	(10,916)
Capital grants and contributions	0	(128,688)	(128,688)
(Surplus) / Deficit on the provision of services	(2,278)	160,060	157,782
Opening General Fund and HRA Balance	266,306		
Contributions to / (from) reserves, including those within services (<i>see notes 12.1 and 12.3 for detail</i>)	84,654		
Surplus on the provision of services	2,278		
Closing General Fund and HRA Balance at 31 March	353,238		

For a split of the balance between the General Fund and the HRA, see the Movement in Reserves Statement on page 22.

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued Re-stated

2022/23 Comparative Data	Net Expend. Chargeable to the General Fund and HRA		Net Expenditure in the CIES
	Balances £000	Adjustments £000	
Children, Education and Justice Services	450,841	(4,437)	446,404
Place	275,366	183,148	458,514
Housing Revenue Account	0	11,867	11,867
Health and Social Care	286,571	12,864	299,435
Corporate Services	89,684	12,925	102,609
Lothian Valuation Joint Board	3,817	0	3,817
Cost of Services	1,106,279	216,367	1,322,646
Other income and expenditure			
Net cost of benefits	(117)	0	(117)
Other non-service specific costs	18,027	(3,711)	14,316
Net income and changes in relation to investment properties and changes in their fair value	0	(3,460)	(3,460)
Interest and investment income	(8,210)	(1,813)	(10,023)
Interest payable and similar charges (<i>loan charges in management reporting</i>)	85,066	(5,476)	79,590
Net pension interest cost	0	6,449	6,449
Gains on disposal of assets	0	(1,527)	(1,527)
Gains on derecognition or revaluation of financial assets	0	(120)	(120)
Contribution from Capital Fund	(8,759)	8,759	0
Contribution from General Fund	(20,715)	20,715	0
Income from Council tax	(307,480)	0	(307,480)
Government Grants	(627,905)	0	(627,905)
Distribution from NDRI pool	(249,861)	0	(249,861)
Movement in donated assets	0	239	239
Capital grants and contributions	0	(117,247)	(117,247)
(Surplus) / Deficit on the provision of services	(13,675)	119,175	105,500
Opening General Fund and HRA Balance	257,205		
Contributions to / (from) reserves, including those within services (<i>see notes 12.1 and 12.3 for detail</i>)	(4,574)		
Deficit on the provision of services	13,675		
Closing General Fund and HRA Balance at 31 March	266,306		

For a split of the balance between the General Fund and the HRA, see the Movement in Reserves Statement on page 23.

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council

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

Statement amounts

2023/24	Adjusts. For Capital Purposes £000	Net Change for Pensions Adjusts. £000	Other Differences £000	Total Statutory Adjusts. £000
Children, Education and Justice Services Place	1,696	(2,557)	1,796	935
Housing Revenue Account	207,871	(2,678)	(259)	204,934
Health and Social Care	117,878	(447)	(1,093)	116,338
Corporate Services	443	(1,370)	(133)	(1,060)
	(1,350)	(986)	(108)	(2,444)
Cost of Services	326,538	(8,038)	203	318,703
Other income and expenditure				
Net cost of benefits	0	0	0	0
Other non-service specific costs	14,882	(3,833)	(19,332)	(8,283)
Net income and changes in relation to investment properties and changes in their fair value	0	0	(3,336)	(3,336)
Interest and investment income	(1,317)	0	0	(1,317)
Interest payable and similar charges	(31,797)	0	(2,622)	(34,419)
Net pension interest income	0	(377)	0	(377)
Gains on disposal of assets	(3,943)	0	0	(3,943)
Gains on derecognition or revaluation of financial assets	0	0	0	0
Capital grants and contributions	(128,688)	0	0	(128,688)
Income from donated assets	(10,916)	0	0	(10,916)
Total Adjustments	164,759	(12,248)	(25,087)	127,424

Notes -

Adjustments for capital purposes include the replacement of depreciation and impairment costs with repayment of borrowing to the Loans Fund.

Net changes for pensions adjustment relate to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.

Other differences include reversal of the value of entitlement to accrued leave, the revaluation of investment properties and the timing differences for premiums and discounts associated with borrowing within the Loans Fund.

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued

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

2023/24	Total Statutory Adjusts. b/fwd £000	Presentation Adjusts. £000	Use of Reserves £000	Total Adjusts. £000
Children, Education and Justice Services Place	935	(16)	1,955	2,874
Housing Revenue Account	204,934	(18,307)	(12,170)	174,457
Health and Social Care	116,338	0	7,998	124,336
Corporate Services	(1,060)	(440)	0	(1,500)
	(2,444)	0	3,979	1,535
Cost of Services	318,703	(18,763)	1,762	301,702
Other income and expenditure				
Net cost of benefits	0	0	0	0
Other non-service specific costs	(8,283)	(11,444)	(4,770)	(24,497)
Net income and changes in relation to investment properties and changes in their fair value	(3,336)	(2,121)	0	(5,457)
Interest and investment income	(1,317)	(184)	(636)	(2,137)
Interest payable and similar charges	(34,419)	32,516	0	(1,903)
Net pension interest income	(377)	0	0	(377)
Gains on disposal of assets	(3,943)	0	0	(3,943)
Gains on derecognition or revaluation of financial assets	0	(4)	0	(4)
Use of reserves	0	0	36,280	36,280
Capital grants and contributions	(128,688)	0	0	(128,688)
Income from donated assets	(10,916)	0	0	(10,916)
Total Adjustments	127,424	0	32,636	160,060

Notes -

Presentational adjustments relate primarily to the presentation of interest payments on finance leases (including PPP schemes), internal recharges and income and expenditure on investment properties for decision making purposes.

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued

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

2022/23 Comparative Data	Adjusts. For Capital Purposes £000	Net Change for Pensions Adjusts. £000	Other Differences £000	Total Statutory Adjusts. £000
Children, Education and Justice Services Place	1,390	25,598	519	27,507
Housing Revenue Account	172,385	25,832	(143)	198,074
Health and Social Care	(8,080)	2,149	(973)	(6,904)
Corporate Services	151	13,315	(182)	13,284
	905	9,618	(116)	10,407
Cost of Services	166,751	76,512	(895)	242,368
Other income and expenditure				
Net cost of benefits	0	0	0	0
Other non-service specific costs	17,503	(5,043)	(17,085)	(4,625)
Net income and changes in relation to investment properties and changes in their fair value	0	0	(1,536)	(1,536)
Interest and investment income	(921)	0	0	(921)
Interest payable and similar charges	(28,101)	0	(2,232)	(30,333)
Net pension interest cost	0	6,449	0	6,449
Gains on disposal of assets	(1,527)	0	0	(1,527)
Gains on derecognition or revaluation of financial assets	0	0	0	0
Capital grants and contributions	(117,247)	0	0	(117,247)
Income from donated assets	239	0	0	239
Total Adjustments	36,697	77,918	(21,748)	92,867

Notes -

Adjustments for capital purposes include the replacement of depreciation and impairment costs with repayment of borrowing to the Loans Fund.

Net changes for pensions adjustment relates to the adjustment made for the removal of IAS19 Employee Benefits pension related expenditure and income with the pension contributions.

Other differences include reversal of the value of entitlement to accrued leave, the revaluation of investment properties and the timing differences for premiums and discounts associated with borrowing within the Loans Fund.

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued

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

Re-stated

	Total Statutory Adjusts. b/fwd £000	Presentation Adjusts. £000	Use of Reserves £000	Total Adjusts. £000
2022/23 Comparative Data				
Children, Education and Justice Services Place	27,507	(64)	(31,880)	(4,437)
Housing Revenue Account	198,074	(17,612)	2,686	183,148
Health and Social Care	(6,904)	0	18,771	11,867
Corporate Services	13,284	(420)	0	12,864
	10,407	0	2,518	12,925
Cost of Services	242,368	(18,096)	(7,905)	216,367
Other income and expenditure				
Net cost of benefits	0	0	0	0
Other non-service specific costs	(4,625)	(4,643)	5,557	(3,711)
Net income and changes in relation to investment properties and changes in their fair value	(1,536)	(1,924)	0	(3,460)
Interest and investment income	(921)	(74)	(818)	(1,813)
Interest payable and similar charges	(30,333)	24,857	0	(5,476)
Net pension interest cost	6,449	0	0	6,449
Gains on disposal of assets	(1,527)	0	0	(1,527)
Gains on derecognition or revaluation of financial assets	0	(120)	0	(120)
Use of reserves	0	0	29,474	29,474
Capital grants and contributions	(117,247)	0	0	(117,247)
Income from donated assets	239	0	0	239
Total Adjustments	92,867	0	26,308	119,175

Notes -

Presentational adjustments relate primarily to the presentation of interest payments on finance leases (*including PPP schemes*), trading operations, internal recharges and income and expenditure on investment properties for decision making purposes.

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council

5.2 Segmental Analysis of Expenditure and Income included in Expenditure and Funding Analysis. Segments aligned to departmental management reporting structures and group bodies.

2023/24	Children, Education and Justice Services		Housing Revenue Account	Health and Social Care
	£000	Place £000	£000	£000
Employee expenses	426,514	174,496	12,419	101,486
Other service expenses	152,803	478,615	62,283	335,876
Support service recharges	0	3,841	8,714	0
Interest payments	16	20,608	17,448	0
Debt repayments (<i>HRA only</i>)	0	0	26,872	0
Total Expenditure	579,333	677,560	127,736	437,362
Income				
Revenues from external customers	(4,352)	(277,615)	(109,319)	(27,265)
Income from recharges for services	(5)	(9,213)	(614)	0
Government grants and other contribs.	(93,749)	(98,391)	(16,486)	(92,550)
Interest and investment income	0	0	(1,317)	0
Total Income	(98,106)	(385,219)	(127,736)	(119,815)
Cost of Services	481,227	292,341	0	317,547

Expenditure	Lothian Corporate Services		Lothian Valuation Joint Board	Council Total
	£000	£000	£000	£000
Employee expenses	68,675	0	0	783,590
Other service expenses	50,954	3,774	0	1,084,305
Support service recharges	(1,009)	0	0	11,546
Interest payments	0	0	0	38,072
Debt repayments (<i>HRA only</i>)	0	0	0	26,872
Total Expenditure	118,620	3,774	0	1,944,385
Income				
Revenues from external customers	(5,022)	0	0	(423,573)
Income from recharges for services	(12,230)	0	0	(22,062)
Government grants and other contribs.	(13,078)	0	0	(314,254)
Interest and investment income	0	0	0	(1,317)
Total Income	(30,330)	0	0	(761,206)
Cost of Services	88,290	3,774	0	1,183,179

Expenditure	Associates and Subsidiaries Joint Ventures		Group Total
	£000	£000	£000
Employee expenses	113,353	0	896,943
Other service expenses	116,597	0	1,200,902
Support service recharges	0	0	11,546
Depreciation, amortisation and impairment	(19,020)	0	(19,020)
Interest payments	0	0	38,072
Debt repayments (<i>HRA only</i>)	0	0	26,872
Net expend from Associates and Joint Ventures	0	8,659	8,659
Total Expenditure	210,930	8,659	2,163,974
Income			
Revenues from external customers	(278,698)	0	(702,271)
Income from recharges for services	0	0	(22,062)
Government grants and other contribs.	59,649	0	(254,605)
Interest and investment income	0	0	(1,317)
Net income from Associates and Joint Ventures	0	(1,794)	(1,794)
Total Income	(219,049)	(1,794)	(982,049)
Cost of Services	(8,119)	6,865	1,181,925

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued

5.2 Segmental Analysis of Expenditure and Income included in Expenditure and Funding Analysis
Segments aligned to departmental management reporting structures and group bodies.

2022/23 Comparative Data	Children, Education and Justice		Housing Revenue	Health and Social Care
	Services £000	Place £000	Account £000	£000
Employee expenses	395,324	157,681	14,319	91,231
Other service expenses	192,191	436,717	49,326	317,203
Support service recharges	0	2,510	9,392	0
Interest payments	64	19,611	17,957	0
Debt repayments (<i>HRA only</i>)	0	0	40,403	0
Total Expenditure	587,579	616,519	131,397	408,434
Income				
Revenues from external customers	(3,661)	(229,870)	(103,904)	(20,579)
Income from recharges for services	0	(8,351)	(526)	0
Government grants and other contribs.	(133,077)	(102,932)	(26,046)	(101,284)
Interest and investment income	0	0	(921)	0
Total Income	(136,738)	(341,153)	(131,397)	(121,863)
Cost of Services	450,841	275,366	0	286,571
Lothian				
	Corporate Services	Valuation Joint Board	Council Total	
	£000	£000	£000	
Employee expenses	63,530	0	722,085	
Other service expenses	61,671	3,817	1,060,925	
Support service recharges	(917)	0	10,985	
Interest payments	0	0	37,632	
Debt repayments (<i>HRA only</i>)	0	0	40,403	
Total Expenditure	124,284	3,817	1,872,030	
Income				
Revenues from external customers	(4,669)	0	(362,683)	
Income from recharges for services	(12,066)	0	(20,943)	
Government grants and other contribs.	(17,865)	0	(381,204)	
Interest and investment income	0	0	(921)	
Total Income	(34,600)	0	(765,751)	
Cost of Services	89,684	3,817	1,106,279	
Associates and Joint				
	Subsidiaries	Ventures	Group Total	
	£000	£000	£000	
Employee expenses	99,908	0	821,993	
Other service expenses	122,802	0	1,183,727	
Support service recharges	0	0	10,985	
Depreciation, amortisation and impairment	(21,370)	0	(21,370)	
Interest payments	0	0	37,632	
Debt repayments (<i>HRA only</i>)	0	0	40,403	
Net expend from Associates and Joint Ventures	0	30,351	30,351	
Total Expenditure	201,340	30,351	2,103,721	
Income				
Revenues from external customers	(250,524)	0	(613,207)	
Income from recharges for services	0	0	(20,943)	
Government grants and other contribs.	44,964	0	(336,240)	
Interest and investment income	0	0	(921)	
Net income from Associates and Joint Ventures	0	(680)	(680)	
Total Income	(205,560)	(680)	(971,991)	
Cost of Services	(4,220)	29,671	1,131,730	

NOTES TO THE FINANCIAL STATEMENTS

6. Expenditure and Income Analysed by Nature Group

6.1 The authority's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows:

	2023/24	Re-stated 2022/23
	£000	£000
Expenditure		
Employee expenses	891,893	894,577
Other service expenses	117,160	367,189
Premises	142,263	108,172
Transport	49,113	46,125
Supplies and Services	114,550	123,561
Third Party Payments	711,256	682,518
Transfer Payments	180,480	175,166
Support service recharges	12,555	10,985
Depreciation, amortisation and impairment	380,891	235,070
Interest payments	118,614	197,062
Net Interest in the (profit) / loss of associates and joint ventures	6,865	29,671
Total Expenditure	<u>2,725,640</u>	<u>2,870,096</u>
Income		
Fees, charges and other service income	(836,483)	(1,014,410)
Gain on the disposal of assets	(4,278)	(1,718)
(Gain) / Loss on revaluation of financial instruments	(5)	0
(Gain) / Loss on revaluation of investment properties	(9,900)	(10,015)
Movement on donated assets	(10,916)	238
Interest and investment income	(50,934)	(119,472)
Income from Council Tax and Non-Domestic Rates	(700,102)	(557,341)
Government grants and other contributions	(835,567)	(927,498)
Recognised capital income	(128,688)	(117,247)
Total Income	<u>(2,576,873)</u>	<u>(2,747,463)</u>
Group (Surplus) / Deficit	<u>148,767</u>	<u>122,633</u>

Council

6.2 The authority's expenditure and income, as set out within the Comprehensive Income and Expenditure Statement is analysed as follows

	2023/24	Re-stated 2022/23
	£000	£000
Expenditure		
Employee expenses	778,540	796,015
Premises	142,263	108,172
Transport	49,113	46,125
Supplies and Services	114,550	123,561
Third Party Payments	711,256	682,518
Transfer Payments	180,480	175,166
Support service recharges	12,555	11,902
Depreciation, amortisation and impairment	399,911	256,440
Interest payments	97,949	86,039
Total Expenditure	<u>2,486,617</u>	<u>2,285,938</u>
Income		
Fees, charges and other service income	(561,785)	(476,511)
(Gain) / Loss on the disposal of assets	(3,943)	(1,526)
(Gain) / Loss on revaluation of financial instruments	(4)	(120)
(Gain) / Loss on revaluation of investment properties	(3,336)	(1,535)
Interest and investment income	(24,845)	(9,949)
Income from Council Tax and Non-Domestic Rates	(700,102)	(557,341)
Government grants and other contributions	(895,216)	(1,016,447)
Recognised capital income	(128,688)	(117,247)
Donated asset income	(10,916)	238
Total Income	<u>(2,328,835)</u>	<u>(2,180,438)</u>
(Surplus) / Deficit on the Provision of Services	<u>157,782</u>	<u>105,500</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Material Items of Income and Expense

The Council has elected to implement the temporary financial flexibility to recognise the principal repayments for service concession arrangements over the asset life rather than contractual terms, resulting in the transfer of £101.8m from the Capital Adjustment Account to Usable Reserves (See Note 12). £19m of these monies were drawn down as part of the funding arrangements to meet revenue expenditure in year.

8. Events After the Balance Sheet Date

Andrew Kerr retired from the Council on 14 June 2024 and was replaced by Paul Lawrence as Chief Executive on 17 June 2024.

9. Subsidiaries and Associates

The Council holds shares in various trading companies, either as a controlling or minority shareholder.

The Council is also represented on the Boards of various companies that are limited by guarantee and have no share capital. It participates in these companies by means of Board membership and the provision of funding and management support.

The following entities have a significant impact on the Council's operations and have been consolidated into the Group Accounts:

Subsidiaries:	Shareholding	
• CEC Holdings Limited	100.00%	
• Transport for Edinburgh Limited	100.00%	
• Edinburgh Living MMR LLP	99.999%	
• City of Edinburgh Charitable Trusts	Sole Trustee	
Associates:	Interest	
• Edinburgh Leisure	33.33%	Board representation
• Capital Theatres	16.67%	Board representation
• Lothian Valuation Joint Board	61.24%	Funding percentage
• Common Good	100.00%	
Joint Venture	Interest	
• Edinburgh Integration Joint Board	50.00%	Board representation

The following companies are not consolidated into the Group Accounts. An assessment has been carried out on these companies, their activities and the level of Council control. These companies are not considered to be a material part of the Group and have therefore been excluded from the Group Accounts:

	Shareholding	
• Capital City Partnership Limited	100.00%	
• CEC Recovery Limited (formerly tie Limited)	100.00%	
• Marketing Edinburgh Limited	100.00%	(dissolved 25.04.23)
• Energy for Edinburgh Limited	100.00%	
• Edinburgh Living MR LLP	99.00%	(dormant to 31.12.23)
• Telford NHT LLP	> 75% controlling interest	

In January 2019 the Council bought out the developer's share in Telford NHT LLP and held majority control of this associate during the financial year, in conjunction with the Scottish Futures Trust. The properties held were sold on 4 May 2021, however the controlling interest has been retained.

Winding up of the NHT by a Members voluntary liquidation, commenced on 22 September 2023.

LFPE Limited and LPFI Limited are consolidated in the annual accounts of Lothian Pension Fund.

The accounts of the subsidiary bodies may be accessed, as they become available, through [the Council's website](#).

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.1 Analysis of Minority Interest Shares in the Group Comprehensive Income and Expenditure Statement

Attributable shares of income and expenditure	Authority	Minority Interest	Total
2023/24	£000	£000	£000
(Surplus) or Deficit on the Provision of Services	150,803	(2,036)	148,767
Other Comprehensive Income and Expenditure	(54,197)	(7)	(54,204)
	<u>96,606</u>	<u>(2,043)</u>	<u>94,563</u>
2022/23	£000	£000	£000
(Surplus) or Deficit on the Provision of Services	122,159	474	122,633
Other Comprehensive Income and Expenditure	(676,358)	3,266	(673,092)
	<u>(554,199)</u>	<u>3,740</u>	<u>(550,459)</u>

9.2 Subsidiary Companies

- **C.E.C. Holdings Limited**

The principal activities of the company are property development and the operation of an international conference centre. The company is wholly owned by the City of Edinburgh Council.

	31.12.23	Restated 31.12.22
	£000	£000
The most recent unaudited results of the company are as follows:		
Net assets	13,537	13,217
Net (profit) / loss before taxation	(1,162)	1,763
Retained loss carried forward	(55,881)	(57,097)

The Council inherited its interest in CEC Holdings Limited following the local government reorganisation in 1996. It is considered that this was on an acquisition basis, however, as no consideration was given for these interests, there was no goodwill involved in these transactions.

- **Transport for Edinburgh Limited**

The principal activities of the company are as a holding company for the City of Edinburgh Council's interest in public transport companies; Lothian Buses Limited and Edinburgh Trams Limited. The company is wholly owned by the City of Edinburgh Council.

The Council's major shareholding in Lothian Buses of 5,824,139 (91.01%) £1 ordinary shares (fully paid) was transferred to Transport for Edinburgh Limited in 2014.

The Council inherited its interest in Lothian Buses Limited, following the reorganisation of local government in 1996. It is considered that this was on an acquisition basis, however, as no consideration was given for these interests, there was no goodwill involved in these transactions.

Edinburgh Trams Limited commenced a fare paying revenue service on 31 May 2014.

The most recent audited results of the company are as follows:

	31.12.23	31.12.22
	£000	£000
Transport for Edinburgh Limited (Consolidated Group)		
Net assets	150,803	123,710
Net (profit) / loss before taxation	(4,739)	7,180
Retained earnings	3,496	(12,320)
Dividend paid in March 2024 and March 2023	2,912	0

A copy of the latest accounts can be obtained by writing to the Finance Director, Lothian Buses Limited, Annandale Street, Edinburgh, EH7 4AZ.

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.2 Subsidiary Companies - continued

- **Edinburgh Living MMR LLP**

The limited liability partnership (LLP) members are the City of Edinburgh Council and Scottish Futures Trust (SFT). The principal activities of the partnership are to acquire and manage homes for mid-market rent.

The most recent unaudited results of the partnership are as follows:	31.12.23	31.12.22
	£000	£000
Net assets	103,237	87,379
Net profit before taxation (including revaluation gains)	(8,347)	(9,777)
Retained profit carried forward	(4,237)	(2,454)

- **The City of Edinburgh Charitable Trusts and Funds**

The City of Edinburgh Council acts as sole Trustee for the charitable trusts and funds. The charities that the Council administers are constituted in a variety of different ways. Details of how each charity was originally established are available from the Council.

The most recent unaudited results of the trusts are as follows:	31.03.24	Restated 31.03.23
	£000	£000
Net assets	25,637	25,331
Net (profit) / loss before taxation	(286)	63

9.3 Associates

- **Edinburgh Leisure**

This is a non-profit-distributing company limited by guarantee and registered as a Charity. Each member has undertaken to contribute an amount not exceeding £1 towards any deficit arising in the event of the company being wound up.

The principal activity of the company is the provision of recreation and leisure facilities.

The City of Edinburgh Council is represented on the company's Board of Directors and contributes a substantial sum to the company towards the cost of operating sport and leisure facilities.

The City of Edinburgh Council leases its sport and leisure centres to the company.

The most recent unaudited results of the company are as follows:	31.03.24	31.03.23
	£000	£000
Net assets	10,928	11,089
Net operating loss	161	2,073
Earnings carried forward	10,928	11,089

Although Edinburgh Leisure is included in the Group Accounts, as the nature of its activities is a core part of Council policy, the Council has no legal interest in the assets or liabilities of the company.

- **Capital Theatres**

This is a non-profit-distributing company limited by guarantee and registered as a Charity.

The City of Edinburgh Council is represented on the trust's board of directors and gives substantial financial assistance. The City of Edinburgh Council leases the King's Theatre and the Festival Theatre to the trust.

The most recent unaudited results of the company are as follows:	31.03.24	31.03.23
	£000	£000
Net assets	22,311	11,550
Net operational profit	(10,768)	(3,543)
Fund balances carried forward	22,311	11,550

Although Capital Theatres is included in the Group Accounts, due to its activities being a core part of Council policy, the Council has no legal interest in the assets or liabilities of the company.

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.3 Associates - continued

- **Lothian Valuation Joint Board**

The Lothian Valuation Joint Board provides Valuation Appeals, Lands Valuation, Electoral Registration and Council Tax Valuation Services.

The Board comprises 16 members of whom nine are elected by the City of Edinburgh, three by West Lothian and two each by East and Midlothian Councils. Costs incurred by the Lothian Valuation Joint Board are apportioned in accordance with the non-domestic rateable subjects and dwellings valued for Council Tax within the areas of each constituent authority.

The most recent unaudited results of the Board are as follows:	31.03.24	31.03.23
	£000	£000
Deficit for the year	727	974
Net Assets	23,590	1,370
Usable reserves	772	1,295
Unusable reserves	22,818	75
Total reserves	<u>23,590</u>	<u>1,370</u>

9.4 Joint Ventures

- **Edinburgh Integration Joint Board**

The Edinburgh Integration Joint Board (EIJB) was established by order of Scottish Ministers on 27 June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014.

The Board comprises 10 voting members, made up of five elected members appointed by the City of Edinburgh Council and five NHS non-executive directors appointed by NHS Lothian, along with a number of non voting members.

The most recent unaudited results of the Board are as follows:	31.03.24	31.03.23
	£000	£000
Gross expenditure	977,599	923,269
(Surplus) / Deficit for the year	16,013	58,126
Usable reserves	8,020	24,033

The expenditure incurred by the EIJB is covered in full by income received from the partner bodies, NHS Lothian and the City of Edinburgh Council. EIJB therefore commissions services from the parent bodies based on the approved strategic plan.

Notable transactions between EIJB and the Council are as follows:	31.03.24	31.03.23
	£000	£000
Contribution made to the IJB	(336,138)	(281,077)
Commissioning income received from the IJB	341,083	310,197
Corporate Services payments made to the IJB	(186)	(152)
Services in Kind contributions to the IJB	(823)	(743)
Amounts the EIJB is due to/(from) the Council	(1,771)	(6,329)
Share of Net Assets	4,010	12,017
Share of Deficit for the year	8,007	29,063

The Council provided a loan to EIJB for £2.627m which is repayable over 3 years. This repayment has been built into the EIJB's Medium Term Financial strategy.

9.5 Audit Opinions noted on the Accounts of the Companies

Unless otherwise indicated, the companies' accounts are unaudited.

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.6 Shareholder Support to Council Companies

A number of companies within the group are currently dependent on the continued financial support of the Council. The companies are EICC Limited, a subsidiary of CEC Holdings Limited - (the Council owns 100% of the shares in CEC Holdings Limited), Transport for Edinburgh Ltd - (including Lothian Buses and Edinburgh Trams Ltd), Capital Theatres and Edinburgh Leisure.

9.7 Financial Impact of Consolidation

The effect of inclusion of subsidiaries and associates on the Group Balance Sheet is to increase both reserves and net assets by £237.140m (2022/23 £201.994m) representing the Council's share of the realisable surpluses or deficits in these companies.

10. Contingent Liabilities

Contingent Assets and Liabilities are not recognised in the accounting statements. Where there is probable inflow or outflow of economic benefits or service potential, these are disclosed in the notes to the financial statements.

There may be outstanding liability claims or claims to be submitted against the Council in relation to insured and uninsured losses or incidents. The actual cost and timing of any claims cannot be estimated with reasonable accuracy and consequently no specific provision has been made in the financial statements in respect of any such claims.

The work of the Scottish Child Abuse Inquiry, which began in 2015, is continuing under Lady Smith and the Council is contributing in the form of requests for information (Section 21 notices). As the Redress scheme for survivors of historical child abuse and Qualified One-Way Costs Shifting (QOCS) have now both been introduced, there are increased avenues for survivors to seek compensation for alleged abuse which took place whilst in the care of an organisation. The Council's project team continues to support the inquiry, review historic records and respond to requests from the Inquiry for information. Local authorities across Scotland will be presented with claims, however the extent of the exposure remains unknown in 2024 as there is no time bar on the presentation of claims. The introduction of the Prescription (Scotland) Act 2018 may also have an impact on claims in coming years.

The Inquiry has identified a number of Council operated or commissioned facilities which it wishes to review as part of its investigation. Separately, some civil litigation claims have been submitted to the City of Edinburgh Council, as successor authority to Lothian Regional Council. Where claims are ongoing, it is impossible to confirm the likely cost to the Council as reserves change regularly and accurate costs are only known when a claim is settled. The total cost to the Council will include any settlement amount, fees (both first and third party), which may be offset by the insurance coverage in force at the time of the alleged abuse. Discussions are ongoing with all Lothian Councils to ensure an agreement is reached relating to the equitable distribution of legacy claims across all Lothian councils which may further impact the exposure to the Council.

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

2023/24	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	150,347	153,994	0
Movements in the market value of investment properties	(3,336)	0	0
Amortisation and impairment of intangible assets	68	0	0
Capital grants and contributions applied	(103,201)	(25,487)	0
Capital funded from revenue	(1,905)	(6,300)	0
Donated assets	(10,916)	0	0
Capital fund used to finance new capital expenditure	0	0	0
Revenue expenditure funded from capital under statute	70,425	0	0
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	(63,366)	(20,572)	0
Capital expenditure charged against General Fund and HRA balances	(70,425)	0	0
Adjustments to the statutory repayment of debt for service concession arrangements - permitted flexibility	101,841	0	0
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
Adjustments primarily involving the Capital Receipts Reserve			
Net (gain) / loss on sale of property, plant and equipment and assets held for sale	(2,792)	(2,691)	22,651
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(22,651)
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(2,621)	(1,072)	0
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	74,530	2,017	0
Employer's pension contributions and direct payments to pensioners payable in the year	(86,323)	(2,473)	0
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	1,277	(21)	0
Total Adjustments	53,603	97,395	0

NOTES TO THE FINANCIAL STATEMENTS

11 Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2023/24	Usable Reserves		Movement in Unusable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	0	0	(304,341)
Movements in the market value of investment properties	0	0	3,336
Amortisation of intangible assets	0	0	(68)
Capital grants and contributions applied	596	15,334	112,758
Capital funded from revenue	0	0	8,205
Donated assets	0	0	10,916
Capital fund used to finance new capital expenditure	0	(23,777)	23,777
Revenue expenditure funded from capital under statute	0	0	(70,425)
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	0	(13,900)	97,838
Capital expenditure charged against General Fund and HRA balances	0	0	70,425
Adjustments to the statutory repayment of debt for service concession arrangements - permitted flexibility	0	0	(101,841)
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	(11,381)	0	11,381
Adjustments primarily involving the Capital Receipts Reserve			
Net gain / (loss) on sale of property, plant and equipment and assets held for sale	0	0	(17,168)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	22,651
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	3,693
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(76,547)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	88,796
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(1,256)
Total Adjustments	(10,785)	(22,343)	(117,870)

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

Re-stated 2022/23 Comparative Data	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	138,008	42,998	0
Movements in the market value of investment properties	(1,536)	0	0
Amortisation of intangible assets	114	0	0
Capital grants and contributions applied	(79,078)	(38,169)	0
Capital funded from revenue	(2,767)	(21,742)	0
Donated assets	239	0	0
Capital fund used to finance new capital expenditure	0	0	0
Revenue expenditure funded from capital under statute	64,847	0	0
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	(64,744)	(18,661)	0
Capital expenditure charged against General Fund and HRA balances	(64,847)	0	0
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
Adjustments primarily involving the Capital Receipts Reserve			
Net loss / (gain) on sale of property, plant and equipment and assets held for sale	451	(2,061)	23,703
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(23,703)
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(2,233)	(941)	0
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	154,221	4,469	0
Employer's pension contributions and direct payments to pensioners payable in the year	(78,635)	(2,139)	0
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	79	(32)	0
Total Adjustments	64,119	(36,278)	0

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations - continued

2022/23 Comparative Data	Usable Reserves		Movement in Unusable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	0	0	(181,006)
Movements in the market value of investment properties	0	0	1,536
Amortisation of intangible assets	0	0	(114)
Capital grants and contributions applied	803	9,700	106,744
Capital funded from revenue	0	0	24,509
Donated assets	0	0	(239)
Capital fund used to finance new capital expenditure	0	(1,297)	1,297
Revenue expenditure funded from capital under statute	0	0	(64,847)
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	0	(8,759)	92,164
Capital expenditure charged against General Fund and HRA balances	0	0	64,847
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	(16,608)	0	16,608
Adjustments primarily involving the Capital Receipts Reserve			
Net (loss) / gain on sale of property, plant and equipment and assets held for sale	0	0	(22,093)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	23,703
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	3,174
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(158,690)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	80,774
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(47)
Total Adjustments	(15,805)	(356)	(11,680)

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves

12.1 Transfers to and from Usable Reserves

This note sets out the amounts set aside in the Group's and the Council's usable reserves and the amounts posted back from these reserves to meet expenditure during the year.

	Balance at 01.04.23 £000	Net Transfers Out 2023/24 £000	Net Transfers In 2023/24 £000	Balance at 31.03.24 £000
Group Reserves				
Subsidiaries				
CEC Holdings Limited				
Revenue reserves	(57,097)	0	1,216	(55,881)
Capital grants unapplied account	1,061	(49)	0	1,012
Transport for Edinburgh Limited				
Revenue reserves	47,609	0	15,816	63,425
Minority interests	11,813	0	2,036	13,849
Edinburgh Living MMR LLP				
Revenue reserves	18,945	0	1,942	20,887
The City of Edinburgh Council Charitable Trusts				
Revenue reserve	1,489	0	10,151	11,640
Total Usable Reserves - Subsidiaries	23,820	(49)	31,161	54,932
Associates and Joint Ventures				
Common Good Fund - Reserves	2,762	(152)	0	2,610
Edinburgh Leisure - Reserves	3,696	(54)	0	3,642
Capital Theatres - Reserves	1,925	0	1,794	3,719
Lothian Valuation Joint Board - Reserves	795	(323)	0	472
Edinburgh Integration Joint Board - Reserves	12,017	(8,007)	0	4,010
Total Usable Reserves - Associates and Joint Ventures	21,195	(8,536)	1,794	14,453
Total Usable Reserves - Subsidiaries, Associates and Joint Ventures	45,015	(8,585)	32,955	69,385

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.22 £000	Net Transfers Out 2022/23 £000	Net Transfers In 2022/23 £000	Balance at 31.03.23 £000
Group Reserves				
Subsidiaries				
CEC Holdings Limited				
Revenue reserves	(55,280)	(1,817)	0	(57,097)
Capital grants unapplied account	1,128	(67)	0	1,061
Transport for Edinburgh				
Revenue reserves	98,396	(50,787)	0	47,609
Minority interests	15,560	(3,747)	0	11,813
Edinburgh Living MMR LLP				
Revenue reserves	7,982	0	10,963	18,945
The City of Edinburgh Council Charitable Trusts				
Revenue reserve	1,437	0	52	1,489
Total Usable Reserves - Subsidiaries	69,223	(56,418)	11,015	23,820
Associates and Joint Ventures				
Common Good Fund - Reserves	2,657	0	105	2,762
Edinburgh Leisure - Reserves	2,331	0	1,365	3,696
Capital Theatres - Reserves	2,701	(776)	0	1,925
Lothian Valuation Joint Board - Reserves	892	(97)	0	795
Edinburgh Integration Joint Board - Reserves	41,080	(29,063)	0	12,017
Total Usable Reserves - Associates and Joint Ventures	49,661	(29,936)	1,470	21,195
Total Usable Reserves - Subsidiaries, Associates and Joint Ventures	118,884	(86,354)	12,485	45,015

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.23 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31.03.24 £000
Council's Usable Reserves				
General Fund				
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	115,346	(15,226)	42,394	142,514
Council Priorities Fund	13,638	(13,638)	11,790	11,790
Contingency funding, Workforce Transformation	13,597	(1,352)	5,226	17,471
Dilapidations Fund	4,257	(3,808)	165	614
Insurance Funds*	22,726	(571)	2,835	24,990
Service Concessions - permitted flexibility	0	(19,041)	101,841	82,800
Covid Funds	33,317	(14,300)	0	19,017
	<u>202,881</u>	<u>(67,936)</u>	<u>164,251</u>	<u>299,196</u>
Balances Set Aside from Income Received in Advance				
Licensing Income*	5,503	(302)	664	5,865
Revenue grants and contributions received in advance of planned expenditure	12,674	(4,856)	2,842	10,660
Council Tax Discount Fund*	5,250	(3,406)	3,947	5,791
Other earmarked balances	179	0	61	240
City Strategic Investment Fund	1,082	0	145	1,227
Covid service-specific advance funding	4,381	(3,596)	0	785
	<u>29,069</u>	<u>(12,160)</u>	<u>7,659</u>	<u>24,568</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy Efficiency Fund	269	0	13	282
Spend to Save Fund and similar projects	4,233	(958)	629	3,904
	<u>4,502</u>	<u>(958)</u>	<u>642</u>	<u>4,186</u>
Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)*	4,023	(4,488)	0	(465)
Unallocated General Fund	<u>25,831</u>	<u>(78)</u>	<u>0</u>	<u>25,753</u>
Total General Fund	<u>266,306</u>	<u>(85,620)</u>	<u>172,552</u>	<u>353,238</u>
Housing Revenue Account Balance	0	0	0	0
Renewal and Repairs Fund	37,430	(8,814)	7,264	35,880
Capital Fund	42,194	(24,400)	2,057	19,851
Capital Receipts Reserve	0	(22,651)	22,651	0
Capital Grants Unapplied Account	31,189	(11,381)	596	20,404
Total Usable Reserves - Council	<u>377,119</u>	<u>(152,866)</u>	<u>205,120</u>	<u>429,373</u>
Total Usable Reserves - Group	<u>422,134</u>	<u>(161,451)</u>	<u>238,075</u>	<u>498,758</u>

* - mandatory earmarked General Fund balances

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.22 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance at 31.03.23 £000
General Fund				
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	59,685	(13,866)	69,527	115,346
Council Priorities Fund	2,628	(2,628)	13,638	13,638
Contingency funding, Workforce Transformation	11,274	0	2,323	13,597
Dilapidations Fund	3,957	0	300	4,257
Insurance Funds*	22,258	(4,862)	5,330	22,726
Covid Funds	71,178	(38,165)	304	33,317
	<u>170,980</u>	<u>(59,521)</u>	<u>91,422</u>	<u>202,881</u>
Balances Set Aside from Income Received in Advance				
Licensing Income*	5,712	(523)	314	5,503
Revenue grants and contributions received in advance of planned expenditure	12,385	(5,645)	5,934	12,674
Council Tax Discount Fund*	11,305	(9,674)	3,619	5,250
Other earmarked balances	175	0	4	179
City Strategic Investment Fund	1,055	(118)	145	1,082
Covid service-specific advance funding	15,159	(10,778)	0	4,381
	<u>45,791</u>	<u>(26,738)</u>	<u>10,016</u>	<u>29,069</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy Efficiency Fund	334	(72)	7	269
Spend to Save Fund and similar projects	3,873	(280)	640	4,233
	<u>4,207</u>	<u>(352)</u>	<u>647</u>	<u>4,502</u>
Balances Set Aside under Devolved School Management Scheme				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)*	7,246	(7,246)	4,023	4,023
Unallocated General Fund	<u>28,981</u>	<u>(3,150)</u>	<u>0</u>	<u>25,831</u>
Total General Fund	<u>257,205</u>	<u>(97,007)</u>	<u>106,108</u>	<u>266,306</u>
Housing Revenue Account Balance	0	0	0	0
Renewal and Repairs Fund	50,407	(22,003)	9,026	37,430
Capital Fund	42,550	(1,297)	941	42,194
Capital Receipts Reserve	0	(23,703)	23,703	0
Capital Grants Unapplied Account	46,994	(16,608)	803	31,189
Total Usable Reserves - Council	<u>397,156</u>	<u>(160,618)</u>	<u>140,581</u>	<u>377,119</u>
Total Usable Reserves - Group	<u>516,040</u>	<u>(246,972)</u>	<u>153,066</u>	<u>422,134</u>

* - mandatory earmarked General Fund balances

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.2 Devolved School Management and Pupil Equity Funding

In 2023/24, the in-year underspend on the Pupil Equity Fund was used to fund an element of the Scottish Government's contribution to support the agreed pay award for the year. As sums requiring to be drawn down under the DSM scheme exceeded the opening balance available, this resulted in a combined overall debit balance of £0.465m as of the year end. A net credit balance of £4.023m had been held within the General Fund in 2022/23 in accordance with the Devolved School Management scheme and permitted carry forward of the Pupil Equity Fund.

12.3 Reconciliation of transfers to and from earmarked reserves in Movement of Reserves

Statement to Transfers to and from Usable Reserves

2023/24

	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out	(85,620)	0	(8,814)	(22,651)
Transfers in	172,552	0	7,264	22,651
Total movements in fund	<u>86,932</u>	<u>0</u>	<u>(1,550)</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement	93,381	(7,999)	0	0
Transfers to other earmarked reserves	(6,449)	7,999	(1,550)	0
Total movements in fund	<u>86,932</u>	<u>0</u>	<u>(1,550)</u>	<u>0</u>

	Capital Grants Unapplied £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out	(11,381)	(24,400)	(8,585)	(161,451)
Transfers in	596	2,057	32,955	238,075
Total movements in fund	<u>(10,785)</u>	<u>(22,343)</u>	<u>24,370</u>	<u>76,624</u>
Recognised in Comprehensive Income and Expenditure Statement	(10,785)	(22,343)	15,065	67,319
Transfers to other earmarked reserves	0	0	0	0
Group account adjustments unusable reserves	0	0	9,305	9,305
Total movements in fund	<u>(10,785)</u>	<u>(22,343)</u>	<u>24,370</u>	<u>76,624</u>

2022/23 Comparative Data

	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out	(97,007)	0	(22,003)	(23,703)
Transfers in	106,108	0	9,026	23,703
Total movements in fund	<u>9,101</u>	<u>0</u>	<u>(12,977)</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement	14,896	(18,771)	0	0
Transfers to other earmarked reserves	(5,795)	18,771	(12,977)	0
Total movements in fund	<u>9,101</u>	<u>0</u>	<u>(12,977)</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.3 Reconciliation of transfers to and from earmarked reserves in Movement of Reserves Statement to Transfers to and from Usable Reserves - continued

2022/23 Comparative Data	Capital Grants Unapplied £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out	(16,608)	(1,297)	(86,354)	(246,972)
Transfers in	803	941	12,485	153,066
Total movements in fund	<u>(15,805)</u>	<u>(356)</u>	<u>(73,869)</u>	<u>(93,906)</u>
Recognised in Comprehensive Income and Expenditure Statement	(15,805)	(356)	(74,547)	(94,583)
Transfers to other earmarked reserves	0	0	678	677
Total movements in fund	<u>(15,805)</u>	<u>(356)</u>	<u>(73,869)</u>	<u>(93,906)</u>

13. Financing and Investment Income and Expenditure

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Interest payable and similar charges	102,195	98,309	85,303	79,590
Interest cost on defined benefit obligation	191,065	174,286	111,759	103,532
Interest receivable and similar income	(26,493)	(25,029)	(10,034)	(10,023)
Interest income on plan assets	(199,289)	(174,663)	(105,978)	(97,083)
Net income in relation to investment properties and changes in their fair value	(12,021)	(5,457)	(11,939)	(3,460)
Net income in relation to financial assets derecognised or revalued	(4)	(4)	(120)	(120)
	<u>55,453</u>	<u>67,442</u>	<u>68,991</u>	<u>72,436</u>

14. Taxation and Non-Specific Grant Income

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Council Tax income	(322,785)	(322,785)	(307,480)	(307,480)
Non-domestic rates	(377,317)	(377,317)	(249,861)	(249,861)
Non-ring fenced government grants	(552,075)	(552,075)	(627,905)	(627,905)
Capital grants and contributions	(128,688)	(128,688)	(117,247)	(117,247)
Movement on donated assets	(10,916)	(10,916)	239	239
Taxation expenses / (refund)	563	0	(681)	0
	<u>(1,391,218)</u>	<u>(1,391,781)</u>	<u>(1,302,935)</u>	<u>(1,302,254)</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment

15.1 Depreciation

Depreciation is provided in the year of an asset's purchase. Assets in the course of construction are not depreciated until they are brought into use. Where depreciation is provided for, assets are depreciated using the straight line method over the following periods:

Council dwellings	50 years
Buildings	Up to 120 years as advised by the valuer (assets not subject to component accounting)
Buildings - structural	50 years
Buildings - non-traditional roofing	35 years
Buildings - finishes	25 years
Buildings - mechanical and electrical	20 years
Buildings - fittings and furnishings	15 years
PPP - Millerhill Residual Waste Facility	30 years
PPP - Schools	40 years (PPP1 schools) and 35 years (PPP2 schools) 50 years (JGHS and QHS)
Infrastructure assets	20 years (up to 30 years for Tram assets, 5 years for Spaces for People)
Vehicles, plant, furniture and equipment	5 years to 30 years, to reflect estimated useful life 3 years to 15 years, Group Companies

15.2 Capital Commitments

At 31 March 2024, the Council had entered into a number of contracts for the construction or enhancement of property, plant and equipment. These are budgeted to cost £372.881m. A number of these amounts relate to contract retentions, as projects are now complete. Similar commitments at 31 March 2023 were £336.604m.

	£000	Expected Completion Date
Ratho Early Years Centre & Library	1,068	24/25
Currie High School	43,804	24/25
Gas Holder Park	5,420	24/25
Carriageway and Footways	13,828	24/25
Roseburn to Union Canal	5,437	24/25
North Bridge Refurbishment	1,102	24/25
Tram Lifecycle	6,141	24/25
HRA Other	67,149	24/25
General Fund - Asset Management Works Programme	35,678	24/25
Liberton High School	67,139	25/26
Maybury Primary School	17,788	25/26
Council House Building - Granton D1	2,696	25/26
Council House Building - Western Villages	86,308	26/27
Council House Building - Castlebrae	1,618	26/27
General Fund - Asset Management Works RAAC Works	14,926	26/27
Trinity Academy	1,272	28/29
Council House Building - Liberton Hospital	1,506	28/29
	<u>372,881</u>	

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.3 Movements on Balances - Group

Movements in 2023/24

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000
Cost or Valuation				
At 1 April 2023	1,115,111	3,536,134	310,737	6,971
Additions	58,157	124,887	17,888	133
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(167,551)	30,330	0	357
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(133,455)	6,615	0	35
Derecognition - disposals	(5,395)	(5,112)	(4,915)	0
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	260	0	0
Other increases / (decreases) in cost or valuation	20,512	(2,772)	(10,074)	0
At 31 March 2024	<u>887,379</u>	<u>3,690,342</u>	<u>313,636</u>	<u>7,496</u>
Accumulated Depreciation and Impairment				
At 1 April 2023	(86)	(99,071)	(157,345)	0
Depreciation charge	(23,857)	(137,683)	(22,465)	0
Depreciation charge written out to Revaluation Reserve	23,330	140,388	0	0
Depreciation written out to the Surplus on the Provision of Services	382	0	0	0
Derecognition - disposals	120	2,323	4,336	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	80	0	0
Other increases / (decreases) in cost or valuation	0	0	10,074	0
At 31 March 2024	<u>(111)</u>	<u>(93,963)</u>	<u>(165,400)</u>	<u>0</u>
Net book value				
At 31 March 2024	<u>887,268</u>	<u>3,596,379</u>	<u>148,236</u>	<u>7,496</u>
At 31 March 2023	<u>1,115,025</u>	<u>3,437,063</u>	<u>153,392</u>	<u>6,971</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.3 Movements on Balances - Group Movements in 2023/24

	Surplus Assets £000	Assets Under Construction £000	Right of Use Asset £000	Total Property Plant and Equipment £000
Cost or Valuation				
At 1 April 2023	1,067	168,646	70,625	5,209,291
Additions	0	150,378	8,358	359,801
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	(136,864)
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	0	0	0	(126,805)
Derecognition - disposals	0	(8,690)	(48)	(24,160)
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	260
Other increases / (decreases) in cost or valuation	0	(17,740)	12,020	1,946
At 31 March 2024	<u>1,067</u>	<u>292,594</u>	<u>90,955</u>	<u>5,283,469</u>
Accumulated Depreciation and Impairment				
At 1 April 2023	0	0	(19,022)	(275,524)
Depreciation charge	0	0	(17,202)	(201,207)
Depreciation charge written out to Revaluation Reserve	0	0	0	163,718
Depreciation written out to the Surplus on the Provision of Services	0	0	0	382
Derecognition - disposals	0	0	0	6,779
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	80
Other increases / (decreases) in cost or valuation	0	0	2,876	12,950
At 31 March 2024	<u>0</u>	<u>0</u>	<u>(33,348)</u>	<u>(292,822)</u>
Net book value				
At 31 March 2024	<u>1,067</u>	<u>292,594</u>	<u>57,607</u>	<u>4,990,647</u>
At 31 March 2023	<u>1,067</u>	<u>168,646</u>	<u>51,603</u>	<u>4,933,767</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.4 Movements on Balances - Group Accounts

2022/23 Comparative Data

Re-stated Cost or Valuation	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000
Restated At 1 April 2022	1,067,920	2,957,745	303,542	7,754
Recognition of Right of Use Assets	0	86,142	0	0
Additions	60,041	38,993	13,704	956
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,618	332,874	0	62
Revaluation decreases recognised in the Surplus on the Provision of Services	(21,329)	21,908	(2,979)	(1,883)
Derecognition - disposals	(2,454)	(1,402)	(711)	(1)
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	3,330	0	0
Other increases / (decreases) in cost or valuation	8,315	96,544	(2,819)	83
At 31 March 2023	<u>1,115,111</u>	<u>3,536,134</u>	<u>310,737</u>	<u>6,971</u>
Accumulated Depreciation and Impairment				
Restated At 1 April 2022	143	(77,689)	(136,389)	0
Recognition of Right of Use Assets	0	(23,420)	0	0
Depreciation charge	(23,539)	(116,838)	(26,877)	0
Depreciation charge written out to Revaluation Reserve	23,464	114,072	0	0
Depreciation written out to the Surplus on the Provision of Services	0	4,383	0	0
Derecognition - disposals	59	70	572	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	2,979	0
Other movements in cost or valuation	(213)	351	2,370	0
At 31 March 2023	<u>(86)</u>	<u>(99,071)</u>	<u>(157,345)</u>	<u>0</u>
Net book value				
At 31 March 2023	<u>1,115,025</u>	<u>3,437,063</u>	<u>153,392</u>	<u>6,971</u>
At 31 March 2022	<u>1,068,063</u>	<u>2,880,056</u>	<u>167,153</u>	<u>7,754</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.4 Movements on Balances - Group 2022/23 Comparative Data

Re-stated Cost or Valuation	Surplus Assets £000	Assets Under Construction £000	Right of Use Asset £000	Total Property Plant and Equipment £000
Restated At 1 April 2022	15,501	203,261	0	4,555,723
Recognition of Right of Use Assets	0	0	1,189	87,331
Additions	0	80,448	2	194,144
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(450)	0	0	335,104
Revaluation decreases recognised in the Surplus on the Provision of Services	473	0	0	(3,810)
Derecognition - disposals	0	(10,221)	0	(14,789)
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	(14,457)	0	0	(11,127)
Other increases / (decreases) in cost or valuation	0	(104,842)	69,434	66,715
At 31 March 2023	<u>1,067</u>	<u>168,646</u>	<u>70,625</u>	<u>5,209,291</u>
Accumulated Depreciation and Impairment				
Restated At 1 April 2022	0	0	0	(213,935)
Recognition of Right of Use Assets	0	0	(358)	(23,778)
Depreciation charge	0	0	(18,664)	(185,918)
Depreciation charge written out to Revaluation Reserve	0	0	0	137,536
Depreciation written out to the Surplus on the Provision of Services	0	0	0	4,383
Derecognition - disposals	0	0	0	701
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	2,979
Other movements in cost or valuation	0	0		2,508
At 31 March 2023	<u>0</u>	<u>0</u>	<u>(19,022)</u>	<u>(275,524)</u>
Net book value				
At 31 March 2023	<u>1,067</u>	<u>168,646</u>	<u>51,603</u>	<u>4,933,767</u>
At 31 March 2022	<u>15,501</u>	<u>203,261</u>	<u>0</u>	<u>4,341,788</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.5 Movements on Balances - Council Movements in 2023/24

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000
Cost or Valuation				
At 1 April 2023	1,115,111	3,376,435	132,255	6,971
Additions	58,157	124,641	10,517	133
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(167,551)	30,330	0	357
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(133,455)	6,615	0	35
Derecognition - disposals	(5,395)	(5,112)	(559)	0
Derecognition - other	0	0	0	0
Assets declassified (to) / from held for sale	0	260	0	0
Other increases / (decreases) in cost or valuation	20,512	(2,772)	(10,074)	0
At 31 March 2024	<u>887,379</u>	<u>3,530,397</u>	<u>132,139</u>	<u>7,496</u>
Accumulated Depreciation and Impairment				
At 1 April 2023	(86)	(35,539)	(60,087)	0
Depreciation charge	(23,857)	(129,678)	(10,493)	0
Depreciation charge written out to Revaluation Reserve	23,330	140,388	0	0
Depreciation written out to the Surplus on the Provision of Services	382	0	0	0
Derecognition - disposals	120	2,323	372	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	80	0	0
Other increases / (decreases) in cost or valuation	0	0	10,074	0
At 31 March 2024	<u>(111)</u>	<u>(22,426)</u>	<u>(60,134)</u>	<u>0</u>
Net book value				
At 31 March 2024	<u>887,268</u>	<u>3,507,971</u>	<u>72,005</u>	<u>7,496</u>
At 31 March 2023	<u>1,115,025</u>	<u>3,340,896</u>	<u>72,168</u>	<u>6,971</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.5 Movements on Balances - Council

Movements in 2023/24

Cost or Valuation	Surplus Assets £000	Assets Under Construction £000	Right of Use Assets £000	Total Property Plant and Equipment £000	PPP and similar Assets £000
At 1 April 2023	1,067	168,646	69,434	4,869,919	802,775
Additions	0	150,378	8,311	352,137	5,312
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	(136,864)	79,775
Revaluation decreases recognised in the Surplus on the Provision of Services	0	0	0	(126,805)	5,750
Derecognition - disposals	0	(8,690)	0	(19,756)	0
Derecognition - other	0	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	260	0
Other increases / (decreases) in cost or valuation	0	(17,740)	12,020	1,946	0
At 31 March 2024	<u>1,067</u>	<u>292,594</u>	<u>89,765</u>	<u>4,940,837</u>	<u>893,612</u>
Accumulated Depreciation and Impairment					
At 1 April 2023	0	0	(18,541)	(114,253)	(1,516)
Depreciation charge	0	0	(17,077)	(181,105)	(27,166)
Depreciation charge written out to Revaluation Reserve	0	0	0	163,718	26,888
Depreciation written out to the Surplus on the Provision of Services	0	0	0	382	0
Derecognition - disposals	0	0	0	2,815	0
Derecognition - other	0	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	80	0
Other increases / (decreases) in cost or valuation	0	0	2,838	12,912	0
At 31 March 2024	<u>0</u>	<u>0</u>	<u>(32,780)</u>	<u>(115,451)</u>	<u>(1,794)</u>
Net book value					
At 31 March 2024	<u>1,067</u>	<u>292,594</u>	<u>56,985</u>	<u>4,825,386</u>	<u>891,818</u>
At 31 March 2023	<u>1,067</u>	<u>168,646</u>	<u>50,893</u>	<u>4,755,666</u>	<u>801,259</u>

The disclosure for PPP and similar assets is for information only. The costs and depreciation are included in 'Other Land and Buildings'.

The disclosure for PPP Right of Use (ROU) Assets is included in 'Other Land and Buildings'.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.6 Movements on Balances - Council

2022/23 Comparative Data

Re-stated Cost or Valuation	Council Dwellings £000	Re-stated Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000
Restated 1 April 2022	1,067,920	2,884,892	127,804	7,754
Additions	60,041	38,993	10,520	956
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,618	332,170	0	62
Revaluation decreases recognised in the Surplus on the Provision of Services	(21,329)	21,908	(2,979)	(1,883)
Derecognition - disposals	(2,454)	(1,402)	(271)	(1)
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	3,330	0	0
Other increases / (decreases) in cost or valuation	8,315	96,544	(2,819)	83
At 31 March 2023	<u>1,115,111</u>	<u>3,376,435</u>	<u>132,255</u>	<u>6,971</u>
Accumulated Depreciation and Impairment				
Restated 1 April 2022	143	(45,584)	(53,264)	0
Depreciation charge	(23,539)	(108,831)	(12,443)	0
Depreciation charge written out to Revaluation Reserve	23,464	114,072	0	0
Depreciation written out to the Surplus on the Provision of Services	0	4,383	0	0
Derecognition - disposals	59	70	271	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	2,979	0
Other movements in cost or valuation	(213)	351	2,370	0
At 31 March 2023	<u>(86)</u>	<u>(35,539)</u>	<u>(60,087)</u>	<u>0</u>
Net book value				
At 31 March 2023	<u>1,115,025</u>	<u>3,340,896</u>	<u>72,168</u>	<u>6,971</u>
At 31 March 2022	<u>1,068,063</u>	<u>2,839,308</u>	<u>74,540</u>	<u>7,754</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.6 Movements on Balances - Council

2022/23 Comparative Data

	Surplus Assets £000	Total Assets Under Construction £000	Right of Use Assets £000	Total Property Plant and Equipment £000	Re-stated PPP and similar Assets £000
Re-stated Cost or Valuation					
Restated At 1 April 2022	15,501	203,261	0	4,307,132	768,577
Additions	0	80,448	0	190,958	973
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(450)	0	0	334,400	19,004
Revaluation decreases recognised in the Surplus on the Provision of Services	473	0	0	(3,810)	14,238
Derecognition - disposals	0	(10,221)	0	(14,349)	(17)
Derecognition - other	0	0	0	0	0
Assets reclassified (to) / from held for sale	(14,457)	0	0	(11,127)	0
Other increases / (decreases) in cost or valuation	0	(104,842)	69,434	66,715	0
At 31 March 2023	<u>1,067</u>	<u>168,646</u>	<u>69,434</u>	<u>4,869,919</u>	<u>802,775</u>
Accumulated Depreciation and Impairment					
Restated At 1 April 2022	0	0	0	(98,705)	(5,307)
Depreciation charge	0	0	(18,541)	(163,354)	(24,512)
Depreciation charge written out to Revaluation Reserve	0	0	0	137,536	28,303
Depreciation written out to the Surplus on the Provision of Services	0	0	0	4,383	0
Derecognition - disposals	0	0	0	400	0
Derecognition - other	0	0	0	0	0
Impairment losses recognised in in the Surplus on the Provision of Services	0	0	0	2,979	0
Other movements in cost or valuation	0	0	0	2,508	0
At 31 March 2023	<u>0</u>	<u>0</u>	<u>(18,541)</u>	<u>(114,253)</u>	<u>(1,516)</u>
Net book value					
At 31 March 2023	<u>1,067</u>	<u>168,646</u>	<u>50,893</u>	<u>4,755,666</u>	<u>801,259</u>
At 31 March 2022	<u>15,501</u>	<u>203,261</u>	<u>0</u>	<u>4,208,427</u>	<u>763,270</u>

The disclosure for PPP and similar assets is for information only. The costs and depreciation are included in 'Other Land and Buildings'.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.7 Infrastructure Assets

The Council has adopted the Statutory Overrides contained within the Local government finance circular 09/2022: statutory override - accounting for infrastructure assets (www.gov.scot/publications/local-governmentfinance-circular-09-2022-statutory-overrideaccounting-for-infrastructure-assets/) issued by the Scottish Government under section 12(2)(b) of the Local Government in Scotland Act 2003 in relation to Infrastructure assets. The overrides were put in place to manage historic issues surrounding the derecognition of Infrastructure asset components, which had the potential for the gross cost of assets to be overstated, albeit that the Net Book Value was still materially correct. The Statutory Overrides that the Council has adopted are detailed below: -

Statutory Override 1: For accounting periods commencing from 1 April 2021 until 31 March 2024 a local authority is not required to report the gross cost and accumulated depreciation for infrastructure assets.

Statutory Override 2: For accounting periods commencing from 1 April 2010 until 31 March 2024 the carrying amount to be derecognised in respect of a replaced part of an infrastructure asset is to be taken to be and accounted for as a nil amount. No subsequent adjustment shall be made to the carrying amount of the asset with respect to that part.

Movements in Year	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Net Book Value				
At 1 April	907,308	907,308	869,916	869,916
Additions	96,912	96,912	120,618	120,618
Depreciation	<u>(86,785)</u>	<u>(86,785)</u>	<u>(83,226)</u>	<u>(83,226)</u>
At 31 March	<u>917,435</u>	<u>917,435</u>	<u>907,308</u>	<u>907,308</u>

Reconciliation of Property, Plant and Equipment

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Infrastructure Assets	917,435	917,435	907,308	907,308
Other Property, Plant and Equipment Assets	<u>4,990,647</u>	<u>4,825,386</u>	<u>4,933,767</u>	<u>4,755,666</u>
Total Property Plant and Equipment	<u>5,908,082</u>	<u>5,742,821</u>	<u>5,841,075</u>	<u>5,662,974</u>

15.8 Council Dwellings, Other Land and Buildings and Investment Properties

The Council carries out a rolling programme of revaluations that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out under the direction of the Council's Operational Estate Manager, L. Turner RICS, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. Fixtures and fittings are included in the valuation of the buildings where appropriate.

In 2021/22 the Council first applied an indexation, per audit recommendation, to those Land and Building assets valued at depreciated replacement cost that were not revalued during the year. The indexation was applied only to the building element. These assets were not revalued but they were treated as such for accounting purposes. This policy has continued in 2023/24.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.8 Council Dwellings, Other Land and Buildings and Investment Properties - continued

The significant assumptions applied in estimating fair value are:

- Unless otherwise stated, all properties with a greater than de minimis value were taken into account based on the actual condition of the property and its actual residual useful life. Where the Council has a planned replacement programme asset life is reviewed accordingly;
- The valuations were prepared using information from the Council's internal records, together with the valuation roll produced by Lothian Valuation Joint Board; and
- Not all properties were inspected.

The following statement shows the progress of the Council's five-year rolling programme for the revaluation of property, plant and equipment.

Council assets	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Right of Use Assets £000
Carried at historical cost	886,041	478,025	132,139	89,765
Valued at fair value as at:				
31 March 2023	190	705,937	0	0
31 March 2022	90	999,557	0	0
31 March 2021	1,055	739,088	0	0
31 March 2020	3	296,198	0	0
31 March 2019	0	311,592	0	0
Total cost or valuation	887,379	3,530,397	132,139	89,765

Council assets	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	7,496	1,047	292,594	1,887,107
Valued at fair value as at:				
31 March 2023	0	0	0	706,127
31 March 2022	0	0	0	999,647
31 March 2021	0	0	0	740,143
31 March 2020	0	0	0	296,201
31 March 2019	0	20	0	311,612
Total cost or valuation	7,496	1,067	292,594	4,940,837

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.9 Surplus Assets and Investment Properties - Fair Value Disclosure

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair Value as at 31 March 2024
	£000	£000	£000	£000
Surplus assets	0	1,067	0	1,067
Investment properties - advertising hoardings	0	24,835	0	24,835
Total cost or valuation	0	25,902	0	25,902

- There were no transfers between levels during the year.
- The fair value for surplus assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in similar locations. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs is significant, leading to the properties being categorised at level 2 in the fair value hierarchy. In estimating the fair value of the Council's surplus assets, the assumption has been made that these would be disposed of for highest and best use consideration.
- The fair value for investment properties has been based on the market approach using current rent receivable with a capitalisation rate applied. The rate reflects the return that an investor would expect from the capital employed. There is evidence of lettings from the Council's property information systems which have been used to determine valuation parameters and the level of observable inputs is significant, leading to the investment properties being categorised at level 2 in the fair value hierarchy. In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

16. Investment Properties

Policy

Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value (the price that would be received for the asset in its highest and best use).

Any gains or losses arising from a change in the fair value of investment properties are recognised in the Comprehensive Income and Expenditure Statement for the period in which they arise.

Investment properties are revalued annually.

Investment properties held at fair value are not depreciated.

Investment properties are de-recognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The gain or loss arising from the retirement or disposal of an investment property is recognised in the 'surplus or deficit on provision of services' within the Comprehensive Income and Expenditure Statement in the period of the retirement or disposal.

Note

16.1 Income and Expenses on Investment Properties

Income of £2.121m (£1.924m 2022/23) and expense £Nil (£Nil 2022/23) have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

There are no restrictions on the Council's ability to realise the value inherent in its investment properties or on the Council's right to the remittance of income and the proceeds of disposal.

NOTES TO THE FINANCIAL STATEMENTS

16. Investment Properties - continued

16.2 Movement in Fair Value - continued

The following table summarises the movement in the fair value of investment properties over the year.

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	125,900	21,532	87,650	19,996
Additions	9,129	0	28,704	0
Disposals	0	0	0	0
Net (loss) / gain from fair value adjustments	9,867	3,303	10,015	1,536
Other increases / (decreases) in cost or valuation	0	0	(469)	0
Value at 31 March	<u>144,896</u>	<u>24,835</u>	<u>125,900</u>	<u>21,532</u>

17. Intangible Assets

Policy

Intangible fixed assets represent software licences purchased by the Council.

Expenditure on the acquisition, creation or enhancement of intangible fixed assets has been capitalised on an accruals basis.

Intangible fixed assets are initially measured at cost. Software licences are depreciated over the period of the licence, commencing in the year of acquisition.

Note

The carrying value of intangible assets of the Group and the Council is £0.000m in 2023/24 (£0.068m in 2022/23).

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.068m in 2023/24 (2022/23 £0.114m) was charged to Corporate Services.

18. Heritage Assets

Policy

Heritage assets comprise the following:

Monuments and statues	Civic regalia and artefacts
Archival collections	Libraries' special collections
Museum and gallery collections	

Intangible heritage assets represent three private vehicle registration plates.

It has not been practical or possible to split out all heritage assets belonging to the common good fund, charities or trusts. Therefore, the Council's Balance Sheet may hold elements of heritage assets that belong to other entities. Work is on-going to establish and maintain a common good register, in accordance with the Community Empowerment (Scotland) Act 2015.

Expenditure on the acquisition, creation or enhancement of heritage assets has been capitalised on an accruals basis.

Heritage asset valuations may be made by any method that is appropriate and relevant. Furthermore valuations need not be carried out by external valuers and there is no prescribed period between valuations.

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

Heritage assets are deemed to have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation.

Reconciliation of the Carrying Value of Heritage Assets Note

Movements in 2023/24

	Monuments and Statues £000	Civic Regalia and Artefacts £000	Archival Collections £000
At 1 April 2023	963	2,047	6,796
Additions	1,809	0	0
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	(1,809)	0	0
At 31 March 2024	<u>963</u>	<u>2,047</u>	<u>6,796</u>
Net book value			
At 31 March 2024	<u>963</u>	<u>2,047</u>	<u>6,796</u>
At 31 March 2023	<u>963</u>	<u>2,047</u>	<u>6,796</u>

	Libraries' Special Collections £000	Museum and Gallery Collections £000	Total Council Heritage Assets £000
At 1 April 2023	1,975	19,643	31,425
Additions	0	0	1,809
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	0	(1,809)
At 31 March 2024	<u>1,975</u>	<u>19,643</u>	<u>31,425</u>
Net book value			
At 31 March 2024	<u>1,975</u>	<u>19,643</u>	<u>31,425</u>
At 31 March 2023	<u>1,975</u>	<u>19,643</u>	<u>31,425</u>

	City of Edinburgh Council Charitable Trusts £000	Total Group Heritage Assets £000
At 1 April 2023	22,345	53,770
Additions	81	1,890
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	(1,809)
At 31 March 2024	<u>22,426</u>	<u>53,851</u>
Net book value		
At 31 March 2024	<u>22,426</u>	<u>53,851</u>
At 31 March 2023	<u>22,345</u>	<u>53,770</u>

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

18.1 Reconciliation of the Carrying Value of Heritage Assets - continued 2022/23 Comparative Data

	Monuments and Statues £000	Civic Regalia and Artefacts £000	Archival Collections £000
Cost or Valuation			
Restated At 1 April 2022	964	2,047	6,796
Additions	1,960	0	0
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	(1,960)	0	0
At 31 March 2023	<u>963</u>	<u>2,047</u>	<u>6,796</u>
Net book value			
At 31 March 2023	<u>963</u>	<u>2,047</u>	<u>6,796</u>
At 31 March 2022	<u>964</u>	<u>2,047</u>	<u>6,796</u>
	Libraries' Special Collections £000	Museum and Gallery Collections £000	Total Council Heritage Assets £000
Cost or Valuation			
Restated At 1 April 2022	1,975	19,643	31,425
Additions	0	0	1,960
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	0	(1,960)
At 31 March 2023	<u>1,975</u>	<u>19,643</u>	<u>31,425</u>
Net book value			
At 31 March 2023	<u>1,975</u>	<u>19,643</u>	<u>31,425</u>
At 31 March 2022	<u>1,975</u>	<u>19,643</u>	<u>31,425</u>

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

18.2 Details of Heritage Assets

- Valuations on Monuments and Statues are carried out under the direction of the Council's Operational Estate Manager. Monuments and Statues are valued on a historic basis.
- Civic Regalia and artefacts include items such as the Lord Provost's Badge and Chain of Office and the Rosebery Jewel. The value of these assets is based on an insurance purposes valuation carried out in 1998.
- Archival collections include historical records which relate to the history of Edinburgh and its surrounding areas. The value of these assets is based on a current insurance purposes valuation based on restoration costs only. This valuation has not changed since 2008/09.
- Libraries' special collections include items such as rare book collections and pictures in Calotype. The value of these assets is based on an insurance purposes valuation carried out in 2007 with a minor proportions valuation being updated in 2014.
- Museums and Gallery collections include various collections held at a number of museums across Edinburgh. They include items held within the Social History, Applied Art, Writers' Museum, Childhood, City Art Centre and Picture Loan Scheme. The value of these assets is based on insurance purposes valuations carried out in 2003 along with a minor proportions valuation being updated in 2014. A small minority of the assets are based on insurance purposes valuations carried out in 1996.
- The valuations for heritage assets have all been carried out internally and although they are from earlier periods, they are considered the most appropriate and relevant. Carrying out valuations for the majority of collections held is very costly and time consuming so it is not practicable to obtain recent valuations at a cost which is commensurate with the benefits to users of the financial statements. The carrying amounts of these heritage assets will be reviewed with sufficient regularity in the future to ensure they are brought up to date and remain appropriate.
- The Council has three private vehicle registration plates which meet the definition of intangible heritage assets. These have not been recognised on the balance sheet due to lack of information on cost or current value. They are limited registration numbers that rarely become available for sale and therefore no relevant or appropriate current value can be placed on these. It is also almost certain they are below the materiality threshold for the Council.

19. Inventories

Policy

Inventories are measured at the lower of cost and net realisable value.

Inventories acquired through a non-exchange transaction are measured at their fair value as at the date of acquisition.

Inventories held for distribution at no charge or a nominal charge are measured at the lower of cost and current replacement cost.

Note	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Total				
Balance at 1 April	9,241	3,982	9,888	3,677
Purchases	19,176	19,064	94,248	17,941
Held by a third party	206	206	195	195
Recognised as an expense in the year	(19,005)	(18,991)	(95,089)	(17,830)
Stock written off	(13)	(13)	(1)	(1)
Balance at 31 March	<u>9,605</u>	<u>4,248</u>	<u>9,241</u>	<u>3,982</u>

The majority of the Council inventory transactions and balances relate to fuel and building materials, with catering supplies, community equipment and clothing making up the remainder. The Group inventory mainly relates to fuel and work in progress.

NOTES TO THE FINANCIAL STATEMENTS

20. Debtors

20.1 Long-term Debtors

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Council Tax	120,082	120,082	118,121	118,121
Trade Debtors	47,566	47,566	50,081	50,081
Other Debtors	49,797	166,241	48,014	143,788
Total long-term debtors before provision for impairment	217,445	333,889	216,216	311,990
Less: Provision for impairment	(149,476)	(149,476)	(149,329)	(149,329)
Total net long-term debtors	67,969	184,413	66,887	162,661

Long-term debtors include £8.355m (2022/23 £8.978m) for sums recoverable from Police Scotland. These sums relate to monies advanced to the former joint board for capital expenditure.

20.2 Short-term Debtors

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Council Tax	118,940	118,940	110,784	110,784
Trade Debtors	63,325	60,811	81,245	79,463
Prepayments	18,152	15,860	13,594	7,179
Other Debtors	132,488	128,472	122,179	113,651
Total current debtors before provision for impairment	332,905	324,083	327,802	311,077
Less: Provision for impairment	(117,393)	(117,393)	(114,531)	(114,531)
Total net current debtors	215,512	206,690	213,271	196,546

20.3 Provision for Impairment

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Long-term provision for impairment				
Council Tax	(109,844)	(109,844)	(108,687)	(108,687)
Trade Debtors	(30,805)	(30,805)	(31,203)	(31,203)
Other Debtors	(8,827)	(8,827)	(9,439)	(9,439)
Total long-term provision for impairment	(149,476)	(149,476)	(149,329)	(149,329)
Current provision for impairment				
Council Tax	(106,046)	(106,046)	(99,262)	(99,262)
Trade Debtors	(10,038)	(10,038)	(14,328)	(14,328)
Other Debtors	(1,309)	(1,309)	(941)	(941)
Total current provision for impairment	(117,393)	(117,393)	(114,531)	(114,531)

21. Cash and Cash Equivalents

The balance of cash and cash equivalents comprises the following elements. Investments maturing within three months of the balance sheet are deemed to be cash and cash equivalents.

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Cash held	345	345	348	348
Bank current accounts	49,099	(13,320)	31,031	(13,919)
Short-term deposits:				
With banks or building societies	940	940	16,629	16,629
With other local authorities	37,574	37,574	116,481	116,481
Treasury bills	0	0	20,097	20,097
UK Debt Management Office	11,160	11,160	0	0
	99,118	36,699	184,586	139,636

NOTES TO THE FINANCIAL STATEMENTS

22. Investments

22.1 Long-Term Investments

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Transport for Edinburgh	0	5,824	0	5,824
Tudor Trust	350	350	350	350
CEC Recovery	1	1	1	1
CEC Holdings	293	12,319	268	14,044
	<u>644</u>	<u>18,494</u>	<u>619</u>	<u>20,219</u>

22.2 Short-Term Investments

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Local Authority Loans	10,857	10,857	0	0
Other short-term investments	7,756	0	15,549	9,995
	<u>18,613</u>	<u>10,857</u>	<u>15,549</u>	<u>9,995</u>

23. Assets Held for Sale

Policy

Current assets held for sale are assets that the Council has identified as surplus to requirements, are being actively marketed and it is expected that the sale will be realised within twelve months of the Balance Sheet date.

Non-current assets held for sale are assets that the Council has identified as surplus to requirements, are being actively marketed, but it is not expected that the sale will be realised within twelve months of the Balance Sheet date.

Assets held for sale are measured at the lower of carrying value and fair value less costs to sell at the Balance Sheet date. Where the sale is expected to occur in more than twelve months, the cost is measured at present value.

Current and non-current assets held for sale are not depreciated.

Note

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
23.1 Non-Current Assets - Held for Sale				
Balance at 1 April	117	117	56	56
Additions	0	0	1,764	1,764
Revaluation gains/(losses) recognised in the revaluation reserve	(38)	(38)	61	61
Revaluation gains/(losses) recognised in Surplus on the Provision of Services	(6)	(6)	0	0
Assets Sold	0	0	(1,717)	(1,717)
Assets Declassified as held for sale	0	0	(47)	(47)
Transfers from non-current to current	(73)	(73)	0	0
	<u>1</u>	<u>1</u>	<u>117</u>	<u>117</u>

23.2 Current Assets - Held for Sale

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Balance at 1 April	4,216	4,216	81	81
Additions	292	292	0	0
Revaluation gains/(losses) recognised in the revaluation reserve	(710)	(710)	(1,810)	(1,810)
Revaluation gains/(losses) recognised in Surplus on the Provision of Services	(43)	(43)	909	909
Assets Sold	(1,767)	(1,767)	(6,512)	(6,512)
Assets declassified as held for sale	(260)	(260)	11,174	11,174
Other movements	73	73	374	374
	<u>1,801</u>	<u>1,801</u>	<u>4,216</u>	<u>4,216</u>

NOTES TO THE FINANCIAL STATEMENTS

24. Creditors	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Trade Creditors	(161,566)	(157,011)	(138,813)	(133,748)
Council Tax Creditors	(528)	(528)	(4,584)	(4,584)
Other Tax payable	(17,946)	(13,762)	(15,328)	(11,879)
Other Creditors	(105,394)	(76,039)	(114,747)	(84,718)
PPP Creditor (Note 38.1)	(11,729)	(11,729)	(11,305)	(11,305)
Right of Use Asset (Note 38.4)	(30,831)	(17,946)	(30,307)	(16,813)
Finance Leases (non PPP - Note 38.1)	(411)	(411)	(403)	(403)
	<u>(328,405)</u>	<u>(277,426)</u>	<u>(315,487)</u>	<u>(263,450)</u>

25. Provisions Policy

The value of provisions is based upon the Council's obligations arising from past events, the probability that a transfer of economic benefit will take place and a reasonable estimate of the obligation. An assessment of long and short-term provisions has been made at the 31 March 2024 year end and provisions disclosed separately.

Note	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Long-Term				
Balance at 1 April	(24,477)	(24,477)	(23,081)	(23,081)
Transfers	0	0	0	0
Additional provisions made in year	(843)	(843)	(1,675)	(1,675)
Amounts used during the year	3,671	3,671	279	279
Unused amounts reversed during year	0	0	0	0
Balance at 31 March	<u>(21,649)</u>	<u>(21,649)</u>	<u>(24,477)</u>	<u>(24,477)</u>

Short-Term	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Balance at 1 April	(14,754)	(12,909)	(10,237)	(8,342)
Transfers	0	0	0	0
Additional provisions made in year	(2,505)	(894)	(9,215)	(7,129)
Amounts used during the year	4,930	3,473	2,149	13
Unused amounts reversed during year	1,079	1,079	2,549	2,549
Balance at 31 March	<u>(11,250)</u>	<u>(9,251)</u>	<u>(14,754)</u>	<u>(12,909)</u>

The Council provisions include estimates of settlements on outstanding equal pay, compensation, insurance and other claims, contract arrangements, land acquisition costs for the tram project and Council Tax discounts that require to be set aside for housing projects.

26. Reserves Policy

Reserves held on the Balance Sheet are classified as either usable or unusable reserves.

Usable reserves hold monies that can be applied to fund expenditure or reduce Council Tax.

Unusable reserves cannot be applied to fund expenditure.

Usable Reserves

The Council operates the following usable reserves:

- Capital receipts reserve - this represents capital receipts available to finance capital expenditure in future years.
- Capital grants unapplied account - holds capital grants and contributions that have been received towards specific works that have yet to be completed.
- Capital fund - under Schedule 3 of the Local Government (Scotland) Act 1975, certain receipts derived from the sale of property may also be used to create a capital fund "to be used for defraying any expenditure of the authority to which capital is properly applicable, or in providing money for repayment of the principal of loans".
- Renewal and repairs fund - holds monies set aside for the renewal and repair of Council property and funds for PPP school lifecycle maintenance. This fund is operated under the terms of Schedule 3 to the Local Government (Scotland) Act 1975.
- General Fund - held to mitigate financial consequences of risks and other events impacting on the Council's resources. Monies within the General Fund can be earmarked for specific purposes.

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves

Note

Movements in the Group and the Council's usable reserves are detailed in the Movement in Reserves Statement (on pages 22 to 23) and Note 12.

Policy

The Council operates the following unusable reserves:

- Revaluation reserve - holds unrealised gains arising since 1 April 2007 from holding non-current assets.
- Capital adjustment account - provides a mechanism between the different rates at which assets are depreciated and are financed through the capital controls system.
- Financial instruments adjustment account - provides a mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund.
- Available for sale financial assets - provides a mechanism to recognise the unrealised gains and losses on the revaluation of financial assets (such as investment bonds).
- Pensions reserve - represents the net monies which the Council requires to meet its pension liability, as calculated under IAS19, Employee Benefits. The Council operates a pensions reserve fund under the terms of the Local Government Pension Reserve Fund (Scotland) Regulations
- Employee statutory adjustment account - represents the net monies which the Council requires to meet its short-term compensated absences for employees under IAS19.

27.1 Summary of Unusable Reserves

	Balance as at:	
	31 March 2024 £000	31 March 2023 £000
Revaluation Reserve	2,351,452	2,422,204
Capital Adjustment Account	1,290,536	1,418,018
Financial Instruments Adjustment Account	(72,983)	(76,676)
Pensions Reserve	(48,738)	(51,098)
Employee Statutory Adjustment Account	(15,527)	(14,271)
Total Council Unusable Reserves	<u>3,504,740</u>	<u>3,698,177</u>
Subsidiaries, Associates and Joint Ventures	167,755	156,979
Total Group Unusable Reserves	<u><u>3,672,495</u></u>	<u><u>3,855,156</u></u>

27.2 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 unrealised gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before 1 April 2007 were consolidated into the capital adjustment account.

	2023/24 £000	Re-stated 2022/23 £000
Balance at 1 April	2,422,204	2,021,114
Upward revaluation of assets	359,730	570,991
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(333,243)	(89,954)
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Service	<u>26,487</u>	<u>481,037</u>
Difference between fair value depreciation and historical cost depreciation	(92,166)	(73,784)
Accumulated gains on assets sold written off to the capital adjustment account	(5,073)	(6,163)
Balance at 31 March	<u><u>2,351,452</u></u>	<u><u>2,422,204</u></u>

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.3 Capital Adjustment Account

The capital adjustment account provides a balancing mechanism for timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council to finance the costs for acquisition, construction and enhancement of non-current assets. The account also holds accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment prior to 1 April 2007.

Note 11 provides details of the source of the transactions posted to this account, except those involving the revaluation reserve.

	2023/24 £000	Re-stated 2022/23 £000
Balance at 1 April	1,418,018	1,348,747
<u>Reversal of items relating to capital expenditure debited or credited to the CIES</u>		
Charges for depreciation and impairment of non-current assets	(304,341)	(181,006)
Amortisation and impairment of intangible assets	(68)	(114)
Capital funded from revenue	8,205	24,509
Revenue exp. funded from capital under statute	(70,425)	(64,847)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	(18,708)	(22,178)
	<u>(385,336)</u>	<u>(243,636)</u>
Adjusting amounts written out of the revaluation reserve	5,073	6,163
	<u>(380,263)</u>	<u>(237,473)</u>
<u>Capital financing applied in the year:</u>		
Use of the capital receipts reserve to finance new capital expenditure	22,651	23,703
Donated assets	10,916	(239)
Use of capital fund for new capital expenditure	23,777	1,297
Capital grants and contributions credited to the CIES that have been applied to capital financing	112,758	106,745
Application of grants from the capital grants unapplied account / capital fund	11,381	16,608
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	97,839	92,164
Capital expenditure charged against the General Fund and HRA balances	70,425	64,847
	<u>349,746</u>	<u>305,125</u>
Movements in the market value of investment properties credited to the CIES	3,336	1,536
Movements in value of finance leases	1,540	83
Service Concession Flexibility	(101,841)	0
Balance at 31 March	<u><u>1,290,536</u></u>	<u><u>1,418,018</u></u>

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.4 Financial Instruments Adjustment Account

The financial instruments adjustment account provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund and Housing Revenue Account. This account also holds the equivalent interest rate adjustment on lender option / borrower option loans.

	2023/24	2022/23
	£000	£000
Balance at 1 April	(76,676)	(79,850)
Proportion of premiums incurred in previous financial years to be charged against the General Fund and HRA balances in accordance with statutory requirements	3,008	3,009
Proportion of equivalent interest rate calculation on lender option / borrower option loans (LOBOs)	685	165
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in accordance with statutory requirements	3,693	3,174
Balance at 31 March	<u>(72,983)</u>	<u>(76,676)</u>

The Council operates a loans pool on behalf of the General Fund and Housing Revenue Account.

27.5 Pensions Reserve

The pensions reserve provides a balancing mechanism arising from the different arrangements for accounting for post employment benefits (pension costs) and for funding pensions in accordance with statutory provisions. The Council accounts for pensions 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.

Statutory arrangements, however, require benefits to be financed as the Council makes its contributions to Lothian Pension Fund or pays any pensions for which it is directly responsible.

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.5 Pensions Reserve - continued

The balance on the pension reserve shows that there is no shortfall between the benefits earned by past and current employees and the resources that the Council has set aside to meet them, as outlined in Note 41.3.

	2023/24	Re-stated
	£000	2022/23
		£000
Balance at 1 April	(51,098)	(203,825)
Actuarial gains or (losses) on pension assets and liabilities	(9,889)	230,643
Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	(76,547)	(158,690)
Employer's pension contributions and direct payments to pensioners payable in the year	88,796	80,774
	<u> </u>	<u> </u>
Balance at 31 March	<u><u>(48,738)</u></u>	<u><u>(51,098)</u></u>

27.6 Employee Statutory Adjustment Account

The employee statutory adjustment account provides a balancing mechanism arising from the different arrangements that would otherwise impact on the General Fund and HRA balances from accruing for compensated absences earned but not taken in the year (annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund and HRA balances is mitigated by transfers to or from this account.

	2023/24	2022/23
	£000	£000
Balance at 1 April	(14,271)	(14,225)
Settlement or cancellation of accrual made at the end of the preceding year	14,271	14,225
Amount accrued at the end of the current year	<u>(15,527)</u>	<u>(14,271)</u>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,256)	(46)
	<u> </u>	<u> </u>
Balance at 31 March	<u><u>(15,527)</u></u>	<u><u>(14,271)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.7 Unusable Reserves - Group Members

	Balance as at:	
	31 March 2024 £000	31 March 2023 £000
Subsidiaries		
CEC Holdings Limited	61,057	58,306
Transport for Edinburgh	19,651	22,410
Edinburgh Living MMR LLP	32,851	26,287
The City of Edinburgh Council Charitable Trusts	13,978	23,843
Associates and Joint Ventures		
Common Good	26,244	26,087
Lothian Valuation Joint Board	13,974	46
Total Unusable Reserves - Subsidiaries, Associates and Joint Ventures	167,755	156,979

28. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Cash paid to and on behalf of employees	813,981	813,981	724,822	724,822
General Revenue Grant	(552,075)	(552,075)	(627,905)	(627,905)
Non-Domestic Rates receipts from national pool	(377,316)	(377,316)	(249,861)	(249,861)
Other net operating cash payments / (receipts)	31,303	31,303	38,089	38,089
Net cash flows from subsidiary companies	(29,989)	0	(35,232)	0
Net cash flows from operating activities	(114,096)	(84,107)	(150,087)	(114,855)

29. Cash Flow Statement - Operating Activities - continued

The cash flows for operating activities include the following items:

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Interest received	(23,379)	(22,117)	(10,148)	(10,023)
Interest paid	100,733	98,074	81,825	79,209
Investment income received	(2,912)	(2,912)	0	0

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

Proceeds from short-term and long-term investments	11,989	0	3,445	0
Recognised Capital Income	117,772	117,772	117,485	117,485
Movement in Donated Assets	10,916	10,916	(239)	(239)
	140,677	128,688	120,691	117,246

NOTES TO THE FINANCIAL STATEMENTS

29. Cash Flow Statement - Operating Activities - continued

	2023/24		Re-stated 2022/23	
	Group £000	Council £000	Group £000	Council £000
Depreciation	(288,061)	(267,959)	(269,918)	(247,354)
Impairment	(128,616)	(128,616)	(7,549)	(7,549)
Increase/(decrease) in impairment for bad debts	30	71	(15,655)	(15,361)
Increase/(decrease) in creditors	(8,218)	(3,773)	(38,063)	(30,035)
Increase/(decrease) in debtors	(3,619)	(3,136)	35,784	35,442
Increase/(decrease) in inventories	364	266	(648)	304
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	10,507	3,943	10,005	1,526
Other non-cash items charged to the net surplus or deficit on the provision of services	20,938	28,627	(77,696)	(74,574)
	<u>(396,675)</u>	<u>(370,577)</u>	<u>(363,740)</u>	<u>(337,601)</u>

30. Cash Flow Statement - Investing Activities

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	354,949	338,157	349,662	318,241
Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(26,239)	(25,512)	(24,185)	(23,854)
Net purchase of Short-Term and Long-Term Investments	(11,935)	(11,935)	(70,596)	(70,596)
Other receipts from investing activities	<u>(102,161)</u>	<u>(103,767)</u>	<u>(97,606)</u>	<u>(100,555)</u>
Net cash flows from investing activities	<u>214,614</u>	<u>196,943</u>	<u>157,275</u>	<u>123,236</u>

31. Cash Flow Statement - Financing Activities

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Cash Receipts of Short- and Long-Term Borrowing	(145,573)	(125,000)	(37,496)	(11,096)
Other Receipts for Financing Activities	39,691	39,691	(58,121)	(58,121)
Cash Payments for the Reduction of the Outstanding Liability relating to Finance Leases and on-Balance Sheet PPP Contracts	25,149	10,643	31,678	10,657
Repayment of short-term and long-term borrowing	65,683	64,767	55,795	55,122
Net cash flows from financing activities	<u>(15,050)</u>	<u>(9,899)</u>	<u>(8,144)</u>	<u>(3,438)</u>

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Support and Guarantees

32.1 Loans and guarantees

The Council has made a loan to Spartans at less than market interest rates (soft loans).

The Spartans loan relates to the lease of an area of ground lying immediately to the west of Ainslie Park Leisure Centre, Pilton Drive, Edinburgh. The original outstanding payment was £120,000, with £3,000 paid annually for ten consecutive years up to 31 March 2021 and £9,000 to be paid for ten consecutive years on or before 31 March from 31 March 2022.

	2023/24 £000	2022/23 £000
Opening Balance	51	56
New Loans	0	0
Increase in the Discounted Amount	4	4
Fair Value Adjustment	0	0
Loan Repayment	(9)	(9)
Balance Carried Forward	<u>46</u>	<u>51</u>
Nominal Value Carried Forward	<u>63</u>	<u>72</u>

The Council has issued, or is due to issue, non-convertible loan stock to C.E.C. Holdings Limited and EICC Limited.

Interest is not charged on the loan stock, which has a face value of £10.633m as at 31 December 2023. The loan stock is included in debtors, at a fair value rate, of £5.225m and is repayable within 25 years of issue.

In addition, the Council issued £7.229m of convertible loan stock to EICC Limited for the development of Edinburgh International Conference Centre. Interest is not charged on the loan stock, which is due to be repaid to the Council in 2117. The discounted value of this loan stock is £0.021m.

Adjustments have been made under the requirements of IFRS 9 Financial Instruments, as required by the Code.

32.2 Guarantees

In February 2018 the Council agreed to provide a formal pension guarantee to Lothian Pension Fund on behalf of Edinburgh Leisure.

From 1 April 2018 Lothian Pension Fund introduced a new investment strategy, whereby those employers closed to new entrants but who do not meet the criteria for the Fund's low-risk strategy, would be moved to a medium risk strategy.

Edinburgh Leisure would fall into this category and the impact would be a considerable increase in contribution rates and would likely result in a significant impact on services provided by this entity.

The Council approved providing a pension guarantee which enabled Edinburgh Leisure to be moved back to a low-risk strategy, avoiding the additional financial costs.

In June 2018 the Council also agreed to provide a pension guarantee to Lothian Pension Fund on behalf of Lothian Buses, to enable them to merge their existing pension fund into Lothian Pension Fund, to streamline the pension portfolio and bring associated financial efficiencies.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Support and Guarantees - continued

32.3 Shared Equity Scheme / Scheme of Assistance

In 2010/11, the Council approved a shared equity scheme to help buyers purchase homes from PARC. The Council provided assistance to sixteen purchasers, at a cost of £0.484m. No further assistance has been provided since 2012/13.

The monies are required to be repaid to the Council either on sale of the property or after twenty years, whichever occurs earlier.

Purchasers have the option to pay interest annually or accumulate charges on the same terms as the original equity. Sums due to the Council, including accrued interest, where owners have opted to defer interest, are included in long-term debtors, the balance at 31 March 2024 is £0.207m.

The assisted purchase scheme was an initiative administered on behalf of the Council to allow home owners to enter into a lifetime mortgage agreement to finance repairs to their properties. Forty loans were made between 2007 and 2012, with an original loan principal value of £0.762m. These sums are included in long-term debtors, the balance at 31 March 2024 is £0.738m.

The loans are repayable on sale of the property or on the death of the home owner. The amount repayable is a minimum of the original loan principal and a maximum of the original loan as a percentage of the property value on signing the agreement, as applied to the value on redeeming the loan.

In June 2018 the Council purchased the interest in a shared equity loan scheme from PARC for £0.512m. The scheme provided assistance to buyers to purchase homes from PARC and twenty two loans remain in the scheme. These sums are included in long-term debtors, the balance at 31 March 2024 is £0.268m.

The loans are repayable on sale of the property or on the death of the home owner. The amount repayable is a minimum of the original loan principal and a maximum of the original loan as a percentage of the property value on signing the agreement, as applied to the value on redeeming the loan.

32.4 National Housing Trust

The National Housing Trust (NHT) is a housing initiative developed by the Scottish Government, in partnership with the Scottish Futures Trust (SFT) and local authorities. The aim is to deliver new homes for mid-market rent while at the same time stimulating the housing market. The scheme is underwritten by the Scottish Government, by way of a guarantee against the borrowing and associated interest costs. The Council works with the Scottish Government and SFT to procure private developers to build homes for mid-market rent and enter into joint ventures with the Council, by way of Limited Liability Partnerships through the NHT initiative.

Phase 1 and 2 of NHT are now complete and have delivered 518 new homes.

All Phase 1 NHT developments have now been repaid in full.

NHT Phase 3 is complete and has delivered 829 homes.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Support and Guarantees - continued

32.4 National Housing Trust - continued

The Council has advanced and had repaid the following sums through the NHT scheme:

Developer	Development Site	Phase	Total No. of Units	Advanced 2023/24 £000	Repaid 2023/24 £000	Prior Years £000	Total £000
Places for People	Lochend North	1	0	0	(1,527)	1,527	0
Places for People	Lighthouse Court	1	0	0	(1,336)	1,336	0
FP Newhaven Ltd	Sandpiper Road	2	96	0	0	11,908	11,908
Ediston Homes Ltd	Fruitmarket	3	0	0	(9,153)	9,153	0
Cruden Homes	Western Harbour	3	138	0	0	17,284	17,284
Places for People	Shrubhill	3	93	0	0	14,923	14,923
			327	0	(12,016)	56,131	44,115

These sums are included within long-term debtors, as detailed in note 20.1.

33. Agency Income and Expenditure

The Council has entered into agency agreements with other public bodies to provide and receive services, the income and expenditure for which is included in the Comprehensive Income and Expenditure Statement.

During the financial year the total Agency income was £56.822m (2022/23 £97.799m) and Agency Expenditure £40.870m (2022/23 £83.518m).

During the financial year the Council undertook the final fund reconciliations for the Energy Bill Support Scheme and several Covid-19 related funding streams on behalf of the UK and Scottish Governments, on an agency basis. During the year grants of £0.34m were paid out (2022/23 £24.265m), utilising funding carried forward from the prior year. The remaining unused funds are due to be returned to the relevant funding bodies.

During the financial year the administration of the Scottish Cities Alliance employment and operational budget was taken over by Dundee City Council, with the aim to harmonise the management arrangements it was agreed that the remaining project funds of £0.479m be transferred to Dundee City Council. In 2022/23 the council undertook, on an agency basis, the financial administration on behalf of the Scottish Cities Alliance, £0.338m was paid out to the respective lead authorities of the projects concerned.

The Council acts as the Billing Authority for a number of Business Improvement Districts (BIDs). The Council collects a levy from the business rate payers on behalf of the BID bodies, Essential Edinburgh and Edinburgh West End. During the year income of £1.033m (202/23 £1.049m) was collected and £1.042m (2022/23 £1.028m) paid out to BID schemes, included in the totals above.

In August 2018 the Edinburgh and South-East Scotland City Region Deal (ESES CR Deal) was signed and committed a total of £600m of funding from both the Scottish and UK Governments, over 15 years. The Council has undertaken, on an agency basis, to act as the accountable body for the management of the Deal. During the year income and expenditure amounted to £37.858m (2022/23 £57.716m).

34. Audit Costs

The fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice are £0.718m (2022/23 £0.682m).

In addition, the Council paid audit fees to Azets Audit Services for the audit of CEC Recovery Limited's (formerly tie Limited) accounts. The Council paid £0.002m during 2023/24 (2022/23 £0.002m) for the audit of the 2022/23 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

35. Grant Income

Policy

• Revenue

Revenue grants and contributions have been included in the financial statements on an accruals basis.

Where such funds remain unapplied at the Balance Sheet date, but approval has been given to carry these funds forward to the next financial year, these amounts have been set aside in the General Fund.

• Capital

Capital grants and contributions are recognised in the Comprehensive Income and Expenditure Statement except to the extent there are conditions attached to them that have not been met.

Where there are no conditions attached to capital grants and contributions, these funds are a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account by way of an adjusting transaction with the capital adjustment account, where expenditure has been incurred, and the unapplied capital grants account, where expenditure has not been incurred.

Where there are outstanding conditions attached to capital grants and contributions that have not been met at the Balance Sheet date, the grant or contribution will be recognised as part of capital grants receipts in advance. Once the condition has been met, the grant or contribution will be transferred from capital grants received in advance and recognised as income in the Comprehensive Income and Expenditure Statement, as above.

Note

Grants and contributions credited to the Comprehensive Income and Expenditure Statement include the following:

	2023/24		2022/23	
	£000	£000	£000	£000
Credited to taxation and non-specific grant income				
General revenue funding	(552,075)		(627,905)	
Non-domestic rates	(377,317)		(249,861)	
Capital grants and contributions	<u>(128,688)</u>		<u>(117,247)</u>	
		(1,058,080)		(995,013)
Credited to services				
Central Government Bodies	(238,649)		(259,766)	
Other Local Authorities	(2,751)		(4,102)	
NHS bodies	(87,604)		(84,119)	
Other entities and individuals	<u>(22,739)</u>		<u>(49,499)</u>	
		<u>(351,743)</u>		<u>(397,486)</u>
Total		<u><u>(1,409,823)</u></u>		<u><u>(1,392,499)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

36. Related Parties

During the year, the Council entered into a number of 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. The most material of these transactions, including Outstanding Balances where normal terms and conditions apply, are shown below.

	2023/24	2023/24	2023/24	2022/23	2022/23
	Expenditure	Income	Debtor /	Net	Debtor /
	£000	£000	(Creditor)	Expenditure	(Creditor)
			£000	/ (Income)	£000
				£000	£000

Subsidiaries and Associates

Subsidiaries and Associates are independent bodies over which the Council is considered to have control or influence, see Note 9 (page 45) for further details. The following entities have a significant impact on the Council's operations and have been consolidated into the Group Accounts:

CEC Holdings (incl. EDI Group, EICC)	37	(300)	7,550	(503)	2,429
Edinburgh Charitable Trusts	0	(3)	11	(1)	17
Edinburgh Living MMR LLP	8,573	(4,634)	67,625	7,326	44,930
Transport for Edinburgh (inc. Edinburgh Trams and Lothian Buses)	4,816	(9,716)	2,349	(5,006)	(443)
Capital Theatres	634	0	0	388	0
Common Good	0	0	66	0	(384)
Edinburgh Integration Joint Board	337,147	(341,083)	(1,771)	(28,224)	(6,329)
Edinburgh Leisure Limited	9,548	(248)	363	10,852	163
Lothian Valuation Joint Board	3,698	(482)	(804)	3,278	(1,524)

The following companies are not consolidated into the Group Accounts as, following an assessment, the companies are not considered to be a material part of the Group and have therefore been excluded from the Group Accounts:

Capital City Partnership	9,869	3	0	6,672	(249)
CEC Recovery (formerly Tie Limited)	0	0	4	0	1
Energy for Edinburgh	0	0	0	(2)	0
Telford NHT	0	0	0	(1,247)	6

The Council is the administering authority for the Lothian Pension Fund which is a Local Government Pension Scheme, details of the scheme, including contributions paid to the fund are shown in Note 41. LFPE Limited and LPFI Limited are corporate bodies wholly owned by the City of Edinburgh Council. Both bodies' accounts are consolidated in the annual accounts of Lothian Pension Fund.

Lothian Pension Fund	6,749	(320)	(2,209)	6,152	(2,710)
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Scottish Government

The Scottish Government has control over the general operations of the Council. It outlines the statutory framework in which the Council operates, specifies the terms of various transactions that the Council has with other parties such as council tax, and provides the majority of the Council's funding through grants. Grants received from government are shown in Note 35. Grant Income.

Scottish Government	327	(67,214)	69,682	(95,379)	66,518
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NOTES TO THE FINANCIAL STATEMENTS

36. Related Parties - continued

	2023/24 Expenditure £000	2023/24 Income £000	2023/24 Debtor / (Creditor) £000	2022/23 Net Expenditure / (Income) £000	2022/23 Debtor / (Creditor) £000
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Other Public Bodies

If a public body has had a related party transaction during the year, IAS 24 requires information to be disclosed about the transactions and any outstanding balances. Of the bodies sampled, the most common transactions related to loans and grants, and the rendering or receiving of services.

Business Stream	2,427	0	184	2,523	288
Criminal Justice Bodies	506	0	0	425	0
NHS Bodies	945	(31,946)	(462)	(25,400)	1,289
Other Local Authorities	4,119	(4,470)	(632)	1,683	(889)
Police Scotland	281	(1,109)	8,519	(910)	9,018
Scottish Fire and Rescue Service	187	0	0	38	0
Scottish Police Authority	78	(3)	(16)	56	(28)
Scottish Qualifications Authority	1,520	0	0	1,524	0
Scottish Water	20	(31)	(2,842)	205	(3,007)
Transport Scotland	0	(243)	1,582	(1,762)	764

Members Interest

Under the Councillors' Code of Conduct, elected members must declare any registered interests in any bodies where the Council itself does not have significant influence over their operations. Each member's Register of Interest is available in the Your Councillors section of the City of Edinburgh Council website.

In 2023-24, the Council made payments totalling £7.887m to 42 bodies where members hold an interest, ie they held or hold a position where they have significant influence or control. Material payments (i.e. in excess of £0.250m) have been detailed below:

Bethany Christian Trust	1,316	0	(6)	1,254	419
Church of Scotland	412	(72)	0	332	0
Dean and Cauvin Charitable Trust	1,074	0	12	1,079	6
Lifecare Edinburgh	588	0	0	551	0
Royal Blind Asylum and School	497	0	0	355	(192)
Royal Scottish National Orchestra Society	613	(6)	0	189	0
Smilechildcare	283	0	0	277	0
The Citadel Youth Centre	310	0	0	276	0
University of Edinburgh	408	(212)	12	429	25

Other Organisations

Other related parties include bodies in which the Council has an interest in collaboration with other local authorities, but are not Associates together with bodies to which the Council provides substantial funding or in which it holds a significant interest.

Axiom Education Limited	27,884	0	(88,342)	25,675	(92,628)
Edinburgh International Festival Society	1,929	(212)	0	1,633	43
Edinburgh and Lothians Greenspace Trust	1,063	0	(10)	684	0
Edinburgh School Partnership	28,201	0	(39,540)	21,407	(40,394)
Edinburgh Vol. Org. Council	490	0	(5)	427	0
Handicab	555	0	(14)	296	0
Hubco	536	0	(27,413)	1,165	(28,330)
Millerhill	0	0	(259,404)	0	(267,669)
South East of Scotland Transport Partnership	62	(7)	24	2	525
SUSTRANS	71	(19,601)	9,198	(13,428)	10,573
QHS DBFMCO	3,799	0	(33,600)	3,576	(34,575)

NOTES TO THE FINANCIAL STATEMENTS

36. Related Parties - continued

Senior Officers

Senior Officers have control over the Council's financial and operating policies. The total remuneration paid to senior officers is shown in the Remuneration Report.

Officers have the responsibility to adhere to a Code of Conduct, which requires them to declare an interest in matters that may directly or indirectly influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, officers with declarations of interest would opt out of taking part in any discussion or decisions relating to transactions with these parties.

37. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred during the year is shown below (including the value of assets acquired under finance leases and PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years through charges to revenue (loan charges), capital expenditure results in an increase in the capital financing requirement. This shows the amount of capital expenditure that has yet to be financed. The capital financing requirement is analysed below.

	2023/24		2022/23	
	£000	£000	£000	£000
Opening capital financing requirement		2,025,848		1,902,866
Capital Investment				
Property, plant and equipment	440,738		312,045	
Heritage Assets / Common Good Assets	1,809		1,960	
Assets held for sale	292		1,764	
Capital Receipts transferred to Capital Fund	15,930		10,503	
Capital Investment applied to debtors	8,574		18,400	
Revenue expenditure funded from capital under statute	70,425		64,847	
Right of Use Asset Recognised in year	20,331		66,863	
PPP Lease Agreements Recognised In-Year	1,540		(504)	
		559,639		475,879
Sources of Finance				
Capital receipts	(22,651)		(23,703)	
Capital Funded from Current Revenue	(8,205)		(24,509)	
Government grants and other contributions	(245,257)		(200,058)	
PPP schools -				
- under construction and lifecycle additions	0		239	
Loans fund / finance lease repayments	(98,784)		(104,866)	
		(374,897)		(352,897)
Closing capital financing requirement		<u>2,210,589</u>		<u>2,025,848</u>
Explanation of movements in year				
(Decrease) / increase in underlying need to borrow or fund from credit arrangements		183,201		123,485
Assets acquired under finance leases		1,540		(504)
(Decrease) / Increase in capital financing requirement		<u>184,741</u>		<u>122,982</u>

NOTES TO THE FINANCIAL STATEMENTS

38. Leases

38.1 PPP, Finance Lease and Other Liabilities

Policy

Finance leases, which have substantially transferred to the authority the benefits and risks of ownership of a non-current asset, are treated as if the asset had been purchased outright.

Assets acquired under finance leases are included in non-current assets at the lower of the fair value or the present value of the minimum lease payments. The capital element of the lease is included as obligations under finance leases / creditors.

The lease rentals comprise capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to revenue on a straight line basis over the terms of the lease.

Note

The Council has acquired a waste treatment facility and its IT equipment under finance leases. The assets classified under these leases are included in property, plant and equipment in the Balance Sheet. In 2022/23 all IT liabilities were derecognised and the asset ownership passed to the Council.

The Council adopted IFRS 16 from 1 April 2022, therefore all consolidation adjustments have been made on this basis from 2022/23 onwards, to adjust for right of use assets and related lease liabilities in connection with all former operating leases.

	Note	2023/24		2022/23	
		Group	Council	Group	Council
		£000	£000	£000	£000
Short Term Creditors					
PPP Residual Waste	39.1	2,594	2,594	2,598	2,598
PPP Education	39.2	9,135	9,135	8,707	8,707
Finance Leases	38.2	411	411	403	403
Right of Use Assets	38.4	30,831	17,946	30,307	16,813
		<u>42,971</u>	<u>30,086</u>	<u>42,015</u>	<u>28,521</u>
Other Long-Term Liabilities					
PPP Residual Waste	39.1	23,067	23,067	23,368	23,368
PPP Residual Waste Donated Asset	39.1	45,866	45,866	48,158	48,158
PPP Education	39.2	179,649	179,649	188,850	188,850
Finance Leases	38.2	3,527	3,527	3,938	3,938
Right of Use Assets	38.4	177,746	127,148	97,789	34,616
Group other liabilities		287	0	221	0
		<u>430,142</u>	<u>379,257</u>	<u>362,324</u>	<u>298,930</u>

38.2 Assets Leased in - Finance Leases

	2023/24		2022/23	
	Group	Council	Group	Council
	£000	£000	£000	£000
Value at 1 April	4,341	4,341	52,013	6,358
Adjustment for Right of Use Assets	0	0	(45,655)	0
Additions during the year	0	0	0	0
Depreciation charge for the year	(403)	(403)	(1,569)	(1,569)
Derecognition	0	0	(448)	(448)
Value at 31 March	<u>3,938</u>	<u>3,938</u>	<u>4,341</u>	<u>4,341</u>
Vehicles, plant, equipment and furniture	<u>3,938</u>	<u>3,938</u>	<u>4,341</u>	<u>4,341</u>
Value at 31 March	<u>3,938</u>	<u>3,938</u>	<u>4,341</u>	<u>4,341</u>
Analysed by:	£000	£000	£000	£000
Current	411	411	403	403
Non-Current	3,527	3,527	3,938	3,938
Finance costs payable in future years	381	381	463	463
	<u>4,319</u>	<u>4,319</u>	<u>4,804</u>	<u>4,804</u>
Finance Lease Liabilities	£000	£000	£000	£000
Within one year	486	486	486	486
Between 2 and 5 years	1,943	1,943	1,943	1,943
Over 5 years	1,890	1,890	2,375	2,375
Total liabilities	<u>4,319</u>	<u>4,319</u>	<u>4,804</u>	<u>4,804</u>

NOTES TO THE FINANCIAL STATEMENTS

38. Leases - continued

38.2 Assets Leased in - Operating Leases

Policy

Leases that do not meet the definition of a finance lease are accounted for as operating leases.

Rental payments, net of benefits received, under operating leases are charged to the relevant service on a straight line basis over the life of the lease.

Note

The Council adopted IFRS 16 from 1 April 2022, therefore consolidation adjustments are no longer required for Group bodies who adopted prior to this date. Properties and other vehicles, plant and equipment that fall under the scope of IFRS16 have now been reclassified as right of use assets on the balance sheet. The disclosures below relate to low value (below £10k assets) and leases that have less than 12 months to run.

The Group leases in property, vehicles and copying equipment. The amount charged to the Comprehensive Income and Expenditure Statement under these arrangements and the value of future payments under operating leases is shown below.

Under these operating leases, the Group and Council is committed to paying the following sums:

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Future Repayment Period				
Not later than one year	129	129	139	139
Later than one year and not later than five years	130	130	283	283
Later than five years	1	1	1	1
	260	260	423	423
Value at 31 March				
Other land and buildings	0	0	35	35
Vehicles, plant, equipment and furniture	258	258	388	388
	258	258	423	423
Recognised as an expense during the year	130	130	306	306

38.3 Assets Leased Out by the Council - Operating Leases

Policy

Rental income received under operating leases is credited to the relevant service in accordance with the terms specified in the lease agreement.

Note

The Council leases out property, equipment and infrastructure under operating leases for a number of purposes, including:

- for economic development purposes, including regeneration and to provide suitable affordable accommodation for local businesses.
- to arm's-length companies for the provision of services such as sport and leisure and theatres.
- an operating lease arrangement with Edinburgh Trams for the lease of the tram infrastructure.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2023/24 £000	2022/23 £000
Not later than one year	22,576	21,318
Later than one year and not later than five years	81,267	72,653
Later than five years	300,875	312,390
Total liabilities	404,718	406,361

The Council has a number of leases that are agreed for a period of over 100 years, the majority of which relate to land.

NOTES TO THE FINANCIAL STATEMENTS

38. Leases - continued

38.4 Right of Use Assets

The Council adopted IFRS 16 from 1 April 2022, to recognise right of use assets, which meant that the majority of leases where the Council acts as lessee came onto the balance sheet. With effect from 1 April 2023, IFRS 16 also applied to service concession arrangements i.e. Public Private Partnerships (PPP) and similar schemes. Right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

The main impact of the new requirements is that, for arrangements previously accounted for as service concessions, a right-of-use asset and a lease liability are now on the balance sheet at 1 April 2023. The contractual arrangements continue to be disclosed in Note 39. Leases for items of low value and leases that expire on or before 31 March 2024 are exempt from IFRS 16 disclosure requirements.

A weighted average incremental borrowing rate of 2.57% has been applied to lease liabilities as at 1 April 2023.

As a lessee, the Council has 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.

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

	2023/24		2022/23	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	149,723	51,429	0	0
Additions during the year	111,326	111,033	176,919	66,863
Disposals	(20,485)	0	0	0
Principal repaid in year	(27,572)	(17,368)	(27,196)	(15,434)
Value at 31 March	<u>212,992</u>	<u>145,094</u>	<u>149,723</u>	<u>51,429</u>
Other land and buildings	63,994	56,433	57,856	49,998
Other land and buildings (PPP)	87,765	87,765	0	0
Vehicles, plant, equipment and furniture	61,233	896	91,867	1,431
Value at 31 March	<u>212,992</u>	<u>145,094</u>	<u>149,723</u>	<u>51,429</u>
Analysed by:	£000	£000	£000	£000
Current	30,831	17,946	30,307	16,813
Non-Current	177,746	127,148	97,789	34,616
	<u>208,577</u>	<u>145,094</u>	<u>128,096</u>	<u>51,429</u>
Finance Lease Liabilities	£000	£000	£000	£000
Within one year	32,158	17,946	31,854	16,813
Between 2 and 5 years	91,634	47,026	77,627	27,862
Over 5 years	89,709	80,122	25,184	6,754
Total liabilities	<u>213,501</u>	<u>145,094</u>	<u>134,665</u>	<u>51,429</u>

Amount charged to the Council Comprehensive Income and Expenditure amounted to £8.2m in 2023/24 (2022/23 £1.3m), related to interest expense on the lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

39. Public Private Partnerships and Similar Contracts

39.1 PPP - Residual Waste

In 2016, the Council entered into a twenty five year contract with FCC to supply residual waste treatment at Millerhill. The contract is a joint arrangement between the Council and Midlothian Council on an 80:20 split respectively. This contract became operational in April 2019. The Council's 80% share of the facility value is included in the Fixed Assets on the balance sheet.

Under the agreements the Council is committed to paying the following sums as detailed in the contractor's final bid model:

	Payment for Services £000	Reimburse. of Capital Expenditure £000	Interest £000	Total £000	Donated Asset £000
Payable in 2024/25	5,233	301	3,594	9,128	2,293
Within two to five years	22,784	1,301	13,890	37,975	9,173
Within six to ten years	31,515	3,037	15,909	50,461	11,466
Within eleven to fifteen years	35,408	6,212	12,536	54,156	11,466
Within sixteen to twenty years	40,094	12,240	6,003	58,337	11,466
Within twenty one to twenty five years	909	277	2	1,188	2,295
	135,943	23,368	51,934	211,245	48,159

The payments for service disclosed have had uplifts applied to reflect the current inflationary position and estimated potential future impacts, as set out below.

	2024/25	2025/26	2026/27	2027/28 onwards
Payable	4.02%	3.50%	3.00%	2.50%

39.2 PPP - Education Projects

In 2001, the Council entered into a Public Private Partnership (PPP1) for the provision of school buildings, maintenance and other facilities with Edinburgh Schools Partnership. This agreement was supplemented by a further agreement in April 2004, which now requires Edinburgh Schools Partnership either to replace or substantially renovate ten primary, five secondary and two special schools, together with one close support unit and a community wing, and to maintain these schools to an agreed standard. When the agreement ends in July 2033 the schools will be handed to the Council with a guaranteed maintenance-free life of five years.

In April 2007, the Council entered into a second Public Private Partnership (PPP2) for the provision of school buildings, maintenance and other facilities with Axiom Education Limited. This required Axiom Education Limited to replace six secondary schools and two primary schools and to maintain these schools to a high standard. When the agreement ends in July 2038 the schools will be handed to the Council with an agreed major maintenance-free life of five years.

In December 2013, the Council entered in to an agreement with Hub South East Scotland for the provision of a new building for James Gillespie's High School. This has been procured using a Design, Build, Finance and Maintain (DBFM) agreement with Hub South East Scotland. The concession is due to terminate in July 2041.

NOTES TO THE FINANCIAL STATEMENTS

39. Public Private Partnerships and Similar Contracts - continued

39.2 PPP - Education Projects - continued

In June 2018, the Council entered into an agreement with QHS DBFMCO Ltd for the provision of a new building for Queensferry High School. This has been procured using a Design, Build, Finance and Maintain (DBFM) agreement with QHS DBFMCO Ltd. The concession is due to terminate in March 2045.

Under the agreements the Council is committed to paying the following sums as detailed in the contractor's final bid model:

	Payment for Services £000	Reimburse. of Capital Expenditure £000	Interest £000	Total £000
Payable in 2024/25	28,241	9,135	20,701	58,077
Payable within two to five years	118,613	42,716	78,787	240,116
Payable within six to ten years	158,597	64,064	84,102	306,763
Payable within eleven to fifteen years	92,666	51,723	48,895	193,284
Payable within sixteen to twenty years	6,823	18,148	5,630	30,601
Payable within twenty one to twenty five years	588	2,998	673	4,259
	<u>405,528</u>	<u>188,784</u>	<u>238,788</u>	<u>833,100</u>

The payments for service disclosed have had uplifts applied to reflect the current inflationary position and estimated potential future impacts, subject to the terms of the separate contracts, as set out below.

	2024/25	2025/26 onwards
Payable		
PPP1	1.83%	1.11%
PPP2	3.03%	1.67%
James Gillespie's High School	4.53%	2.50%
Queensferry High School	4.53%	2.50%

The amounts disclosed as reimbursement of capital expenditure are included in creditors and other long-term liabilities on the Balance Sheet. These are not subject to the above inflationary uplifts.

The unitary charges paid to the service providers include amounts to compensate them for the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the service providers for capital expenditure incurred is as follows:

	2023/24 £000	2022/23 £000
Balance at 1 April	197,557	206,387
PPP unitary charge restatement adjustment	(55)	(55)
Additions during the year	0	0
Repayments during the year	<u>(8,718)</u>	<u>(8,775)</u>
Balance at 31 March	<u>188,784</u>	<u>197,557</u>

NOTES TO THE FINANCIAL STATEMENTS

39. Public Private Partnerships and Similar Contracts - continued

39.3 Provision of Information Technology services

In 2015 the Council entered into a seven year contract with CGI for the provision of information technology services. This contract became operational on 1 April 2016. A six year contract extension was approved to 31 March 2029.

Under the agreement the Council is committed to paying the following sums in cash terms (assuming an inflationary uplift). These sums exclude amounts disclosed under finance leases for ICT asset additions.

Future Repayment		Inflationary
Period	£000	Uplift
2024/25	24,043	2.5%
2025/26 - 2028/29	96,098	2.5%
	<u>120,141</u>	

39.4 Provision of Parking Enforcement

The Council entered into a five year contract with NSL for the provision of parking enforcement on 1 October 2014 which ended on 30 September 2019. There was a five year extension clause which was approved with the contract extended to 30 September 2024, with a further one year maximum extension approved in March 2024, to 30 September 2025.

The Council is committed to paying the following sums in cash terms (renegotiated annually):

Future Repayment	
Period	£000
2024/25	8,381
2025/26	4,190
	<u>12,571</u>

39.5 Other Rolling Contracts

The Council has entered into a number of rolling contracts to provide services, which are mainly care orientated through 'Supporting People'. The annual value of these contracts is £36.196m.

40. Pension schemes accounted for as defined contribution schemes

The Scottish Teachers' Superannuation Scheme is an unfunded scheme administered by the Scottish Public Pensions Agency. The scheme is excluded from the accounting requirements of IAS 19 as it is a national scheme which does not allow for the identification of pension liabilities consistently and reliably between participating authorities. The accounts, therefore, only include the payments made by the Council to the scheme in year and do not reflect the estimated pension assets or liabilities of the scheme. The exception to this are payments in relation to unfunded pension enhancements for members of the scheme as they are administered through the Local Government Pension Scheme and are taken into consideration in accounting for pension costs under IAS 19.

	2023/24		2022/23	
	£000	%	£000	%
Amount paid to Scottish Government in respect of teachers' pension costs	46,182		36,260	
As a percentage of teachers' pensionable pay		23.00		23.00
Amount paid in respect of added years	0		0	
As a percentage of teachers' pensionable pay		0.00		0.00
Capitalised value of discretionary awards	10,635		11,342	

At 31 March 2024, creditors include £5.261m (2022/23 £4.401m) in respect of teachers' superannuation.

41. Defined Benefit Pension Schemes

41.1 Participation in Pension Scheme

The Council is operating as an administering authority for the Local Government Pension Scheme.

The Council also makes contributions towards the cost of its own employees' post-employment benefits. Although these benefits will not be payable until employees retire, the Council has a commitment to make payment for those benefits and to disclose them at the time that employees earn their future entitlement.

Employees other than teachers are eligible to join the Local Government Pension Scheme. The pension costs charged to Services in respect of these employees have been calculated under IAS 19 - Employee Benefits.

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.1 Participation in Pension Scheme - continued

In terms of this scheme, in 2023/24 the Council paid an employer's contribution into the Lothian Pension Fund, representing 22.7% (2022/23 22.7%) of pensionable pay. Contribution rates are determined by the Fund's Actuary based on triennial actuarial valuations of the pension fund. The data is based on the valuations as at March 2023, at which point the funding level (i.e. the percentage of assets to past service liabilities) was 157%.

The Fund's Actuary is unable to provide an analysis of IAS19 pension costs by individual service. The charge in the Comprehensive Income and Expenditure Statement applied against each service included in 'Cost of Services' reflects an apportionment of costs in line with the actual cash payments made by the Council to Lothian Pension Fund.

41.2 Transactions Relating to Post-Employment Benefits

The cost of pension benefits, as assessed by the Fund's Actuary and reflected within 'Cost of Services', differed from the cash payment to the Fund charged against Council Tax. The following summarises the entries reflected within the Comprehensive Income and Expenditure Statement in respect of accounting for pensions under IAS19. The amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under the pension scheme regulations is included in the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement	2023/24		Re-stated 2022/23	
	£000	£000	£000	£000
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	75,897		152,506	
Past service costs	1,027		366	
Effect of Settlements	<u>0</u>		<u>(631)</u>	
		76,924		152,241
<i>Financing and investment income:</i>				
Net interest (income) / expense		<u>(377)</u>		<u>6,449</u>
Total post employee benefit charged to the surplus on the provision of services		76,547		158,690
<i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i>				
Re-measurement of the net defined liability, comprising:				
Return on plan assets, excluding the amount incl. in the net interest expense above.	(170,432)		18,797	
Actuarial (gains) and losses arising on changes in financial assumptions	(96,345)		(1,445,895)	
Restrictions in pension assets	41,034		1,029,090	
Actuarial (gains) and losses arising on changes in demographic assumptions	(48,629)		(29,569)	
Other experience	<u>284,261</u>		<u>196,934</u>	
		9,889		(230,643)
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		<u>86,436</u>		<u>(71,953)</u>
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>(76,547)</u>		<u>(158,690)</u>
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to the scheme		83,764		75,947
Contributions in respect of unfunded benefits		<u>5,032</u>		<u>4,827</u>
		<u>88,796</u>		<u>80,774</u>

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.3 Pension Assets and Liabilities Recognised in the Balance Sheet

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

The net asset value has been determined using the projected unit credit method of valuation in accordance with Accounting Standards.

The actuaries valuation of the pension fund at 31 March 2024 was a net asset of £1,067.841m, however IAS19 limits the measurement of a net defined benefit scheme. In accordance with IAS19 and IFRIC 14 an asset ceiling has been calculated, bringing the value of funded obligations to £nil and the net value represents the unfunded liabilities.

	2023/24	Re-stated 2022/23
	£000	£000
Fair value of employer assets	3,964,054	3,676,015
Present value of funded liabilities	(2,847,475)	(2,646,925)
Present value of unfunded liabilities	(48,738)	(51,098)
Other movements in the liability/ asset	<u>(1,116,579)</u>	<u>(1,029,090)</u>
Net asset / (liability) arising from defined benefit obligation	<u>(48,738)</u>	<u>(51,098)</u>

41.4 Reconciliation of the Movements in the Fair Value of Scheme Assets

	2023/24	Re-stated 2022/23
	£000	£000
Opening fair value of scheme assets	3,676,015	3,599,772
Effect of settlements	0	(1,173)
Interest income	174,663	97,083
Re-measurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	170,432	(18,797)
Contributions from employer	83,764	75,947
Contributions from employees into the scheme	22,129	20,408
Contributions in respect of unfunded benefits	5,032	4,827
Other Experience	(43,676)	0
Benefits paid	(119,273)	(97,225)
Unfunded benefits paid	<u>(5,032)</u>	<u>(4,827)</u>
Closing fair value of scheme assets	<u>3,964,054</u>	<u>3,676,015</u>

Reconciliation of Present Value of the Scheme Liabilities

	2023/24	2022/23
	£000	£000
Present value of funded liabilities	(2,646,925)	(3,742,162)
Present value of unfunded liabilities	(51,098)	(61,435)
Other movements in the liability/asset	<u>(1,029,090)</u>	<u>0</u>
Opening balance at 1 April	(3,727,113)	(3,803,597)
Current service cost	(75,897)	(152,506)
Interest cost	(174,286)	(103,532)
Contributions from employees into the scheme	(22,129)	(20,408)
Re-measurement gain / (loss):		
Change in financial assumptions	96,345	1,445,895
Restriction in pension asset	(41,034)	(1,029,090)
Change in demographic assumptions	48,629	29,569
Other experience	(240,585)	(196,934)
Past service (cost) / gain	(1,027)	(366)
Effects of settlements	0	1,804
Benefits paid	119,273	97,225
Unfunded benefits paid	<u>5,032</u>	<u>4,827</u>
Closing balance at 31 March	<u>(4,012,792)</u>	<u>(3,727,113)</u>

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.5 Fair Value of Employer Assets

The following asset values are at bid value as required under IAS19.

	2023/24 £000	%	2022/23 £000	%
Consumer *	470,097.2	12	450,692.4	12
Manufacturing *	546,643.0	14	506,731.1	14
Energy and Utilities *	216,239.1	5	221,748.1	6
Financial Institutions *	234,354.9	6	221,131.6	6
Health and Care *	257,187.8	6	270,018.3	7
Information technology *	197,330.6	5	152,669.4	4
Other *	<u>244,146.1</u>	6	<u>251,005.4</u>	7
Sub-total Equity Securities	<u>2,165,998.7</u>		<u>2,073,996.3</u>	
Debt Securities:				
UK Government *	535,068.0	13	426,162.1	12
Corporate Bonds (investment grade) *	64,257.3	2	57,330.7	2
Other *	<u>68,895.3</u>	2	<u>76,773.4</u>	2
Sub-total Debt Securities	<u>668,220.6</u>		<u>560,266.2</u>	
Private Equity				
All *	20,335.6	1	2,299.7	0
All	<u>0.0</u>	0	<u>12,060.4</u>	0
Sub-total Private Equity	<u>20,335.6</u>		<u>14,360.1</u>	
Real Estate:				
UK Property *	0.0	0	24,635.2	1
UK Property	203,395.6	5	140,956.0	4
Overseas Property *	13,477.8	0	4,883.0	0
Overseas Property	<u>39.6</u>	0	<u>1,018.4</u>	0
Sub-total Real Estate	<u>216,913.0</u>		<u>171,492.6</u>	
Investment Funds and Unit Trusts:				
Equities *	0.0	0	48,939.8	1
Equities	0.0	0	2,848.5	0
Bonds	101,241.9	3	106,437.8	3
Commodities	44,119.9	1	0.0	0
Infrastructure*	8,998.4	0	0.0	0
Infrastructure	<u>591,040.5</u>	15	<u>523,901.9</u>	14
Sub-total Investment Funds and Unit Trusts	<u>745,401.1</u>		<u>682,128.0</u>	
Derivatives:				
Foreign Exchange *	<u>(634.2)</u>	0	<u>156.1</u>	0
Sub-total Derivatives	<u>(634.2)</u>		<u>156.1</u>	
Cash and Cash Equivalents				
All *	<u>147,819.6</u>	4	<u>173,615.7</u>	5
Sub-total Cash and Cash Equivalents	<u>147,819.6</u>		<u>173,615.7</u>	
Total Fair Value of Employer Assets	<u>3,964,054</u>	<u>100</u>	<u>3,676,015</u>	<u>100</u>

Scheme assets marked with an asterisk (*) have quoted prices in active markets.

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.6 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2024 were those from the beginning of the year (i.e. 31 March 2023) and have not been changed during the year. The main assumptions in the calculations are:

Investment returns

Actual return for period from 1 April 2023 to 31 January 2024	(2.60%)
Total return for period from 1 April 2023 to 31 March 2024	(9.40%)

Average future life expectancies at age 65:

		31.03.24	31.03.23
Current pensioners	male	20.3 years	19.9 years
Current pensioners	female	23.1 years	22.9 years
Future pensioners	male	21.0 years	21.2 years
Future pensioners	female	24.6 years	24.7 years
Period ended		31.03.24	31.03.23
Pension increase rate		2.80%	2.95%
Salary Increase rate		3.50%	3.45%
Discount rate		4.80%	4.75%

As at the date of the most recent valuation, the duration of the Employer's funded obligations is 16 years.

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2024 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

For example, to quantify the uncertainty around life expectancy, the Actuary has calculated the difference in cost to the Employer of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption and changes in some of the assumptions may be interrelated.

Change in assumptions at 31 March 2024	Approximate % Increase to Employer	Approximate Monetary Amount £000
0.1% decrease in Real Discount Rate	2%	47,925
1 year increase in member life expectancy	4%	115,849
0.1% increase in the Salary Increase Rate	0%	5,516
0.1% increase in the Pension Increase Rate	1%	43,204

41.7 Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council agreed a contribution stability mechanism with the scheme's actuary until 31 March 2027. The rate was reduced by 5.1% from 1 April 2024 and thereafter, for the remainder of the actuarial valuation period, rates will remain fixed.

41.8 Information about the defined benefit obligation

	£000	%
Active members	1,142,215	40.1%
Deferred members	358,836	12.6%
Pensioner members	1,346,424	47.3%
Total	<u>2,847,475</u>	<u>100.0%</u>

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.8 Information about the defined benefit obligation - continued

The figures are for funded obligations only and do not include the unfunded pensioner liabilities. The durations are effective as at the previous formal valuation of 31 March 2023.

Unfunded liabilities relate to benefits provided to employees over and above those provided by Lothian Pension Fund. These costs are reducing as where additional benefits are now given, employers require to pick up the costs upfront whereas in the past they were only met by employers as these costs were incurred. The unfunded element will also reduce over time as these payments are no longer required.

The unfunded pensioner liability at 31 March 2024 comprises approximately £38.103m (2022/23 £39.756m) in respect of LGPS unfunded pensions and £10.635m (2022/23 £11.342m) in respect of teachers' unfunded pensions. For unfunded liabilities as at 31 March 2024, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension between 37.5% and 50% of the member's pension as at the date of the member's death.

41.9 Pension Reserves - Group Position

The pension reserves shown in the Group Balance Sheet relate to the Council. Pension reserves for the Lothian Valuation Joint Board are included in unusable reserves. Pension reserves for other companies in the group are included in usable reserves. The value of the pension reserves is shown separately below;

	2023/24	2022/23
	Pension	Pension
	Reserve	Reserve
	£000	£000
Unusable Reserves		
Council	(48,738)	(51,098)
Lothian Valuation Joint Board	(22,809)	0
	<u>(71,547)</u>	<u>(51,098)</u>
	2023/24	2022/23
	£000	£000
Usable Reserves		
Transport for Edinburgh Ltd	51,699	26,047
	<u>51,699</u>	<u>26,047</u>
Net Pension Reserves	<u>(19,848)</u>	<u>(25,051)</u>

41.10 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2025

	Assets	Obligations	Net (liability) / asset	
	£000	£000	£000	% of pay
Current service cost	<u>0</u>	<u>(79,101)</u>	<u>(79,101)</u>	<u>(21.6%)</u>
Past service cost including curtailments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Effect of settlements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Service Cost	<u>0</u>	<u>(79,101)</u>	<u>(79,101)</u>	<u>(21.6%)</u>
Interest income on plan assets	<u>189,690</u>	<u>0</u>	<u>189,690</u>	<u>51.7%</u>
Interest cost on defined benefit obligation	<u>0</u>	<u>(138,652)</u>	<u>(138,652)</u>	<u>(37.8%)</u>
Total Net Interest Cost	<u>189,690</u>	<u>(138,652)</u>	<u>51,038</u>	<u>13.9%</u>
Total included in Profit or Loss	<u>189,690</u>	<u>(217,753)</u>	<u>(28,063)</u>	<u>(7.7%)</u>

The Council's estimated contribution to Lothian Pension Fund for 2024/25 is £64.531m.

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.11 Strain on the Pension Fund

Lothian Pension Fund has the right to require the Council to make additional payments to the pension fund to reflect the extra cost to the pension fund of immediate payment of benefits to employees who retire early on efficiency, redundancy or voluntary grounds. This amounted to £0.615m, including accrued payments (2022/23 £0.194m).

41.12 Further Information

Further information on Lothian Pension Fund can be found in the Council's Pension Fund's Annual Report which is available upon application to the Chief Executive Officer, Lothian Pension Fund, PO Box 24158, Edinburgh, EH3 1GY.

42. Financial Instruments

Policy

Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- lease payables detailed in note 38,
- PPP contracts detailed in note 39, and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows comprising):

- cash in hand,
- current, call and notice accounts with banks
- fixed term deposits with banks and building societies,
- loans to other local authorities,
- certificates of deposit and covered bonds issued by banks and building societies,
- treasury bills and gilts issued by the UK Government,
- trade receivables for goods and services provided.

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- money market funds

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments - continued

42.1 Categories of Financial Instruments

The following categories of financial instrument are carried on the Council's Balance Sheet:

	2023/24		2022/23	
	Long-Term £000	Current £000	Long-Term £000	Current £000
Assets				
At amortised cost				
- Bank Call Accounts (Note 21)	0	940	0	16,629
- Local Authority Loans - S-T (Notes 21 and 22.2)	0	48,431	0	116,482
- Sovereign / Supranational debt	0	11,160	0	30,092
		<u>60,531</u>		<u>163,203</u>
At fair value through profit and loss				
- Money Market Funds	0	23,350	0	36,147
Total Financial Instruments - Assets	<u>0</u>	<u>83,881</u>	<u>0</u>	<u>199,350</u>

The Investment total does not include £18.5m (2022/23 £21.1m) in unquoted equity in subsidiary companies which are not deemed to be Financial Instruments.

Debtors

At amortised cost	<u>174,250</u>	<u>131,916</u>	<u>143,789</u>	<u>113,651</u>
Total debtors	<u>174,250</u>	<u>131,916</u>	<u>143,789</u>	<u>113,651</u>

Borrowings

- Public Works Loans Board	(1,200,447)	(56,605)	(1,120,924)	(53,790)
- Salix	(61)	(13)	(74)	(147)
- Market debt	<u>(275,627)</u>	<u>(5,481)</u>	<u>(298,178)</u>	<u>(5,807)</u>
Total borrowings	<u>(1,476,135)</u>	<u>(62,099)</u>	<u>(1,419,176)</u>	<u>(59,744)</u>

Other Liabilities

Financial liabilities at amortised cost	0	(48,655)	0	(51,366)
PPP and finance lease liabilities	(333,391)	(27,792)	(250,772)	(26,228)
PPP and finance lease liabilities (donated assets)	(45,865)	(2,293)	(48,158)	(2,293)
Deferred liability	<u>(76,965)</u>	<u>0</u>	<u>(84,438)</u>	<u>0</u>
Total other long-term liabilities	<u>(456,221)</u>	<u>(78,740)</u>	<u>(383,368)</u>	<u>(79,887)</u>

Lothian Regional Council entered into an agreement for the disposal of Norton Park Annex to the Tudor Trust. The terms of the disposal included the creation of a Title Company with share capital of 100 ordinary shares, held by the Tudor Trust, and 350,000 £1 preference shares held by City of Edinburgh Council. The preference shares carry rights that, in the event of the company being wound up or the property sold, the Council will receive the first £0.35m of the sale proceeds. This is included in the Balance Sheet as a 'Deferred Liability' of £0.35m, and as a long-term investment.

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments - continued

42.1 Categories of Financial Instruments - continued

Other deferred liabilities relate to income received in advance, which is required to be put on interest bearing deposit.

Further detail on the finance lease and PPP liabilities can be seen in notes 38 and 39.

42.2 Income, Expenses, Gains and Losses

	Financial Liabilities: Measured at Amortised Cost £000	Financial Assets: Measured at Amortised Cost £000	Fair Value through Profit / Loss £000	Total £000
Interest expense	55,849	0	0	55,849
Interest on leases	25,150	0	0	25,150
Total expense in Surplus on the Provision of Services	80,999	0	0	80,999
Interest income	0	(7,166)	(3,112)	(10,278)
Total Interest and investment income	0	(7,166)	(3,112)	(10,278)
Net (gain) / loss for the year	80,999	(7,166)	(3,112)	70,721

In addition to the above interest expense, £3.008m (2022/23 £3.008m) was charged to the loans pool from the financial instruments adjustment account during the year, but not reflected in the Comprehensive Income and Expenditure Statement. It also excludes £0.246m (2022/23 £0.132m) of loans fund expenses charged to the Council.

Dividend income of £2.9m (2022/23 £nil) was accrued from a subsidiary council company.

42.3 Fair Value of Assets and Liabilities

The Council has adopted IFRS 13 for the calculation of fair values. Financial assets classified as available for sale are carried in the Balance Sheet at fair value. For Treasury Bills and shares in Money Market Funds, the fair value is taken from the market price. Financial assets classified as loans and receivables and all financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

- Loans, including PWLB loans, borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans has been increased by the value of the embedded options.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments - continued

42.3 Fair Value of Assets and Liabilities - continued

- The fair value of soft loan assets has been calculated using the cash flows implied by the appropriate market interest rate which has been deemed to be the appropriate PWLB rate plus a credit spread of between 2% and 5% depending on the party to whom the advance has been made.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The fair values are calculated as follows:	Fair Value Level	2023/24		Re-stated 2022/23		
		Principal Outstanding £000	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Public Works Loans Board	2	(1,245,923)	(1,257,052)	(1,058,460)	(1,174,713)	(967,201)
Salix	2	(77)	(74)	(69)	(221)	(212)
Market debt	2	(269,581)	(281,108)	(293,756)	(303,985)	(323,147)
Borrowings		(1,515,581)	(1,538,234)	(1,352,285)	(1,478,919)	(1,290,560)
Other long-term liabilities	n/a	(76,965)	(76,965)	(76,965)	(84,438)	(84,438)
Trade creditors	n/a	(48,655)	(48,655)	(48,655)	(51,366)	(51,366)
PPP	3	(264,247)	(264,247)	(263,863)	(276,024)	(270,737)
Total		(1,905,448)	(1,928,101)	(1,741,768)	(1,890,747)	(1,697,101)
Lease Payables *		(145,094)	(145,094)	0	(51,429)	0
Total Financial liabilities		(2,050,542)	(2,073,195)	(1,741,768)	(1,942,176)	(1,697,101)

* Liabilities for which fair value is not disclosed

The fair value is lower than the carrying amount this year because the authority's portfolio of loans includes a significant value of fixed rate loans which were taken out when interest rates were substantially lower than the rates available for similar loans at the Balance Sheet date. With the adoption of IFRS16 by the Council, under IFRS7, Right of Use Liabilities are exempt from the Fair Value disclosures.

Investments held at Fair Value through Profit and Loss	Fair Value Level	2023/24		2022/23	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Money Market Funds	1	23,243	23,243	36,147	36,147
		<u>23,243</u>	<u>23,243</u>	<u>36,147</u>	<u>36,147</u>
Investment held at Amortised Cost					
Bank Call Accounts	n/a	939	939	16,629	16,629
Local Authority Loans	2	47,894	47,894	116,482	116,532
Sovereign / Supranational debt	1 / 2	11,154	11,154	30,092	30,579
		<u>59,987</u>	<u>59,987</u>	<u>163,203</u>	<u>163,740</u>
Debtors					
Loan Stock	n/a	7,465	7,465	2,240	2,240
Soft Loans	3	44	44	49	49
Other trade debtors	n/a	131,916	131,916	113,651	113,651
		<u>139,425</u>	<u>139,425</u>	<u>115,940</u>	<u>115,940</u>
Total Investments		222,655	222,655	315,290	315,827

NOTES TO THE FINANCIAL STATEMENTS

42. Financial Instruments - continued

42.4 Financial Assets classified as Fair Value through Profit and Loss

	Fair Value Level	2023/24		2022/23	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Investments held at Fair Value through Profit and Loss					
Money Market Funds	1	23,350	23,350	36,147	36,147
		<u>23,350</u>	<u>23,350</u>	<u>36,147</u>	<u>36,147</u>

There was no unrealised gain on the available for sale financial assets (2022/23 £nil).

43. Nature and Extent of Risks Arising from Financial Instruments

43.1 Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The Council complies with the CIPFA Prudential Code and has adopted the CIPFA Treasury Management in the Public Services Code of Practice.

Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - the Council's overall borrowing;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum and minimum exposures in the maturity structure of its debt;
- by selecting investment counterparties in compliance with the Council's Treasury Policy Statement.

The annual treasury management strategy which incorporates the prudential indicators was approved by the Council on 21 March 2024 and is available on the Council website. The key issues within the strategy are:

- The authorised limit for 2024/25 has been set at £2.838bn. This is the maximum limit for external borrowings and other short and long term liabilities.
- The operational boundary for 2024/25 has been set at £2.788bn. This is the expected upper level of borrowing and other short and long term liabilities during the year.

The prudential indicators are reported and approved as part of the Council's annual budget setting process. Actual performance is also reported annually to members of the Council.

43.2 Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

NOTES TO THE FINANCIAL STATEMENTS

43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.3 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are with banks, building societies, and other institutions in line with the Council's prevailing counterparty limits as set out in the Council's treasury policy statement. Investment decisions are considered daily as part of the daily cash flow management by the Council's Treasury Team who can, and do, restrict the list further in light of market conditions.

The Council's funds are managed along with those of Lothian Pension Fund and some other related organisations which are pooled for investment purposes as a treasury cash fund. Management of the cash fund is on a low risk, low return basis, with security of the investments the key consideration while at the same time seeking innovative and secure cash investment opportunities. This arrangement has allowed a better management of the Council's risk in the exceptional financial and market circumstances in recent years.

As well as lending monies to other local authorities, the Council purchases UK Government Treasury Bills, short dated UK Government Gilts and short dated EIB and other commercial Paper. At 31 March 2024, the Council had £9.98m in short term investments, all of which were loans to other Local Authorities. Of the net Cash and Cash Equivalents, 51% were loans to other local authorities, a further 32% was held in three AAA rated Money Market Funds, 15% was on deposit with the DMADF, leaving only 2% with banks. All of the monies held on deposit with banks at 31 March 2024 were in call or near call accounts.

The principal outstanding on monies held by the Council under its treasury management arrangements at 31 March 2024 was £83.2m (31 March 2023: £198.6m). This was held with the following institutions:

Summary	Standard and Poor's Rating	Principal Outstanding 31.03.24 £000	Carry Value 31.03.24 £000	Fair Value 31.03.24 £000	Carry Value 31.03.23 £000
Money Market Funds					
Deutsche Bank AG, London	AAAm	11,610	11,661	11,661	27,991
Goldman Sachs	AAAm	21	24	24	930
Standard Life	AAAm	11,612	11,665	11,665	7,225
Bank Call Accounts					
Bank of Scotland	A+	10	10	10	14
Royal Bank of Scotland	A+	855	855	855	7,393
Santander UK	A	19	19	19	26
Barclays Bank	A+	10	10	10	14
Handelsbanken	AA-	37	37	37	9,169
HSBC Bank Plc 31 dn	A+	3	3	3	5
HSBC Bank Plc	A+	6	6	6	9
UK Pseudo-Sovereign Risk Instruments					
Local Authorities (see below)	n/a	47,894	48,431	48,456	116,482
DMADF	AAu	11,154	11,160	11,160	0
UK Government Treasury Bills/Gilts	AAu	0	0	0	30,092
Total		83,231	83,881	83,906	199,350

Local Authorities are generally assumed to have a pseudo-sovereign credit rating (which in the UK at 31 March 2024 would have been 'AA' from S&P) due to their tax raising powers and the perceived government support. Very few have their own credit rating.

The Council's maximum exposure to credit risk in relation to its direct investments in banks and building societies of £0.94m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but the Council takes a low risk approach to investment. There was no evidence at 31 March 2024 that this risk was likely to crystallise.

NOTES TO THE FINANCIAL STATEMENTS

43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.3 Credit Risk - continued

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

In line with the Investment Regulations governing local authorities introduced in 2010, the Council approved an annual investment strategy and treasury policy statement for both the Council and the Cash Fund at its March 2024 meeting. The papers are available on the Council's website. A full list of the deposits outstanding at 31 March 2024 is contained in the Treasury Cash Fund Investment Report for Quarter 1 2024. This is available on request from corporate.finance2@edinburgh.gov.uk, marked for the attention of Treasury.

All Council invoices become due for payment on issue. Excluding pre-payments of £nil (2022/23 £2.256m), trade debtors past due date can be analysed by age as follows:

	2023/24	2022/23
	£000	£000
Less than two months	11,191	13,647
Two to four months	1,306	3,116
Four to six months	1,627	3,865
Six months to one year	4,699	2,370
More than one year	10,222	8,627
Total	<u>29,045</u>	<u>31,625</u>

Collateral – During the reporting period the Council held no collateral as security.

Credit Risk: Trade Debtors

Loss allowances on debtors have been calculated by reference to the Council's historic experience of default. The Council will continue to take appropriate and proportionate action to recover what is due even where the related debts are written off for the purposes of the financial statements.

Debtors are collectively assessed for credit risk in the following groups:

31.03.24			
		Gross	Loss
	Range	Receivable	Allowance
Council Tax	3.5% - 100%	239,022	(205,532)
Non Domestic Rates	1% - 100%	6,699	(4,596)
HRA tenants and other debtors	5% - 95%	13,731	(10,779)
Housing Benefits	75% - 100%	26,728	(23,176)
Trade and Other Debtors	7.5% - 100%	67,918	(10,476)
Total		<u>354,098</u>	<u>(254,559)</u>

43.4 Liquidity risk

The Council carries out short and medium term cash flow management to ensure that it will have sufficient liquidity to cover all of its payment obligations. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs. The Council also has ready access to borrowings from the money markets to cover any day to day cash flow needs.

NOTES TO THE FINANCIAL STATEMENTS

43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.4 Liquidity risk - continued

Whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to the Council. The Council is also required by statute to achieve a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

43.5 Re-financing and Maturity Risk

The Council maintains significant debt and investment portfolios. The re-financing risk to the Council relates to managing the exposure to replacing financial instruments as they mature. As shown in the chart in 43.6, the majority of the Council's debt portfolio consists of fixed rate longer term loans, and as such, the Council has a relatively low re-financing risk on its liabilities. However, the Council has market debt which allows the lender the option to ask for a rate increase at set dates and at that point the Council may choose to repay the loan at no additional cost. This gives a potential re-financing risk which the Council monitors and manages.

The Council's approved treasury strategy addresses the main risks and the treasury team address the operational risks within approved parameters. This includes monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt. With the margin on new borrowing rates and a separate rate for the premature repayment of loans, it is unlikely that there will be much scope for any substantial rescheduling of PWLB debt. However if interest rates increase further, there may be some opportunities for restructuring.

The maturity analysis of the principal outstanding on the Council's debt is as follows:

	2023/24	2022/23
	£000	£000
Less than one year	(77,443)	(73,289)
Between one and two years	(100,536)	(67,260)
Between two and five years	(230,833)	(248,964)
Between five and ten years	(316,130)	(199,653)
More than ten years	<u>(1,199,980)</u>	<u>(1,193,635)</u>
Financial Liabilities	<u><u>(1,924,922)</u></u>	<u><u>(1,782,801)</u></u>

All trade and other payables are due to be paid in less than one year and trade creditors of £48.655m (2022/23 £51.366m) are not shown in the table above. The above figures show the principal outstanding, therefore, neither accrued interest of £14.743m (2022/23 £14.978m) nor net equivalent interest rate (EIR) adjustments of £7.911m (2022/23 £8.593m) to the carrying amounts of market debt shown in the financial liabilities are included.

The only investment which the Council has with a maturity of greater than one year is £2.24m in EDI loan stock.

43.6 Market risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

NOTES TO THE FINANCIAL STATEMENTS

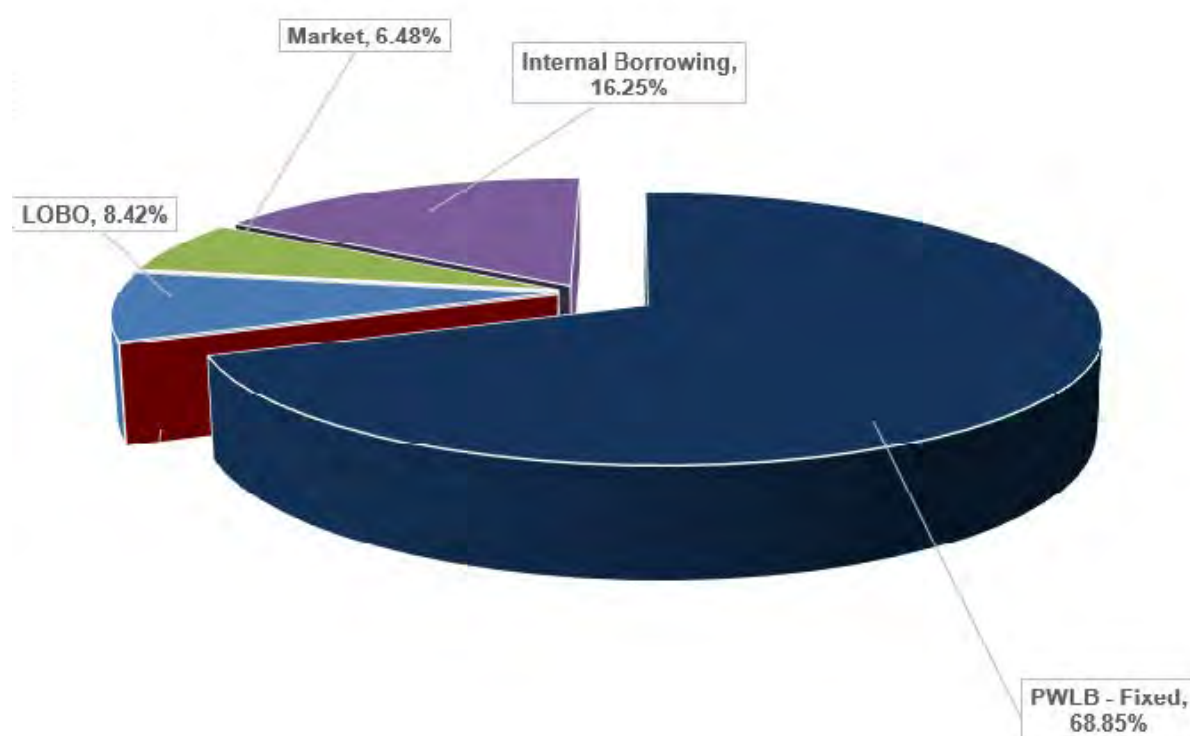
43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.6 Market risk - continued

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the Movement in Reserves Statement, unless the investments have been designated as fair value through the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The treasury team continue to monitor market and forecast interest rates during the year and adjust investment policies accordingly. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns. The Council has run such a strategy over the three years to 2022, borrowing £500m in fixed rate loans at historically low interest rates.

The following chart shows the source of the Council's borrowing. Most of the Council's borrowings are from the Government by way of the Public Works Loans Board (PWLB). As interest rates were historically low, none of the recent PWLB borrowing was variable rate.



Sources of Borrowing 2023/24

NOTES TO THE FINANCIAL STATEMENTS

43. Nature and Extent of Risks Arising from Financial Instruments - continued

43.6 Market risk - continued

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest receivable on variable rate investments	(381)
Impact on Comprehensive Income and Expenditure Statement	(381)
Decrease in fair value of fixed rate borrowings liabilities	(211,679)

Price Risk

The Council does not generally invest in equity shares but does have shareholdings of £18.494m (2022/23 £21.105m) in a number of Council owned Companies and joint ventures. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

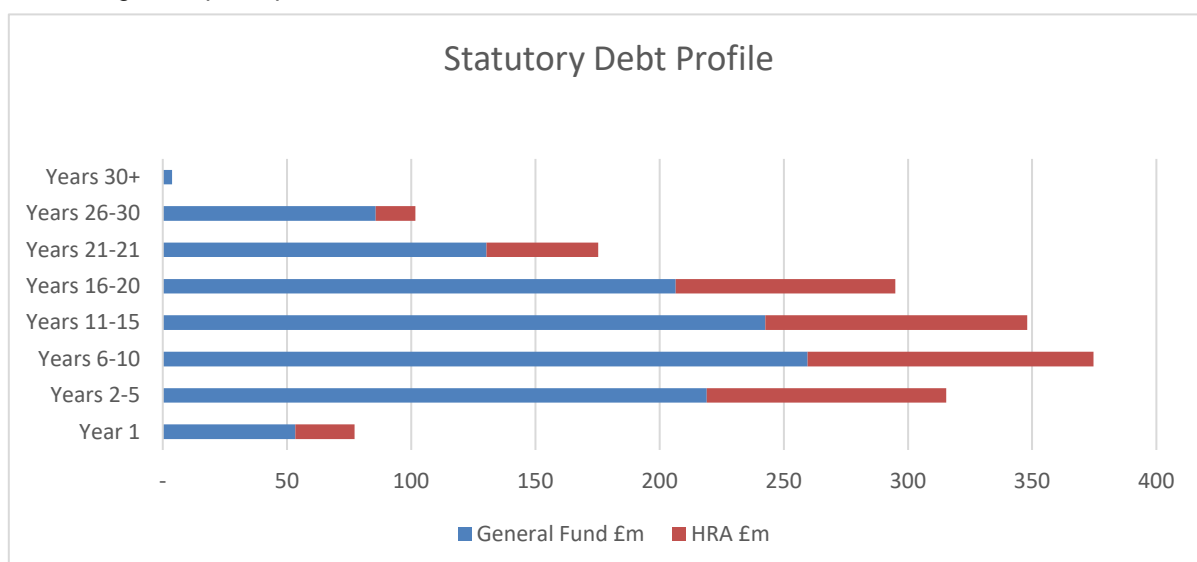
Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

43.7 Repayment Profile

The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 require the statutory loans fund to be administered in accordance with the 2016 Regulations, proper accounting practices and prudent financial management.

The Council operates a consolidated loans fund under the terms of these Regulations. Capital payments made by services are financed by capital advances from the loans fund. Repayments for capital advances (with the exception of those detailed below) are calculated using the Asset Life method. For capital advances relating to loans to the Edinburgh Living LLPs and capital advances for the "Trams to Newhaven" project, all advances from the loans fund in the current year have a repayment profile set out using the funding/income method and these capital advances will be repaid using an annuity structure with fixed interest rate and principal repayments. The business cases brought forward for other projects involving major capital expenditure funded by borrowing will consider the appropriate repayment method depending on the structure of the business case. The Council operates the loans fund to manage historic debt and the balance therefore represents historic borrowing for capital spend.



44. Prior Period Adjustment

Council - Pension Asset / Liability

A prior year adjustment has been included in the accounts to reflect the recognition of the unfunded pension liabilities valuation as at 31 March 2023.

Council - Non-current Assets

Three prior year adjustments have been included in the accounts to reflect a number of revisions related to Non-current Assets:- Recognition of the impact on the Revaluation Reserve, Accumulated Depreciation and historical impairment of the revaluation of the waste facility at Millerhill; correcting a duplication of derecognised Vehicles, Plant and Equipment; and the derecognition of Other Land and Buildings that have been determined to be wholly owned by one of The City of Edinburgh Charitable Trusts.

	2022/23 Statements £000	Non-Current Assets £000	IAS 19 Pension Ceiling Adj £000	2022/23 Re-stated £000
Council Movement in Reserves				
Balance at 31 March 2022	3,464,998	4,119		3,469,117
Total Comprehensive Income and Expenditure	658,110	(833)	(51,098)	606,179
Net increase / (Decrease) before transfers to statutory reserves	658,110	(833)	(51,098)	606,179
Increase / (Decrease) in year	658,110	(833)	(51,098)	606,179
Balance at 31 March 2023	4,123,108	3,286	(51,098)	4,075,296
Council Comprehensive Income and Expenditure Statement				
Place	451,371	7,143		458,514
Cost of Service	1,329,702	7,143		1,336,845
(Surplus) / Deficit on provision of service	98,357	7,143		105,500
Surplus on Revaluation of Non-Current Assets	(474,726)	(6,310)		(481,037)
Changes in Financial and Demographic Assumptions/ Other Experience	(300,538)		51,098	(249,440)
Total Comprehensive Income	(658,110)	833	51,098	(606,180)
Council Balance Sheet				
Property, Plant and Equipment	5,659,687	3,286		5,662,974
Long-Term Assets	5,895,710	3,286		5,898,996
Other Long-Term Liabilities (Pensions)	0		(51,098)	(51,098)
Long-Term Liabilities	(1,827,021)		(51,098)	(1,878,119)
Net Assets	4,123,108	3,286	(51,098)	4,075,296
Unusable Reserves	3,745,989	3,286	(51,098)	3,698,177
Total Reserves	4,123,108	3,286	(51,098)	4,075,296
Council Cash Flow Statement				
(Surplus) / Deficit on the Provision of Services	98,357	7,143		105,500
Adjustments to (Surplus) / Deficit on the Provision of Services for non-cash movements	(330,458)	(7,143)		(337,601)

NOTES TO THE FINANCIAL STATEMENTS

44. Prior Period Adjustment - continued

Prior year adjustments have been included in the Group accounts for the following Group companies:

City of Edinburgh Charitable Trusts - Heritage Assets

Reflects a change in Recognition of Heritage Assets that have been determined to be wholly owned by one of The City of Edinburgh Charitable Trusts.

CEC Holdings Ltd - Provisions

Shows a change in the recognition of a non-current provision with a corresponding write-off through cost

Edinburgh Leisure - Audit Adjustments

Reflects the audit adjustments reported in the 2022/23 Edinburgh Leisure Annual Audited accounts

	2022/23 Statements £000	Council Adj £000	Charitable Trusts £000	Edinburgh Leisure £000	CEC Holdings £000	2022/23 Re-stated £000
Group Movement in Reserves Statement						
Balance at 31 March 2022	3,720,643	4,119	9,266			3,734,031
Total Comprehensive Income and Expenditure	601,229	(51,931)		1,491	(330)	550,459
Net increase / (Decrease) before transfers to statutory reserves	601,229	(51,931)		1,491	(330)	550,459
Increase / (Decrease) in year	594,032	(51,931)		1,491	(330)	543,259
Balance at 31 March 2023	4,314,675	(47,812)	9,266	1,491	(330)	4,277,290
Group Comprehensive Income and Expenditure Statement						
Place	451,371	7,143				458,514
Subsidiary Companies	(4,550)				330	(4,220)
Cost of Service	1,321,152	7,143			330	1,328,625
(Surplus) / Deficit on provision of service	86,170	7,143			330	93,643
Associates and Joint Ventures Accounted for on an Equity Basis	29,107			564		29,671
Surplus on Revaluation of Non-Current Assets	(475,430)	(6,310)				(481,740)
Changes in Financial and Demographic Assumptions/Other Experience	(244,119)	51,098		(2,055)		(195,076)
Total Comprehensive Income	(601,229)	51,931		(1,491)	330	(550,459)
Group Balance Sheet						
Property, Plant and Equipment	5,837,789	3,286				5,841,075
Heritage Assets	44,504		9,266			53,770
Investments in Associates and Joint Ventures	45,836			1,491		47,328
Long-Term Assets	6,147,768	3,286	9,266	1,491		6,161,811
Provisions	(14,424)				(330)	(14,754)
Other Long-Term Liabilities (Pensions)	0	(51,098)				(51,098)
Long-Term Liabilities	(1,906,448)	(51,098)				(1,957,546)
Net Assets	4,314,674	(47,812)	9,266	1,491	(330)	4,277,290
Unusable Reserves	3,893,702	(47,812)	9,266			3,855,156
Usable Reserves	420,972			1,491	(330)	422,134
Total Reserves	4,314,674	(47,812)	9,266	1,491	(330)	4,277,290
Group Cash Flow Statement						
(Surplus) / Deficit on the Provision of	86,170	7,143			330	93,643
Adjustments to (Surplus) / Deficit on the Provision of Services for non-cash movements	(356,267)	(7,143)			(330)	(363,740)

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE STATEMENT for the year ended 31 March 2024

The Housing Revenue Account (HRA) Income and Expenditure Statement shows in more detail the income and expenditure on HRA services included in the Council's Comprehensive Income and Expenditure Statement.

2022/23		2023/24	
£000	EXPENDITURE	£000	£000
30,852	Repairs and maintenance	38,719	
26,448	Supervision and management	25,022	
48,418	Depreciation and impairment of non-current assets	159,809	
10,406	Other expenditure	17,111	
729	Impairment of debtors	348	
<u>116,853</u>			241,009
	INCOME		
(102,951)	Dwelling rents	(105,980)	
(37)	Non-Dwelling rents (gross)	(29)	
(4,970)	Other income	(11,145)	
<u>(107,958)</u>			<u>(117,154)</u>
8,895	Net (income) / expenditure for HRA Services (as included in the Council's Comprehensive Income and Expenditure Statement)		123,855
526	HRA share of corporate and democratic core		614
2,446	HRA share of other amounts included in the Council's Net Cost of Services but not allocated to specific services		<u>(133)</u>
11,867	Net income for HRA Services		124,336
	HRA share of other operating expenditure included in the Council's Comprehensive Income and Expenditure Statement		
(2,061)	(Gain) / loss on sale of HRA fixed assets	(2,691)	
17,016	Interest payable and similar charges	16,376	
2,916	Interest cost on defined benefit obligation (<i>pension-related</i>)	4,592	
(922)	Interest and investment income	(1,317)	
(2,734)	Interest income on plan assets (<i>pension-related</i>)	(4,601)	
(38,169)	Capital grants and contributions	(25,487)	
<u>(23,954)</u>			<u>(13,128)</u>
<u>(12,087)</u>	(Surplus) / Deficit for the year on HRA services		<u>111,208</u>

HOUSING REVENUE ACCOUNT

MOVEMENT ON THE HRA STATEMENT

2022/23 £000		2023/24 £000
0	Balance on the HRA at the end of the previous year	0
12,087	Surplus for the year on the HRA Income and Exp Account	(111,208)
(30,858)	Adjustments between accounting basis and funding basis under statute	103,210
<u>(18,771)</u>	Net increase before transfers to reserves	<u>(7,998)</u>
<u>18,771</u>	Contribution (to) / from renewal and repairs fund, via the General Fund	<u>7,998</u>
<u><u>0</u></u>	Balance on the HRA at the end of the current year	<u><u>0</u></u>

Adjustments Between Accounting Basis and Funding Basis Under Regulations

£000		£000
	Adjustments primarily involving the Capital Adjustment Account	
	Reversal of items debited or credited to the Income and Expenditure Statement	
48,418	Charges for depreciation and impairment of non-current assets	159,809
(38,169)	Capital grants and contributions applied	(25,487)
	Insertion of items not debited or credited to the Income and Expenditure Statement	
(18,661)	Statutory provision for the financing of capital investment	(20,572)
(21,742)	Capital funded from revenue	(6,300)
	Adjustments primarily involving the Capital Receipts Reserve	
(2,061)	Transfer of cash sale proceeds credited as part of the gain / loss on disposal of assets	(2,691)
	Adjustments primarily involving the Financial Instruments Adjustment Account	
(941)	Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(1,072)
	Adjustments primarily involving the Pensions Reserve	
4,469	Reversal of items relating to retirement benefits debited or credited to the Income and Expenditure Statement	2,017
(2,139)	Employer's pension contributions and direct payments to pensioners payable in the year	(2,473)
	Adjustments primarily involving the Employee Statutory Adjustment Account	
(32)	Amount by which officer remuneration charged to the Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(21)
<u>(30,858)</u>		<u><u>103,210</u></u>

HOUSING REVENUE ACCOUNT

Notes to the Housing Revenue Account

1. The number and types of dwellings in the authority's housing stock at 31 March 2024 are as follows:

Types of Houses	2024		2023	
	Number	Annual Average Rent (£)	Number	Annual Average Rent (£)
Main provision Council dwellings				
1 Apartment	271	4,237.00	262	4,118.00
2 Apartment	5,664	4,751.00	5,645	4,616.00
3 Apartment	10,269	5,501.00	10,225	5,350.00
4 Apartment	3,595	6,334.00	3,560	6,161.00
5 Apartment	548	6,810.00	539	6,581.00
6 Apartment	12	6,878.00	12	6,678.00
7 Apartment	5	6,576.00	4	6,463.00
8 Apartment	1	6,657.00	1	6,463.00
Mid-market rent dwellings				
2 Apartment	14	6,158.00	19	5,983.00
3 Apartment	62	7,605.00	80	7,368.00
4 Apartment	19	9,593.00	22	9,307.00
	<u>20,460</u>		<u>20,369</u>	

- The stock figure represents all types of residential properties, including furnished tenancies, sheltered housing and homelessness units.
- The amount of rent arrears included as debtors in the Council's Consolidated Balance Sheet was £13.689m (£13.160m 2022/23) against which a provision amounting to £11.855m (£11.508m 2022/23), has been created in respect of non collectable debts.
- The total value of uncollectable void rents for main provision properties was £2.062m (2022/23 £2.324m). This has been netted against rental income.

COUNCIL TAX INCOME ACCOUNT

The Council Tax Income Account (Scotland) shows the gross income raised from council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

2022/23 £000		2023/24 £000	£000
(409,832)	Gross council tax levied and contributions in lieu		(435,277)
66,066	Less: - Exemptions and other discounts	69,672	
9,425	- Provision for bad debts	10,936	
25,993	- Council Tax Reduction Scheme	27,420	
4,817	- Other reductions	5,076	
<u>106,301</u>			<u>113,104</u>
(303,531)			(322,173)
<u>(3,949)</u>	Previous years' adjustments		<u>(611)</u>
<u>(307,480)</u>	Total transferred to General Fund		<u>(322,784)</u>

Notes to the Council Tax Income Account

The in-year collection rate for Council Tax was 96.2% (2022/23 97.1%).

Each household or occupied dwelling is allocated to a Council Tax band by the Assessor. The charge per Council Tax band is calculated as a proportion of band D - these proportions are determined by legislation. Bands E to H were rebased in 2017/18 by the Scottish Government as per the Council Tax Base table below, with a 5% increase applied to Council Tax in 2023/24 (2022/23 3%).

Unoccupied properties are eligible for 10% discount for up to 12 months, from the date the property was last occupied, thereafter 100% additional charge, with certain exceptions. For Council Tax purposes, students and certain other categories of people are not regarded as occupants. Reductions in Council Tax payable are also granted to properties, with certain attributes, that are the sole and main residence of permanently disabled persons.

Charges in respect of water and sewerage are the responsibility of Scottish Water. The Council collects both water and sewerage charges and makes payment to the Water Authority.

Calculation of the Council Tax Base 2023/24

Band	Number of Properties	Disabled Relief	Exemptions	Discounts	Effective Properties	Ratio to Band D	Band D Equivalents	Charges per Band
A Up to £27,000	24,786	75	(4,126)	(3,728)	17,007	6/9	11,338	£965.13
B £27,001 - £35,000	49,189	65	(4,101)	(7,281)	37,872	7/9	29,456	£1,125.98
C £35,001 - £45,000	46,456	14	(2,906)	(5,859)	37,705	8/9	33,516	£1,286.84
D £45,001 - £58,000	43,027	71	(2,718)	(4,687)	35,693	9/9	35,693	£1,447.69
E £58,001 - £80,000	45,089	(17)	(3,659)	(4,065)	37,348	473/360	49,071	£1,902.10
F £80,001 - £106,000	27,004	(43)	(1,642)	(2,081)	23,238	585/360	37,762	£2,352.50
G £106,001 - £212,000	23,747	(133)	(549)	(1,384)	21,681	705/360	42,459	£2,835.06
H Over £212,000	4,372	(32)	(132)	(217)	3,991	882/360	9,778	£3,546.84
Total							249,073	
Add: Contributions in Lieu							513	
Less: Provision for Non-Payment							<u>(7,488)</u>	
Council Tax Base							<u>242,098</u>	

NON-DOMESTIC RATES INCOME ACCOUNT

The Non-Domestic Rate Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national Non-Domestic Rate pool.

2022/23		2023/24	
£000		£000	£000
(479,113)	Gross rates levied and contributions in lieu		(500,449)
109,120	Less: - Reliefs and other deductions	101,409	
5,366	- Uncollectable debt written off and provision for impairment	6,167	
<u>114,486</u>			<u>107,576</u>
(364,627)			(392,873)
<u>21,700</u>	Previous years' adjustments		<u>16,661</u>
<u>(342,927)</u>	Non-Domestic Rate Income		<u>(376,212)</u>
	Allocated to:		
(343,696)	Contribution to Non-Domestic Rate Pool		(393,844)
769	City of Edinburgh Council		17,632
<u>(342,927)</u>			<u>(376,212)</u>

Notes to the Non-Domestic Rates Income Account

Rateable Values as at 1 April 2023

	Number	Rateable Value £000
Shops, offices and other commercial subjects	15,673	662,020
Industrial and freight transport	3,151	92,315
Telecommunications	5	16
Public service subjects	351	47,792
Miscellaneous	4,059	187,025
	<u>23,239</u>	<u>989,168</u>

- The amount distributed to the council from the national non-domestic rate income pool in the year was £377.317m (2022/23 £249.861m).
- Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for Edinburgh. The non-domestic rate poundage is determined by the Scottish Ministers, and was 49.8p per £ in 2023/24 (2022/23 49.8p per £).

Properties with a rateable value between £51,001 and £100,000 had their rate charges calculated using a rate poundage of 51.1p per £ (2022/23 51.1p per £ for properties between £51,001 and £95,000). Properties with rateable value greater than £100,000 had their rate charges calculated using a rate poundage of 52.4p per £ (2022/23 52.4p for properties greater than £95,000).

- From 1 April 2008, the Scottish Government introduced the small business bonus scheme. Business properties with a rateable value of £20,000 or less may receive relief as set out below.

100% relief	Up to	£12,000
100% to 25% taper relief	£12,001 to	£15,000
25% to 0% taper relief	£15,001 to	£20,000

Businesses with multiple properties whose combined rateable value is £35,000 or less will be eligible for relief as set out below.

	Combined Rateable Value
100% relief	Up to £12,000
25% relief for each property with an RV of £15,000 or less, and/or	
25% to 0% taper relief for each property with an RV of £15,001 to £20,000	£12,001 to £35,000

From April 2023, Car parks, car spaces, advertisements and betting shops are excluded from eligibility for SBBS. Those losing or seeing a reduction in SBBS may be eligible for Small Business Transitional Relief.

COMMON GOOD FUND

Common Good Fund Foreword

The Common Good Fund stands separate from the Council's accounts and has been described as "the ancient patrimony of the community". It was originally derived from the grants by the Sovereigns of Scotland at various times. The present fund is an amalgam of the funds of the City and Royal Burgh of Edinburgh and the Royal Burgh of South Queensferry.

A report on the (Edinburgh) Common Good prepared by the Town Clerk and City Chamberlain in 1905 set out the historical background of the fund and listed its then assets in some detail. The report also stated a "General Principle" that the Fund should be administered "for the purpose of upholding the dignity and suitable hospitality of the City; performing the duties incumbent upon a Royal Burgh maintaining the municipal establishment and managing the municipal affairs; vindicating or extending the corporate rights of the community and defending its interests; acquiring additional land or property for the corporate benefit, or improving existing corporation property, and generally for any purpose which, in the bona fide judgement of the Town Council, is for the good of the community as a whole, or in which the inhabitants at large may share, as distinct from the separate interests or benefit of any particular individual or class, however deserving or needy. The purpose must be limited to those which concern the City and its interests".

The Local Government etc. (Scotland) Act 1994 confirms this interpretation that use of the Fund shall "have regard to the interests of all the inhabitants" of the area.

The Common Good accounts are prepared in accordance with the Council's accounting policies.

In 2015/16, £2m of the Common Good Fund was earmarked to be utilised to fund a planned property maintenance programme. £0.123m of this funding has been used to fund Scott Monument lighting work and surveys, £0.033m on surveys and work at the City Observatory, £0.457m on engineering consultancy and repair works at the Queensferry Harbour, £0.013m on surveys and work on the Portobello Municipal Clock, and £0.008m on Civic Regalia repairs.

The balance of the Common Good Fund is £2.610m as at 31 March 2024 (2022/23 £2.762m). This is split £1.244m in the general-purpose fund and £1.366m in the planned property maintenance fund.

Assets under construction as at 31 March 2023 related to a community hub in the former tennis pavilion on Leith Links, which became operational in July 2023.

During 2023/24, the Common Good account made a deficit of £0.153m (2022/23 £0.105m surplus).

The lease of 329 High Street was completed in January 2020 with a lease premium of £3.036m received in the Common Good. The lease premium is being amortised over the lease term of 125 years. The in-year deficit, as mentioned above, includes a lease premium of £0.024m for 2023/24.

The Common Good Annual Performance Report will be considered by the Finance and Resources Committee in September 2024, along with the Audited Annual Accounts.

COMMON GOOD FUND - INCOME AND EXPENDITURE ACCOUNT

2022/23	2023/24	
£000	£000	£000
Income		
(119) Investment income	(292)	
(919) Rent Income	(1,315)	
(477) Capital Funding	(155)	
(24) Lease Premium	(24)	
<u>(3,487) Recharges Income</u>	<u>(3,309)</u>	
(5,026) Total Income		(5,095)
Expenditure		
38 Common Good Fund	470	
<u>4,883 Common Good Property Costs</u>	<u>4,620</u>	
4,921 Total Expenditure		5,090
(105) (Surplus) / Deficit for the Year		(5)
0 Transfer to Capital Contribution Reserve		158
<u>(105) (Surplus) / Deficit for the Year after Transfers to Reserves</u>		<u>153</u>

COMMON GOOD FUND - BALANCE SHEET

31 March 2023		31 March 2024	
£000		£000	£000
3,093	Community Assets	3,092	
<u>1,071</u>	Assets Under Construction	<u>0</u>	
<u>4,164</u>	Property, Plant and Equipment		3,092
18,845	Long-Term Debtors	20,099	
<u>144</u>	Heritage Assets	<u>144</u>	
<u>18,989</u>	Long-Term Assets		20,243
650	Short-Term Investments	655	
9	Debtors	9	
<u>5,037</u>	Cash and Cash Equivalents	<u>4,855</u>	
<u>5,696</u>	Current Assets		<u>5,519</u>
<u>28,849</u>	Net Assets		<u>28,854</u>
26,100	Capital Contribution	26,257	
<u>(13)</u>	Capital Adjustment Account	<u>(13)</u>	
<u>26,087</u>	Unusable Reserves		26,244
982	Common Good Fund	1,244	
<u>1,780</u>	Earmarked Portion of the General Fund	<u>1,366</u>	
<u>2,762</u>	Usable Reserves		<u>2,610</u>
<u>28,849</u>	Total Reserves		<u>28,854</u>

The unaudited financial statements were issued on 21 June 2024.

RICHARD LLOYD-BITHELL - CPFA
 Service Director: Finance and Procurement
 Section 95 Officer
 Date:

COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

1. Property, Plant and Equipment and Heritage Assets

1.1 Movements on Balances

	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	Heritage Assets £000
Cost or Valuation				
At 1 April 2023	3,093	1,071	4,164	144
Additions	0	0	0	0
Transfer between categories	0	0	0	0
Transfer from General Fund	0	0	0	0
Transfer to long-term debtors	0	(1,071)	(1,071)	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	0	0	0
Derecognition - disposals / transfers	(1)	0	(1)	0
At 31 March 2024	<u>3,092</u>	<u>0</u>	<u>3,092</u>	<u>144</u>
Net Book Value				
At 31 March 2024	<u>3,092</u>	<u>0</u>	<u>3,092</u>	<u>144</u>
At 31 March 2023	<u>3,093</u>	<u>1,071</u>	<u>4,164</u>	<u>144</u>
Cost or Valuation				
At 1 April 2022	2,913	1,071	3,984	144
Additions	0	0	0	0
Transfer between categories	0	0	0	0
Transfer from General Fund	0	0	0	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	180	0	180	0
Derecognition - disposals / transfers	0	0	0	0
At 31 March 2023	<u>3,093</u>	<u>1,071</u>	<u>4,164</u>	<u>144</u>
Net Book Value				
At 31 March 2023	<u>3,093</u>	<u>1,071</u>	<u>4,164</u>	<u>144</u>
At 31 March 2022	<u>2,913</u>	<u>1,071</u>	<u>3,984</u>	<u>144</u>

These asset categories are not depreciated.

Assets Under Construction at 31 March 2023 relates to Leith Links community hub which became operational in July 2023 and is now included in long-term debtors.

1.2 Developing a Common Good Register

Significant progress has been made to collate information regarding properties considered by the Council to be Common Good.

A response to the Community Empowerment (Scotland) Act 2015 consultation on Common Good matters was approved by the Finance and Resources Committee on 28 September 2017 and submitted to the Scottish Government.

The relevant provisions came into force on 27 June 2018, and the Scottish Government published the accompanying guidance in July 2018. The Community Empowerment (Scotland) Act 2015 places a duty on Local Authorities to "establish and maintain a register of property which is held by the authority as part of the Common Good" (a Common Good Register).

Before establishing a Common Good Register, the Act requires a Local Authority to prepare and publish a list of properties that it proposes to include in the register. The Common Good Asset Register for **public consultation** was approved for issuing at the 27 September 2018 Finance and Resources Committee. The consultation closed on 31 December 2018.

The first version of the Common Good Register was published on the Council's Common Good webpage on 28 June 2019, complying with Scottish Government guidance. The Register was subsequently presented and approved by the Finance and Resources Committee on 26 September 2019 as part of the 2018-19 Common Good Annual Performance Report.

The Council maintains a **web page** with a link to the latest Common Good Register on its website.

Work continues to be ongoing to ensure the completeness of the Common Good register, and to reconcile this to the Common Good register of assets for accounting purposes.

COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

2. Unusable Reserves

2.1 Capital Contribution

This balance contains the gains made by the Common Good Fund arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- transferred from Common Good;
- revalued downwards or impaired and the gains are lost; or
- disposed of and the gains are realised.

The reserve contains unrealised gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before 1 April 2007 were consolidated into the capital adjustment account.

The reserve also contains capital grants used to fund assets.

	2023/24		2022/23	
	£000	£000	£000	£000
Balance at 1 April		26,100		25,046
Movement of assets	0		0	
Transfer from General Fund	0		1,054	
Transfer from Income and Expenditure Account	158		0	
Upward revaluation of assets	0		0	
Downward revaluation of assets and impairment losses not charged to the Surplus/ Deficit on the Provision of Service	0		0	
Surplus / (Deficit) on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Service		158		1,054
Derecognition of asset disposals / transfers		(1)		0
Balance at 31 March		<u>26,257</u>		<u>26,100</u>

The 2023/24 transfer from Income and Expenditure Account is included in long-term debtors. £0.874m of the 2022/23 transfer from General Fund is included in long-term debtors and £0.180m is included in community assets.

2.2 Capital Adjustment Account

The capital adjustment account provides a balancing mechanism for timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Common Good Fund - Income and Expenditure Account (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis).

The account also holds revaluation gains accumulated on property, plant and equipment prior to 1 April 2007, the date the revaluation reserve was created to hold such gains.

	2023/24		2022/23	
	£000	£000	£000	£000
Balance at 1 April		(13)		(13)
Movement in Year		0		0
Balance at 31 March		<u>(13)</u>		<u>(13)</u>

ANNUAL GOVERNANCE STATEMENT

Introduction

As elected members, officers, budgets and the public have realigned to a post-pandemic environment, together with increasing demands and decreasing budgets, there remains significant financial strain on resources increasing the pressures on service delivery and the need for innovative solutions and increased partnership working. The resources available to support that work are reduced and difficult decisions are being made about service provision.

The local government elections in 2022 returned five political parties with member numbers ranging from 9 to 18. This has created a balance in decision making that has not been experienced in Edinburgh before and, although the increased benefits to democratic decision making are evident, both officers and elected members have had to commit more resources to support greater political engagement in decision making.

The Council's governance has been effective in this period but there remain challenges to overcome and to ensure that the Council has greater controls on its processes.

Scope of Responsibility

The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with relevant legislation and to the appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively and ethically. The Council also has a statutory duty, under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is demonstrated by continuous improvement in the way its functions are carried out.

In discharging these responsibilities, elected members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs and facilitating the effective exercise of its functions, including securing appropriate arrangements for the identification and management of risk.

This statement also covers the organisations included in the Council's Group Accounts, a list of which is included on page 45 of the Accounts.

Council's Strategy and Vision

In February 2021 the Council approved a new Council Business Plan: Our Future Council, Our Future City which set out the Council's strategic priorities and how the aims set out in the Community Plan would be taken forward over the next 3 years. In June 2022 it was agreed that a refreshed business plan would be submitted for consideration. A revised business plan was agreed by Council in December 2022 and further updated in March 2023 following the budget.

The plan sets out three strategic priorities that will be the focus for all Council teams over the next phase of the city's development and for the way the Council will reform its services. These three strategic priorities are:

- Create good places to live and work;
- End poverty in Edinburgh; and
- Become a net-zero city by 2030.

To meet these three strategic priorities, the business plan identifies the specific outcomes, objectives and actions that Council services will deliver during 2023-27. The plan is also aligned to the Council Budget and the strategic priorities in this plan should be used to guide and inform resource allocation, including implementing service reductions in areas of lower impact and strategic priority, and exploring options to deliver all services differently.

Decision making structures

Political Governance Arrangements

The Council operates an executive committee structure (see figure 1.1) which consists of six executive committees which are responsible for policy and financial decision making and scrutiny within their designated areas of responsibility. These executive committees are Policy and Sustainability; Culture and Communities; Education, Children and Families; Finance and Resources; Housing, Homelessness and Fair Work; and Transport and Environment. The Finance and Resources Committee is the committee responsible for monitoring the Council's financial plan, as well as the revenue and capital budgets and generally budget policy.

The Governance, Risk and Best Value Committee is responsible for seeking assurance over the adequacy of governance and risk management frameworks and the internal control environment. It also scrutinises the Council's financial and non-financial performance, approves and monitors progress against the internal audit risk-based plan and monitors performance and outputs of the Internal Audit service.

The Council also operates a range of other committees, some of which are quasi-judicial, such as the Development Management Sub-Committee and the Licensing Sub-Committee, to consider individual applications.

ANNUAL GOVERNANCE STATEMENT

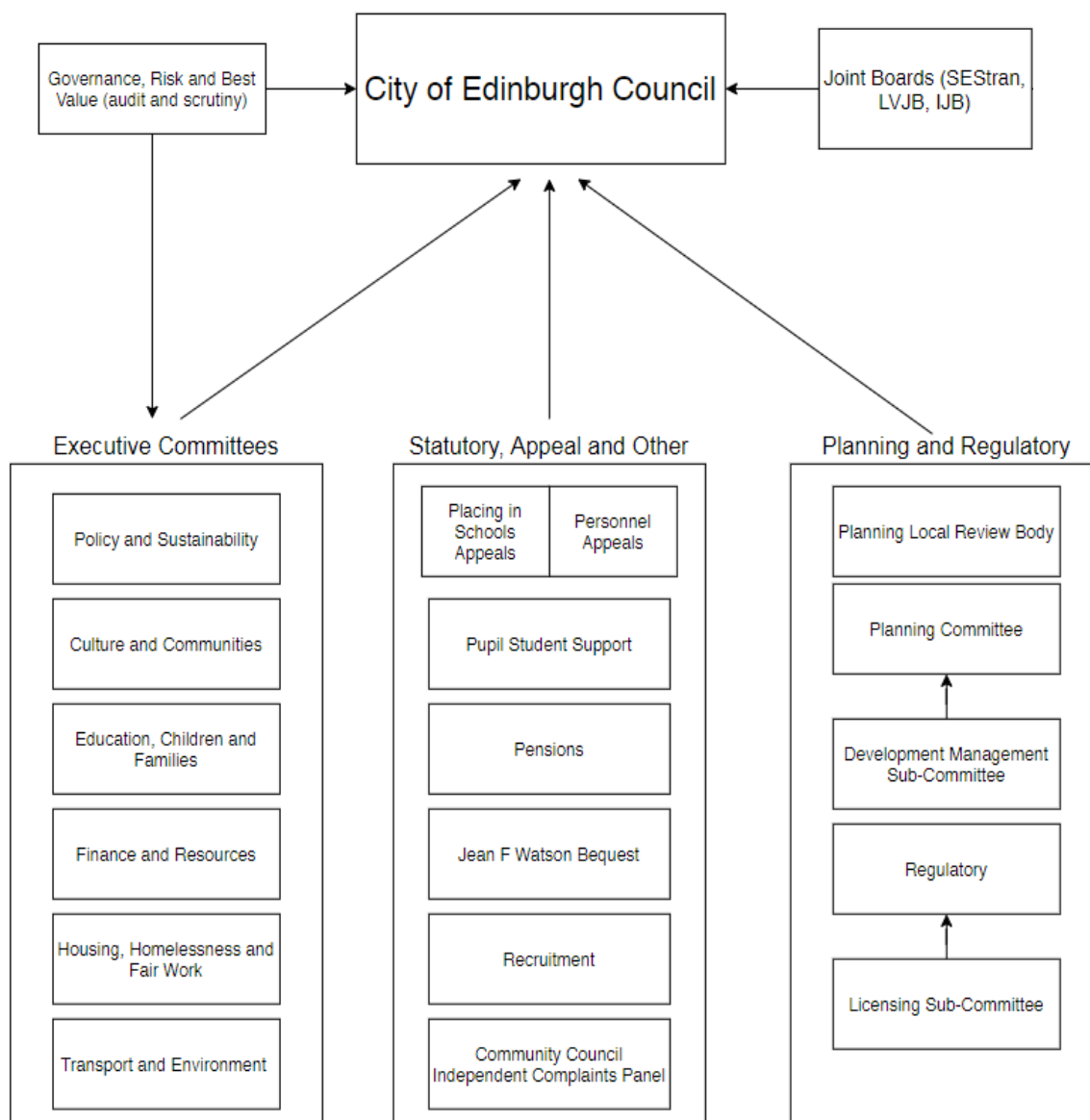


Figure 1.1 Executive Committee Structure

There is key documentation in place to support the Council’s decision making process including Procedural Standing Orders, the Scheme of Delegation to Officers, the Committee Terms of Reference and Delegated Functions, Financial Regulations, Member officer Protocol and Contract Standing Orders.

Officer Decision Making

The Corporate Leadership Team (CLT) meets weekly, led by the Chief Executive, and includes all executive directors and key officers including the Section 95 Officer and Monitoring Officer.

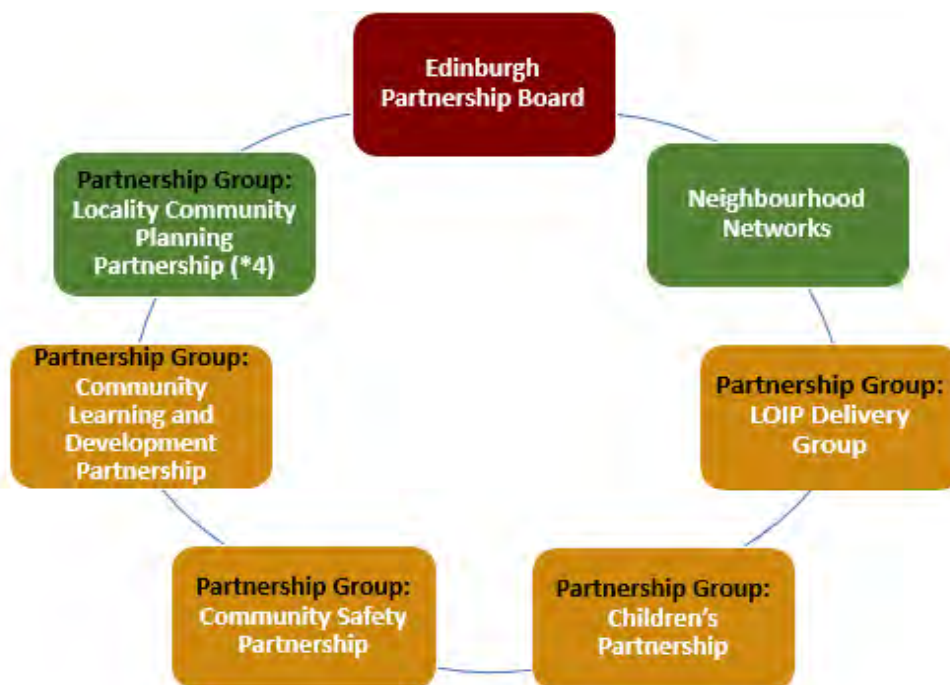
CLT is supported by a range of groups covering key matters such as risk, health and safety and programme management. There is a robust health and safety reporting structure which includes directorate health and safety groups, a quarterly Council health and safety group and a quarterly consultative forum involving the trade unions. Health and safety working groups are in place for key life safety issues including: fire; water safety; and asbestos. All directorates have risk and assurance committee meetings at least quarterly and ensure appropriate escalation of risks. The CLT also has a specific risk committee meeting which reviews the corporate risk register on a quarterly basis.

A key area of governance for the Council is its involvement in national, regional and city-wide bodies. The Chief Executive and relevant members of CLT represent the Council on a number of groups. Examples of these include SOLACE, Scottish Government Directors, City Deal Executive, Edinburgh Guarantee and Edinburgh Chamber of Commerce Council. Partnership working increased during the pandemic, building on strong relationships and the need to work together to provide holistic solutions for the City and its region. Arm’s Length External Organisations (ALEOs) reporting in terms of the Annual Governance Statement is reported through assurance schedules being submitted to their relevant directorate. The relevant Executive Director then determines whether they feel it is appropriate for any issues highlighted to be included in their assurance schedules and reported in the Annual Governance Statement.

ANNUAL GOVERNANCE STATEMENT

Partnership Working

The Council plays an important role in the Edinburgh Partnership, the Community Planning Partnership in Edinburgh, and its community planning structure. The framework agreed by the Edinburgh Partnership comprises a Board, four city wide partnerships, four locality partnerships and thirteen neighbourhood networks. The arrangements are designed to support a different way of working and to support the delivery of the Partnership's priorities for the city as set out in the community plan. This plan focuses on reducing poverty and inequality in the city through making sure people have enough money to live on; access to work, learning and training opportunities; and have a good place to live.



The Council, NHS Lothian and the Edinburgh Integration Joint Board work closely together in delivering a more caring, healthier and safer Edinburgh. Responsibility for the budget does not sit with the Council but it plays a key role in supporting the processes in place to ensure sound financial management and budget control.

Internal Controls

A significant part of the governance framework is the system of internal controls in place to ensure that risks are being identified and managed effectively. The Council has adopted a local Corporate Governance Code (CGC). The CGC is based on the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE) model framework Delivering Good Governance in Local Government. The CGC outlines how the Council embeds good governance throughout the organisation and is available on the Council's website.

Review of Effectiveness

An assurance statement on the effectiveness of the system of internal controls has been provided and was informed by:

- the work of the Corporate Leadership Team which develops and maintains the governance environment;
- the certified annual assurance statements provided by all Executive Directors;
- the certified assurance statements provided by the Chief Executives and Directors of Finance of the Council's group companies;
- council officers' management activities;
- the Chief Internal Auditor's annual report and internal audit reports, risk-based assessments, across a range of Council services;
- reports from the Council's external auditor; and
- reports by external, statutory inspection agencies.

In November 2020 the Accounts Commission published a Best Value Assurance report into the City of Edinburgh Council. The report highlighted a number of key achievements as well as some areas for the Council to improve.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

Best Value and Strategy and Vision

The key achievements outlined in the Best Value Assurance report include:

- The Council's ambitious plans for the City, specifically referencing the Council's Sustainability Programme, approach to tackling poverty, major housing and community regeneration projects in Fountainbridge, Meadowbank and at Granton Waterfront; retail, hospitality and cultural developments, such as the St James Quarter; and extending the tram network;
- The Council's long track record of maintaining revenue expenditure within budget;
- Aspects of leadership and service performance. Specifically, referencing improved performance across many of KPIs – schools and education, waste and cleansing and time taken to process benefit and grant claims;
- Improvements in asset management, procurement and risk management.

The Best Value Assurance report also notes areas where further progress is required:

- To align better strategic priorities;
- The implementation of effective community planning governance arrangements, the pace of change within the Community Planning Partnership and community empowerment;
- The Council's approach to self-assessment, continuous improvement and public performance reporting; and
- Long-term financial planning and workforce planning.

The Chief Executive put in place an improvement plan for each of the areas of improvement outlined in the Best Value Audit report and updates on progress have been reported to the Policy and Sustainability Committee throughout the year. An action plan is being prepared to close out the actions and is expected in August 2024. As outlined above, the Business Plan has been created to ensure strategic priorities are aligned to a set of key priorities. Changes have been made to ensure the Council is working to the Business Plan, including senior management structural changes, and work will continue to align work streams and governance with the Business Plan and the priorities within. Audit Scotland are expected to publish an update on Best Value Management in Summer 2024.

An updated Planning and Performance Framework 2023-2027 was agreed in March 2023. This aligned the framework with the new revised business plan. A comprehensive Public Performance Scorecard was submitted to Governance, Risk and Best Value Committee in January 2024 which will allow for clear and effective scrutiny. The updated Planning and Performance Framework 2023 -2027 primarily focuses on:

- our approach to measuring the Business Plan priorities and outcomes and how we will track the actions detailed in the delivery plan;
- the key measures we will use to measure the delivery of the Business Plan; and
- the development of the Public Performance Scorecard measures to further enhance performance reporting and monitoring.

The Council agreed a three-year People Strategy in March 2024. The Strategy sets out how the Council can attract and nurture the most talented and public service focussed people and sets out five themes which form the foundations and framework required to deliver the Council's business plan:

- Attracting the Best People;
- Develop exceptional leaders;
- Foster a culture of equalities, diversity and inclusion;
- Grow and retain our talent; and
- Nurture a healthy workforce where our people can thrive.

Key to the delivery of the Strategy will be a refreshed and robust Corporate Workforce Plan. This is expected in Summer 2024.

Decision Making

The majority of the Council's meetings are now physical meetings held in the City Chambers but with a hybrid option to allow members, officers and deputations to appear virtually if this is convenient or necessary. Council and committee meetings are now routinely all-day meetings and this has an impact on elected member and officer resource.

The political management arrangements of the Council were last reviewed in December 2022 and are not expected to be reviewed again until the next Council. The review concluded that the current committee model had some deficiencies and imbalances, but it was not fundamentally flawed; indeed it was functioning well and facilitated competent and lawful decision-making. However, the review also found that the City of Edinburgh Council model has an extremely high volume of business running through its structure. This volume is significantly greater than other comparable local authorities in Scotland and this has a significant impact on officer resources and on elected member time.

The Council has extensive governance in place at officer level to support operational decision making. The current system has evolved through custom and practice and can sometimes be unwieldy and difficult to navigate. However, improvements could be made to ensure there is a joined up corporate structure in place that is more efficient and better encourages cross-directorate working.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

Decision Making (continued)

A review of the Council's main governance documentation was carried out in May 2024. There have been changes to Procedural Standing Orders (effective from August 2024) which aims to improve accessibility to committee papers for both elected members and the public by extending the notice period to 6 clear days before the meeting. The legislation requires only three clear days.

The Council's Grant Standing Orders were reviewed in February 2024 to ensure that the controls and regulation around the Council's grant application and award processes were in place and up to date.

Internal Controls

The Internal Audit team operates in accordance with CIPFA's Code of Practice for Internal Audit and the Public Sector Internal Audit Standards (PSIAS) and work is ongoing taking into account the publication and implementation of the new Global Internal Audit Standards. The team undertakes an annual work programme based on an agreed audit strategy and formal assessments of risk that are reviewed regularly. During the year, the Chief Internal Auditor reported to the Service Director: Legal and Assurance but had free access to the Chief Executive, all Executive Directors and Elected Members along with direct reporting to the Governance, Risk and Best Value Committee.

Each Executive Director has reviewed the arrangements in their directorate and reported on their assessment of the effectiveness of control arrangements, together with any potential areas requiring improvement, to the Chief Executive. Where improvement actions are identified, an action plan will be developed and will be subject to regular monitoring. In reviewing the overall governance framework, the Council has also considered relevant third-party reviews and recommendations. Assurance has also been taken from each organisation's most recent audited accounts, together with the Council's detailed knowledge of these organisations as a consequence of their continued involvement.

Each directorate's assurance schedule is scrutinised by the Governance, Risk and Best Value Committee.

The Council carries out a review each year of the Corporate Governance Code which is then scrutinised by the Governance, Risk and Best Value Committee. The Corporate Governance Code outlines the Council's internal controls and is aligned with the questions in the annual assurance schedules that are issued to directorates. In addition to the Code, a self-assessment is carried out which scores the design of the controls in place. The aim is to provide a subjective picture of the quality of the design of controls which will inform the full picture when considering whether directorates have implemented the relevant controls. There is also a benefit of senior officers discussing, reflecting and rating the Council's controls.

The Chief Internal Auditor had previously highlighted that the weaknesses identified in internal audit reports are, in part, attributable to and/or exacerbated by a lack of capacity and skills to support effective governance; risk management; control; and assurance activities within first line divisions and directorates. The Chief Executive and Executive Directors acknowledged that additional resource was necessary to strengthen the Council in these areas and immediately added resource to their directorate teams. Corporately a first line governance and assurance model has been implemented on a permanent basis across the Council. The objective of this model is to support the directorates in addressing lack of capacity and skills within first line divisions and directorates to ensure that key controls; governance; and risk management processes are consistently and effectively applied. The Governance Team has been strengthened and a new business partnering approach was initiated in late 2023. Reports on the governance and assurance model have been considered by the Governance, Risk and Best Value Committee and elements of the model have been implemented. A report is expected in Autumn 2024 outlining what has been implemented and how progress has been so far. It is too early at the moment to judge the success of the model but the increased resource has meant that directorates are tackling issues more quickly and in a more joined up manner.

During 2024/25 Internal Audit, the Corporate Risk Management Team and Governance Team will work to develop the Council's Internal Control Assurance Map to understand the various sources of assurance in place, and to assess what reliance can be placed on these sources.

Whistleblowing

In 2021, the Council asked Susanne Tanner QC, supported by the legal firm Pinsent Masons, to conduct an independent review into the Council's whistleblowing and organisational culture. The review findings were considered by the Council in December 2021 with a report from the Chief Executive in February 2022 setting out how the recommendations in the review would be taken forward.

The Council's whistleblowing arrangements continue to operate with oversight from an independent external service provider, with the autonomy to decide who investigates and how investigations are conducted. In February 2023 the Council actioned one of the recommendations of the Tanner Review and created a whistleblowing sub-committee of the Governance, Risk and Best Value Committee (GRBV). The sub-committee receives a quarterly update in private on whistleblowing activity and case management, with a six month and annual report on the GRBV public agenda.

A revised whistleblowing policy, which has taken on board the recommendations of the Tanner Review, was approved by the Policy and Sustainability Committee in January 2024 and implemented on 1 February 2024. The policy will be reviewed annually by the committee.

The independent investigations team, recommended by the Tanner Review, is now fully operational and undertakes all internal investigations (both whistleblowing and Human Resources matters) with appropriate oversight from the external service provider for the whistleblowing elements.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

The Speak Up Supporters completed their induction and training over the summer of 2023 and were formally launched in October 2023.

Finance and Budget

2023/24 marks the third year of implementation of the requirements of the CIPFA Financial Management (FM) Code. The Code is designed to support good practice and assist councils in demonstrating their financial sustainability and resilience by setting out expected standards of financial management.

Improvements introduced in 2024/25 or to be introduced for the 2025/26 budget processes include the following: □

- development of enhanced scenario planning and sensitivity analysis to illustrate the impact of changes in key planning assumptions and the need to plan for these variations;
- introduction of monthly member briefings, alongside establishment of a cross-party working group to oversee the development of the medium-term financial plan (MTFP); and
- clarification of the process for public engagement on options developed, with a more explicit link and consistency across resource allocation decisions, business plan priorities and views expressed by residents.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2014) as set out in the Application Note to Delivering Good Governance in Local Government Framework, an opinion confirmed as part of recent external audit scrutiny. The section 95 officer has confirmed that although a degree of assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal financial control, further improvements are still required. He highlights, in particular, the need for (i) some embedding of actions taken in response to previous audit recommendations and (ii) enhanced managerial accountability for financial performance, including full management of pressures, and the active identification of required savings options within service areas, to secure financial sustainability going forward.

External Audit concluded in the Annual Accounts for 2022-23 that the governance arrangements at the Council were appropriate but that there was scope to improve decision making, particularly around budget-setting.

The need to initiate a structured medium to longer-term savings programme has been highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21 as well as a need to improve budget decision making. An MTFP was implemented for 22/23 and a refreshed MTFP 2024/29 was brought to Committee and Council for approval in February 2024 integrated into the Budget Strategy 2024-29. The financial plan aims to outline the importance of financial responsibility and best value. The Budget Strategy lays out key criteria for meeting best value and stresses the importance of transparent and accountable governance.

In June 2023, the Finance and Resources Committee and in August 2023, the Governance, Risk and Best Value Committee considered a report on lessons learnt on the 23/24 budget setting process. This report was prepared in conjunction with elected members and considered a number of changes to ensure an improved decision-making process for the budget. There included beginning the budget process earlier than in previous years, additional officer support and regular meetings with each political group throughout Autumn and Winter 2023 and proposals being considered by executive committees prior to the budget. The budget engagement process for 2024/25 and 2025/26 was considered by the Policy and Sustainability Committee in March 2024 and the first phase of engagement was commenced.

An all-party motion was considered by the Council in November 2023 raising concerns over the relationship and the budgetary processes between the Council and the Edinburgh integration Joint Board (EIJB). Under the leadership of the Chief Officer of the EIJB, a group was set up to look at the budget processes between the two parties, the governance and scrutiny carried out on health and social care partnership services and whether any documentation change was required. Work is ongoing on these actions and is expected to report further in summer/autumn 2025.

Social Care

Following a whistleblowing disclosure, an investigation into practices and activities within Edinburgh Secure Services identified significant failings over a lengthy period of time (over 10 years). Given the serious and sustained failings recorded in the investigation outcome report, the Monitoring Officer reported these matters to the Council in terms of section 5 of the Local Government and Housing Act 1989 in March 2022. A Children's Services improvement plan and an Edinburgh Residential Services Improvement Plan have been put in place to address the failings and improvements in the governance arrangements within the service and directorate have been put in place by the Executive Director of Children's Services, Education and Justice Services. This has included the creation of an Improvement Board to oversee the delivery of the plan with external organisations represented on the Board as critical friends. Significant progress has been made in completing the Edinburgh Secure Services and Residential Services Improvement Plan with 32 actions complete, 48 actions with a green rating, 4 amber and 6 actions with a red rating in April 2024. Care Inspections have also been carried out in this period with a consistent theme of the feedback being that children in the Council's care felt safe, loved and respected. Where there was a poor inspection, additional resource has been put in place to support the improvements needed.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

Social Care - continued

Edinburgh was inspected in relation to its multi-agency Adult Support and Protection work in the last quarter of 2022 and a report was published in February 2023. The report identified the following areas of weakness:

- Requests for capacity assessments
- Case related chronologies
- Quality of case conferences
- Quality assurance activity
- Social work workforce capacity
- Consistency of support and protection for all people when required

A further report was published in March 2023 on adult social work and social care in Edinburgh which identified the following areas for improvement:

- The design, structure, implementation and oversight of key processes, including the assessment of people's needs and in their case management.
- Approaches to early intervention and prevention, which were uncoordinated and inconsistent.
- Self-directed support, which had not been implemented effectively.
- Insufficient support for unpaid carers.
- Staff being under considerable pressure and sometimes overwhelmed.
- Strategic leadership and management oversight of key processes, meeting legislative requirements, policies, procedures and guidance and to ensure sufficient capacity and capability to deliver safe and effective services for vulnerable people.
- Approaches to self-evaluation for improvement and quality assurance were not well-embedded.
- Social Work governance with strategic decisions being well informed by a social work perspective.

A 3 year improvement plan addressing these weaknesses has been created and is being regularly reported to the Integration Joint Board (IJB) and the Council's Policy and Sustainability Committee. In March 2024 an update was provided on the progress with the improvement plan and the aim to bring about a culture change in both operational practices and strategic commissioning. Generally progress was being made against the plan but it was slower than anticipated due to the scale and complexity of the issues.

In early 2023 failings in the delivery of adult social care identified weaknesses with the scrutiny of those services delegated to the IJB. Further work needs to be undertaken in 2024 to ensure that the governance arrangements of the IJB and how this interacts with the Council's committee governance is improved to ensure there is greater clarity on which body carries out the scrutiny of key services and compliance with the duties set out in legislation. This work is being taken forward as part of the work arising out of the full party motion on the relationship between the Council and the Edinburgh integration Joint Board.

Polices, Procedures and Control Frameworks

An audit was carried out on fraud and serious and organised crime in 2022/23. It identified significant and numerous control weaknesses in both the design and effectiveness of the Council's fraud and serious organised crime (SOC) (including anti-money laundering (AML)) control environment and governance and risk management frameworks. A group has been created to monitor the implementation of the audit actions and this work is progressing on target in 2024.

A number of directorate assurance schedules highlighted policies and procedures as an area where improvement was needed despite more work being undertaken in this area. A workstream is ongoing in each directorate to ensure policies are up to date and is being supported centrally. Internal Audit have identified that procedures are not always in place across directorates with the knowledge of how the service operates not being written down. Ensuring that there are comprehensive procedures in place in service area remains a concern and continues to be an area where the Council could increase its effectiveness.

Internal Audit

The Internal Audit section operates in accordance with the Chartered Institute of Public Finance and Accountancy's United Kingdom Public Sector Internal Audit Standards (PSIAS). The Section undertakes an annual programme based on an agreed audit strategy. The plan is based on formal assessments of risk and audit needs which are reviewed regularly to reflect evolving risks and changes within the Council. During 2023/24, the section reported to the Head of Legal and Assurance. It also has, however, unfettered access to the Chief Executive, Executive Directors, Service Directors (including the Service Director: Finance and Procurement) and elected members of the Council when required.

The Head of Internal Audit will present an annual audit opinion on the adequacy and effectiveness of the system of internal control (including financial controls) to the Governance, Risk and Best Value Committee in September 2024.

The Head of Internal Audit regularly reports to the Governance, Risk and Best Value Committee on the progress directorates are making with the closure of open and overdue internal audit actions. This has continued to be a focus for directorates, with additional resource employed to drive delivery of actions, although improvement is still needed in some areas.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

Information Governance

The number and size of Subject Access Requests to the Council have increased significantly over the past three years. The Council has responded with additional staff being recruited and new processes being implemented to deal with the volume of requests. This though has not been sufficient and the Council is recruiting further staff and is working with the Information Commissioner's Office to improve performance.

The Council has statutory obligations under Scotland's freedom of information laws, data protection legislation and complaints legislation. These laws are enforced and promoted by the Scottish Information Commissioner (OSIC), the UK Information Commissioner (ICO), and the Scottish Public Services Ombudsman (SPSO).

While the Council has processes in place to ensure compliance with its statutory obligations, applicants, or complainants, can appeal to the appropriate regulator or ombudsman once they have exhausted the Council's internal review processes. Regulatory and ombudsman decisions are published on their respective websites.

In summary, nine decisions were issued by OSIC. Three were found for the applicant; four were partially upheld; and two were found for the Council. These decisions can be found at:

<https://www.itspubliacknowledge.info/decisions>. In relation to complaints, five decisions were issued by the SPSO: four were upheld for the complainant; and one not upheld. These decisions can be found at:

<https://www.spsso.org.uk/decision-report-search>. The Council was not subject to any enforcement action by the ICO during the last year.

Any required actions following an OSIC, ICO or SPSO decision have been met in full, with evidence provided to confirm compliance. Any learning following a decision is communicated to the appropriate service and the Corporate Leadership Team.

Arm's Length External Organisations including Trusts

Work has commenced on the Arm's Length External Organisations (ALEOs) Governance Framework. This aims to look at arrangements within the Council on how it works with ALEOs, at the relationship between the Council and its ALEOs and finally ensuring there are robust governance arrangements in place within each ALEO. This workstream is expected to be published in August 2024.

Arrangements for the reporting of the Council's ALEOs have been set out in previous years. However, it has become clear in 2023 that these arrangements are not always strictly followed and the ALEO governance framework will outline what level of reporting is appropriate.

In October 2023 the Council agreed an approach to the integration of Edinburgh Trams and Lothian Buses and the closure of Transport for Edinburgh. Work is ongoing on the implementation of this decision.

The Council considered a report responding to Lord Hardie's Tram Inquiry report in December 2023. The report had also been considered by Transport and Environment Committee and the Governance, Risk and Best Value Committee in November 2023. The Council agreed a number of actions to the recommendations outlined in the Inquiry report and how these could improve governance going forward. The findings of the report would also be included in the ALEO governance framework review work being carried out in 2024.

Following concerns raised at committee, the Council began looking into its governance arrangements for Trusts where it is sole trustee. In August 2021 a report was considered on the governance of trusts run by the Council and in particular Lauriston Castle Trust. The review into governance found that improvements were required both to the Council's governance arrangements surrounding trusts and to the governance of Lauriston Castle Trust. In August 2023 the Council agreed to apply to the Court of Session to transfer ownership of Lauriston Castle to the Council.

Cross-Directorate improvements

A Rapid Recovery Transition Plan has been put in place to address, over a five-year period, areas where the homelessness service was not compliant with legislation.

The need for the Council to improve its reporting and publication of integrated impact assessments (IIAs) was highlighted in last year's Annual Governance Statement. There is a robust framework in place with detailed guidance, but implementation was not always as expected. Further comprehensive training has been carried out to guide colleagues on carrying out IIAs. This training provided clear examples which are also published. The Council has improved its implementation of IIAs been integral to the decision making process but further improvement in terms of implementation is possible.

It was agreed in May 2023 to sign up to the Stonewall Diversity Champion's Programme and participate in the UK Workplace Equality Index.

A number of senior management appointments have been made in 2023-24, including recruitment to the post of Chief Officer of the Integration Joint Board and the Service Director for Finance among others. The Chief Executive announced his retirement in this period and retires on 16 June 2024. The new Chief Executive has been appointed from within the Council and begins on 17 June 2024.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

A number of senior management appointments have been made in 2023-24, including recruitment to the post of Chief Officer of the Integration Joint Board and the Service Director for Finance among others. The Chief Executive announced his retirement in this period and retires on 16 June 2024. The new Chief Executive has been appointed from within the Council and begins on 17 June 2024.

A number of directorate assurance schedules highlighted the Supplier and Contract Management Audit, reported in February 2024 as a matter of concern. This found significant gaps, issues and area of non-compliance in the handover from the Commercial and Procurement Service to contract managers. Only limited assurance could be provided by the audit and there are a number of management actions for completion by April 2025 to close out the audit. These include a number of directorate improvements and that risk arrangements were considered for all contracts.

An audit of Outdoor Infrastructure in March 2023 identified findings which indicated that the Health and Safety Management System was not operating as expected with the potential to cause serious injury or fatalities. Management actions were commenced immediately and are set to be closed out by November 2024.

Risk and Resilience

The Council's Risk Management Policy describes the Council's overarching risk management approach and is supported by a risk management framework that describes how the policy will be applied by all Council directorates and divisions. A new policy was agreed in October 2023. In refreshing the policy good practice was considered and incorporated from a number of sources, including the risk management guidance included in the Scottish Government's Public Finance Manual; CIPFA; the International Organisation for Standardisation's ISO31000 Risk Management Guidelines; the Institute of Risk Management; and other public bodies. The policy aims to create a clear, simple framework that creates a structured and proportionate framework but the success of the policy will be determined by its implementation across Council directorates. Directorates indicated in their assurance schedules that they were implementing the policy and as a result were going through the process of reviewing their risk registers.

The Council also has a Risk Appetite Statement, approved in October 2023. This set out a new approach to using risk appetite within the Council. Risk appetite was defined as being concerned with the pursuit of risk where risk tolerance is about what level of risk the organisation was prepared to accept. A new risk appetite was agreed which set out the scale for the Council across 13 Enterprise risks.

There are established, well exercised, resilience incident management processes and protocols in place to effectively plan for and respond to emergencies. The Council Resilience Group, for example, drives and monitors the Council Resilience Management Programme, reporting to CLT, with the flexibility to convene working groups as required, eg. Brexit planning. In the event of an incident there is a flexible framework, including at directorate and Council-wide levels, that can be stood up as required, reporting to CLT and the appropriate committee(s). The Council feeds into Scotland's resilience structures on a multi-agency basis, through the Lothian and Borders Local Resilience Partnership and East of Scotland Regional Resilience Partnership. The incident management used for Covid-19 is a good example of the effectiveness and agility of these structures.

Cyber risk and in particular the risks posed to the organisation though a cyber incident are growing risks that the Council is currently looking to address. Scenario planning is taking place to allow an exercise to be carried out but further co-ordination of Council services and corporate leadership on the issue is required. Specific issues in relation to Directorates Cyber Incident Preparedness was raised by Internal Audit during 2023/2 and a Cyber Resilience Board is being established to develop a consistent approach to addressing these across the Council.

Partnership working

The Council launched a Community Council Scheme review in September 2023 which would also consider boundary change. The Scheme review follows a statutory process and is still ongoing.

Partnership working strengthened considerably over the Covid-19 pandemic and though engagement with local communities has been more challenging, there has been progress on how the Council works with communities. The Council is aware of the need to constantly improve how it empowers communities and is reviewing its locality arrangements, how it engages with communities and how it delivers services locally.

The status of the previous year's actions is outlined below. Where actions are incomplete, they will be rolled forward and their progress will be monitored alongside the new actions.

	Action	Action Owner	Status
1	Rollout of governance and assurance framework	Head of Democracy, Governance and Resilience	In progress
2	Implementation of the recommendations from the Tanner Review	Chief Executive, Service Director; Human Resources and Service Director: Legal and Assurance	Expected to be fully completed by mid-2024
3	Implementation of Corporate ALEO framework	Head of Democracy, Governance and Resilience	In progress - expected Summer 2024

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Partnership working - continued

	Action	Action Owner	Status
4	Review of effectiveness of current arrangements for developing and reporting Integrated Impact Assessments	Head of Strategic Change and Delivery	Ongoing – Options currently being developed for discussion
5	Review of effectiveness of current scrutiny arrangements for services delegated to Edinburgh Integration Joint Board, particularly as these interact with the Council's committee governance structures	Head of Democracy, Governance and Resilience	Reported to EIJB – to be reported to Council committee in summer 2024
6	Implementation of the review into governance of Trusts	Service Director: Legal and Assurance	Completed
7	Development of a medium term financial plan	Executive Director of Corporate Services	Completed
8	Review of effectiveness of current officer-level governance structures and procedures	Head of Democracy, Governance and Resilience	In abeyance until new Chief Executive appointed
9	Implementation of agreed improvement actions resulting from investigation into practices and activities within Edinburgh Secure Services	Executive Director of Children's, Education and Justice Services	Ongoing – Progress outlined in Statement

Following the review of effectiveness and the assurance statements from directorates and ALEOs, the following actions have been identified to improve the Council's governance arrangements:

	Action	Action Owner	Action Deadline
1	Review of Prevent Single Point of Contact	Service Director: Legal and Assurance	December 2024
2	Review of supervision procedures and template for social work services	Executive Director of Children's, Education and Justice Services	March 2025
3	Corporate Workforce Plan	Service Director: Human Resources	December 2024
4	Review of EIJB and Council budgeting	Chief Officer Health and Social Care Partnership	December 2024

Conclusion

In conclusion, the Council's governance and control framework provides a satisfactory level of assurance. There is a need for improvements to be embedded and sustained within services but progress has been made on this in the previous year and there has been a strong commitment from the Chief Executive and executive directors to resolving control issues. The Council understands its areas for improvement and there are robust arrangements to deal with issues when they do arise. Resource issues and challenging budgets remain and this continues to put pressure on staff and services and as a result governance and processes generally.

Certification

It is our opinion that, in light of the foregoing, assurance can be placed upon the adequacy and effectiveness of City of Edinburgh Council and its Group's systems of governance. The annual review demonstrates sufficient evidence that the Code is operated effectively, and the Council and its Group comply with the Local Code of Corporate Governance in all significant respects.

REMUNERATION REPORT

The Council is required under statute to provide information on the remuneration of each senior officer and each senior elected member, together with any other officer not otherwise included whose remuneration was over £150,000 during the year covered by these accounts. In addition, the Council is required to provide information for the most senior employee within each of its subsidiary companies, together with all other employees whose remuneration exceeds £150,000 in that year.

The information disclosed in the tables Remuneration Paid and Members' Salaries and Expenses on pages 135 to 137, Number of Employees by Pay Band and Exit Packages on page 138 and Pension Rights on pages 139 to 142 in this remuneration report will be audited by Audit Scotland. The other sections of the remuneration report will be reviewed by Audit Scotland to ensure that they are consistent with the Financial Statements.

Remuneration Arrangements

Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended by the Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Amendment Regulations 2017. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (the Lord Provost), senior councillors or councillors. The Leader of the Council and the Civic Head 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.

When determining the level of Councillors' remuneration, Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC's recommendations were first implemented for councillors elected in the local government elections in May 2007. In 2023, SLARC reconvened to undertake a review on Councillors' remuneration with the final report, including recommendations, being presented to the Minister for Local Government, Empowerment and Planning in November 2023. The recommendations took effect retrospectively from 1 April 2024, if accepted by the Scottish Government.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2023/24, the remuneration for the Leader of the City of Edinburgh Council was £60,305. The Regulations permit the Council to remunerate one Civic Head. The Regulations set out the maximum remuneration that may be paid to the Civic Head (currently the Lord Provost). For 2023/24 this was £45,229. The Council's policy is to pay the Civic Head at the national maximum.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have (24 for the City of Edinburgh Council). 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 Senior Councillors shall not exceed £783,933. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their remuneration within these maximum limits. The Council's current policy is summarised below:

	No. of Posts	% of amount payable to Leader of the Council
Depute Leader of the Council	1	75%
Depute Convener	1	50%
Conveners of Culture and Communities, Education, Children and Families, Finance and Resources, Housing, Homelessness and Fair Work, Transport and Environment, Development Management Sub-Committee, Licensing Board, Licensing Sub-Committee, Planning, Regulatory and Integration Joint Board Committees	11	62.5%
Convener of Governance, Risk and Best Value	1	55%
Vice-Convener of Licensing Board	1	50%
Opposition Group Leaders - Conservative, Green, Liberal Democrat, Scottish National Party Groups	4	62.5%

In addition, the Council has an arrangement with the Joint Boards to reimburse the Council for any additional costs for councillors that arise from their being a Convener or Vice Convener of the Joint Boards.

REMUNERATION REPORT

Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for Chief Officials of Scottish local authorities. Circular 11-23b set the amount of salary for the Chief Executive of the City of Edinburgh Council for the period April 2023 to March 2024.

There is no formal percentage relationship for salaries between the Chief Executive and other chief officers. The national salary points to be applied to Executive Directors and Service Directors posts are determined using the Hay job evaluation method. The decision on whether there is to be an annual pay increase applied to the national salary points, and at what level, for Chief Executive and Chief Officer posts is made by the SJNC for local authority services and thereafter applied locally by the Council.

The Council has a number of subsidiary bodies, which are governed via their company documents, service agreements and boards of directors. The Council is represented on each of the subsidiary bodies boards but does not have any direct influence over the remuneration arrangements for the employees of any of these subsidiary bodies. The powers to set remuneration for employees lies solely with the board of each subsidiary

The Integration Joint Board Chief Officer is a joint appointment and the terms and conditions, including pay for the post, are set by the Council, who employ the post holder directly. The appropriate costs are then recharged to NHS Lothian and the Integration Joint Board.

Remuneration Paid

The following tables provide details of the remuneration paid to the Council's Senior Councillors, Senior Employees and the remuneration paid to the Chief Executive (or the most senior manager of that body) of each of the Council's subsidiary bodies. Where a Councillor has held more than one post during the year, he/she is only included once within the following table. Salary, fees and allowances represents the total amount received during the year, where the individual was a Senior Councillor for part or all of the year.

	Salary, Fees and Allowances £	Non-Cash Expenses Taxable / Benefits- Expenses -in-kind £	Total Remun. 2023/24 £	Total Remun. 2022/23 £	
Council's Leader, Civic Head and Senior Councillors					
C. Day, Leader of the Council	60,305	0	1,435	61,740	57,775
R. Aldridge, Lord Provost	45,229	0	1,047	46,276	41,677
M. Watt, Deputy Leader of the Council and Convener Finance and Resources	45,229	0	136	45,365	42,049
L. M. Cameron, Depute Convener	28,353	0	958	29,311	27,123
Conveners					
V. Walker, Convener Culture and Communities	37,691	0	163	37,854	32,356
J. Griffiths, Convener Education, Children and Families	37,691	0	126	37,817	35,273
J. Meagher, Convener Housing, Homelessness and Fair Work	37,691	0	126	37,817	32,347
S. Arthur, Convener Transport and Environment	37,691	0	0	37,691	34,162
K. Campbell, Convener Governance, Risk and Best Value	33,168	0	776	33,944	31,533
L. Young, Convener Licensing Board	37,691	0	1,230	38,921	34,247
J. Mowat, Convener of Licensing Sub-Committee	37,691	0	776	38,467	35,794
J. Dalglish, Convener Planning	37,691	0	907	38,598	32,232
N. Ross, Convener Regulatory	37,691	0	126	37,817	34,247
H. Osler, Convener Development Management Sub-Committee	37,691	0	126	37,817	34,247
T. Pogson, Vice-Chair Edinburgh Integration Joint Board (from 27.06.23) and Chair Edinburgh Integration Joint Board (to 26.06.23)	37,691	0	126	37,817	32,348

REMUNERATION REPORT

Remuneration Paid - continued

Council's Leader, Civic Head and Senior Councillors - continued	Salary, Fees and Allowances £	Taxable Expenses £	Non-Cash Expenses / Benefits-in-kind £	Total Remun. 2023/24 £	Total Remun. 2022/23 £
<u>Vice-Conveners</u>					
J. Rust, Vice Convener Licensing Board	30,153	197	1,696	32,046	28,612
<u>Opposition Group Leaders</u>					
I. Whyte, Conservative Group	37,691	0	650	38,341	35,668
A. Mumford, Green Group Co-Convener (Note 1)	26,892	0	1,001	27,893	26,697
B. Parker, Green Group Co-Convener (Note 1)	30,899	0	776	31,675	20,999
K. Lang, Liberal Democrat Group	37,691	0	195	37,886	34,170
A. McVey, Scottish National Party	37,691	0	809	38,500	38,636
<u>Councillors</u>					
A. Beal, Vice Convener to the Lothian Valuation Joint Board (Note 2)	23,872	0	776	24,648	21,338

Notes:

1. At the City of Edinburgh Council meeting held on 22 June 2023, it was agreed to pay a senior councillor allowance of at a rate of £29,795 per annum for a full year, from 23 June 2023, for the two co-conveners of the Green Group.
2. The amount recharged to Lothian Valuation Joint Board in 2023/24 was £3,892.36 (2022/23 £3,412.18). Expenses relate to Councillor role.
3. During 2023/24, the overall pay award for Senior Councillors was 2.7%.
4. Non-Cash Expenses / Benefits-in-kind include payments for mobile phones, accommodation, training courses, bus passes and other travel.

Members' Salaries and Expenses

The Council paid the following amounts to members of the Council during the year (these sums include the totals shown above):

	2023/24 £	2022/23 £
Salaries	1,638,143	1,568,090
Expenses		
<i>Claimed by councillors</i>	261	42
<i>Paid directly by the Council</i>	32,998	31,602
Total	<u><u>1,671,402</u></u>	<u><u>1,599,734</u></u>

REMUNERATION REPORT

Remuneration Paid - continued

Remuneration paid to Senior Officers

	Salary, Fees and Allowances	Non-Cash Expenses / Benefits- -in-kind	Total Remun. 2023/24	Total Remun. 2022/23
	£	£	£	£
Council's Senior Officers				
A. Kerr, Chief Executive (Note 1)	200,617	1,849	202,466	193,306
A. Hatton, Executive Director of Education and Children's Services	180,443	948	181,391	171,851
P Togher, Chief Officer of Edinburgh Health and Social Care Partnership (from 06.11.2023) (Note 2) (full year equivalent)	36,339 90,222	147	36,486	n/a
J. Proctor, Integration Joint Board Chief Officer (to 19.05.2023) (Note 2) (full year equivalent)	59,015 90,222	255	59,269	85,350
P. Lawrence, Executive Director of Place	180,443	812	181,255	170,561
R. Howley, Chief Social Work Officer (from 01.09.2023) (full year equivalent)	70,293 120,502	0	70,293	n/a
Dr. D. Smart, Executive Director of Corporate Services (from 25.09.2023) (full year equivalent)	180,443 135,517	315	180,758	14,238
R. Lloyd-Bithell, Service Director - Finance and Procurement (from 01.10.2023) (full year equivalent)	70,017 135,517	124	70,141	n/a
H. Dunn, Service Director - Finance and Procurement (to 01.10.2023) (full year equivalent)	83,855 135,517	67	83,922	128,041
Total	1,061,465	4,517	1,065,981	763,347

Notes:

- Remuneration shown above excludes any fees payable in respect of returning officer or other election duties. The approved remuneration for A Kerr for Returning Officer Duties in 2023/24 amounted to £234.07.
- The position of Chief Officer of the Integration Joint Board was held by J Proctor from May 2018 to May 2023 and by P Togher from November 2023. The Chief Officer is employed by the City of Edinburgh Council and 50% of their salary costs are recharged to the EIJB and NHS Lothian. The above figures therefore show the Council's share. Mike Massaro-Mallinson was appointed the interim Chief Officer, during this period he continued to be employed and remunerated by NHS Lothian.
- Non-Cash Expenses / Benefits-in-kind include payments for mobile phones, conferences/workshops, travel and accommodation.

Council Subsidiary Companies

EICC is a subsidiary company of CEC Holdings Limited. Figures shown for this company, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the years ended 31 December 2023 and 2022 respectively.

	Salary, Fees and Allowances	Bonus	Other Benefits	Total Remun. 2023/24	Total Remun. 2022/23
	£	£	£	£	£
Council's Subsidiary Companies					
M. Dallas, Chief Executive, EICC (Note 1)	169,056	51,904	0	220,960	230,991
R. Hunter, Chief Executive, Capital City Partnership	88,214	0	0	88,214	79,926
<u>Transport for Edinburgh</u>					
G. Lowder, Chief Executive	159,162	0	2,256	161,418	157,450
<u>Lothian Buses Ltd.</u>					
S. Boyd, Interim Managing Director (Note 2)	192,150	0	1,557	193,707	140,657
<u>Edinburgh Trams Ltd.</u>					
L. Harrison, Managing Director	177,030	0	0	177,030	167,115
	785,612	51,904	3,813	841,329	635,483

Notes:

- The bonus received by M Dallas covers both the operational and hotel elements of the EICC.
- S Boyd took up the post on 12.08.22 therefore the comparative amounts are part year only.
- Edinburgh Living MMR LLP is a subsidiary of the Council however there are no employees and therefore no remuneration disclosures.

REMUNERATION REPORT

Remuneration Paid - continued

Number of Employees by Pay Band

The total number of Council employees receiving more than £50,000 remuneration for the year (including early retirement / voluntary release costs) is shown below.

	Restated			Restated	
	2023/24	2022/23		2023/24	2022/23
£50,000 - £54,999	1,470	371	£130,000 - £134,999	0	1
£55,000 - £59,999	294	344	£135,000 - £139,999	3	0
£60,000 - £64,999	366	163	£140,000 - £144,999	0	0
£65,000 - £69,999	182	154	£145,000 - £149,999	0	0
£70,000 - £74,999	157	39	£150,000 - £154,999	0	0
£75,000 - £79,999	84	15	£155,000 - £159,999	0	0
£80,000 - £84,999	56	28	£160,000 - £164,999	0	0
£85,000 - £89,999	38	12	£165,000 - £169,999	0	0
£90,000 - £94,999	18	23	£170,000 - £174,999	0	2
£95,000 - £99,999	27	1	£175,000 - £179,999	0	0
£100,000 - £104,999	3	1	£180,000 - £184,999	3	0
£105,000 - £109,999	5	1	£185,000 - £189,999	0	1
£110,000 - £114,999	3	0	£190,000 - £194,999	0	0
£115,000 - £119,999	2	5	£195,000 - £199,999	0	0
£120,000 - £124,999	4	0	£200,000 - £204,999	1	0
£125,000 - £129,999	0	3	£205,000 - £209,999	0	0
			Total No. of Employees	2,716	1,164

Notes:

- The total number of Council employees in the table above includes the Council's Senior Officers as shown on page 137.
- The total remuneration paid above includes the back dated pay award for Local Government, Craft and Chief Officers staff in scope from 1 December 2023 and for Learning and Teacher staff in scope from 27 April 2023 and 25 January 2024.
- The average pay increase for 2023/24, effective from April 2023, was 6.5% at which point inflation as measured by the Consumer Price Index was running at 8.7%. This has nonetheless had the effect of pushing a significant number of staff just over the £50k level.

Exit Packages

The number of exit packages provided for by the Council and the Group during the year, together with the total cost of those packages is shown in the table below. The total cost shown includes pension strain costs and the capitalised value of compensatory added years payments.

Exit package cost band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£0 - £20,000							£000	£000
- Council	0	0	0	3	0	3	0	32
- Group companies	0	0	5	1	5	1	39	10
£20,001 - £40,000								
- Council	0	0	2	2	2	2	58	56
- Group companies	0	0	0	0	0	0	0	0
£40,001 - £60,000								
- Council	0	0	4	1	4	1	215	49
- Group companies	0	0	0	1	0	1	0	48
£60,001 - £80,000								
- Council	0	0	3	1	3	1	200	80
- Group companies	0	0	0	0	0	0	0	0
£80,001 - £100,000								
- Council	0	0	2	1	2	1	166	89
- Group companies	0	0	1	0	1	0	90	0
£100,001 - £150,000								
- Council	0	0	1	0	1	0	104	0
- Group companies	0	0	0	0	0	0	0	0
£150,001 - £200,000								
- Council	0	0	2	0	2	0	336	0
- Group companies	0	0	0	0	0	0	0	0
£200,001 - £250,000								
- Council	0	0	0	0	0	0	0	0
- Group companies	0	0	0	0	0	0	0	0
£250,001 - £300,000								
- Council	0	0	1	0	1	0	268	0
- Group companies	0	0	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>21</u>	<u>10</u>	<u>21</u>	<u>10</u>	<u>1,476</u>	<u>364</u>

REMUNERATION REPORT

Pension Rights

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. For Pre April 2015 benefits, the councillor's pay 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 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. The Post April 2015 benefits are calculated in the same way as Local Government employees.

For local government employees the Local Government Pension Scheme (LGPS) became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The scheme's normal retirement age for both councillors and employees is linked to the state pension age (but with a minimum of age 65).

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and members' contribution rates for 2023/24 were as follows:

Whole Time Pay	Contribution rate
On earnings up to and including £27,000 (2022/23 £22,300)	5.50%
On earnings above £27,001 and up to £33,000 (2022/23 £23,001 to £28,100)	7.25%
On earnings above £33,001 and up to £45,300 (2022/23 £28,101 to £38,600)	8.50%
On earnings above £45,301 and up to £60,400 (2022/23 £38,601 to £51,400)	9.50%
On earnings above £60,401 (2022/23 £51,401)	12.00%

From April 2015, when allocating contribution rates to members, pensionable pay means the actual pensionable pay, regardless of hours worked.

There is no automatic entitlement to a lump sum for members who joined the scheme post April 2009. Members may opt to give up (commute) pension for lump sum or bigger lump sum up to the limit set by the Finance Act 2004.

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 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 - assuming that the person left the related employment or service as at 31st March in the year to which the value relates.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

REMUNERATION REPORT

Pension Rights - continued

Council's Leader, Civic Head and Senior Councillors

The pension entitlements of senior councillors for the year to 31 March 2024 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year.

	In-year pension contribs.		Accrued Pension Benefits		Difference from
	For year to 31.03.2024	For year to 31.03.2023		As at 31.03.2024	
	£	£		£000	£000
<u>Council's Leader and Civic Head</u>					
C. Day, Leader of the Council	13,689	12,529	Pension	7	1
			Lump Sum	0	0
R. Aldridge, Lord Provost	10,266	9,376	Pension	10	0
			Lump Sum	2	0
M. Watt, Deputy Leader of the Council and Convener Finance and Resources	10,267	9,376	Pension	5	1
			Lump Sum	0	0
L. M. Cameron, Depute Convener	6,436	6,024	Pension	4	1
			Lump Sum	0	0
<u>Conveners</u>					
V. Walker, Convener Culture and Communities	7,843	7,315	Pension	1	0
			Lump Sum	0	0
J. Griffiths, Convener Education, Children and Families	8,556	7,960	Pension	7	1
			Lump Sum	0	0
J. Meagher, Convener Housing, Homelessness and Fair Work	8,556	7,315	Pension	1	0
			Lump Sum	0	0
S. Arthur, Convener Transport and Environment	8,556	7,745	Pension	4	1
			Lump Sum	0	0
K. Campbell, Convener Governance, Risk and Best Value	7,529	6,993	Pension	5	1
			Lump Sum	0	0
L. Young, Convener Licensing Board	8,556	7,745	Pension	4	1
			Lump Sum	0	0
J. Mowat, Convener of Licensing Sub-Committee	8,556	7,960	Pension	7	1
			Lump Sum	0	0
J. Dalgleish, Convener Planning	8,556	7,315	Pension	1	0
			Lump Sum	0	0
N. Ross, Convener Regulatory	8,556	7,745	Pension	4	1
			Lump Sum	0	0
H. Osler, Convener Development Management Sub-Committee	8,556	7,745	Pension	4	1
			Lump Sum	0	0
T. Pogson, Vice-Chair Edinburgh Integration Joint Board (from 27.06.23) and Chair Edinburgh Integration Joint Board (to 26.06.23)	8,556	7,315	Pension	n/a	0
			Lump Sum	n/a	0
<u>Opposition Group Leaders</u>					
I. Whyte, Conservative Group Leader	8,556	7,960	Pension	10	0
			Lump Sum	3	0
A. Mumford, Green Group Co-Leader (from 22.09.22 to 05.02.23)	6,104	6,484	Pension	n/a	0
			Lump Sum	n/a	0
B. Parker, Green Group Co-Leader (from 06.02.23)	7,014	4,603	Pension	n/a	0
			Lump Sum	n/a	0
K. Lang, Liberal Democrat Group	8,556	7,745	Pension	4	1
			Lump Sum	0	0
A. McVey, Scottish National Party Group Leader	8,556	8,605	Pension	11	1
			Lump Sum	0	0
<u>Councillors</u>					
A. Beal (including role as Vice Convener of Lothian Valuation Joint Board)	5,419	4,679	Pension	n/a	0
			Lump Sum	n/a	0

All senior councillors shown in the above table are members of the Local Government Pension Scheme. Not all senior councillors are members of the Local Government Pension Scheme. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, including any service with a Council subsidiary body, and not just their current position.

REMUNERATION REPORT

Pension Rights - continued

Senior Employees

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

	In-year pension contribs.		Accrued Pension Benefits		Difference from 31.03.2023
	For year to 31.03.2024	For year to 31.03.2023	As at 31.03.2024	As at 31.03.2023	
	£	£		£000	£000
A. Kerr, Chief Executive	n/a	n/a	Pension	9	0
			Lump Sum	0	0
A. Hatton, Executive Director of Education and Children's Services	39,525	38,369	Pension	9	0
			Lump Sum	0	0
P Togher, Chief Officer of Edinburgh Health and Social Care Partnership (<i>from 06.11.2023</i>) (Note 1)	16,495	n/a	Pension	1	0
			Lump Sum	0	0
J. Proctor, Integration Joint Board Chief Officer (<i>to 19.05.2023</i>) (Note 1)	8,596	38,624	Pension	11	0
			Lump Sum	0	0
P. Lawrence, Executive Director of Place	40,961	38,624	Pension	48	5
			Lump Sum	0	0
R. Howley, Chief Social Work Officer (<i>from 01.09.2023</i>)	24,248	n/a	Pension	n/a	0
			Lump Sum	n/a	0
Dr. D. Smart, Executive Director of Corporate Services	38,002	2,972	Pension	n/a	0
			Lump Sum	n/a	0
R. Lloyd-Bithell, Service Director - Finance and Procurement (<i>from 25.09.2023</i>)	15,894	n/a		n/a	0
				n/a	0
H. Dunn, Service Director - Finance and Procurement (<i>to 01.10.2023</i>)	15,464	29,007	Pension	95	2
			Lump Sum	151	0
Total	<u>199,185</u>	<u>147,596</u>			

Notes:

- The position of Chief Officer of the Integration Joint Board was held by J Proctor from May 2018 to May 2023 and by P Togher from November 2023. The Chief Officer is employed by the City of Edinburgh Council and 50% of their salary costs are recharged to the EIJB and NHS Lothian. The above Pension figures show the full contributions but only 50% of these are relevant to the City of Edinburgh Council.

The pension figures shown for senior employees relate to the benefits that the person has accrued as consequence of their total local government / public service and not just their current appointment. Accrued pension benefits relate to the position as at 31 March 2024, or the date of leaving, if that is earlier. Employees contribute towards their pensions in accordance with the rates set out on page 139.

There are no accrued pension benefits included in the table above if the employee has been a member of the pension scheme for less than 2 years.

The in-year pension contributions include pension strain costs where applicable.

REMUNERATION REPORT

Pension Rights - continued

Council's Subsidiary Companies

The pension entitlements of senior employees within the Council's subsidiary bodies for the year to 31 March 2024 are shown below, together with the contribution made to each senior employee's pension during the year.

	In-year pension contribs.			Accrued Pension Benefits	
	For year to 31.03.2024 £	For year to 31.03.2023 £		As at 31.03.2024 £000	Difference from 31.03.2023 £000
<u>EICC</u>					
M. Dallas, Chief Executive	19,441	18,252	Pension	n/a	0
			Lump Sum	n/a	0
<u>Lothian Buses Ltd.</u>					
S. Boyd, Interim Managing Director (from 12.08.22)	25,072	13,910	Pension	n/a	0
			Lump Sum	n/a	0
<u>Edinburgh Trams Ltd.</u>					
L. Harrison, Managing Director	26,375	25,067	Pension	n/a	0
			Lump Sum	n/a	0
<u>Capital City Partnership</u>					
R. Hunter, Chief Executive	17,908	16,225	Pension	26	3
			Lump Sum	17	1
Total	<u>88,796</u>	<u>73,454</u>			

EICC is a subsidiary company of CEC Holdings Limited. Figures shown for this company, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the years ended 31 December 2023 and 2022 respectively.

R. Hunter is the only current member of the Local Government Pension Scheme in the above table. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total relevant service and not just their current appointment.

There are no accrued pension benefits included in the table above if the employee has been a member of the pension scheme for less than 2 years and/or if they are not members of the Local Government Pension Scheme.

The in-year pension contributions include pension strain costs where applicable.

Trade Union (Facility Time Publication Requirements) Regulations 2017

The Council is required to report a range of information on facility time made available to its employees who are trade union representatives.

For the reporting year 2023/24, the equivalent of 11.8 FTE (across 18 individuals) of paid facility time was made available, with an associated cost of £0.53m. This sum equates to 0.09% of the Council's overall paybill.

Of the total time made available, eight individuals spent 100% of time during the year on trade union-related activities, three between 51% and 99%, and the remaining six between 1% and 50%.

Trade Union Officials and Representatives are entitled to reasonable time off for duties and activities. Paid time off will be given for Trade Union Duties and unpaid time off will be given for Trade Union activities.

INDEPENDENT AUDITOR'S REPORT

The Statement of Accounts is subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Audit Scotland