

Members' Library Service Request Form

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Document Title	East Lothian Council Draft (Unaudited) Accounts 2023/24

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Designation	Head of Finance
Date	28/06/24

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REPORT TO: Members' Library Service

MEETING DATE: June 2024

BY: Executive Director – Council Resources

SUBJECT: East Lothian Council Draft (Unaudited) Annual Accounts 2023-24

1 PURPOSE

- 1.1 To inform members of the submission of the unaudited accounts for 2023/24 for East Lothian Council and the Dr Bruce Fund for external audit and for public inspection.

2 RECOMMENDATIONS

- 2.1 That members note the submission for audit, the public inspection process and the requirement for formal scrutiny by 31 August 2024.

3 BACKGROUND

- 3.1 The East Lothian Council (Appendix 1) and Dr Bruce Accounts (Appendix 2) have been submitted for audit under the requirements of [The Local Authority Accounts \(Scotland\) Regulations 2014](#).
- 3.2 The unaudited accounts are subject to the [Public Inspection Process](#) whereby citizens can lodge, up to 19 July, an objection to the accounts with the external auditor.
- 3.3 In accordance with the requirements of the 2014 regulations the unaudited accounts must also be formally scrutinised by members by 31 August. This is anticipated to be undertaken at the full Council meeting on 27 August.
- 3.4 Following completion of the audit the final accounts must be formally considered and approved for final signature. The respective audits are currently scheduled to conclude by the end of September.

4 POLICY IMPLICATIONS

- 4.1 Key policy implications will relate to the Council's application and stewardship of public funds.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – No direct financial implications arise from the submission for audit of the accounts. Audit fees are paid for the audit process.
- 6.2 Personnel - No direct personnel financial implications arise from the submission for audit of the accounts. The audit and public inspection process involve East Lothian Council staff support.
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 Appendices 1 and 2.

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DATE	28/06/2024

DRAFT [SUBMITTED FOR AUDIT]

ANNUAL ACCOUNTS 2023-24



Sharing achievements

Delivering council priorities

Reporting on our financial position

Plans for the future



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1

Management Commentary

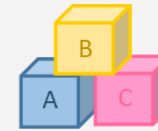
About East Lothian

East Lothian Council provides the county's c.113,000 residents with a wide range of services including education, adult and children's wellbeing, planning, economic development, roads, community housing, transportation, environmental health and food safety, trading standards, refuse collection and recycling, street cleaning, community learning and development, sports, recreation, parks and countryside, libraries, museums, registration of marriages, births and deaths, and burial grounds.

Around 4,987 (4,144 full-time equivalent) people work for the Council.

Each Year the Council:

Educates some **15,117** pupils in our primary and secondary school



Provides Early Learning and Childcare to **2,458** children

Serves **1.4 million** school meals



Looks after over **184** vulnerable children in care homes, foster care and other care settings



Provides:

- **19,711 hours** of care at home each week to vulnerable adults and older people
- Looked after **616** over 65 year olds in residential and nursing homes

Carries out:

- Approximately **5.8 million** domestic waste collections
- Collects some **49,000 tonnes** of waste
- Recycling rate of about **53%**

Maintains:

- **283** parks, pitches, play areas and burial grounds
- **1,141 km** of roads
- **19,669** street lights (95% of which are LED)
- Repairs **3,416** potholes



Manages and maintains over **450** property assets (excluding parks) to support public services including:

- Schools, early learning and childcare facilities
- Social care homes and centres
- Business development properties
- Community properties, including community centres, museums and libraries
- Public facilities including car parks and toilets

Provides over **9,300** council dwellings and **1,100** garages for council tenants

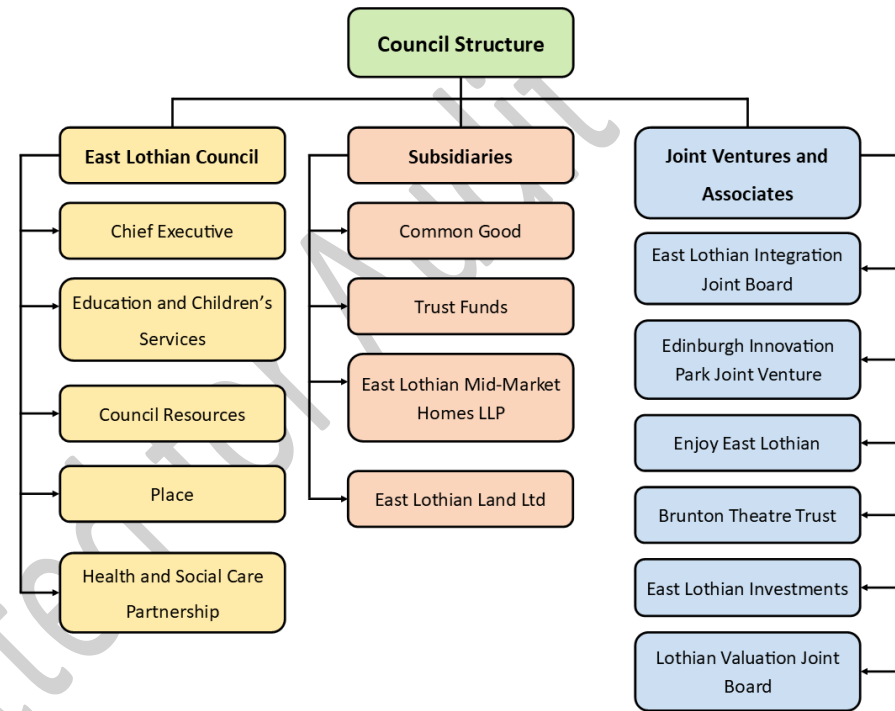
About East Lothian Council's Group Entities

The Council's activities and assets predominantly relate to services provided for and on behalf of taxpayers and housing tenants. The Council also however has control of, or influence on, other bodies and activities where they consist of a separate and distinct responsibility or entity. In most cases these activities or entities are subject to different or specific legislative frameworks compared to the Council's normal taxpayer and housing tenant activities.

These other bodies, generally referred to as group entities, comprise:

- Subsidiaries: where the Council effectively has full control of and responsibility for the activity; and
- Joint Ventures and Associates: where the Council has joint control or significant influence, but not full control.

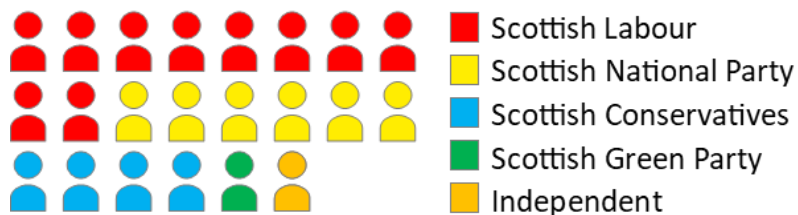
The Subsidiaries, Joint Ventures and Associates are illustrated in the following diagram. More detail on the nature and purpose of these bodies is provided in the financial strategies section of this management commentary, as well as in Notes G1 to G6 of the financial statements.



Political Structure

East Lothian Council has [22 elected councillors](#) who are responsible for setting the Council policies that determine how services are delivered, and for setting the Council budget that determines how the Council's money is spent.

The Council's political structure during 2023/24 was established by the Council elections held in May 2022. The political make-up of the Council was ten Scottish Labour, seven Scottish National Party, four Scottish Conservative and Unionist and one Scottish Green Party councillors. In early 2023 one of the SNP councillors resigned from the SNP and now sits as an Independent Councillor. The Council is led by a minority Labour Administration.



Management Structure and Decision Making

The [Council's Management Team](#) is made up of senior officers and is led by the Chief Executive. Financial plans and monitoring reports for 2023/24 reflected the following Directorates:

- Education and Children's Services
- Council Resources
- Health and Social Care Partnership
- Place

Specific financial planning and reporting is also undertaken for the Housing Revenue Account.

Scheme of Administration

The Council's [Standing Orders and Scheme of Administration](#) (revised April 2024) sets out the Council's governance arrangements. These include:

- Full council meetings take place every two months and are the focus for local democracy and carrying out the Council's statutory requirements, with an additional meeting to set the budget.
- Cabinet meets every two months and makes decisions on areas such as policy, strategy, financial reporting and partnership working.

- Service specific committees within the Council include Education & Children's; Education Appeals, Petitions and Community Empowerment Review; and Planning. There are also a number of sub-committees in operation.

Scrutiny of the performance, decisions and plans of the Council is carried out by Elected Members (who are not part of the Cabinet) through the Council's [Audit and Governance Committee](#) and [Policy and Performance Review Committee](#). In addition, the Council has a [Police, Fire and Community Safety Scrutiny Committee](#) which scrutinises the performance of Police Scotland and the Scottish Fire and Rescue Service in East Lothian. [A full list of Committees is available online.](#)

The [East Lothian Integration Joint Board \(IJB\)](#) is a partnership between East Lothian Council and NHS Lothian and was established in order to integrate how health and social care services are planned, commissioned and delivered.

Furthermore, scrutiny and inspection is carried out by external bodies including the Council's External Auditors (Audit Scotland) and national inspection agencies such as Education Scotland, the Scottish Housing Regulator and the Care Inspectorate.

Strategy and Priorities

The [2022-2027 East Lothian Council Plan, was approved by the Council in August 2022](#). The Plan sets out the Council's ambitious vision of '***an even more prosperous, safe and sustainable East Lothian with a dynamic and thriving economy that enables our people and communities to flourish.***' It establishes three overarching objectives that have been set in response to the fundamental challenges the council faces:

- **Recovery and Renewal** – recovering from the COVID pandemic by investing in regeneration and a sustainable future
- **Reduce poverty and Inequality** – supporting our communities to deal with the growing levels of poverty and inequality
- **Respond to the Climate Emergency** – meeting our net zero climate change targets

And it re-affirmed the four thematic objectives that were established in previous Plans:

- **Growing our Economy** – to increase sustainable and inclusive economic growth as the basis for a more prosperous East Lothian.
- **Growing our People** – to give our children the best start in life and protect vulnerable adults and older people.
- **Growing our Communities** – to give people a real say in the decisions that matter most and provide communities with the housing, transport links, community facilities and environment that will allow them to flourish.
- **Growing our Capacity** – to deliver excellent services as effectively and efficiently as possible within our limited resources.



The Council also adopted the Council Plan Action Plan that sets out the key actions which will deliver the [2022-2027 Council Plan](#) objectives, predominantly through key strategies and plans, including the:

- [Recovery and Renewal Plan](#)
- [Poverty Plan](#)
- [Equality Plan](#)
- [Climate Change Strategy](#)
- [Economic Development Strategy](#)
- [Education Improvement Plan](#)
- [IJB Strategic Plan](#)
- [Local Housing Strategy](#)
- [Local Transport Strategy](#)
- [Financial Strategy](#)

In February 2024 the Council agreed to adopt three new inter-linked short-term priorities to respond to the growing financial and demographic challenges it faces. These new priorities are aligned to the Council's overarching and long-term thematic objectives. The new priorities are as follows.

Ensure the financial sustainability of the Council through the delivery of approved savings and transforming the way we deliver services.

This clearly contributes to the long-term objective: *Grow our Capacity: deliver excellent services as effectively and efficiently as possible within our limited resources.* It means setting a sustainable balanced budget over the next five years and prioritising the delivery of transformation projects that deliver savings and transform the way we deliver services, including digital by default, the redesign of services to generate efficiencies and making the best use of our assets.

Target resources on statutory services and focus on the highest risks and those most in need.

This sits under the long-term objective: *Grow our People: give our children the best start in life and protect vulnerable and older people.* It means prioritising funding and staff resources to deliver statutory services such as education and social care, over non-statutory services, whilst targeting resources to meet the needs of the most vulnerable in our communities. This will also contribute to the Council's overarching objective to: *Reduce Poverty and Inequality* and the Council Plan action to: *Target services and resources, led by data and evidence, to those people and areas most in need.*

Deliver key infrastructure, economic development and environmentally sustainable projects within available council resources and maximising external funding.

This contributes to the long-term objectives: *Grow our Economy and Grow our Communities.* It means maximising funding from Scottish and UK Government funding streams such as the City Region Deal and

Levelling Up funds, to deliver projects such as the QMU Innovation Hub, flood protection schemes, active travel routes, and the development of the former Cockenzie Power Station site that are critical to supporting the sustainable future of East Lothian and responding to the climate emergency.

Financial Outlook for the Council

The financial outlook for the Council is particularly challenging, in both the near term and further ahead. The cost, demand and funding pressures which became evident and more pressing during 2022/23 continue to be a significant challenge for the Council. During 2023/24 the Council has maintained its focus on addressing these. "Managing the Financial Environment" remains the highest ever scoring risk on the Corporate Risk Register and continues to represent the key corporate priority risk due to the potential impact on the services and support provided for the people and organisations of East Lothian.

The Council has continued, and increased, previously agreed mitigation actions during 2023-24, as well as using statutory flexibility relating to the funding of PPP service concession assets. The latter has allowed a non-recurring adjustment to increase the General Fund balances by £14.193 million. The council will be able to borrow against this balance and has committed to do so in order to fund the transformation activity which is needed to support financial sustainability.

Although this accounting adjustment has resulted in a net increase in to reserves in 2023/24, without the use of the PPP service concession and capital grant flexibilities the General Fund balance (excluding HRA) would have reduced by £8.753 million. A reduction in reserves of this level is not sustainable, and the level of earmarked reserves at 31 March 2024 is consequently recognised as being neither sufficient nor appropriate to adequately support the annual revenue budget into the future.

This is especially important given the population growth experienced, and expected to continue, in East Lothian. This increases the demand for services, and the assets needed for those services. The financial pressures arising however are not projected to be offset by a similar increase in taxpayer funding, whether through local taxation or from Scottish Government funding resources.

Given the significance of the funding gap for the Council, the risk facing the future security of services for the people of East Lothian will require some very difficult decisions, and open dialogue. This however will be necessary in order to support the delivery of a balanced budget as required by legislation. The financial sustainability of the Council is a critical priority for the financial governance of the Council, the stewardship of public funds, and ultimately and most importantly the provision of services for the people of East Lothian.

In seeking financial sustainability the Council's future plans, including [the Local Development Plan 2](#), and current projects in progress (detailed further below), need to allow for the different challenges and opportunities arising. Factors affecting these plans include the needs of the people of East Lothian, population growth, forecast funding levels, income generation options, financial management opportunities within the statutory framework, service transformation and redesign, digital services, and asset usage reviews.

More details on the mitigation actions and the statutory adjustments utilised in 2023-24 are provided later in this Management Commentary (see the [Financial Statements Overview Section](#)) and in the [Financial Statements](#).

Best Value

As part of a new approach to Best Value with an initial focus on leadership, Audit Scotland undertook a thematic Best Value Audit of Leadership in all 32 Scottish local authorities in 2023. The reviews were

carried out as part of the Annual Audit of accounts undertaken by external auditors.

The key messages and findings of the East Lothian Council's Best Value Leadership Audit (see the [Annual Audit Report 2022/23](#)) were:

1. The council has set clear priorities but recognises that decisions need to be made urgently to ensure a sustainable approach to delivering those priorities.
2. The council's leadership have been effective in setting out a clear vision and priorities in the Council Plan 2022-27.
3. The council faces unprecedented financial challenges which is likely to require difficult decision making around priority services. The council recognises the need to engage with members and the wider public to ensure that decisions are driven by the needs and priorities of the people of East Lothian. This is reflected through cross party budget working group and acknowledged in the latest financial strategy and plans.
4. Community engagement and working with local communities is a key element of the council's vision. The council drew on existing community engagement when developing its vision and priorities rather than consulting separately on its Council Plan.
5. The council priorities clearly reflect the need to reduce inequalities and climate change. It is too early to assess if the strategic plans will successfully deliver these objectives.
6. The council has set out its Top 50 performance indicators to monitor delivery of its priorities. Not all performance indicators have specific targets set. It is important the council is clear on the level of performance outcomes it aims to achieve. It is important that the indicators monitored continue to reflect strategic priority areas and risks.
7. The council is a complex organisation and has a range of plans and strategies which underpin the Council Plan. Its financial,

workforce, asset and digital plans are aligned with the council's priorities, but the council is revisiting its delivery plans to address the increasing financial challenges it faces.

8. There is evidence of collaborative working between members and with members and officers. However, this is an area for improvement. It is essential for members to work together to make strategic decisions when the council faces increasingly hard choices to ensure financially sustainable service delivery.
9. The council has a clear commitment to leadership development to empower officers to make informed decisions.

The audit concluded with three recommendations:

- Performance monitoring targets: The council has not set targets for all of its Top 50 performance indicators (or for all of the performance measures in its delivery plans). This makes it difficult to assess whether the council is on track to deliver its strategic priorities.
Council response: This recommendation has been included in the 2024 Council Improvement Plan. A number of the indicators were new this year and take time for the council to embed and set realistic, measurable targets. The Council aim to have these in place for the Top 50 performance indicators by December 2023.
- Financial planning to address increasing challenges: The council faces uncertainty over future funding and increasing financial pressures. Radical solutions are needed to deliver sustainable services and robust long term financial planning is needed to support strategic decision making. The council should develop its longer-term financial planning including scenario planning using a range of assumptions to identify service delivery options as future funding remains uncertain.

Council response: This recommendation has been taken on board with the report on longer-term financial planning included in the 2024-2029 Financial Strategy.

- Investment needed to deliver sustainable services: The council has identified the need to invest in digital technology to drive transformation. There are many council systems which are older and identified as due for replacement but the resources to fund this are not available.. Investment in new technologies needs to be well managed and requires well planned investment as pressures to cut costs could lead to failure and increased costs in the longer term.

Council response: This recommendation has been included in the 2024 Council Improvement Plan. A review of current Transformational Priorities is on-going and includes Digital pipeline and prioritisation work. The Council has agreed an updated Reserves strategy which includes Digital support as a key enabler to support transformational change. The Digital Strategy Board will consider and prioritise critical digital investment and future plans.

2023/24 Service Performance

The Council adopted a new set of Top 50 Council Plan indicators to report on progress with the 2022-2027 Council Plan in February 2023.

The 2023 Annual Performance Report provides an overview and summary of how the council performed in 2022/23 reviewing the Top 50 and Annual indicators.

The Top 50 Council Plan Indicators have different reporting timeframes and many rely on national data which are not yet available. In addition, five indicators rely on the results of the residents' survey carried out by

the council. The survey that was hoped would be carried out in 2023 has been delayed until 2024 so the latest survey results are from the survey carried out in spring 2021. Therefore, as at end January 2024 only 39 of the Top 50 indicators had up-to-date comparable data that allowed comparison to be made with previous year's results.

A summary comparison of the 39 Top 50 indicators for which comparable data is available for 2022/23 and 2021/22 shows that overall, 19 (49%) of these indicators improved in performance over the last year, eight (20.5%) maintained performance and 12 (31%) showed a decline in performance. A summary of whether indicators were on or above target (Green), just below of moving towards target (Amber) or below target (Red) showed that three quarters of the Top 50 indicators for which up-to-date data and targets were available were either Green or Amber whilst a quarter were Red.

Ten of the Top 50 indicators have been designated as Top 10 indicators. There was up-to-date comparable data for nine of these indicators. Only one of these Top 10 indicators declined and was below target – *% of children living in households with less than 60% of average income after housing costs*. The data for this indicator comes from End Child Poverty and has a two-year lag. Therefore, the latest data available is for 2021/22 which is compared to the previous year, 2020/21. This shows that child poverty in East Lothian increased from 18.8% to 21.1% but is below the Scottish average which increased from 21% to 24%. The increase in child poverty in 2021/22 can be tracked to the impact of COVID and the failure of Universal Credit benefits to keep pace with the cost of living.

Eight of the Top 10 indicators showed improvement or maintained performance in 2022/23.

- The count of the Council's annual carbon emissions fell from 15,635 tonnes Co2 to 13,990 tonnes and is progressing

towards the target of net zero emissions by 2045 at the latest

- The proportion of people of working age (16-64) in employment in East Lothian remained at 62% just above the target of 60%
- The business base – number of businesses in East Lothian – a key indicator of economic activity, has risen to 3,800 at the latest count which is above the target set in the last Economic Strategy of 3,300
- There were no re-registrations of children on the child protection register within 24 months so the percentage fell from 13% to 0
- The percentage of people aged 65 or over with long-term care needs receiving personal care at home fell slightly to around 56% and was only just below the target of 57%
- The number of affordable house completions and Open Market acquisitions increased from 126 to 196 and meant that the five-year target set in the Local Housing Strategy had been reached
- The percentage of total household waste that is recycled fell slightly 53.9% to 53.1% but remained well above the Scottish average of 43.3%
- The number of on-line form transactions increased from 32,751 to 41,644.

Other Top 50 indicators that are of particular interest include:

Reduce unemployment

During the COVID-19 pandemic unemployment (the % of working age population seeking work) had reached a high of 5.4% in March 2021. It had fallen to 3.5% by October 2021 and continued to fall during 2022 so that by March 2023 it was at 2.5%, slightly than 2.6% at the start of the pandemic in March 2020. East Lothian's unemployment rate in March 2023 was 0.8% lower than the Scottish average (3.3%).

However, it should be noted that unemployment across Scotland and in East Lothian increased slightly through 2023.

Improve employability

The number of people participating in East Lothian Works employability programmes increased from 467 in 2021/22 to 723 in 2022/23.

However, this increase in participants and the fall in unemployment/job vacancies contributed to the percentage progressing into employment falling from 43% to 30%, though this was higher than the 21.2% in 2020/21 and above the target of 20%.

Town Centre vacancy rates

This measure of town centre vitality fell from 8% in 2021/22 to 9% in 2022/23 and remained below the 5% target. This could be due to the long-term impact of COVID and on-line shopping changing consumer shopping habits as to the actual viability of town centres.

Reducing poverty related attainment gap

Only two of the five indicators used to track progress in reducing the poverty related attainment gap were available for the 2023 exams at the time of producing this report. Both these indicators showed improvement on the 2022 results. The attainment gap between quintiles 1 and 5 for primary 1, 4 and 7 combined in literacy reduced from 30% to 23.2%, below the target of 27.6%; and in numeracy increased slightly from 22.1% to 23.6%, against a target of 24.2%.

Participation rates/ positive destinations for school leavers

The participation rate for 16-19 year olds increased from 93.2% to 96.1%, above the Scottish average of 94.2%. The percentage of young people receiving After Care who were in a positive destination increased slightly from 52% to 54% but was below the target of 60%.

Older people staying cared for at home

The number of days people aged 75+ spent in hospital when they were ready to be discharged (per 1,000 population) increased from 153 to

206 but remained below the target of 245 (average of the previous 3 years) and was well below the Scottish average of 919. Activity aimed at reducing the time people spend in hospital once medically fit to be discharged was a priority for the Health & Social Care Partnership. This included the work of the Integrated Care allocation Team, delivery of a multi-disciplinary Daily Flow Huddle, and ongoing delivery and development of Intermediate Care services.

Re-letting vacant housing properties

The average number of days taken to re-let vacant houses 65.2 was almost the same as the previous year, 66.2 and remained well above the target of 42 days. Issues causing this below target performance included, staff vacancies in the council property maintenance team and contractors, as well as rises in costs.

Connected Communities Activity & Volunteering

The total number of volunteering hours volunteers engaged in Connected Communities activity also increased from 2,725 to 2,948. Volunteering involves a wide range of activities including Duke of Edinburgh award scheme, Area Partnership meetings and networks, management committees and youth provision.

Staff engagement and attendance management

The 2023 employee engagement survey that was carried out in March 2023, recorded an increase in the percentage of non-school based staff agreeing that the Council is a great place to work from 80.4% in 2021 to 83.8%. The average number of sickness absence days lost per employee, including teachers increased from 8.08 days in 2021/22 to 9.54 days 2022/23.

Council Tax collection and rent arrears

The percentage of income due from Council Tax received by the end of the financial year fell by only 0.1% between 2022 and 2023 from 97.7% to 97.6%, despite a 7% increase in the Council Tax charge. However,

the gross rent arrears as at 31st March as a % of rent due for that year increased from 4.9% in 2022 to 5.8% in 2023.

Property Structural Defects Assessment

The historic use of Reinforced Autoclaved Aerated Concrete (RAAC) in buildings has been noted by the Institution of Structural Engineers as presenting a risk of the existence of potential structural defects. This is considered to require identification and assessment of buildings with RAAC. During 2022/23 the Council commenced a review of the structural integrity of its property portfolio in relation to the use and condition of RAAC. Initial reviews are now generally complete. The requirements and options regarding the Brunton Hall, where some of the building capacity is currently regarded as unusable, are still under consideration. Remedial works have been undertaken in Preston Lodge High School and permanent works, to replace interim solutions, are scheduled for Ross High school during summer 2024. Other properties known to be affected are either long term unoccupied or partially unoccupied due to area usage restrictions being implemented.

Future Plans: Projects in Progress

The Council has a focus on ensuring existing and new communities continue to be great places in which to live and work, with an even more dynamic local economy. Between now and 2033, the population of south east Scotland is expected to grow by 220,000 people. [East Lothian Council's Local Development Plan](#) allocated land capable of delivering 10,050 new homes to 2024. It also identifies some 200 hectares of employment land for job creation.

The Council has a number of key development projects in progress including:

- **Edinburgh Innovation Hub**



The [Edinburgh Innovation Hub](#) forms part of the [Edinburgh and South East Scotland City Deal](#), a £1.3 billion regional investment programme funded by the UK and Scottish Governments and regional partners, including East Lothian Council. The Hub is funded by £28.6 million from the UK Government, £1.4 million from the Scottish Government and £10 million from East Lothian Council.

The development of the Hub will create a nationally significant facility to capture, support and grow innovation-led enterprise in East Lothian and the wider Edinburgh region. The Hub will be a best in class innovation facility developed as the first phase of a wider Edinburgh Innovation Park, a new and unique development for innovation-led enterprise adjacent to Queen Margaret University, on land owned by the Council.

The Hub will provide services and fitted commercial laboratory and office space for high growth tech and innovation-based businesses. The Hub will become a vibrant innovation cluster where high growth SMEs and innovation-led businesses co-locates with research and business networks under one roof to deliver a specialist service offering for commercial innovation.

The Hub will be a regional and national resource that will enable cross-sector collaborations and interactions at all levels. Business will benefit from a network of business support and people and businesses will be brought together to share knowledge and skills at the 'crossing point' between R&D and commercialisation.

Companies locating to the Hub will benefit from facilitated access to the University, its social and intellectual capital and to its business support services. Co-location will encourage mentoring and peer support. Close access to business development staff and business support intermediaries will enhance the support on offer, facilitating connections with investors and enabling business collaboration.

A contractor for the Innovation Hub was appointed in December 2023 with work commencing on the Hub in January 2024. Completion is expected at the end of the Summer 2025.

- **New Council Housing**



The Housing Revenue Account plans to continue to invest in new council housing with £117.428 million of investment planned over the next five years

Completed in 2023/24:

- Letham, Haddington – 54 units
- Craighall, Musselburgh – 36 units
- Lempockwells, Pencaitland – 30 units
- Levenhall, Musselburgh – 12 units
- Pencraig, East Linton – 28 units
- Windygoul, Tranent – 49 units

Planned for completion in 2024/25:

- Fa'side Lodge, Wallyford – 28 units
- Windygoul, Tranent – 11 units
- Craighall, Musselburgh – 9 units
- Letham, Haddington – 18 units
- Longniddry – 16 units
- Shaw Road, Prestonpans – 2 units

With 209 units completed in 2023/24 and a further 84 units expected in 2024/25 this highlights the Housing Revenue Accounts continuing investment into affordable housing for our community.

- **Former Cockenzie Power Station site**

Purchased in 2018 to promote economic development and employment opportunities, East Lothian Council is working to further understand and realise the full potential of the [Former Cockenzie Power Station](#), a 200-acre brownfield site. Our priority is to secure an outcome which supports the local economy and contributes to enhancing vibrant neighbouring communities. The Council welcomes the removal of planning constraints on the site contained within the new National Planning Framework 4 and will seek to plan the future development of the site in line with this. A small parcel of land, approximately 7 acres has been sold to an offshore wind development company and construction of their onshore

transmission substation commenced in February 2023. The Council continues to work closely with the renewable energy sector and has an option agreement in place for another offshore wind onshore substation and heads of terms established for a battery energy storage development. Planning permissions have also been granted for on site road infrastructure to open the site up for development. The Council has also been successful with a bid to the UK Government Levelling Up Fund for funds that will assist with site remediation and enabling works on this complex site to prepare it for future development.

- **Investing in people and learning**



Reducing inequalities and improving attainment and closing the gap are key priorities for our Council. We aim to provide the best education service in Scotland through a relentless focus on inclusion, achievement, ambition and progress for all. We have a continuing focus on giving all of our children and young people the best start; working together to nurture them and helping them to achieve their potential. We have seven secondary and 34 primary schools across East Lothian, with specialist provisions attached to our mainstream schools that support children and young people with additional support needs. A multi-million pound programme of modernisation, expansion and improvement of the learning estate is underway

to develop education spaces that benefit East Lothian's learners and communities. Examples of major investment include three new primary schools, [Whitecraig, Craighall and Blindwells](#) that started construction in February 2024.

- **Musselburgh Flood Protection**

The [Musselburgh Flood Protection Scheme](#) project has been established in liaison with partners following identification of Musselburgh as a Potentially Vulnerable Area (PVA) for flood risk by the Scottish Environment Protection Agency (SEPA). A number of project objectives have been identified including economic, environmental, social & cultural and regeneration aspects. Public consultation is a key feature in determining an outline design and a preferred scheme before designs are finalised. After extensive community engagement, the Council approved the publication of the [proposed scheme](#) in March 2024, followed by a Formal Consultation period which concluded in April 2024. The Council has now commenced a process of consideration of all communications received to allow implementation of the scheme

- **Asset Review Project**

Recognising that the way in which many services are being delivered is changing and with more employees working from home or on a hybrid basis, the opportunity to review accommodation in relation to asset rationalisation is being progressed. This review will assist in meeting budget efficiencies, updating the Council's Property Asset Strategy and providing input to the actions identified in the Council's Climate Change Strategy and Council Plan. The Asset Review supports work to ensure that the Council can continue to deliver effective services and the next steps of the project include rationalisation of the wider Council property assets including a 'place' project that looks at how the Council delivers services

within the six main ward areas and will subsequently allow for further rationalisation of property.

The lease of Randall House ended in October 2023 with accommodation amendments in other offices being implemented to more appropriately use the available capacity of existing buildings.

A Property Asset Strategy and Management Plan 2024-2028 has been developed for implementation ([East Lothian Council meeting 25 June 2024](#), Item 3) to continue progress. The strategy is based on the following guiding objectives and principles:

- Effectively manage property assets
- Meet demographic need for services
- Reduce greenhouse gas emissions
- Meet immediate savings target and bridge future affordability gap
- Generate income and encourage economic development
- Work with communities and partners to maximise shared opportunities

Draft - Submitted for Approval

Financial Strategies

Financial Strategy

The Council's Financial Strategy forms the platform for the Council's stewardship over taxpayer's funds. The strategy is refreshed each year to reflect any changes in the financial planning landscape and to ensure that the strategy remains appropriate. The most recent and current strategy was approved by Council in December 2023 covering the five year period 2024/25-2028/29 and can be found in the [East Lothian Council meeting papers of 12 December 2023](#) (Agenda Item 3). Alongside this, and in line with the requirements set out within the Prudential Code, the Financial Strategy is supported by a Capital Strategy, also approved by the Council in December 2023 (Agenda Item 3), which supports the Council's capital and borrowing decisions.

The strategies are used to inform the development of financial plans and cover the General Services and Housing Revenue Account (HRA) financial plans, as well as the strategy for the use of the Council's reserves and the Capital Expenditure plan.

Treasury Strategy

The Council publishes an annual Treasury Management Strategy. This strategy links the Council's capital investment plans to its treasury management activities including borrowing and investment strategies. The report "Treasury Management Strategy 2024/25 to 2028/29" can be found in the [East Lothian Council meeting papers of 20 February 2024](#) (Agenda Item 03).

Group Entities

The Council also has effective control of the finances of its subsidiaries, and an interest in the finances of its joint ventures and associates. The Council's decision making and strategies for these entities reflects the purposes and legislative framework of each entity. The Council's role in relation to the group entities is summarised below.

Subsidiary	Purpose and Council Role
Common Good	Responsible for the stewardship of Common Good assets and the use of those assets in accordance with legislation.
Trust Funds	Responsible for the stewardship of Trust Funds' assets and the use of those assets in accordance with legislation and relevant trust deeds.
East Lothian Mid-Market Homes LLP	Established by the Council and the Scottish Futures Trust to manage new build properties for mid-market rent which do not form part of the Housing Revenue Account.
East Lothian Land Ltd	Established by the Council for the East Lothian area to manage land to support economic development.

Joint Venture or Associate	Purpose and Council Role
East Lothian Integration Joint Board (IJB)	A joint venture, created as required by statute, between East Lothian Council and NHS Lothian to support the integration of health and social care services in East Lothian. The Council has legislative responsibilities and agreements in relation to funding provided to the IJB, and for delivering services commissioned by the IJB.
Edinburgh Innovation Park (EIP)	A joint venture established with Queen Margaret University to create an innovation park, with particular focus on food, drink and health sciences, as part of the Edinburgh & South East Scotland City Region Deal .
Enjoy East Lothian Ltd (Enjoy Leisure)	Established in pursuit of Council objectives for the East Lothian area to manage, under contract, sports and leisure facilities and services on behalf of East Lothian Council. The Council pays Enjoy Leisure for services provided to the people of East Lothian.
Brunton Theatre Trust (BTT)	A trust, located in Musselburgh, which in accordance with the trust deeds aims to provide a widely accessible programme of cultural activities and performances. The Council provides funding for BTT activities, and also receives income related to services it provides or undertakes on behalf of BTT.
East Lothian Investments Ltd	Established in pursuit of Council objectives to grant interest free loans to businesses in East Lothian to encourage commercial enterprise. It also has involvement in the East Lothian Gift Card scheme. The Council has previously provided loan support which is now fully repaid.

Joint Venture or Associate	Purpose and Council Role
Lothian Valuation Joint Board	A joint board, created as required by statute, to undertake council tax and other property asset valuations, and to maintain an electoral registrar for a number of Lothian Councils. The Council has funding responsibilities under the legislative arrangements.

More information is provided in Notes G1 to G6 of the financial statements.

Financial Statements Overview

The Group Financial Statements

The financial position and financial performance of the group predominantly reflect the position in relation to the Council's taxpayer and tenant services. Those service responsibilities represented 96% (2022/23: 95%) of the group's net assets and 98% (2022/23: 102%) of Total Comprehensive Income and Expenditure. A brief overview of the Group's financial statements is therefore provided here, with more detail on the finances for taxpayer and tenant services further below.

The group balance sheet shows net assets of £804.678 million (2022/23: £764.040 million). The entities, other than the Council as the parent organisation, which primarily affect the net assets reported relate to Common Good and Trust Funds, which have net assets of some £25.926 million (see Note G3, 2022/23: £24.339 million). Additionally the Council's share of the net assets of its associates and joint ventures adds some £8.653 million (2022/23: £9.482 million). For Common Good and Trust Funds the net assets largely reflect land and building properties held, as well as financial investment portfolios which are managed by an independent adviser. The figure for

associates and joint ventures mainly relates to Enjoy East Lothian, the Lothian Valuation Joint Board, and the East Lothian Integration Joint Board.

The Group Comprehensive Income and Expenditure Statement shows that the Group Deficit on the Provision of Services was £37.501 million (2022/23: a deficit of £8.053 million).

The subsidiaries which have the largest impact on this are:

- the East Lothian Integration Joint Board (share of deficit £2.888 million, 2022/23 £5.084 million)
- the Common Good (surplus £0.548 million, 2022/23: surplus £0.035 million) relating primarily to the performance of investment returns; and
- Trust Funds (surplus £0.389 million, 2022/23: deficit £0.133 million) relating primarily to investment returns.

East Lothian Mid-Market Homes achieved a surplus of £0.021 million (2022/23: £0.078 million).

The Group's share of the deficit on provision of services of joint ventures and associates is £3.315 million (2022/23: surplus £5.576 million), which primarily reflects the deficit reported by the East Lothian Integration Joint Board for the year (share of deficit £2.888 million, 2022/23 £5.084 million).

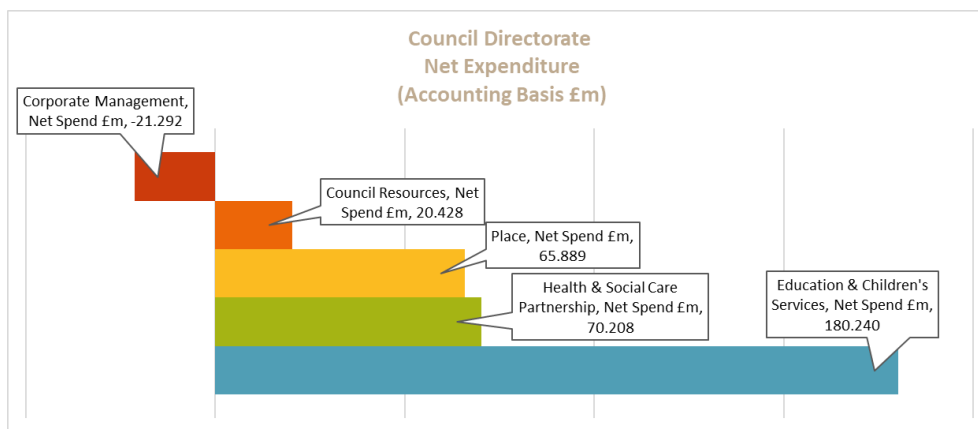
The key aspects of the group entities, excluding the Council as parent, which affect the group position therefore largely relate to Common Good and Trust Fund assets and investments, and the extent to which the East Lothian Integration Joint Board has residual funding balances for the year.

Council Provision of Services Income and Expenditure

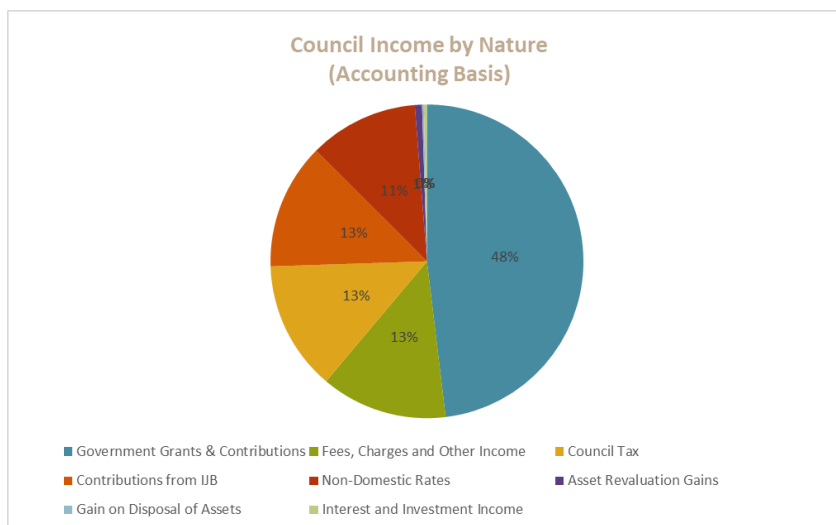
The cost of taxpayer and tenant services provided by the Council on an accounting basis in 2023/24 was net expenditure of £345.376 million (2022/23 £325.934 million), an increase of £19.442 million (+6%). This increase is related to a number of factors. This includes increases in employee pay costs, general service costs, depreciation, and asset revaluation losses (increase of £21.122 million) totalling £47.854 million. These were partially offset by decreases in costs, or increases in income, totalling £28.412 million. These related to a reduced estimate of current service cost of employer pensions (£20.419 million reduction), increased contributions from the IJB, government grants and contributions, and other service income.

The net deficit on the provision of services, after applying funding to the cost of services, was £35.136 million (2022/23: net deficit of £2.444 million). An increase in interest payable of £2.800 million, a decrease of £8.251 million in gains on the disposal of assets, and a decrease of £22.214 million in capital grants and contributions have affected the increase in the accounting deficit reported.

The chart below shows service based net expenditure, after deducting service income, on a directorate basis. The net income in Corporate Management reflects Scottish Government funding which is used to support expenditure by other directorates.



The nature of income supporting council services, is shown in relative proportion in the following chart.



Expenditure and Funding Analysis

The financial performance in the financial statements is presented in accordance with accounting requirements. The legislative framework

within which the Council operates means that statutory and other adjustments are applied in the Movement in Reserves Statement which affects the final balance of the Council's usable reserves.

The Expenditure and Funding Analysis (Note 6) provides a reconciliation between management reporting based net expenditure, and the accounting basis net expenditure provided in the Comprehensive Income and Expenditure Statement.

In order to align to the accounting presentation in the comprehensive income and expenditure statements, presentation adjustments are required to derive the figures in the first column of the expenditure and funding analysis (Note 6). These are summarised below:

	Outturn Report	Reserves Movements	Presentation Changes to Reflect Annual Accounts Reporting Requirements	EFA Column 1
	£000s		£000s	£000s
Education & Children's Services	159,155			159,155
Health & Social Care Partnership	69,402		1	69,403
Place	51,577		(3)	51,574
Council Resources	19,758		29	19,787
Corporate Management	(290,741)	(14,591)	275,017	(30,315)
HRA	(48)		(6,771)	(6,819)
Other Income and Expenditure	-		(268,273)	(268,273)
Cost of Services	9,103	(14,591)	-	(5,488)

The adjustment for reserves movements includes £14.193 million for a non-recurring restatement of existing reserves in relation to PPP service concession funding arrangements, with the balance due to application of the affordable homes earmarked reserves.

The Council budgets and manages its finances during the year based on the impact on usable reserves, including the effect of legislative requirements, and the financial performance for the year is further explained on that basis.

Council Management Reporting Outturn

Financial Challenges

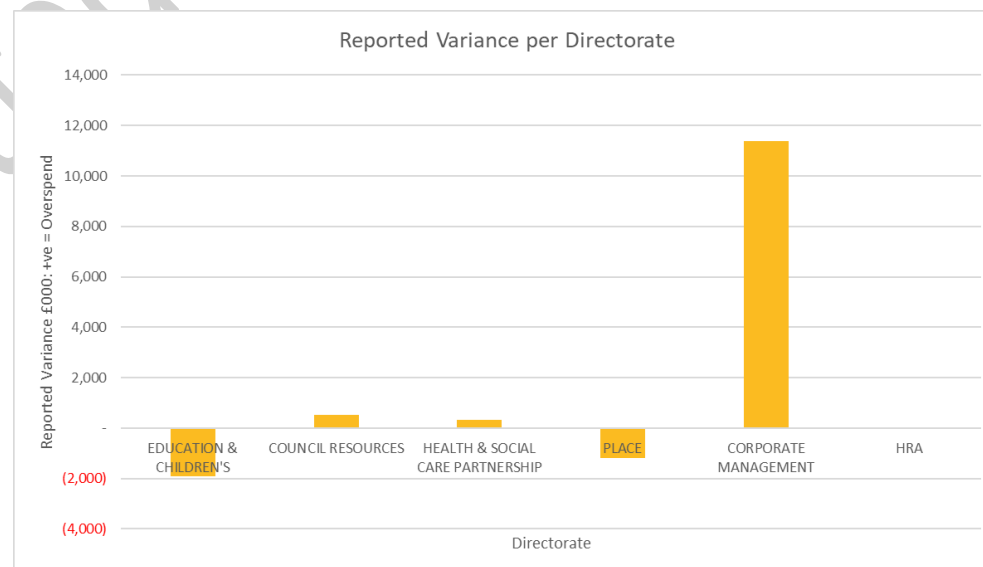
The financial pressures which the Council faces continue to be a significant, and potentially growing, challenge for the Council. Cost control measures agreed during 2022/23 at a [Special Council Meeting \(22 November 2022\)](#) included adherence to revenue and capital budgets, review of future spending plans and projects, reductions in heating use, and a review of Council property assets to optimise usage or determine disposal.

During 2023/24 further mitigation measures were approved by the Council ([East Lothian Council meeting 29 August 2023, Item 3](#)) including recruitment restrictions and review processes, development of recovery actions, reducing property costs, and to pause and delay non-committed capital projects to reduce future pressures arising from the consequences of capital spend.

Additionally in 2023/24 a further element for the Council in managing the risks for the people of East Lothian has been the application of statutory permissions regarding the funding of PPP/Service Concession assets funding. Scottish Government Finance Circular 10/2022 allows the charges to the General Fund for PPP assets to be aligned to the life of the assets, instead of the term of the contract. This provided a non-recurring increase in the General fund balance at 1 April 2024 of £14.193 million, relating to retrospective adjustment of funding previously applied for PPP assets. Additionally the Scottish Government

also allowed flexibility in Finance Circular 6/2023 to enable £2.315 million of capital grant to be used. This was part of a negotiated funding arrangement which relaxed the normal statutory framework for capital funding to partially offset the revenue expenditure impact of complex pay award increases. This relaxation is expected to be non-recurring while the pay award impact will continue to affect future budgets. The overall impact of these statutory permissions was therefore to improve the General Fund balance by £16.508 million.

The General Fund was also affected by the net expenditure on General Services (excluding HRA) through the year. The variance against budget reported for each directorate is illustrated below.



An initial outturn for General Services (excluding HRA) of £12.273 million to be charged to reserves, before the release of Council reserve balances to support expenditure, was reduced through the Integration Joint Board's unbudgeted release of £3.122 million as income to the Council to support pressures in social care service delivery. The residual

net charge against reserves of £9.151 million was largely in accordance with the budgeted use of reserves.

Key factors in arriving at this position however included overspends related to Children's Services (£2 million for commissioned external placements) and Trading Account pressures (£1 million). These were offset through non-recurring underspends and funding items, including Education (£3.964 million) and additional pay and General Revenue Grant funding (£1.4 million).

In summary however, without the use of the PPP service concession and capital grant flexibilities the General Fund balance (excluding HRA) would have reduced by £8.753 million. The £16.058 million non-recurring benefits from use of the flexibilities is recognised as being neither sufficient nor appropriate to adequately support the annual revenue budget into the future. The annual spending pressures, risks and funding challenges which continue to require Council policy decisions and management action include the extent of Scottish Government funding, the growth of population and housing in East Lothian, service demand increases, pay awards, utility costs, interest rates, and general inflation.

The significance of the funding gap for the Council will challenging decisions, and open dialogue, in order to support the delivery of a balanced budget as required by legislation. The financial sustainability of the council is a critical priority for the financial governance of the Council.

Housing Revenue Account

The Housing Revenue Account (HRA) delivered a minor surplus of £0.048 million to increase its fund balance, with a key element being the use of available funds and an element of reserves to contribute to in year capital expenditure. The accounting result for the year, including charges for depreciation, impairment and the HRA's share of

corporate items was a deficit on HRA services for the year of £26.124 million (2022/23: £2.548 million deficit).

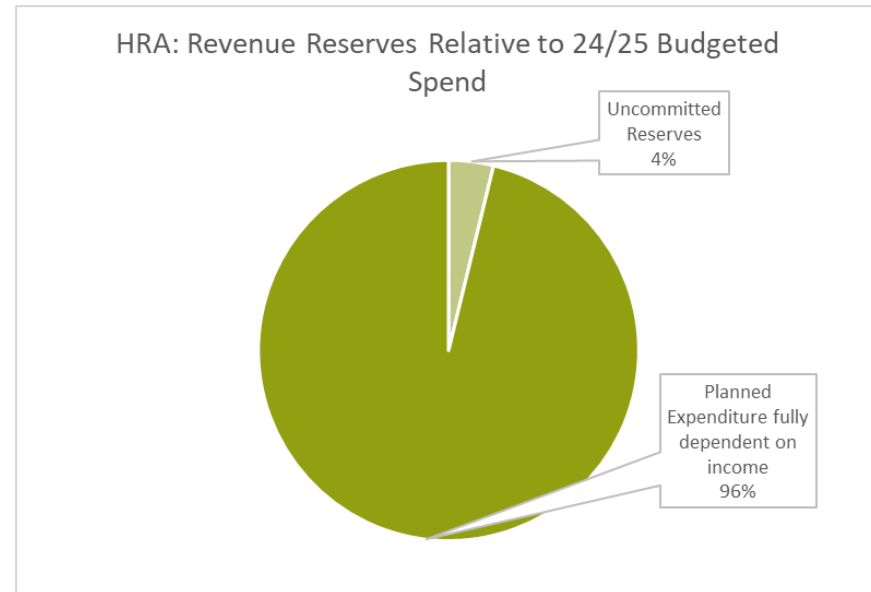
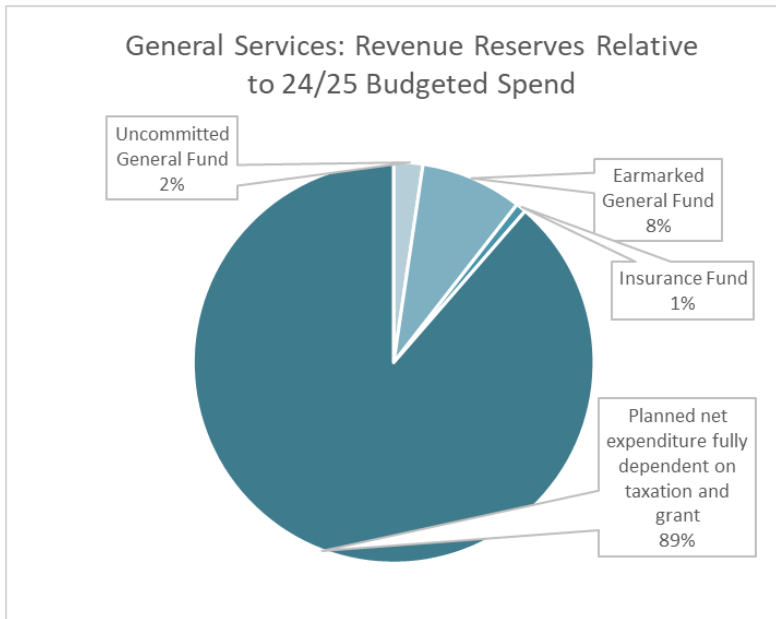
The change predominantly reflects significant council dwelling revaluation losses associated with a full formal revaluation of the council dwelling portfolio, as well as a decrease in capital grants and contributions.

Reserves

At 31 March 2024 the Council had total usable reserves, including HRA and capital, of £55.507 million (2022/23: £45.192 million). This includes £1.535 million (2022/23: £1.487 million) for HRA revenue expenditure, and a total Capital Fund of £14.013 million (2022/23: £14.607 million). More details are provided in Note 32 and Note 34.

For general services revenue expenditure purposes the financial results for the year, in combination with the statutory framework applicable to local government reserves, has resulted in a specific General Fund balance of £34.169 million (2022/23: £26.414 million).

The following chart shows the level of reserves in comparison to planned expenditure for 2024/25. It illustrates the importance of ongoing taxation and grant income to support council services.



The Housing Revenue Account balance at 31 March stands at £1.535 million (2022/23: £1.487 million), above the strategic target minimum balance of £1 million. The following chart shows the level of reserves compared to planned expenditure in 24/25.

Balance Sheet

The net assets for the Council have increased by £ZZZ million or ZZZ% (2022/23: £165.844 million, 29.46%). Changes include:

- Property, plant and equipment and other non-current assets show a net increase of £85.892 million (2022/23: increase £130.249 million). Additions of £93.948 million (2022/23: £127.133 million) reflected spend on assets by the Council. Net revaluation gains recognised in the Revaluation Reserve of £75.582 million (2022/23: £58.669 million gains) augmented the increase in asset values. Revaluation changes and impairments charged to the deficit on the provision of services reduced asset values by £28.310 million (2022/23: £8.311 million). Revaluations related to a full formal revaluation of Council Dwellings by an external valuer, as well as increases applied to a portfolio of other property assets where the

previous carrying value was not considered to appropriately reflect the position as at 31 March 2024. Depreciation for the year was £53.341 million (2022/23 £46.533 million). Other changes in asset values related to de-recognition and asset reclassifications.

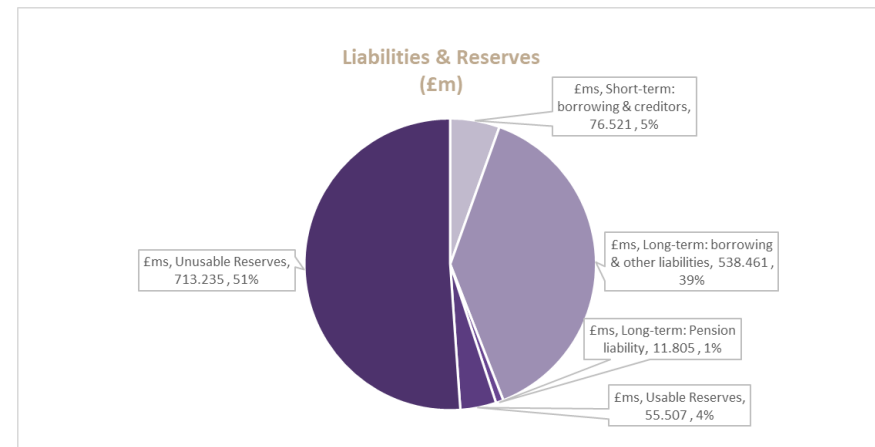
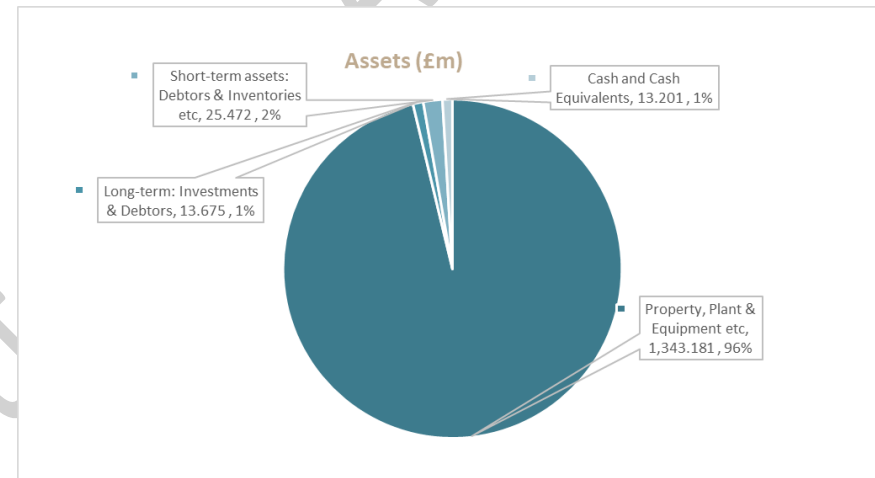
- Net pension liabilities decreased by £0.389 million (2022/23: £86.6 million decrease) to £11.805 million. Pensions assets exceeded estimated funded pension liabilities as at 31 March 2023, resulting in the continuation from last year of an asset ceiling being applied (see Note 31).
- Cash and cash equivalents increased by £0.817 million (2022/23 decrease £41.115 million).
- Liabilities, excluding pensions, increased by £41.688 million (2022/23: £12.370 million increase), with long-term liabilities (excluding pensions) increasing by £49.305 million, largely due to an increase in long-term borrowing, and short term liabilities decreasing by £7.859 million, largely attributable to a decrease in short term creditors.

The following charts illustrate the relative proportions of the Council's assets, liabilities and reserves. Reserves represent the extent of assets over which the Council has control after liabilities are accounted for. Unusable reserves relate to legislative or accounting requirements which mean that they are not available to use to support service delivery.

For example the increase in the Revaluation Reserve in 2023/24 primarily relates to revaluations which reflect increases in the cost of acquiring or constructing assets which would be incurred if the services of those assets were bought at current prices. Those gains however are regarded as 'unrealised' and are therefore unusable for the funding of service provision.

Usable reserves however reflect the reserves available for the Council to consider and apply within both its Financial Strategy and budget setting processes.

Some usable reserves, including those relating to capital receipts, can have restrictions upon their use which affect the Council's options regarding application.



Capital

Key to delivering our outcomes for our communities and supporting the wider economy is the investment which the Council makes in capital infrastructure including our school estate and wider asset base, as well as our housing stock. In total, during 2023/24 the Council provided capital investment of £93.948 million (including intangible assets) (2022/23: £127.132 million). Some of the significant capital expenditures undertaken in 2023/24 include:

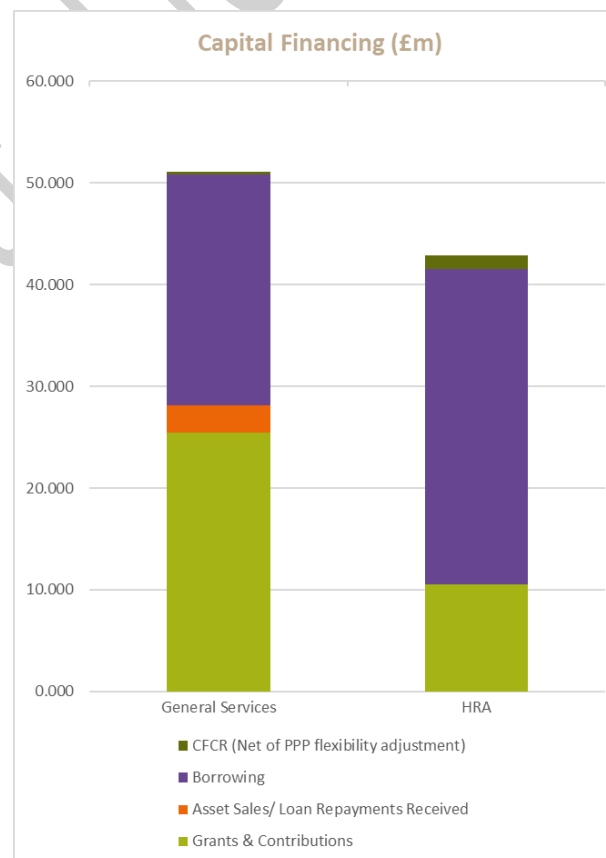
- Investment in Education related assets of £17.642 million (2022/23 £40.365 million), with significant works including Wallyford Learning Campus, Blindwells Primary, Craighall Primary, North Berwick High School and others.
- Investment in the Council's transport related infrastructure of £11.772 million (2022/23 £12.223 million).
- Community, regeneration and open space projects of £5.890 million
- Accelerating growth and other property projects, including developing the A1/ Queen Margaret University junction, of £11.006 million
- Vehicles and machinery £3.434 million
- Information Technology £2.074 million
- Additions to the Council's active housing stock and assets of £42.850 million (£2022/23: £40.350 million).

For General Services a £57.003 million underspend compared to the budget primarily relates to mitigation measures approved at Council in August 2023 to address financial pressures, both now and in the future. Uncommitted capital expenditure was paused or delayed. A significant proportion of this underspend has already been re-profiled as part of the work on the 2024/25 capital plan and will be utilised in future years projects.

HRA capital expenditure exceeded budget by £8.886 million, primarily related to the delivery of new council housing stock.

The Council can borrow to finance capital spend however the total gross capital expenditure is first offset by income received during the year. The graph shows the split of financing for capital spend between borrowing, grants, asset sales, capital funded from current revenue (CFCR) and any other.

In general any asset sales need to be used to finance future capital spending or the statutory repayment of debt.



Other Performance Indicators

The Council publishes performance results via its [performance website](#), with other information on performance available through the Council's [Performance Portal](#).

Financial Indicators

The Financial Indicator table includes various key statistics regarding the Council's overall performance.

2022/23 £000s / % / Days	Council Financial Indicator	2023/24 £000s / % / Days	Commentary
18.96%	Council Tax funding to overall level of taxation and non-specific grant funding	20.99%	Reflects the overall percentage of East Lothian Council funding from local taxation.
97.66%	In year Council Tax collection rate	96.16%	Reflects East Lothian Council's effectiveness in collecting Council Tax.
98.59%	In year NDR collection rate	98.79%	Reflects East Lothian Council's effectiveness in collecting NDR debt.
567,653	Capital Financing Requirement	625,043	The Council's underlying need to borrow.
(541,616)	External Debt Levels (Financial Liabilities per Note 27 to the financial statements)	(582,630)	The Council's actual levels of external debt and long term liabilities.
102.03%	Overall General Fund (excl HRA) actual net expenditure compared to planned, as a percentage of the original expenditure budget	102.90%	How closely expenditure compares to the set net expenditure budget for the year.
2.30%	Uncommitted General Fund balance as a % of next year's net expenditure budget before application of taxation based funding and use of reserves	2.35%	Reflects the amount of funding available to manage unplanned events.
646	Sundry debtors collection: Average number of days of debts	693	Reflects how promptly monies owed to the Council for sundry debts are collected.

Risks

In keeping with the Council's [Risk Management Strategy](#), the Corporate Risk Register is reviewed annually and reported to Cabinet. The Council's Risk Register (available on the [Audit and Governance Committee 11 June 2024 webpage, Item 11](#)) details all of the Council's risks, categorising them from Very High to Low Risk.

The following risk tables summarise the Very High and High risks and the ways the Council is attempting to mitigate the risks.

Medium risk is tolerable with control measures that are cost effective and low risk is broadly acceptable without any further action to reduce the risk.

Risk	Risk Level	Corporate Risk Summary Key Mitigation steps
Managing the Financial Environment	Very High	ELC has an approved financial strategy which is refreshed annually and sets out a series of critical enablers aligned to supporting transformation and future sustainability of service provision. ELC annually refreshes the Financial Strategy, Capital Strategy and Treasury Management Strategy to take cognisance of any new/emerging financial risks. ELC has a wide range of on-going cost control and financial management arrangements to manage in year budget performance and delivery of planned efficiencies. Regular management information to CMT and quarterly financial reporting to Council. ELC has an enhanced range of urgent cost control measures aimed at mitigating and limiting the scale of these rising costs.
Maintenance of Assets	Very High	Annual update of programme of works based on Condition, Suitability and Statutory Compliance assessments to inform budget requirements and prioritised aligned to available resources. A wider asset review is being progressed by the Council. Management and survey work to identify RAAC/Siporex and wider investigation/review. Effective repairs and maintenance reporting and health & safety workplace inspections and incident reporting inform asset maintenance programme and response.
Homelessness	Very High	Continued monitoring of RSL nomination process. Cabinet approved recommended actions to address pressures re-lack of affordable housing supply and address homelessness pressures via delivery of agreed action plan. Housing First protocol in place and placements ongoing. Refreshed performance monitoring framework in place to enable improved ongoing monitoring of key aspects of service.
Workforce Challenges	Very High	The 2023-27 Workforce Plan was approved by Cabinet (Jan 2023). The 2023-27 Workforce Plan actions are being implemented. Regular assessment of staffing capacity within services enables redeployment of available resources to maintain frontline service delivery, reducing service provision when essential in non-statutory services. Service Planning and PRD processes were reviewed in early 2024 and will be reviewed on an ongoing basis.
Refugee/Asylum Schemes	Very High	Regular attendance at meetings with SG, Home Office and COSLA. Resource requirements of other service areas identified and in operation. National safeguarding system is in place. Unaccompanied Asylum-Seeking Children are supported by the children's services Aftercare Team.
Cyber Security Threats	High	Policy controls in place to dictate the standards for operation and security of our IT assets. Physical controls in place to prevent unauthorised access to ELC data centres. Technical controls in place to obfuscate and prevent unauthorised access to our infrastructure and information systems. Continue to follow advice and guidance from the National Cyber Security Centre, UK and Scottish Governments, Local Governments Digital Office, Scottish Local Authority Security Group and react accordingly.

Risk	Risk Level	Corporate Risk Summary Key Mitigation steps
Climate and Nature Emergency	High	Climate Change Strategy in place which guides our response to the climate crisis and Local Biodiversity Action Plan (in development). Annual reports to Cabinet. Annual reporting to the Scottish Government to track CO ₂ e reductions and delivery of adaptation programmes. Intra-Council groups, which meet quarterly to track ELC's response to the climate and nature emergency. ELC works collaboratively with other local authorities and national bodies. The East Lothian Biodiversity Partnership has been re-convened.
Limitation (Childhood Abuse) (Scotland) Act 2017	High	Child Abuse Claims Group and SCAI Overview Group - East Lothian co-ordination of responses, reported strategically, managed flow and collaboration. Close monitoring of the work of the Scottish CAI and review of any published materials. ELC has appointed external solicitors to provide legal support for the public fostering inquiry. Records Management expertise allows ELC to respond effectively to SAR requests and information requests and provide evidence.
Flooding and Coastal Erosion	High	Flood risk and drainage issues are considered when processing planning applications and within long-term development planning. The Severe Weather Response Plan has been developed and ensures a multi-agency response. Emergency surface water, coastal and river flooding procedures are in place and have been proven effective. A Shoreline Management Plan is in Place. Maintenance of existing flood protection schemes. Community consultation has progressed throughout the Musselburgh Flood Protection Scheme project.
Impacts of the National Care Service on ELC	High	ELC provided a detailed and comprehensive response to the Scottish Governments consultation on its proposals, outlining the concerns and risk involved in the creation of a National Care Service. ELC officers will actively engage in National Professional networks and feedback any relevant information to the working group. CMT continue to monitor the development of the proposal and report as appropriate to the Council.
Data Protection Threats	High	ELC has a comprehensive suite of measures to ensure compliance, including the retention of a statutory Data Protection Officer, the Data Protection Policy, Data Breach Procedure and multiple procedures governing the creation, use and disposition of records and personal data. Information Asset Register: workshops are held quarterly to identify information assets and data flows within Council Service areas. Data Protection/Records Management training delivered as needed by individual services and teams.
Public Protection – Risk of Harm	High	The East and Midlothian Public Protection Committee (EMPPC) is the local strategic partnership responsible for the overview of policy and practice in relation to Adult Protection, Child Protection, Offender Management and Violence Against Women and Girls. The primary aim is to provide leadership and strategic oversight of Public Protection activity and performance across East Lothian and Midlothian. Critical Services Oversight Group (CSOG) provides governance and leadership of EMPPC on a quarterly basis. Oversight groups established.
Duty of Care to the Public	High	Briefing sessions, specialist training and supports are in place. Regular formal supervision in place for all staff. Clinical & Care Governance Committee established which is to provide strategic oversight within the Partnership. Specific oversight groups established for example Care Home, Health & Safety and Risk Management. Services comply with required professional registration for all staff, e.g., SSSC, HCPC, NMC. Effective Partnership with Police Scotland, immigration and HMRC. Oversight groups established.
National Power Outage	High	A Fuel Plan is in place for the provision of fuel to backup generators and essential vehicles. Critical services have up to date business continuity plans, exercised annually. Lothian and Borders NPO Response Framework in place.

The Management Commentary is authorised
by:

Monica Patterson
Chief Executive

[for signature after audit complete]

Norman Hampshire
Council Leader

[for signature after audit complete]

Sarah Fortune CPFA
Executive Director for Council Resources
(CFO)

[for signature after audit complete]

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Executive Director for Council Resources who is the designated Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Audit and Governance Committee at its meeting on *[date to be inserted after audit complete]*.

Signed on behalf of East Lothian Council.

Norman Hampshire
Council Leader
[for signature after audit complete]

The Chief Financial Officer's responsibilities

The Chief Financial 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 Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgments and estimates that were reasonable and prudent.
- Complied with legislation.
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Chief Financial Officer has also:

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

The Chief Financial Officer's Certification

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.

Sarah Fortune CPFA
Executive Director for Council
Resources (CFO)
27 June 2024

Annual Governance Statement

East Lothian Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council also has a duty under the Local Government (Scotland) Act 2003 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In addition there is a duty on the Council to conduct, at least annually, a review of the effectiveness of the system of internal controls.

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled

and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically. East Lothian Council carries out these duties in a number of ways as set out below.

Annual Self-Evaluation of Corporate Governance

The recent review of corporate governance carried out in 2024 and approved by CMT in May 2024 found that East Lothian Council continues to have good governance and control arrangements in place across the seven corporate good practice principles. The Council's ELC values – Enabling, Leading and Caring – and the East Lothian Way behaviours underpins the way the Council continues to move forward through the current financial constraints.

Key Governance Documentation has been highlighted, including.

- The 2024 Council improvement plan which was approved by Council in February 2024, and included 3 items that were carried forward from the 2021/22 Council improvement plan 2 of which are scheduled to complete by the end of June 2024.
- The Council formally closed the COVID recovery and renewal plan in July 2023 with all ongoing actions being progressed through the Council Plan 2022-2027.
- In February 2024 the Council approved a reprioritisation of the Council Plan following multiple

changes in risk factors and this translated into three interlinked, complementary priorities which are aligned to the Council Plan's overarching and long-term thematic objectives.

- The Council Approved a Financial and Capital strategy 2024-2029 in December 2023, which highlighted the unprecedented financial challenges on the Council, with external factors placing acute pressure on resources and the council's capacity to balance its budget and set sustainable spending plans.
- The East Lothian Economic Strategy 2024-2034 was approved by Council in April 2024.
- Consultation is currently underway for the draft East Lothian Poverty Plan 2024-2027.

The Council governance self-evaluation review against the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 which was carried out in May 2024 identified 2 key areas for continued focus and improvement, being:

- Continue to work to close the identified residual budget gap for the next five years and continue to develop longer term financial planning whilst continuing to maintain sustainable services; and

- Continue to monitor improvement in the participation rates in the annual Personal Review and Development (PRD) process and take action to improve participation if required.

Importantly however the Council re-affirmed that it will continue to review and benchmark its practices and policies to build on existing good practice and improvement actions already being implemented, in order to ensure the Council continues its progress from continuous improvement through to excellence.

A refreshed Improvement to Excellence framework was approved by Cabinet in May 2023 to take account of the Council's new priorities as set out in the 2022-2027 Council Plan, and the experience and practice of operating the framework over the last few years.

Declaration of Assurance

All Chief Officers are asked to sign a Declaration of Assurance which either confirms that internal financial controls are operating satisfactorily in their service or provides details of issues to highlight.

All Chief Officers provided assurance that, to the best of their knowledge and understanding, the Internal Financial Controls in their areas operated satisfactorily other than in the following areas:

Control weaknesses within payments processes, feeder system integration and reconciliation, these are being resolved through enhanced process and the development of a new financial system. Growth – unfunded growth and demand upon services is having a detrimental impact on my services abilities to maintain standards, risks on the financial environment and control measures are being managed through corporate risk CR1 and the longer-term financial strategies.

The capital provision for Roads requires an uplift to maintain a steady state and Engineering in respect of asset maintenance requires a significant investment to address backlog maintenance as well as increased annual capital and revenue to maintain a steady state. An asset management project is being progressed to assist in these issues amongst other controls recognised under corporate risk CR2.

The Homeless Persons (Unsuitable Accommodation) (Scotland) Order came into effect on 1 October 2021. A total of 134 live breaches have been recorded at the end of March 2024. Homelessness services continue to face significant challenges within a context of constrained resources, including although not restricted to, increasing demand in respect of homeless presentations; humanitarian efforts to accommodate refugees; the impact of local connection

changes; recent ending of evictions protections brought in by Part 1 of the Cost of Living (Tenant Protection) (Scotland) Act 2022; and the implications more generally of the increased cost of living and associated impact upon housing affordability. The Scottish Government are fully aware of the challenges faced with ongoing and proactive engagement. The East Lothian Council Rapid Rehousing Transition Plan will be updated in 2024/25 and shows the steps ELC intends to take and is taking to eradicate the use of unsuitable accommodation.

Internal Audit Review

The Council's review of governance arrangements is informed by a number of sources including the work of Internal Audit. The Council maintains an Internal Audit service which operates in accordance with the Public Sector Internal Audit Standards. The Service Manager-Internal Audit reports annually to the Audit and Governance Committee on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The agenda and minutes of this meeting can be accessed on the [Audit and Governance Committee webpages](#).

The Audit and Governance Committee complied in all material respects with the 2018 CIPFA Audit Committees Practical Guidance for Local Authorities and Police. A self-evaluation review of the revised 2022

CIPFA Audit Committees Practical Guidance for Local Authorities and Police was reported to the September Audit & Governance Committee.

All internal audit reports into service areas include recommendations, agreed actions and an implementation date. During 2022/23 areas identified with scope for improvement included the following:

- Control processes for Waste Services income were severely impacted by a loss of staff resource. The Follow up of this review completed in December 2023 identified that all recommendations had been implemented.
- The Council has appropriate systems in place to record all devices that are logged on to the Council network, however there is no clear record maintained of devices from original purchase through to eventual destruction, in either the Council or the Education asset estate. An asset management module was purchased in November 2023, however implementation of the module remains ongoing.
- The Council has not had in all cases appropriate management of suppliers in place during the year to ensure that the prices being paid matched

framework contracts, and also authorisation processes are not always effectively in place. Improvement in the Contract Management processes have been developed and rolled out across the Council to improve the control environment.

In addition to the above Internal Audit follows up on all recommendations made in previously issued audit reports to ensure that they have been implemented as agreed by Management. In 2023/24 follow-up reports were submitted to the Audit and Governance Committee on Management actions taken in respect of City Deal Governance and Monitoring, Finance Business Partners and Budget Monitoring, Performance Indicators, Prevent and Return Project, Data Protection, East Lothian Works, Sundry Accounts, Systems Data Backup & Recovery Testing, COVID 19 Recovery & Renewal Plan, HR/Payroll Recruitment and New Starts, Climate Change, Risk Management, and Housing Management Systems Replacement Project.

The Internal Audit function also gives an assurance statement on the effectiveness of the system of internal controls within the Council. This was reported to the June 2024 meeting of the Audit and Governance Committee. For 2023/24, Internal Audit has concluded that subject to two areas for

improvement which are outlined below, and consideration of the corporate risks CR1 and CR2 that both remain outside of the Council's risk tolerance, reasonable assurance can be placed on the overall adequacy and effectiveness of East Lothian Council's framework of governance, risk management and control for the year ended 31 March 2024. Those areas which have been identified with scope for improvement include:

- The Governance and Control processes covering the legal, financial and operational processes between the Council and the Brunton Theatre Trust had substantial gaps that required to be resolved. An SLA is currently being finalised between the Council and the Brunton Theatre Trust and leases have been reviewed.
- The Council requires to improve its control processes in relation to Agency Workers in particular to ensure that a control list of agency workers is maintained, that an authorisation process is in place for agency workers that is utilised across the council consistently, and that a process for Agency Worker review should be in place to ensure adequate challenge of ongoing Agency contracts.

Plans are in place to review these areas and consider appropriate actions for improvement during 2023/24.

Statement on the role of the Chief Financial Officer and the Role of the Head of Internal Audit.

In 2016 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued a revised statement on the role of the Chief Financial Officer (CFO) in public service organisations. The statement sets out the principles that define the core activities and behaviours that are key to the role of the CFO in public sector organisations. For each principle the statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties.

In April 2019 CIPFA issued a statement on the Role of the Head of Internal Audit (HIA). The statement articulated the core responsibilities of the HIA, with five principals defining the core activities and behaviours that belong to the role of the HIA. For each principle the Statement sets out the organisation's responsibilities to

ensure HIAs are able to operate effectively and perform their core duties. The Council is able to confirm that, in all major regards, it conforms to the governance arrangements of both of these CIPFA statements.

Financial & Fraud Management Compliance.

In October 2019 CIPFA issued the Financial Management Code (FM Code). The FM Code is designed, on a non-statutory basis, to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code sets out proposed standards of forward financial management for local authorities. Full compliance with the code was expected in 2021/22. The Council is able to confirm that, in all major regards, it conforms to the FM Code. The Head of Finance brought a full report on the implementation of the financial management code to the Audit & Governance Committee in September 2023, and Internal Audit Review provided reasonable assurance on implementation of the CIPFA FM code in June 2024 all recommendations from this review are being implemented by management.

The Council also confirms that in all major regards it complies with the 2014 CIPFA Code

of Practice on Managing the Risk of Fraud and Corruption.

arrangements within East Lothian Council and its Group during 2023/24 and that they remain fit for purpose.

Results

It is our opinion that reasonable assurance can be placed on the governance and control

Monica Patterson
Chief Executive
[for signature after audit complete]

Norman Hampshire
Council Leader
[for signature after audit complete]

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Independent auditor's report to the members of East Lothian Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

Note: The Independent auditor's report will be included following the conclusion of the external audit process and the signing of the accounts, expected to be completed in November 2024.

These accounts are subject to the [Public Inspection process](#).

Any person interested may object to the accounts or to any part of those accounts, no later than 24 July 2024 by:

- *Sending their objection by e-mail to jboyd@audit-scotland.gov.uk*
- *Sending a copy of that objection and statement to the authority and to any officer of the authority who may be concerned, both at the office of the Chief Financial Officer – Resources and People Services, John Muir House, Brewery Park, Haddington, East Lothian, EH41 3HA or by email to businessfinance@eastlothian.gov.uk*

This page is reserved for the auditor's report on completion of the audit process.

*This page is reserved for the auditor's report
on completion of the audit process.*

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*This page is reserved for the auditor's report
on completion of the audit process.*

Draft - Submitted for Audit

Remuneration report and trade union activity

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Remuneration Report

Introduction

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These regulations require Local Authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. The following information in this Remuneration Report has been audited by Audit Scotland:

- Senior Councillor Remuneration page 41
- Pay Bandings information page 42
- Senior Officer Remuneration page 42
- Total Councillor Remuneration page 42
- Pension Benefits information for Senior Councillors and Officers pages 47 to 48
- Exit Packages page 49

The other sections of the Remuneration Report have been reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

Remuneration of Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183 and SSI No. 2022/18). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the

Council, the Provost, Senior Councillors or Councillors.

The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure. The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2023/24 the salary for the Leader of East Lothian Council is £33,503 (excluding £1,000 allowance for role as APSE chair). The Regulations also permit the Council to remunerate one Civic Head or Provost. The regulations set out the maximum salary that may be paid to that Civic Head. Council policy is to pay 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. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its Senior Councillors (excluding the Leader and Civic Head/Provost) shall not exceed £203,517.

The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The Council's policy is to set these within the national maximum limits as set out above. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become members.

In addition to the Senior Councillors of the Council the regulations also set out the remuneration payable to councillors with the responsibility of a Convenor or a Vice-Convenor of a Joint Board such as a Police Joint Board. The Regulations require the remuneration to be paid by the Council of which the convenor or vice-convenor (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the convenor or vice-convenor being a member of the Local Government Pension Scheme.

The Council is reimbursed by the Joint Board for any additional remuneration paid to the member from being a convenor or vice-convenor of a Joint Board.

Senior Councillors' Remuneration

Salary, Fees and Allowances 2022/23 £	Taxable Expenses 2022/23 £	Total 2022/23 £	Annualised Salary 2022/23 £	Name	Office Held as at 31 March 2021	Salary, Fees and Allowances 2023/24 £	Taxable Expenses 2023/24 £	Total 2023/24 £	Annualised Salary 2023/24 £
32,622	-	32,622	32,622	Norman Hampshire	Leader of the Council and Cabinet Spokesperson for Community Planning	34,503	-	34,503	34,503
20,915	-	20,915	25,327	Lyn Jardine	Leader of the Opposition	25,128	-	25,128	25,128
2,302	-	2,302	25,327	Lachlan Bruce	Leader of the Opposition (to 04/05/2022)	-	-	-	-
24,467	-	24,467	24,467	Shamin Akhtar	Depute Leader and Cabinet Spokesperson for Health and Social Care	25,128	-	25,128	25,128
24,467	-	24,467	24,467	John McMillan	Provost and Cabinet Spokesperson for Environment, Economic Development and Tourism	25,128	-	25,128	25,128
24,467	-	24,467	24,467	Andy Forrest	Depute Provost and Cabinet Spokesperson for Housing and Property Maintenance	25,128	-	25,128	25,128
24,467	-	24,467	24,467	Fiona Dugdale	Cabinet Spokesperson for Education and Children's and Family Services	25,128	-	25,128	25,128
24,467	-	24,467	24,467	Colin McGinn	Cabinet Spokesperson for Community Wellbeing and Sport, Countryside and Leisure	25,128	-	25,128	25,128
2,302	-	2,302	24,467	Jim Goodfellow	Cabinet Spokesperson for Housing & Community Wellbeing (to 04/05/2022)	-	-	-	-
180,476	-	180,476	230,078	Total		185,271	-	185,271	185,271

Total Councillors' Remuneration

An allowance of £1,000 is paid to Norman Hampshire in his capacity as APSE Regional Advisory Group Chair.

The annual return of councillors' salaries and expenses for 2023/24 is available to view from the Council's ['payments to councillors' webpage](#).

2022/23 £	Type of Councillors' Remuneration	2023/24 £
472,674	Salaries	485,754
1,375	Allowances	1,083
6,091	Expenses	6,679
480,140	Total	493,516

Senior Officer Remuneration

The Council's employees receiving more than £50,000 remuneration for the year, excluding pension contributions, were paid the amounts shown in the Officers' Salary Brackets table.

The Regulations require disclosure of remuneration information for 'relevant' persons. These include senior officers i.e. those senior employees who meet one or more of the following criteria:

- Has responsibility for the management of the local authority, to the extent that the person has power to direct or control the major activities of the authority, whether solely or collectively with other persons

- Holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989
- Annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities.

2022/23	Officers' Salary Brackets	2023/24
99	£50,000 - £54,999	139
72	£55,000 - £59,999	82
64	£60,000 - £64,999	67
38	£65,000 - £69,999	46
20	£70,000 - £74,999	34
7	£75,000 - £79,999	7
1	£80,000 - £84,999	4
7	£85,000 - £89,999	2
2	£90,000 - £94,999	6
7	£95,000 - £99,999	2
2	£100,000 - £104,999	2
-	£105,000 - £109,999	5
3	£110,000 - £114,999	-
-	£115,000 - £119,999	1
-	£120,000 - £124,999	2
-	£125,000 - £129,999	-
1	£130,000 - £134,999	-
-	£135,000 - £139,999	1
323	Total	400

During 2023/24 the Council paid the following amounts to senior employees:

Salary, Fees and Allowances	Taxable Expenses	Total	Name	Post Title	Salary, Fees and Allowances	Taxable Expenses	Total
2022/23	2022/23	2022/23			2023/24	2023/24	2023/24
£	£	£			£	£	£
130,606	-	130,606	Monica Patterson	Chief Executive	138,508	-	138,508
1,245	-	1,245	Monica Patterson	Returning Officer	-	-	-
113,628	-	113,628	Lesley Brown	Executive Director - Education & Children's Services	120,502	-	120,502
113,628	-	113,628	Douglas Proudfoot	Executive Director - Place	120,502	-	120,502
113,628	-	113,628	Sarah Fortune	Executive Director - Council Resources **	118,965	-	118,965
99,469	-	99,469	Morag Ferguson	Head of Corporate Support	105,487	-	105,487
91,719	-	91,719	Ellie Dunnet	Head of Finance ***	99,950	-	99,950
30,099	-	30,099	David Henderson	Head of Finance (14/06/2022 to 02/10/2022)	-	-	-
99,469	-	99,469	Judith Tait	Head of Children's Services (01/04/2023 - 23/04/2023)	6,354	-	6,354
-	-	-	Lindsey Byrne	(Acting) Head of Children's Services (03/04/2023 - 30/04/2023)	8,204	-	8,204
-	-	-	Lindsey Byrne	Head of Children's Services (01/05/2023 onwards)	96,696	-	96,696
99,469	-	99,469	Nicola McDowell	Head of Education ***	103,367	-	103,367
99,469	-	99,469	Iain Gorman	Head of Operations (01/04/2023 - 03/07/2023)*	27,222	-	27,222
99,469	-	99,469	Sharon Saunders	Head of Communities	105,487	-	105,487
99,469	-	99,469	Michaela Sullivan	Head of Development (01/04/2023 - 14/04/2023)	4,421	-	4,421
-	-	-	Ray Montgomery	Interim Head of Development (from 11/03/2024)	5,954	-	5,954
92,601	-	92,601	Wendy McGuire	Head of Housing ***	98,619	-	98,619
99,469	-	99,469	Thomas Reid	Head of Infrastructure	105,487	-	105,487
1,383,437	-	1,383,437	Total		1,265,725	-	1,265,725

* - Post was 100% funded by NHS Lothian. Post is now directly employed by NHS Lothian.

** - Member of Salary Sacrifice Scheme. Annual Salary for Executive Director is £120,502.

*** - Member of Salary Sacrifice Scheme. Annual Salary for Head of Service is £105,487.

The salary, fees and allowances for senior officers include any payments made in respect of election roles. During 2023/24, all Heads of Service were paid £105,487 (full time equivalent) and all Executive Directors £120,487 (full time equivalent).

The Council has agreed to pay a share of the post of Director of East Lothian Health and

Subsidiary Bodies

The Council has two external subsidiary bodies, with details of the principal director or officer for the organisation provided in the table below. No additional remuneration is provided for their involvement in these posts.

The Common Good funds and Trust Funds under the stewardship of the Council are also consolidated as subsidiaries in the Council's financial statements. No individual is designated as principal director or officer for these purposes.

Social Care Partnership. The costs are shared on a 50/50 basis with NHS Lothian. All payroll and pension arrangements for this post are administered by NHS Lothian.

During 2023/24 the Council paid £67,326 (including on-costs) as our shared cost of this post, held by Fiona Wilson.

Iain Gorman was employed by the Council as Head of Operations until 03/07/2023, and this role was fully funded by NHS Lothian. This role is currently directly employed and held by David Hood. The Head of Operations remains part of the Council management structure.

No subsidiaries provide remuneration in excess of £150,000 per year to any officer or director.

Subsidiary	Principal Director or Officer	Role
East Lothian Land	Councillor Norman Hampshire (Council Leader)	Director
East Lothian Land	Councillor John McMillan (Provost)	Director
East Lothian Mid-Market Homes	Douglas Proudfoot (Executive Director, Place)	Senior ELC Officer on the Board

Pension Benefits

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

Councillors' pension benefits are based on career average pay. 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 change in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends.

The total of the revalued pay is then divided by the period of membership, to calculate the career average pay; this is the value used to calculate the pension benefits.

From 1 April 2015 the LGPS for local government employees transferred to a career average scheme. This means that pension benefits are built up each year based on the pensionable pay for that year. This is then added to the individual's pension account. At the end of each year the amount

in the pension account will be adjusted in line with the cost of living - currently the rate of the Consumer Price Index - to ensure it keeps its value.

The scheme's normal retirement age for both councillors and employees is State Pension Age.

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 was intended to strengthen the relationship between the cost and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non-manual employees.

If a person works part-time, their contribution rate is based on actual pensionable pay.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum, up to the limit set by the Finance Act 2009. Between 1 April 2009 and 31 March 2015 the accrual

rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to this the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80^{ths} of final pensionable salary and years of pensionable service. From 1 April 2015 the accrual rate is 1/49th of pensionable pay in each year. The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The estimated pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment. This information is provided by The Lothian Pension Fund. The Lothian Pension Fund administers these pensions and holds information that is not available to the Council at the date of this statement.

Pension Contributions

2022/23			2023/24	
Range	Rate	Whole Time Pay	Range	Rate
£			£	
23,676	5.50%	On earnings up to and including	25,300	5.50%
23,677 - 28,443	5.60% - 5.80%	On earnings above	25,301 - 31,000	7.25%
28,444 - 38,635	5.90% - 6.50%	On earnings above	31,001 - 42,500	8.50%
38,636 - 52,145	6.60% - 7.30%	On earnings above	42,501 - 56,600	9.50%
52,146	7.40% - 11.20%	On earnings above	56,601	12.00%

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Pension Benefits - Senior Councillors

The estimated pension entitlements for Senior Councillors for the year to 31 March 2024 are shown in the table below, together with the contribution made by the Council during the year.

(3) Name	Office Held as at 31 March 2024	Pension Contributions		Accrued Pension Benefits			
		For Year to 31 March 2023	For Year to 31 March 2024	As at 31 March 2024		Difference from 31 March 2023	
		£	£	Pension £000s	Lump Sum £000s	Pension £000s	Lump Sum £000s
Norman Hampshire	Leader of the Council and Cabinet Spokesperson for Community Planning	7,683	7,798	9	2	1	-
Lyn Jardine	Leader of the Opposition*	4,727	5,679	1	-	1	-
Lachlan Bruce	Leader of the Opposition (to 04/05/2022)	520	-	-	-	-	-
Shamin Akhtar	Depute Leader and Cabinet Spokesperson for Health and Social Care	5,530	5,679	6	-	-	-
John McMillan	Provost and Cabinet Spokesperson for Environment, Economic Development and Tourism	5,530	5,679	6	-	-	-
Andy Forrest	Depute Provost and Cabinet Spokesperson for Housing and Property Maintenance	5,530	5,679	8	2	1	-
Fiona Dugdale	Cabinet Spokesperson for Education and Children's and Family Services	5,530	5,679	3	-	-	-
Colin McGinn	Cabinet Spokesperson for Community Wellbeing and Sport, Countryside and Leisure	5,530	5,679	3	-	-	-
Jim Goodfellow	Cabinet Spokesperson for Housing & Community Wellbeing	520	-	-	-	-	-
Total		41,100	41,872	36	4	3	-

* - Member has less than 2 years' service but is entitled to a pension due to previous LGPS service.

All senior councillor shown in the tables above are members of the Local Government Pension Scheme (LGPS). The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment.

Pension Benefits - Senior Employees

The estimated pension entitlements for senior employees for the year to 31 March 2024 are shown in the table below, together with the contribution made by the Council during the year.

Name	Post title	Pension Contributions		Accrued Pension Benefits			
		For Year to 31 March 2023 £	For Year to 31 March 2024 £	As at 31 March 2024 Pension £000s	Lump Sum £000s	Difference from 31 March 2023	
						Pension £000s	Lump Sum £000s
Monica Patterson	Chief Executive	29,517	31,303	84	137	7	8
Monica Patterson	Returning Officer	281	-	-	-	-	-
Lesley Brown	Executive Director - Education & Children's Services	25,680	27,233	13	-	3	-
Douglas Proudfoot	Executive Director - Place	25,680	27,233	59	99	6	6
Sarah Fortune	Executive Director - Council Resources	25,680	27,233	35	21	3	1
Morag Ferguson	Head of Corporate Support	22,480	23,840	6	-	2	-
Ellie Dunnet	Head of Finance	20,729	22,589	4	-	2	-
David Henderson	Head of Finance (14/06/2022 - 02/10/2022)	16,858	-	-	-	-	-
Judith Tait	Head of Children's Services (01/04/2023 - 23/04/2023)	22,480	1,436	8	-	-	-
Lindsey Byrne	Head of Children's Services (01/05/2023 onwards)	-	23,798	13	-	-	-
Nicola McDowell	Head of Education	22,480	23,361	21	-	3	-
Iain Gorman	Head of Operations (01/04/2023 - 03/07/2023)	22,480	5,801	8	-	-	-
Sharon Saunders	Head of Communities	22,480	23,840	54	71	4	5
Wendy McGuire	Head of Housing	20,928	22,288	38	46	3	3
Tom Reid	Head of Infrastructure	22,480	23,840	46	56	4	3
Michaela Sullivan	Head of Development	22,480	999	4	-	-	-
Ray Montgomery*	Interim Head of Development	-	1,346	-	-	-	-
Total		322,713	286,140	393	430	37	26

* Under 2 years service in Senior role.

All senior employees shown in the tables above are members of the Local Government Pension Scheme (LGPS). The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer

of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant

accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Exit Packages

Exit Packages 2022/23				Exit Packages 2023/24			
Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number by Cost Band	Total Cost of Exit Packages	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number by Cost Band	Total Cost of Exit Packages
			£000s				£000s
25	14	-	128	2	27	29	160
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1	-	1	92
-	-	-	-	-	-	-	-
25	14	-	128	3	27	30	252

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table above for 2023/24, with comparative figures for 2022/23.

Trade Union Facility Time

From April 2017, the Council is now required to publish details of Trade Union facility time incurred during the year. The proportion of salary spent on facility time can be found below. Further information is available on [the Trade Union Facility Time webpage](#).

Percentage of Pay Bill Spent on Facility Time

2022/23		Percentage of pay bill spent on facility time	2023/24	
Non-Education Staff	Education Staff		Non-Education Staff	Education Staff
£91,575	£84,976	Total cost of facility time	£109,885	£106,748
£123,235,712	£68,723,752	Total pay bill	£136,353,345	£73,726,985
0.07%	0.12%	Percentage of the total pay bill spent on facility time	0.08%	0.14%

Monica Patterson
Chief Executive
[for signature after audit complete]

Norman Hampshire
Council Leader
[for signature after audit complete]

Financial Statements: Primary Statements

3

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Council and Group Movement in Reserves Statement

The Movement in Reserves Statement (MiRS) shows the movement from the start to the end of the year 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 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 adjustments required to return to the amounts chargeable to Council Tax (or rents) for the year. Transfers to or from other statutory reserves, as a result of decisions by the Council, are separately identified in the statement.

The "(Increase)/Decrease in Year" line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments. This statement also presents the movement in the year in the different reserves held by the combined group i.e. the Council, its associate companies, and subsidiaries.

Movement in Reserves Statement For the Year Ended 31 March 2024	General Fund Balance	Capital Receipts Unapplied	Capital Fund	Insurance Fund	Housing Revenue Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Group Usable Reserves	Group Unusable Reserves	Unusable: Minority Interests	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2023	(26,414)	-	(14,607)	(2,684)	(1,487)	(45,192)	(683,581)	(728,773)	(72,590)	(691,257)	(193)	(764,040)
Opening Balances Adjustments	-	-	-	-	-	-	-	-	9	86	13	108
Restated Opening Balance	(26,414)	-	(14,607)	(2,684)	(1,487)	(45,192)	(683,581)	(728,773)	(72,581)	(691,171)	(180)	(763,932)
Total Comprehensive Expenditure and Income	9,011	-	-	-	26,125	35,136	(75,105)	(39,969)	37,006	(77,750)	(2)	(40,746)
Depreciation charged to the Revaluation Reserve	(15,758)	-	-	-	(4,011)	(19,769)	19,769	-	(19,889)	19,889	-	-
Adjustments Between Group Accounts and Authority Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 6)	1,307	(3,106)	(1,721)	-	(22,162)	(25,682)	25,682	-	(25,708)	25,708	-	-
Transfers to/from Other Statutory Reserves	(2,315)	-	2,315	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Year	(7,755)	(3,106)	594	-	(48)	(10,315)	(29,654)	(39,969)	(8,591)	(32,153)	(2)	(40,746)
Balance at 31 March 2024 Carried Forward	(34,169)	(3,106)	(14,013)	(2,684)	(1,535)	(55,507)	(713,235)	(768,742)	(81,172)	(723,324)	(182)	(804,678)

Movement in Reserves Statement For the Year Ended 31 March 2023	General Fund Balance	Capital Unapplied	Capital Fund	Insurance Fund	Housing Revenue Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Group Usable Reserves	Group Unusable Reserves	Unusable: Minority Interests	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2022	(29,685)	-	(4,603)	(2,684)	(1,748)	(38,720)	(524,209)	(562,929)	(69,451)	(531,692)	(184)	(601,327)
Opening Balances Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Restated Opening Balance	(29,685)	-	(4,603)	(2,684)	(1,748)	(38,720)	(524,209)	(562,929)	(69,451)	(531,692)	(184)	(601,327)
Total Comprehensive Expenditure and Income	(104)	-	-	-	2,548	2,444	(168,288)	(165,844)	6,075	(168,779)	(9)	(162,713)
Depreciation charged to the Revaluation Reserve	(12,804)	-	-	-	(3,173)	(15,977)	15,977	-	(16,173)	16,173	-	-
Adjustments Between Group Accounts and Authority Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 9)	18,487	-	(9,594)	-	(1,832)	7,061	(7,061)	-	6,959	(6,959)	-	-
Transfers to/from Other Statutory Reserves	(2,308)	-	(410)	-	2,718	-	-	-	-	-	-	-
(Increase)/Decrease in Year	3,271	-	(10,004)	-	261	(6,472)	(159,372)	(165,844)	(3,139)	(159,565)	(9)	(162,713)
Balance at 31 March 2023 Carried Forward	(26,414)	-	(14,607)	(2,684)	(1,487)	(45,192)	(683,581)	(728,773)	(72,590)	(691,257)	(193)	(764,040)

The authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the authority in accordance with the Statutory Repayment of Loans Fund Advances (Scotland). Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the MiRS for the difference between the two.

Council and Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation (or rents). Authorities raise taxation to cover expenditure in accordance with statute and regulations; this may be different from accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (EFA) and the MiRS.

2022/23 Council			2022/23 Group	Comprehensive Income and Expenditure Statement	2023/24 Council			2023/24 Group
Gross Spend £000s	Gross Income £000s	Net Spend £000s	Net Spend £000s		Gross Spend £000s	Gross Income £000s	Net Spend £000s	Net Spend £000s
180,217	(9,930)	170,287	170,287	Education & Children's Services	188,771	(8,531)	180,240	180,240
146,214	(75,567)	70,647	70,647	Health & Social Care Partnership	149,064	(78,856)	70,208	70,208
95,491	(21,536)	73,955	73,961	Place	88,635	(22,746)	65,889	66,056
20,682	(2,543)	18,139	18,192	Council Resources	38,648	(18,220)	20,428	20,483
14,858	(34,834)	(19,976)	(19,976)	Corporate Management	(2,291)	(19,001)	(21,292)	(21,292)
49,420	(36,538)	12,882	12,882	HRA	67,693	(37,790)	29,903	29,903
506,882	(180,948)	325,934	325,993	Cost of Services (Note 6)	530,520	(185,144)	345,376	345,598
				Other Income & Expenditure				
	(9,202)	(9,202)	(9,202)	-Other Operating Expenditure (Income) (Note 5)		(951)	(951)	(951)
	18,178	18,152	18,152	-Financing & Investment (Note 5)		18,341	17,169	17,169
	(332,466)	(332,466)	(332,466)	-Taxation and Non Specific Grant Income (Note 10)		(327,630)	(327,630)	(327,630)
	-	5,576	5,576	-Share of the Surplus(Deficit) on the provision of Services by Associates (Note G2)		-	3,315	3,315
	2,444	8,053	8,053	Deficit on Provision of Services (Note 8)		35,136	37,501	37,501
	(67,302)	(67,332)	(67,332)	(Surplus)/Deficit on Revaluation of Non-Current Assets (Note 14)		(75,582)	(76,231)	(76,231)
	8,581	8,581	8,581	Impairment losses on non-current assets charged to the revaluation reserve (Note 14)		-	-	-
	174	372	372	(Surplus)/Deficit from Investments in Equity Instruments Designated at Fair Value Through Other Comprehensive Income (Note 23)		(789)	(793)	(793)
	(109,741)	(109,741)	(109,741)	Actuarial (Gain) or Loss on Pension Assets/Liabilities (Note 31)		1,266	1,266	1,266
	-	(2,645)	(2,645)	Share of Other Comprehensive Income and Expenditure of Associates (Note G2)		-	(2,489)	(2,489)
	(168,288)	(170,765)	(170,765)	Other Comprehensive (Income) and Expenditure		(75,105)	(78,247)	(78,247)
	(165,844)	(162,712)	(162,712)	Total Comprehensive (Income) and Expenditure		(39,969)	(40,746)	(40,746)

Council and Group Balance Sheet

The Balance Sheet shows the value as at 31 March 2024 of the assets and liabilities recognised by the authority. The net assets of the authority are matched by the reserves held by the authority. Reserves are reported in two categories:

Usable Reserves are those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

Unusable Reserves are those that the authority is not able to use to provide services, including reserves that hold unrealised gains and

losses, where amounts would only become available to provide services if the assets are sold. It also includes reserves that hold timing differences.

The Balance Sheet also shows the consolidated assets and liabilities of the entire East Lothian Group.

31 March 2023 Council £000s	31 March 2023 Group £000s	Balance Sheet	Note	31 March 2024 Council £000s	31 March 2024 Group £000s
1,255,252	1,266,091	Property, Plant & Equipment	14	1,341,352	1,352,640
924	924	Intangible Assets	16	716	716
1,113	1,123	Heritage Assets	17	1,113	1,123
4,872	11,237	Long Term Investments	23	5,661	12,553
-	9,482	Investments in Associates & JVs	23	-	8,653
8,310	8,433	Long Term Debtors	24	8,014	8,122
1,270,471	1,297,290	Long Term Assets		1,356,856	1,383,807
-	-	Short Term Investments		-	-
613	613	Assets Held for Sale	18	1,780	1,780
828	828	Inventories	25	906	906
29,965	30,327	Short Term Debtors	26	22,786	23,277
12,384	13,223	Cash and Cash Equivalents		13,201	13,828
43,790	44,991	Current Assets		38,673	39,791
(14,031)	(14,031)	Short Term Borrowing	27	(15,491)	(15,491)
(65,472)	(58,666)	Short Term Creditors	28	(57,730)	(50,248)
(993)	(993)	Short Term Provisions	29	(1,235)	(1,235)
(4,877)	(4,877)	Capital Grants Receipts in Advance	35	(3,300)	(3,300)
(85,373)	(78,567)	Current Liabilities		(77,756)	(70,274)
(168)	(168)	Provisions	29	(218)	(230)
(430,243)	(430,336)	Long Term Borrowing	27	(482,113)	(482,214)
(57,510)	(56,976)	Other Long Term Liabilities	30	(54,895)	(54,397)
(12,194)	(12,194)	Pension Liability	31	(11,805)	(11,805)
(500,115)	(499,674)	Long Term Liabilities		(549,031)	(548,646)
728,773	764,040	Net Assets		768,742	804,678
(45,192)	(72,590)	Usable Reserves	32	(55,507)	(81,172)
(683,581)	(691,450)	Unusable Reserves	34	(713,235)	(723,506)
(728,773)	(764,040)	Total Reserves		(768,742)	(804,678)

The unaudited accounts were submitted for audit on 27 June 2024,
Sarah Fortune (CPFA) Executive Director for Council Resources (CFO)

Council and Group Cash Flow Statement

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

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

flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the authority.

The cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

Group Cash Flow includes the cash flows of the Council and its subsidiary companies.

2022/23 Council £000s	2022/23 Group £000s	Cash Flow Statement	Note	2023/24 Council £000s	2023/24 Group £000s
		Operating Activities			
2,444	8,053	Net Deficit on the Provision of Services		35,136	37,501
(84,403)	(91,113)	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	37	(80,803)	(82,992)
72,869	72,869	Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	38	37,732	37,732
(9,090)	(10,191)	Net Cash Flows from Operating Activities		(7,935)	(7,759)
		Investing Activities			
129,265	130,235	Purchase of Property, Plant and Equipment		91,026	91,062
(54,092)	(54,092)	Other Receipts from Investing Activities		(31,380)	(31,380)
(9,792)	(9,792)	Proceeds from the Sale of Property, Plant and Equipment		(1,769)	(1,769)
65,381	66,351	Net Cash Flows from Investing Activities		57,877	57,913
		Financing Activities			
(30,000)	(30,000)	Cash Receipts of Short and Long Term Borrowing		(85,000)	(85,000)
1,566	1,566	Cash Payments for the Reduction of the Outstanding Liability Relating to Finance Lease and On-Balance Sheet PFI Contracts		1,527	1,527
13,258	13,258	Repayments of Short and Long Term Borrowing		32,714	32,714
(15,176)	(15,176)	Net Cash Flows from Financing Activities		(50,759)	(50,759)
41,115	40,984	Net (Increase) or Decrease in Cash and Cash Equivalents		(817)	(605)
		Reconciliation of Opening and Closing Cash and Cash Equivalents			
53,499	54,207	Cash and Cash Equivalents at the Beginning of the Reporting Period		12,384	13,223
(41,115)	(40,984)	Net Increase or (Decrease) in Cash and Cash Equivalents		817	605
12,384	13,223	Cash and Cash Equivalents at the End of the Reporting Period		13,201	13,828
		The balance of the cash and cash equivalents is made up of the following elements			
12,384	13,223	Cash held by officers		13,201	13,828

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Notes to the Financial Statements

Note 1 General Accounting Policies

i. General Principles

The Statement of Accounts summarises the authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The authority is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires to be in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of

Accounts has been prepared on a 'going concern' basis.

Further accounting policies can be found throughout these accounts with the notes to which they relate.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are

carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The Council applies a threshold limit and does not normally make manual accrual or

prepayment adjustments for amounts of £1,000 or less.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a

material change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v. Employee Benefits

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and charged on an accruals basis to the relevant service line of the CIES.

vi. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts

estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows.

Financial assets are therefore classified at amortised cost, except for those whose contractual payments are not solely payment of principal and interest i.e. where the cash flows do not take the form of a basic debt instrument.

vii. Interests in Companies and Other Entities

The authority has material interests in companies and other entities that have the nature of subsidiaries and associates and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses or as investments designated at Fair Value through Other Comprehensive Income.

viii. Inventories and Long-term Contracts

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

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

ix. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the authority's arrangements for accountability and financial performance.

x. Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year, to score against the Net Cost of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MiRS, so that there is no net

charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and they do not represent usable resources for the authority – these reserves are explained in the relevant policies.

xi. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MiRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of Council Tax.

xii. VAT

The CIES excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income within the Council's Income and Expenditure statement.

xiii. Events after the Reporting Period

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

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the

reporting period – the Annual Accounts are adjusted to reflect such events.

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

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

Note 2 Accounting Standards Not Yet Adopted

The following Adopted International Financial Reporting Standards (IFRS) have been issued but have not been applied in these financial statements. Except for IFRS 16 Leases their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

IFRS 16 Leases

In 2024/2025, the Authority will apply IFRS 16 Leases as adopted by the Code of Accounting Practice. IFRS 16 will mean the majority of leases where the Council acts as lessee will come onto the balance sheet and lessor accounting is effectively unchanged. The main impact of the new requirements 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 to be brought into the balance sheet at 1 April 2024.

Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements. IFRS 16 will be applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in 2024/2025 and not by adjusting prior year figures.

As a lessee, the Authority 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 Authority. Under IFRS 16, the Authority will recognise right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Authority 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 Authority will recognise the lease payments

associated with these leases as an expense on a straight-line basis over the lease term.

Additionally the liability for PPP Service Concession Arrangement assets will in future be remeasured periodically to recognise the impact of inflation indexation increases on the value of the liability due to the contractor.

An analysis of lease and lease-like arrangements has been undertaken to assess the impact of the Code's adaptation of IFRS16 on the Council's balance sheet. An estimate of the liabilities which will be required to be recognised has been made. As a result it is anticipated that, as at 1 April 2024, the following adjustments will be required.

Other Standards

Others standards to be implemented but not expected to have a significant impact are:

- Classification of Liabilities as Current or Non-Current (IAS 1 Amendments)
- Lease liability in Sale and Leaseback Arrangements (IFRS 16 Amendments)
- Non-Current Liabilities with Covenants (IAS 1 Amendments)
- International Tax Reform: Pillar Two (amendments to IAS 12)
- Supplier Finance arrangements: (IAS 7 and IFRS 7 Amendments)

IFRS 16 Leases Estimated Balance Sheet Changes	As at 1 April 2024 £000s
Property, Plant & Equipment (Right of Use assets) - at cost	7,791
Total Assets (at Cost)	7,791
Short-Term Creditors (Lease liabilities)	(2,166)
Long-Term Liabilities (Lease Liabilities)	(5,625)
Total Liabilities	(7,791)
Net Assets	-

Note 3 Critical Judgements Applied

In applying the accounting policies set out in Note 1 and throughout the other notes to the accounts, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Common Good building assets currently used by the Council to deliver services have been treated as finance lease assets and are included on the Council's balance sheet. This is on the basis that formal arrangements for continued Council use of the assets, which recognise and reflect the Common Good ownership of those assets, are anticipated to be agreed. In the event that this requires further asset transfers, for example if the Council ceases use of the buildings, the necessary adjustments will be enacted when an agreement is reached.
- The Private Finance Initiative (PFI) contract for the refurbishment and facilities management of six secondary schools is treated by recognising assets and liabilities on the authority's Balance Sheet. This

is because the authority considers that it has the majority of the risks and rewards of ownership.

- The Council's actuarial advisers have estimated that the Council's attributable share of the Lothian Pension Fund (Local Government Pension Scheme) assets exceed the Council's estimated funded pension liabilities. The Council has assessed that, given the legislative obligations and framework for the LGPS and estimated future service costs and contributions, the Council is not anticipated to obtain economic benefits from either a refund of the surplus or from future contribution reductions. Instead, as for 2022/23, an asset ceiling limit is applied for funded pensions and only the unfunded pension liability is recognised.

Note 4 Future Assumptions

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority about the future. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different

from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2024, for which there is a significant risk of material adjustment in the forthcoming year, are shown in the following table:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements including the discount rate used, the rate of projected salary increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied. The actual figure has proved to be variable over time and more detail regarding this has been referred to in Note 31. The Pensions Reserve balance at 31 March 2023 is £11.805 million (2022/23: £12.194 million) as a result of attributable assets at 31 March 2024 exceeding the estimated funded liabilities at that date, with a pensions asset ceiling being applied.	If actual results are different from assumptions, there is the potential for a significant change – either increasing or decreasing the potential liability. (See Note 31.)
Property, Plant, and Equipment (PPE)	Assets are valued and depreciated over their useful lives in line with advice taken from external and internal valuers. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The carrying amount of PPE at 31 March 2023 is £1,341.352 million (2021/22: £1,255.252 million) with depreciation charges for 2022/23 of £53.034 million (excluding amortisation of intangible assets) (2022/23: £46.279. million). Estimated impairment charges have been recognised in relation to specific structural property defects, general asset revaluations, and other impairments.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. (See Notes 14 and 15.)

Note 5 Other Income and Expenditure Items

Included within the Comprehensive Income and Expenditure Statement:

2022/23 Council Net Spend £000s	2022/23 Group Net Expenditure £000s	Other Income and Expenditure Items in the CIES	2023/24 Council Net Spend £000s	2023/24 Group Net Expenditure £000s
(9,202)	(9,202)	(Gain)/Losses on the Disposal of Non-Current Assets	(951)	(951)
(9,202)	(9,202)	Total Other Operating Expenditure	(951)	(951)
16,159	16,001	Interest Payable and Similar Charges	18,959	18,849
(1,027)	(1,413)	Interest Receivable and Similar Income	(1,634)	(2,157)
-	(705)	(Gains)/Losses on sale of investments	-	(471)
-	1,223	Changes in fair value of financial instruments held at Fair Value through Profit or Loss	-	(68)
109	109	Financial Instrument Impairments	505	505
2,937	2,937	Interest Expense of Pension Defined Benefit Obligation	511	511
18,178	18,152	Total Financing & Investments	18,341	17,169

Note 6 Expenditure and Funding Analysis (EFA)

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

2022/23 Council				2023/24 Council		
Expenditure Chargeable to Usable Reserves	Adjustments between Funding & Accounting Basis (EFA Note 1)	Net Expenditure in CIES	Expenditure and Funding Analysis	Expenditure Chargeable to Usable Reserves	Adjustments between Funding & Accounting Basis (EFA Note 1)	Net Expenditure in CIES
£000s	£000s	£000s		£000s	£000s	£000s
GF and HRA combined				GF and HRA combined		
149,030	21,257	170,287	Education & Children's Services	159,155	21,085	180,240
67,219	3,428	70,647	Health & Social Care Partnership	69,403	805	70,208
51,395	22,560	73,955	Place	51,574	14,315	65,889
14,815	3,324	18,139	Council Resources	19,787	641	20,428
(17,661)	(2,315)	(19,976)	Corporate Management	(30,315)	9,023	(21,292)
(8,264)	21,146	12,882	HRA	(6,819)	36,722	29,903
256,534	69,400	325,934	Net Cost of Service	262,785	82,591	345,376
(253,412)	(70,078)	(323,490)	Other Income & Expenditure	(268,273)	(41,967)	(310,240)
3,122	(678)	2,444	(Surplus)/Deficit on Provision of Services	(5,488)	40,624	35,136

GF	HRA	Combined		GF	HRA	Combined
(29,685)	(1,748)	(31,433)	Opening Fund Balance	(26,414)	(1,487)	(27,901)
5,579	(2,457)	3,122	(Surplus)/Deficit for year chargeable to General Fund and HRA	(5,440)	(48)	(5,488)
(2,308)	2,718	410	Transfer to/from Other Statutory Reserves	(2,315)	-	(2,315)
(26,414)	(1,487)	(27,901)	Closing Fund Balances	(34,169)	(1,535)	(35,704)

EFA Note 1 – Adjustments between accounting and funding basis

2022/23 Council					Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement	2023/24 Council				
Adjustment for Capital Purposes (EFA Note 2) £000s	Net Change for Pension Adjustment (EFA Note 3) £000s	Other Statutory Differences £000s	Depreciation Charged to Revaluation Reserve £000s	Total Adjustments £000s		Adjustment for Capital Purposes (EFA Note 2) £000s	Net Change for Pension Adjustment (EFA Note 3) £000s	Other Statutory Differences £000s	Depreciation Charged to Revaluation Reserve £000s	Total Adjustments £000s
4,958	5,500	943	9,856	21,257	Education & Children's Services	8,436	(634)	1,062	12,221	21,085
(132)	3,315	-	245	3,428	Health & Social Care Partnership	830	(377)	-	352	805
11,426	8,432	-	2,702	22,560	Place	12,072	(947)	-	3,190	14,315
846	2,478	-	-	3,324	Council Resources	939	(298)	-	-	641
(2,315)	-	-	-	(2,315)	Corporate Management	8,884	139	-	-	9,023
17,494	479	-	3,173	21,146	HRA	32,765	(49)	-	4,006	36,722
32,277	20,204	943	15,976	69,400	Net Cost of Service	63,926	(2,166)	1,062	19,769	82,591
(72,747)	2,937	(269)	1	(70,078)	Other Income & Expenditure	(42,346)	511	(132)	-	(41,967)
(40,470)	23,141	674	15,977	(678)	Difference between deficit charged to fund balances and Comprehensive Income and Expenditure Statement Deficit	21,580	(1,655)	930	19,769	40,624

EFA Note 2 - Adjustments for capital purposes

There are various changes relating to capital assets, such as:

- Adding back depreciation, impairment and revaluation gains and losses that are charged to the cost of service.
- Adjusting the capital disposals and de-recognitions with a transfer of income on disposal of assets and the amounts written off for those assets.
- The statutory charges for capital financing, i.e. loans fund principal repayments and other revenue contributions, are deducted from

EFA Note 3 - Net change for pension adjustment

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

- For services, this represents the removal of the employer pension contributions made by the authority, as allowed by statute, and the replacement with current service costs and past service costs.

other income and expenditure, as these are not chargeable under generally accepted accounting practices.

- Capital grants are adjusted for income not chargeable under generally accepted accounting practices. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in year.

- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.EFA Note 4 - Other Statutory differences

EFA Note 4 - Other Statutory differences

Other statutory differences include:

- The accrual made for the cost of holiday/leave entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. These require to be included with the Net Cost of Services under generally accepted accounting practices but are not chargeable to the General Fund.
- Adjustments to the General Fund for the timing differences for premiums and discounts.

EFA Note 5 – Depreciation charged to the Revaluation Reserve

Under accounting standards the valuation based portion of depreciation charges can be charged, as a movement between reserves, to the Revaluation Reserve. This negates the requirement to apply a statutory adjustment for this element of depreciation charges.

Note 7 Income and Expenditure Including Internal Recharges

The service lines in the Comprehensive Income and Expenditure Statement exclude internal recharges.

The income and expenditure for each service, inclusive of internal recharges, are shown below.

2022/23 Council			Income and Expenditure for Each Service, Inclusive of Internal Recharges	2023/24 Council		
Gross Spend £000s	Gross Income £000s	Net Spend £000s		Gross Spend £000s	Gross Income £000s	Net Spend £000s
199,905	(29,618)	170,287	Education & Children's Services	206,842	(26,602)	180,240
152,735	(82,088)	70,647	Health & Social Care Partnership	155,585	(85,377)	70,208
119,131	(45,176)	73,955	Place	111,002	(45,113)	65,889
24,874	(6,735)	18,139	Council Resources	42,330	(21,902)	20,428
18,180	(38,156)	(19,976)	Corporate Management	1,032	(22,324)	(21,292)
50,136	(37,254)	12,882	HRA	68,427	(38,524)	29,903
564,961	(239,027)	325,934	Cost of Services	585,218	(239,842)	345,376

Note 8 Expenditure and Income Analysed by Segment and Nature

The Council is required to analyse the relevant service segments in the EFA on the basis of the organisational structure adopted. Reportable operating segments are based on the Council's internal management reporting used to assess service performance when considering the allocation of financial resources. The authority's expenditure and income is analysed as follows.

Council Expenditure and Income Analysed by Segment and Nature 2023/24	Education & Children's Services £000s	Health & Social Care Partnership £000s	Place £000s	Council Resources £000s	Corporate Management £000s	HRA £000s	Costs not included in a service £000s	Total £000s
Expenditure								
Employee Benefits Expenses	112,893	22,517	57,245	16,675	139	3,138	-	212,607
Other Service Expenses	46,659	60,787	26,549	24,472	680	14,420	-	173,567
Depreciation, Amortisation & Impairment	22,897	896	14,824	937	-	14,434	-	53,988
Reallocation of Internal Costs	6,311	714	(7,918)	(2,867)	(3,110)	6,870	-	-
Reallocation of Costs to Capital	(30)	-	(3,900)	(569)	-	(452)	-	(4,951)
Loss on Disposal of Assets	-	-	-	-	-	-	-	-
Asset Revaluation Losses	41	341	1,835	-	-	29,283	-	31,500
Interest Payments	-	-	-	-	-	-	19,975	19,975
Contribution to IJB	-	63,809	-	-	-	-	-	63,809
Total Expenditure	188,771	149,064	88,635	38,648	(2,291)	67,693	19,975	550,495
Income								
Fees, Charges and Other Service Income	(1,951)	(10,406)	(14,905)	(2,462)	(36)	(37,521)	-	(67,281)
Asset revaluation gains	(2,243)	-	(1,324)	-	-	(269)	-	(3,836)
Interest and Investment Income	-	-	-	-	-	-	(1,634)	(1,634)
Gain on Disposal of Assets	-	-	-	-	-	-	(951)	(951)
Income from Council Tax and Non-Domestic Rates	-	-	-	-	-	-	(126,889)	(126,889)
Contributions from IJB	-	(66,930)	-	-	-	-	-	(66,930)
Government Grants and Contributions	(4,337)	(1,520)	(6,517)	(15,758)	(18,965)	-	(200,741)	(247,838)
Total Income	(8,531)	(78,856)	(22,746)	(18,220)	(19,001)	(37,790)	(330,215)	(515,359)
Deficit on the Provision of Services								35,136

The prior year's expenditure and income by segment and nature is analysed as follows. The table reflects the 2022/23 data on a comparable basis to the 2023/24 table.

Council Expenditure and Income Analysed by Segment and Nature 2022/23	Education & Children's Services £000s	Health & Social Care Partnership £000s	Place £000s	Council Resources £000s	Corporate Management £000s	HRA £000s	Costs not included in a service £000s	Total £000s
Expenditure								
Employee Benefits Expenses	109,358	24,731	62,913	17,312	-	3,450	-	217,764
Other Service Expenses	45,829	58,143	28,262	6,457	17,926	11,114	-	167,731
Depreciation, Amortisation & Impairment	19,407	769	14,685	846	-	12,647	-	48,354
Reallocation of Internal Costs	5,660	868	(8,554)	(3,456)	(3,068)	8,550	-	-
Reallocation of Costs to Capital	(37)	-	(3,628)	(477)	-	(403)	-	(4,545)
Loss on Disposal of Assets	-	-	-	-	-	-	-	-
Asset Revaluation Losses	-	59	1,813	-	-	14,062	-	15,934
Interest Payments	-	-	-	-	-	-	19,205	19,205
Contribution to IJB	-	61,644	-	-	-	-	-	61,644
Total Expenditure	180,217	146,214	95,491	20,682	14,858	49,420	19,205	526,087
Income								
Fees, Charges and Other Service Income	(1,932)	(11,700)	(14,580)	(1,930)	(259)	(34,796)	-	(65,197)
Asset revaluation gains	(4,566)	(715)	(2,369)	-	-	(1,742)	-	(9,392)
Interest and Investment Income	-	-	-	-	-	-	(1,027)	(1,027)
Gain on Disposal of Assets	-	-	-	-	-	-	(9,202)	(9,202)
Income from Council Tax and Non-Domestic Rates	-	-	-	-	-	-	(91,737)	(91,737)
Contributions from IJB	-	(61,644)	-	-	-	-	-	(61,644)
Government Grants and Contributions	(3,432)	(1,508)	(4,587)	(613)	(34,575)	-	(240,729)	(285,444)
Total Income	(9,930)	(75,567)	(21,536)	(2,543)	(34,834)	(36,538)	(342,695)	(523,643)
Deficit on the Provision of Services								2,444

Note 9 Adjustments between Accounting and Funding Basis under Regulations

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

2022/23 Council			Adjustments between Accounting and Funding Basis under Regulations	2023/24 Council		
General Fund Balance £000s	Housing Revenue Account £000s	Movement in Usable Reserves £000s		General Fund Balance £000s	Housing Revenue Account £000s	Movement in Usable Reserves £000s
Adjustments Primarily Involving the Capital Adjustment Account						
Reversal of Items Debited or Credited to the CIES:						
(21,082)	(9,473)	(30,555)	Charges for Depreciation and Amortisation of Non-Current Assets	(23,151)	(10,422)	(33,573)
(1,820)	-	(1,820)	Impairment Losses on Property, Plant and Equipment	(647)	-	(647)
5,778	(12,321)	(6,543)	Revaluation Gains (Losses) on Property, Plant and Equipment in SDPS	1,350	(29,013)	(27,663)
48,093	14,983	63,076	Capital Grant and Contributions Applied	25,469	10,494	35,963
-	-	-	Capital Grants Transferred to Capital Grants Unapplied Account	3,106	-	3,106
-	-	-	Capital Grant Transferred to Capital Fund (FC6/2023)	2,315	-	2,315
8,497	706	9,203	Derecognition of non-current assets	884	66	950
(55)	-	(55)	Expected credit loss of assets funded from capital sources under statute	10	-	10
Statutory Repayment of Debt:						
1,501	-	1,501	Statutory repayment of debt: PPP	825	-	825
-	-	-	Statutory repayment of debt: PPP -Permitted flexibility adjustment	(14,193)	-	(14,193)
65	-	65	Statutory repayment of debt: Finance Leases	67	-	67
326	4,822	5,148	Statutory repayment of debt: Loans Fund	4,328	5,382	9,710
Funding of Capital Expenditure Incurred in the Year						
450	-	450	Capital Expenditure Charged Against the General Fund and HRA balances	664	1,293	1,957
			Deferral of Charges Against the General Fund for PPP Lifecycle Capital Expenditure	(409)	-	(409)
41,753	(1,283)	40,470	Subtotal: Carried forward to next page	618	(22,200)	(21,582)

2022/23 Council			Adjustments between Accounting and Funding Basis under Regulations (continued)	2023/24 Council		
General Fund Balance	Housing Revenue Account	Movement in Usable Reserves		General Fund Balance	Housing Revenue Account	Movement in Usable Reserves
£000s	£000s	£000s		£000s	£000s	£000s
41,753	(1,283)	40,470	Subtotal: Brought forward from previous page	618	(22,200)	(21,582)
			Adjustments Primarily Involving the Employee Statutory Adjustment Account:			
(943)	-	(943)	Employee Statutory Adjustments: Accumulated Annual Leave	(1,062)	-	(1,062)
			Adjustments Primarily Involving the Financial Instruments Adjustment Account:			
256	-	256	Charge of deferred premiums from the refinancing of debt	257	-	257
13	-	13	Charge for interest rate adjustments related to stepped interest rate borrowing	(123)	-	(123)
			Adjustments Primarily Involving the Pensions Reserve:			
(43,816)	(1,064)	(44,880)	Net Retirement Benefits per IAS 19	(21,672)	(505)	(22,177)
21,224	515	21,739	Employer's Contributions Payable to the Lothian Pension Fund	23,289	543	23,832
18,487	(1,832)	16,655	Total Adjustments to General Fund and HRA Balance	1,307	(22,162)	(20,855)
			Adjustments to the Capital Fund			
			- Capital Grants transferred to the Capital Fund (FC6/2023)			(2,315)
		(9,792)	Capital receipts transferred to the Capital Fund			(1,770)
		198	Capital receipts applied to fund capital expenditure			2,364
			Adjustments to the Capital Grants Unapplied Account			
			- Capital Grants transferred to the Capital Grants Unapplied Account			(3,106)
		7,061	Total Statutory Adjustments affecting Usable Reserves			(25,682)

Note 10 Taxation and Non-Specific Grant Income

Grant income can take many forms: paid on account; by instalments or in arrears; government grants or third party contributions and donations. This is recognised as due to East Lothian Council when there is an assurance that the authority has complied with the necessary conditions attached to these payments. East Lothian Council credited the following to taxation and non-specific grant income in the CIES.

2022/23 £000s	Taxation and Non-Specific Grant Income	2023/24 £000s
(63,051)	Council Tax	(68,781)
(28,686)	Non Domestic Rates	(58,108)
(177,130)	Non Ring-fenced Government Grants	(159,356)
(63,599)	Capital Grants and Contributions	(41,385)
(332,466)	Total	(327,630)

Note 11 Agency Income and Expenditure

Where the Council fulfils an agency role on behalf of another organisation the associated income and expenditure is not included within the authority's CIES. Agency services provided include:

- the collection of cash for Scottish Water
- the management of funding, through the Edinburgh & South East Scotland City Region Deal, for the development of the Edinburgh Innovation Park
- salary sacrifice schemes representing expenditure on bicycles, childcare, pension and car schemes on behalf of employees, with employees reimbursing the Council for these costs.

Schemes for the distribution of COVID-19 Grants and Cost of Living Support for Council Tax Payers on behalf of the Scottish Government have now ceased. The Council also shares services with other authorities (e.g. special education and social work facilities). The expenditure on these services is incurred so that the authority can

perform its duties, rather than the duties of another organisation and thus is not treated as agency expenditure.

2022/23 £000s	Agency Income and Expenditure	2023/24 £000s
21,396	Scottish Water Income Collected	23,254
-	City Region Deal- Edinburgh Innovation Park	2,004
1,093	Salary sacrifice schemes	1,058
1,382	COVID-19: Other Grants	-
4,788	Scottish Government: Cost of Living Support for Council Tax Payers	-
28,659	Total	26,316

Note 12 Audit Costs

Audit Scotland was appointed as the authority's external auditor in 2023/24. For 2023/24 the agreed audit fee is £308,410 (2022/23: £291,020). Actual expenditure in the year was £295,617 (2022/23: £277,751). No fees were payable in respect of other services provided by the appointed auditor.

Note 13 Related Parties

The Council is required to disclose material transactions with Related Parties i.e. bodies or individuals that have the potential to control or influence the authority, or to be controlled or influenced by the authority. Disclosure of these transactions helps assessment of the extent to which the authority might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council.

Government – Including UK and Scottish Government

Government has significant influence over the general operations of the authority. It is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in note 36.

Members

Members of the authority have direct control over the authority's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in the Remuneration Report.

East Lothian Council approved total Grants of £3.746 million (2022/23: £3.814 million) which in 2023/24 is made up as follows:

2022/23 £000s	Council Grants Approved	2023/24 £000s
1,600	One Council Community Partnership	1,542
1,250	Area Partnership Funding	1,250
393	Children's Services	338
439	Health & Social Care partnership Grants to Voluntary Organisations	484
132	Community Council Administration Grants, Insurance & Local Priority Scheme	132
3,814	Total	3,746

Of these amounts, payments for 'Partnership Funding' totalling some £1.542 million (2022/23 £1.600 million) as shown in the table were awarded to organisations in which Members have representation. This represents 42% (2022/23: 34%) of the total £3.746m (2022/23: £3.814 million) grants awarded.

In all instances, the grants were made with proper consideration of declarations of interest. A register of Members' interests is available on the authority's website. Details of all grants and awards to organisations in which Members have representation are listed in the Related Parties table.

Council Related Parties	Partnership Funding £000s	Other £000s	Total £000s
Coastal Communities Museum Trust	8	-	8
Cockenzie House and Gardens	-	7	7
East Lothian Advice Consortium	334	-	334
Fa'side Community Kitchen	-	2	2
First Step	208	87	295
Gullane Area Community Council	-	7	7
Hallhill Ltd	78	-	78
Lamp of Lothian Management Committee	20	-	20
Lothian Mineworkers' Welfare Convalescent Home Trust	30	-	30
Pennypit Community Development Trust	99	124	223
Preston Lodge High School Excellence in Learning Foundation	-	2	2
Recharge Youth Facility	58	1	59
Safe Families organisation	-	50	50
Tranent and Elphinstone Community Council	-	14	14
Tranent Wombles	-	13	13
Volunteer Centre East Lothian	-	50	50
Volunteer Development East Lothian	50	1	51
Total	885	358	1,243

Other Public Bodies

Other public bodies that the Scottish Government have control or significant influence over are considered related parties by IAS 24. The material transactions for these bodies are reported as follows:-

2022/23				2023/24				
Expenditure	Income	Net Expenditure	Debtor / (Creditor)	Related Parties	Expenditure	Income	Net Expenditure	Debtor / (Creditor)
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
2,883	1,651	1,232	(2,178)	Other Local Authorities	3,214	2,335	879	4,195
-	5	(5)	2	Food Standards Scotland	-	5	(5)	2
17	-	17	1	Scottish Courts and Tribunals Service	19	-	19	(1)
-	44	(44)	-	Care Inspectorate	-	48	(48)	-
-	3	(3)	2	Children's Hearings Scotland	-	4	(4)	1
-	1	(1)	-	Historic Environment Scotland	-	1	(1)	-
41	26	15	32	Scottish Environment Protection Agency	42	-	42	31
503	-	503	-	Scottish Qualifications Authority	510	-	510	-
-	198	(198)	34	Skills Development Scotland	1	315	(314)	33
71	-	71	-	VisitScotland	63	-	63	-
9	13	(4)	16	Scottish Water	12	19	(7)	3
34	-	34	2	Disclosure Scotland	30	-	30	(2)
33	-	33	3	Education Scotland	15	10	5	2
3	-	3	-	Forestry and Land Scotland	1	-	1	-
-	4	(4)	-	Social Security Scotland	5	9	(4)	-
-	-	-	214	Transport Scotland	-	-	-	-
1,641	15,847	(14,206)	468	NHS Lothian	13,046	14,564	(1,518)	501
120	-	120	-	Scottish Police Authority	111	11	100	-
5,355	17,792	(12,437)	(1,404)	Total	17,069	17,321	(252)	4,765

Joint Ventures and Entities Controlled or Significantly Influenced by the Authority

Income & Expenditure	Position at Year End		Entity	Nature of Related Party Relationship	Income & Expenditure	Position at Year End		Nature of Transactions
	Debtor Balances	Creditor Balances				Debtor Balances	Creditor Balances	
	2022/23	2022/23				2023/24	2023/24	
1,726	-	-	Enjoy East Lothian Limited	Charitable organisation registered with Office of Scottish Charity Regulators.	1,820	-	(21)	Payment for provision of leisure services
29	-	(29)	East Lothian Land Limited	Company set up for the purpose of managing land to support economic development in East Lothian.	22	-	(7)	Rent is paid to ELL. The creditor balance is a loan from the company.
(224)	-	(1,101)	Brunton Theatre Trust	Charitable organisation registered with Office of Scottish Charity Regulators.	(169)	-	(560)	Payment for provision of arts/cultural services
314	-	(5,317)	Common Goods	Council manages assets of historic burghs in line with statute.	401	-	(5,707)	Operational services provided and received. Balances relate to cash held and finance lease charges for ELC use of assets.
41	-	(2,063)	Trust Funds	A number of trust funds which are managed by the council in line with the respective trust deeds.	71	-	(2,225)	Operational services provided and received,. Balances for cash held for the Trust Funds.
684	-	-	Lothian Valuation Joint Board	Statutory bodies set up by Scottish ministers.	680	-	-	Payments to run valuation services
72,920	-	(1,791)	East Lothian Integrated Joint Board	Statutory Body for the integration of health & social care services under The Public Bodies (Joint Working) (Scotland) Act 2014.	76,502	-	(140)	Payments to run health & social care services, including NHS resource transfer and social care fund
1,378	-	-	Edinburgh Innovation Park Joint Venture	Joint Venture with Queen Margaret University utilising City Region Deal funding.	1,154	-	-	Agency payments towards development and construction of a food, drink and health innovation park .
(42)	-	(96)	East Lothian Mid Market Homes LLP	Established to manage affordable housing properties, to be available for mid market rent.	(145)	-	(184)	Minor payments relating to normal operations
76,826	-	(10,397)			80,336	-	(8,844)	

The above table illustrates the year-end inter group positions between the Council and the entities with which it has significant influence or control. The full figures for these entities are disclosed in the group accounts elements of the Primary Statements, as well as further details provided in the Group Accounts Notes.

Note 14 Property Plant and Equipment Movements

Council Property, Plant & Equipment Movements 2023/24	Council Dwellings £000s	Other land and buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant and Equipment £000s	PFI Assets Included in PPE £000s
2023/24									
Gross Book Value at 31 March 2023	421,128	598,657	65,924	See note	10,522	4,382	136,777	See note	126,717
Additions	19,154	6,313	9,280	8,731	449	9	49,912	93,849	551
Revaluation increase/(decrease) to Revaluation Reserve	(15,726)	38,210	-	-	-	188	-	22,672	11,739
Revaluation increase/(decrease) to SDPS	(29,013)	1,330	-	-	-	20	-	(27,664)	-
Transfer to/from assets held for sale	-	(500)	-	-	-	(860)	-	(1,360)	-
Disposals	-	(114)	(2,172)	-	-	(350)	-	(2,636)	-
Other movements	34,718	88,963	-	15,825	-	2,236	(141,743)	(0)	-
Gross Book Value at 31 March 2024	430,261	732,859	73,032	See note	10,972	5,625	44,946	See note	139,007
Accumulated depreciation at 31 March 2023	(2,036)	(17,432)	(41,327)	See note	(1,225)	(88)	(774)	See note	-
Depreciation charge for the year	(14,413)	(27,617)	(6,114)	(4,792)	(51)	(46)	-	(53,034)	(7,673)
Revaluation written out to revaluation reserve	16,184	36,531	-	-	-	194	-	52,910	7,673
Impairment written out to SDPS	-	-	-	-	-	-	(647)	(647)	-
Depreciation eliminated on disposal	-	6	1,970	-	-	34	-	2,010	-
Other movements	-	164	-	-	-	(164)	-	-	-
Accumulated depreciation at 31 March 2024	(265)	(8,347)	(45,471)	See note	(1,276)	(71)	(1,421)	See note	-
Net Book Value at 31 March 2024	429,996	724,512	27,561	100,507	9,696	5,554	43,525	1,341,352	139,007
Net Book Value at 31 March 2023	419,093	581,225	24,597	80,744	9,297	4,294	136,002	1,255,252	126,717

Note: In relation to Infrastructure Assets the Council has elected to apply both statutory overrides allowed in Scottish Government Finance Circular 9/2022 (Statutory Override - Accounting for Infrastructure Assets). These constitute:

- Omission of the reporting of Gross Cost and Accumulated Depreciation balances for infrastructure assets. On this basis the cross sub-total for Property, Plant and Equipment is also excluded.
- The existing carrying amount of a replaced infrastructure asset is treated as zero when it is replaced.

Council Property, Plant & Equipment Movements 2022/23	Council Dwellings £000s	Other land and buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant and Equipment £000s	PFI Assets Included in PPE £000s
2022/23									
Gross Book Value at 31 March 2022	386,464	582,561	58,841	See note	9,455	4,469	77,195	See note	130,904
Additions	18,433	7,375	8,802	8,394	1,013	-	82,847	126,864	768
Revaluation increase/(decrease) to Revaluation Reserve	12,513	(3,928)	-	-	(39)	-	-	8,546	836
Revaluation increase/(decrease) to SDPS	(12,321)	5,779	-	-	-	-	-	(6,542)	997
Transfer to/from assets held for sale	-	-	-	-	-	(120)	-	(120)	-
Disposals	(375)	(121)	(1,719)	-	-	-	-	(2,215)	-
Other movements	16,414	6,991	-	(265)	93	33	(23,266)	-	(6,788)
Gross Book Value at 31 March 2023	421,128	598,657	65,924	See note	10,522	4,382	136,776	See note	126,717
Accumulated depreciation at 31 March 2022	(2,419)	(30,395)	(37,806)	See note	(1,248)	-	(1)	See note	(6,744)
Depreciation charge for the year	(12,627)	(23,742)	(5,134)	(4,702)	(16)	(58)	-	(46,279)	(7,235)
Revaluation written out to revaluation reserve	12,999	37,085	-	-	39	-	-	50,123	13,028
Impairment and revaluation losses written out to SDPS	-	(423)	-	(586)	-	-	(760)	(1,769)	-
Depreciation eliminated on disposal	12	-	1,613	-	-	-	-	1,625	-
Other movements	-	43	-	-	-	(30)	(13)	-	951
Accumulated depreciation at 31 March 2023	(2,035)	(17,432)	(41,327)	See note	(1,225)	(88)	(774)	See note	-
Net Book Value at 31 March 2023	419,093	581,225	24,597	80,744	9,297	4,294	136,002	1,255,252	126,717
Net Book Value at 31 March 2022	384,045	552,166	21,035	77,903	8,207	4,469	77,194	1,125,018	124,160

Note 15 Property Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year, are classified as property, plant and equipment (PPE).

Recognition

Expenditure of over £6,000 on the acquisition, creation or enhancement of any PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grants Income line of the Comprehensive Income and Expenditure Statement. Gains that are credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

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

- Infrastructure assets and community assets – depreciated historical cost
- Council dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Other land and buildings – current value, determined as the amount that would be paid for the asset in existing use (Existing Use Value – EUV)
- Vehicles, Plant, Furniture and Equipment – depreciated historical cost
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.

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

Assets included in the Balance Sheet at current value are revalued regularly, as described in the Revaluations section further below.

Where decreases in value are identified and there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the amount of the accumulated gains. However, where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying

amount of the asset is written down against the relevant service line in the CIES.

Impairment

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

Where impairment losses are identified and there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gain. However where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the CIES.

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

Depreciation

Depreciation is provided for on all PPE assets by systematic allocation of depreciable amount over their useful lives. Additional spend on assets is recognised at the end of the financial year and therefore there is no significant depreciation in the year for additional spend on assets. An entire year's charge is made in the year of disposal. An exception is made for assets without a determinable finite useful life (land and certain community assets) and assets that are not yet available for use (assets under construction).

Depreciation is calculated on the following basis:

- Council dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment and community assets – straight-line allocation over the life of the asset as advised by a suitably qualified officer.
- Infrastructure – straight-line allocation.

The estimated useful lives of assets depreciating on a straight-line basis are disclosed in the Depreciation table. Where an item of PPE asset with a cost of over £5.500 million has major components and the cost of the components is significant in relation to the total cost of the item, the components are depreciated separately.

Depreciation

Council Dwellings	22-60 years
Council Garages	9-10 years
Other Land and Buildings	2-60 years
Vehicles, Plant Furniture & Equipment	3-38 years
Infrastructure	5-51 years
Community Assets	23-38 years
Assets Under Construction are not Depreciated	

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation on assets and the depreciation based on their historical cost, being charged each year to the Revaluation Reserve.

Revaluations

The authority carries out a rolling programme that ensures that all PPE required to be measured at current value, are revalued at least every five years.

Valuations are carried out by professional firms of chartered surveyors and by Council Estates staff. Valuations of land and buildings are

carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The dates for full valuation are shown in the table.

Revaluations	Date of Last Valuation	Date of Next Valuation
Council Dwellings - Council Houses & Garages	31/03/2024	31/03/2029
Other Land & Buildings - Non Operational Industrial Lets etc.	31/03/2020	31/03/2025
Other Land & Buildings - Operational Portfolio of Schools, Community Centres etc.	31/03/2021	31/03/2026

A full valuation of council dwellings and garages was undertaken as at 31 March 2024 by external valuers, with desktop reviews in the following 4 years. The Council also engaged with external valuers to undertake a desktop review of valuations of selected Operational and Non-Operational assets at 31 March 2024.

Capital Commitments

As at 31 March 2024 the Council entered into a number of contracts for the construction or enhancement of PPE in 2024/25 and future years budgeted to a value of £91.270 million (2022/23 £29.685 million: General Services £19.897 million, HRA £9.788 million). The gross commitments for the Council's major projects are shown in the Capital Commitments table.

Capital Commitments	General Fund 2023/24 £000s	HRA 2023/24 £000s
Aubigny Sports Centre extension	1,005	
Fleet - Vehicles	46	
Coastal / Flood Protection schemes - Musselburgh	391	
Blindwells Primary - new school	22,750	
Craighall Primary - New School	22,068	
Gullane Primary - extension including Early Learning and 1140	79	
Whitecraig Primary - new school including Early Learning and 1140	19,008	
Gateside West Units	58	
Ross High School - Extension	15	
North Berwick Nursery	268	
North Berwick High School Extension	7	
Pinkie St. Peters PS - Extension	1,119	
Ormiston PS - Extension	80	
Cemeteries	620	
Synthetic pitch replacement programme	324	
Other Projects	91	
Accelerating Growth	910	
Central Heating Installation Programme - HRA		5,450
Central Heating Maintenance Programme - HRA		1,249
Housing Management IT system		768
House Extension Framework Programme		190
Disabled Adaptations		213
UPVC Window-Door Programme - HRA		14,000
50nr Bathrooms		347
Ravensheugh Brae Musselburgh development		214
Total	68,839	22,431

Note 16 Intangible Assets

Intangible assets do not have physical substance but are controlled by the authority. Intangible assets held by the Council primarily relate to computer system software. Intangible assets are carried at amortised cost since valuation by reference to an active market is not normally possible.

Software rights can be obtained as part of wider system implementation initiatives. Software acquired during 2023/24 predominantly related to schools and corporate systems.

Note 17 Heritage Assets

The aim of the authority's museums service is to preserve and present the authority's Cultural and Heritage assets and to enable communities and individuals to engage with these assets as a resource for enjoyment, education and information. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the authority's accounting policies on PPE. However, some of the measurement rules are relaxed in relation to heritage assets.

Oil paintings are reported in the Balance Sheet at insurance valuation which is based on market values. Valuations were provided at 31 March 2022 by Lyon & Turnbull. Valuations are obtained every five years with the next valuation due 31 March 2027. The paintings are deemed to have indeterminate lives and a high residual value, hence the authority does not consider it appropriate to charge depreciation.

2022/23 £000s	Intangible Assets	2023/24 £000s
909	Net Carrying amount at the start of the year	924
269	Additions during the year	99
(254)	Amortisation for the year	(307)
924	Net carrying amount at the end of year	716

2022/23 £000s	Heritage Assets (Cost or Valuation)	2023/24 £000s
1,113	Net Carrying amount at the start of the year	1,113
-	Additions	-
-	Revaluation increases recognised in the Revaluation Reserve	-
-	Impairment Losses\ (Reversals) recognised in the Surplus or Deficit on the Provision of Services	-
-	Depreciation for the period	-
-	Other Movements	-
1,113	Net carrying amount at the end of year	1,113

The remainder of the authority's collection relates to generic social history, which is not believed to be of any material value. All of the collections are relatively static and acquisitions are rare; where they do occur, they are initially recognised at cost.

Note 18 Assets Held for Sale

When it becomes probable that the carrying value of an asset will be recovered principally through a sale transaction rather than its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

Where an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal.

Receipts from disposals are credited to the same line in the CIES as part of the gain or loss on disposal i.e. netted off against the carrying value of the asset at the time of disposal. Any revaluation gains for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

All capital receipts are either credited to the Capital Receipts Reserve or designated to the Capital Grants and Receipts Unapplied Account. They can then be used for new capital investment or to meet the cost of debt repayments.

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

2022/23	Assets Held for Sale	2023/24
£000s		£000s
493	Balance Outstanding at Start of Year	613
120	Assets Newly Classified as Held for Sale	1,360
-	Assets Sold	(193)
613	Balance outstanding at end of the year	1,780

Note 19 Leases

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy, where fulfilment of the arrangement is dependent on the use of specific assets.

Council as Lessee

Finance Leases

PPE held under finance leases is recognised in the Balance Sheet at the commencement of the lease at its fair value, measured at the lease's inception or the present value of the minimum lease payments, if lower. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

PPE recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The authority is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MiRS for the difference between the two.

The Council has acquired a number of buildings, street lights and vehicles under finance leases. The assets acquired under these leases are included within PPE at the following net amounts:

31 March 2023 £000s	Assets Held Under Finance Leases	31 March 2024 £000s
23,388	Other Land and Buildings	26,609
26	Community Assets	25
111	Vehicles, Plant, Furniture and Equipment	102
41	Assets Under Construction	41
23,566	Total	26,777

The Council is committed to making minimum lease payments under these leases, comprising settlement of the long-term liability for the interest in the assets acquired by the Council and finance costs that will be payable by the Council in future years, while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2023 £000s	Finance Lease Liabilities (NPV of Minimum Lease Payments)	31 March 2024 £000s
(67)	Current	(69)
(640)	Non-Current	(570)
(4,400)	Finance Costs Payable in Future Years	(4,181)
(5,107)	Minimum Lease Payments	(4,820)

The minimum lease payments are payable as follows:

Minimum Lease Payments 31 March 2023 £000s	Lease Liabilities Repayments 31 March 2023 £000s	Future Minimum Lease Payments	Minimum Lease Payments 31 March 2024 £000s	Lease Liabilities Repayments 31 March 2024 £000s
287	67	Not Later Than One Year	287	69
1,107	252	Later Than One Year and Not Later Than Five Years	1,028	207
3,713	388	Later Than Five Years	3,505	363
5,107	707	Total	4,820	639

Operating Leases

Rentals paid under operating leases are charged to CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease). The amount paid under these arrangements in 2023/24 was £0.525 million (2022/23: £0.806 million).

The future minimum lease payments due under non-cancellable leases in future years are shown in the Operating Leases table.

Minimum Lease Payments 2022/23 £000s	Operating Leases	Minimum Lease Payments 2023/24 £000s
458	Not Later Than One Year	248
364	Later Than One Year and Not Later Than Five Years	305
1,077	Later Than Five Years	1,054
1,899	Total	1,607

Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet.

Rental income is recognised in the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

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

- For the provision of community services, such as community centres and sports facilities
- For economic development purposes to provide suitable affordable accommodation for business.

The future minimum lease payments receivable under non-cancellable leases in future years are shown in the Council as Lessor table:

Future Minimum Lease Payments Receivable 31 March 2023 £000s	Council as Lessor	Future Minimum Lease Payments Receivable 31 March 2024 £000s
(1,175)	Not Later Than One Year	(1,219)
(2,990)	Later Than One Year and Not Later Than Five Years	(3,279)
(30,866)	Later Than Five Years	(31,738)
(35,031)	Total	(36,236)

Note 20 Private Finance Initiatives and Similar Contracts

Private Finance Initiative (PFI) and similar contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the services passes to the PFI contractor. As the authority is deemed to control the services that are provided under its PFI schemes and as ownership of the non-current assets will pass to the authority at the end of the contract for no additional charge, the authority carries the non-current assets used

under the contracts on the Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value based on the cost to purchase the property, plant and equipment was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the authority.

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

- Fair value of the services received during the year – debited to the relevant service in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Payment towards liability – applied to write down the Balance Sheet liability to the PFI operator.
- Lifecycle replacement costs – a proportion of the amount payable to the PFI operator is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

During 2002/03 the Council entered into a 32 year partnership with Innovate East Lothian Ltd for the provision and facility management of schools and other facilities. During 2023/24 the rectification of structural issues (RAAC) at one school was undertaken by the contractor as part of an agreement with the Council. A contingent asset is declared in Note 29 relating to other negotiations in progress.

The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the PPE balance in Note 14.

The Council makes an agreed payment each year which is increased annually in line with inflation and can be reduced if the contractor fails

to meet availability and performance standards in any year, but is otherwise fixed. The PFI contract runs until 2035, at which time the facilities and all operational services revert to full council management. At this time responsibility for facilities management, maintenance, insurance etc. will all transfer back to the Council. Under the terms of the contract, all facilities will be handed back to the Council in the same condition as at the Service Availability Date i.e. the date the facilities were completed. To achieve this, there will be an increased lifecycle spend over the last five years of the contract, ensuring the facilities are handed back in the appropriate condition. Innovate East Lothian Limited has no right of renewal of the contract.

Change to the Accounting Basis for Service Concession Arrangements

Following the issue of local government Finance Circular 10/2022 on 6 September 2022, the temporary flexibility permitted for service concessions was considered and approved by East Lothian Council on 28 February 2023, with an effective application date of 1 April 2023.

The temporary flexibility permits a change in the statutory charges against the General Fund for service concession arrangements entered in to prior to 1 April 2022 and changes the profile of PPP statutory debt repayment charges to the asset life rather than the contract life. All of East Lothian Council's service concessions were entered into prior to 1 April 2022 and the permitted retrospective application has been used in recalculating the statutory debt repayment profile for the six secondary schools, a swimming pool and a community centre that form the assets that are part of service concession arrangements.

Flow of Benefits from the Assets

The debt repayment on the annuity basis has been applied as it is considered to best represent the consumption of the assets over their useful lives and is consistent with our approach to calculating loans fund charges.

Changes from the Application of the Permitted Flexibility

General Fund Changes	General Fund Changes and Balance as at 1 April 2024 £000s
Cumulative value of the PPP statutory debt charged to the General Fund prior to application of the permitted flexibility	27,207
Balance of funds released to the General Fund as a result of application of the flexibility	(14,193)
Revised cumulative value of the PPP statutory debt charged to the General Fund as at 1 April 2024	30,047

Accounting Treatment – Financial Year 2024/25 Onwards

Local government finance circular 7/2023 issued on 15 December 2023 outlines the accounting treatment for service concessions from 1 April 2024. This guidance will apply to any future service concession arrangements that East Lothian Council enters into.

The temporary flexibility noted above continues to apply in all subsequent financial years, where this has been applied to arrangements in place prior to 1 April 2022.

Payments remaining to be made under the PFI contract at 31 March 2024 are as follows:

Private Finance Initiatives and Similar Contracts as at 31 March 2024	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Payable in 2024/25	3,936	1,514	1,981	7,431
Payable Within 2-5 Years	15,175	7,765	6,783	29,723
Payable Within 6-10 Years	15,386	16,981	4,787	37,154
Payable Within 11-15 Years	2,761	3,788	250	6,799
Total	37,258	30,048	13,801	81,107

Outstanding Liability to the Contractor

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

31 March 2023 £000s	Outstanding Liability to the Contractor	31 March 2024 £000s
(33,008)	Balance at Start of Year	(31,507)
1,501	Payments	1,460
(31,507)	Balance Outstanding at Year End	(30,047)

Note 21 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the Capital Expenditure and Capital Financing table, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue at the time assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). This is a measure of the capital expenditure incurred historically by the Council that is financed by borrowing and consequently has not yet been charged against the Council's usable reserves.

In 2022/23 guidance was released that allowed this principle to be applied to the capital element of the Private Finance Initiative in either 2022/23 or 2024/23 so that the charges made relate to the life of the asset, not the contract. This gave the adjustment shown to the statutory repayment of debt. See Note 20 for further information on the flexibility

31 March 2023 £000s	Capital Expenditure and Capital Financing	31 March 2024 £000s
511,227	Opening Capital Financing Requirement	567,654
	Capital Investment	
126,864	Property, Plant and Equipment	93,849
269	Intangible Assets	99
-	Revenue Expenditure Funded through Capital	-
	Sources of finance	
(198)	Capital receipts	(2,364)
(266)	Loan Repayment Received (ELHA)	(275)
(44,152)	Government grants	(27,290)
(18,925)	Other Contributions	(8,673)
(450)	Direct Revenue Contributions	(1,957)
-	Direct Revenue Contributions PPP Adjust	409
-	Grants (Revenue Expenditure Funded through Capital)	-
(6,715)	Statutory Repayment of Debt	(10,602)
-	PPP - Flexibility	14,193
567,654	Closing Capital Financing Requirement	625,043

Note 22 Impairment and Revaluation Losses Charged to SDPS

An impairment loss is a reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

During 2023/24, impairment losses were recognised in the Surplus or Deficit on the Provision of Services (SDPS) as stated in Note 14 totalling £0.647 million (2022/23: £1.820 million). This related to assets impaired due to damage or shortened asset lives.

Revaluation losses charged to SDPS, as stated in Note 8, were £0 million in 2023/24 (2022/23: £8.581 million). In 2022/23 the predominant element arose from valuations for Council Dwellings.

There is no equivalent impairment for 2023/24 due to the full valuation undertaken.

The impairment charges and revaluation losses for 2022/23 included charges for those properties where usage has been curtailed due to confirmation of structural issues arising from Reinforced Autoclaved Aerated Concrete (RAAC). Future impairments for other assets due to RAAC still may arise. There was no further impairment identified in 2023/24.

Note 23 Long Term Investments

The following long-term investments are held as designated through Other Comprehensive Income and Expenditure, which the Council considers to equal the net assets of the related companies.

31 March 2023 £000s	Long Term Investments	31 March 2024 £000s	Details
4,104	Lothian Buses plc	4,812	East Lothian Council holds 200,000 ordinary shares representing 3.1% of the share capital.
210	East Lothian Investments Limited	211	The Council's interest, estimated as 40% was inherited from the former Lothian Investments Board. No dividends are received.
558	East Lothian Land	638	Set up in 2000 for the purpose of managing land to support economic development. The Council is the sole shareholder. No dividends are received.
-	Racecourse Media Group (RMG)	-	Membership arises as part of the management of media rights in relation to Musselburgh racecourse. If the media management arrangements cease the Council has to surrender the shareholding. Consequently, no market value is anticipated for the holding.
4,872	Total	5,661	

In the Council's group accounts East Lothian Land is treated as a subsidiary and East Lothian Investments is treated as an associate. They are carried at fair value reflecting the potential for adverse changes which would affect the historic cost of the initial investments. Other group entities have insignificant historic cost investment values and are treated as carried at historic cost, since no significant impairment of

the historic cost of the impairment is possible. The Council's share of the net assets of joint ventures and associates is presented in the group accounts. Lothian Buses is not part of the Council's group and is therefore carried at fair value to fully reflect the Council's interest in the organisation at the balance sheet date.

Note 24 Long Term Debtors

In addition to short term debt, the Council is owed money by a small number of people and organisations that will be repaid over a period

greater than one year, which is summarised below:

31 March 2023 £000s	Long Term Debtors	31 March 2024 £000s	Purpose
419	Private property owners - Common Repairs	399	Repairs to private property funded by secured ELC loans
1	Employees - Car/Other Loans	1	Loans to employees repaid over 3-5 years
7,914	East Lothian Housing Association	7,629	Loans secured on land and houses
(66)	Expected Credit Loss ELHA	(55)	Lifetime expected credit loss on East Lothian Housing Association loan above
33	Long Term VAT Debtor	33	VAT not immediately reclaimable
9	Other	9	Loans secured on houses
8,310	Total	8,016	

Note 25 Inventories

Inventories include materials or supplies held which will be used in the provision of services, as well as assets in the process of production for sale or distribution. Inventories are measured at the lower of cost and net realisable value.

31 March 2023	Inventories	31 March 2024
£000s		£000s
828	Stocks to be consumed in service provision	906
828	Total	906

Note 26 Short Term Debtors

A debtor is an amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of the accounting period. The amount owed to the Council as at 31 March 2024 is presented in the table. Based on past experience and our assessment of collection risks, we have made provision against non-payment of these debts, which reduces the reported value of the debtors.

31 March 2023 £000s	Short Term Debtors	31 March 2024 £000s
8,376	Central Government bodies	9,573
950	Other local authorities	1,090
2,981	NHS bodies	2,395
2	Public corporations and trading funds	-
12,393	Trade and other receivables	7,806
2,683	HRA rents	2,548
13,118	Taxpayers - Council Tax	14,877
4,564	Prepayments	1,682
45,067	Total	39,971

31 March 2023 £000s	Short Term Debtors Provision Against Non-Payment	31 March 2024 £000s
(3,610)	Other Receivables	(3,524)
(1,635)	Tenants - Council House Rents	(1,693)
(9,857)	Taxpayers - Council Tax	(11,968)
(15,102)	Total	(17,185)
29,965	Short Term Debtors Total	22,786

Note 27 Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

31 March 2023					31 March 2024				
Financial Instruments					Financial Instruments				
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s
Cash & Cash Equivalents	Debtors	Investments	Debtors	Financial Assets and Other Debtors	Cash & Cash Equivalents	Debtors	Investments	Debtors	Total
Short Term		Long Term			Short Term		Long Term		
12,384	23,652	-	8,277	Held at Amortised Cost	13,201	17,015	-	7,982	38,198
-	-	4,872	-	Designated Equity Instruments held at Fair Value Through Other Comprehensive Income (FVOCI)	-	-	5,661	-	5,661
-	6,313	-	33	Other Debtors (Not Financial Assets)	-	5,771	-	32	5,803
12,384	29,965	4,872	8,310	Total Financial Assets and Other Debtors	13,201	22,786	5,661	8,014	49,662
Borrowings	Creditors	Borrowings	Creditors	Financial Liabilities	Borrowings	Creditors	Borrowings	Creditors	Total
Short Term		Long Term			Short Term		Long Term		
(14,031)	(39,323)	(430,243)	(25,803)	Held at Amortised Cost	(15,491)	(29,585)	(482,113)	(24,754)	(551,943)
-	(32,019)	-	(31,875)	Non-Financial Instruments	-	(32,680)	-	(42,164)	(74,844)
(14,031)	(71,342)	(430,243)	(57,678)	Total Financial Liabilities	(15,491)	(62,265)	(482,113)	(66,918)	(626,787)

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. For most of the loans that the authority has made, this means that the amount

presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to either the relevant service for receivables specific to that service, or the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying

amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income (FVOCI)

With the introduction of IFRS 9, an equity instrument can be elected into a 'Fair Value Through Other Comprehensive Income' treatment rather than 'fair value through profit or loss', if it is not held for trading. The impact of an election in relation to an equity instrument to post gains/losses to other comprehensive income, is that movements in fair value will not be debited/credited to the Surplus or Deficit on the Provision of Services as they arise. Instead, movements will be accumulated in the Financial Instruments Revaluation Reserve until the asset is derecognised, at which point the net gain or loss would be transferred to the General Fund Balance, and the gain/loss is recognised in the 'Surplus or Deficit from Investments in Equity Instruments Designated at Fair Value Through Other Comprehensive Income'.

The Council has designated some of its Long Term Investments (see Note 23) as Fair Value through Other Comprehensive Income, as they are not held for trading or income generation, rather, longer term policy initiatives. The Council has no current intention to dispose of these shareholdings.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- Instruments with quoted market prices – market price,
- Other instruments with fixed and determinable payments – discounted cash flow analysis,
- Equity shares with no quoted market prices – multiple valuation techniques (which include market approach, income approach and cost approach).

The inputs to the measurement techniques are categorised in accordance with the fair value hierarchy detailed in Note 40.

Where fair value cannot be measured reliably, the instrument is carried at cost less any impairment losses.

Financial Instruments Gains and Losses

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

2022/23			2023/24		
Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Financial Instruments Income, Expenses, Gains & Losses	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	
£000s	£000s		£000s	£000s	
		<i>Net Gains/Losses on:</i>			
-	174	Investments in Equity Instruments designated at FVOCI	-	(789)	
109	-	Financial Assets carried at Amortised Cost: Impairment Allowance	505	-	
109	174	Total Net Gains/Losses	505	(789)	
		<i>Interest Revenue:</i>			
(1,027)	-	Financial Assets measured at Amortised Cost	(1,534)	-	
-	-	Other Financial Assets measured at FVOCI	-	(100)	
(1,027)	-	Total Interest Revenue	(1,534)	(100)	
16,160	-	Interest Expense	18,959	-	
11	-	Fee Expense	26	-	

Financial Liabilities and Financial Assets – Fair Value

As at 31 March 2024, the Council held £43.859 million (2022/23: £49.185 million) financial assets and £582.632 million (2022/23: £541.616 million) financial liabilities. The financial liabilities are held with PWLB, PFI and Market lenders. All of these borrowings were not quoted on an active market and a market valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach,

which provides an estimate of the value of payments in the future in today's terms as at the Balance Sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses New Borrowing Rates to discount the future cash flows.

The fair values are shown in the Financial Liabilities and Financial Asset tables.

31 March 2023			31 March 2024	
Carrying Amount	Fair Value	Financial Liabilities	Carrying Amount	Fair Value at Level 2
£000s	£000s		£000s	£000s
(403,880)	(317,260)	PWLB Debt	(467,247)	(400,594)
(40,394)	(36,762)	Non-PWLB Debt	(30,357)	(24,582)
(39,323)	(39,323)	Short Term Creditors	(29,584)	(29,584)
(1,527)	(1,527)	Short Term Finance Lease Liability	(1,583)	(1,583)
(25,804)	(25,804)	Long Term Creditors	(24,754)	(24,754)
(30,688)	(30,688)	Long Term Finance Lease Liability	(29,105)	(29,105)
(541,616)	(451,364)	Total Liabilities	(582,630)	(510,202)

31 March 2023			31 March 2024	
Carrying Amount	Fair Value	Financial Assets	Carrying Amount	Fair Value at Level 2
£000s	£000s		£000s	£000s
12,384	12,384	Cash & Cash Equivalents (Short term Investments)	13,201	13,201
4,872	4,872	Long Term Investments	5,661	5,661
23,652	23,652	Short Term Debtors	17,015	17,015
8,277	8,277	Long Term Debtors	7,982	7,982
49,185	49,185	Total Assets	43,859	43,859

The fair value of the liabilities is less than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans, where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £400.594 million measures the economic effect of the terms agreed with the

PWLB, compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value, measures the lower value of interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

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,
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements,
- 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 required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as

well as written policies (covering specific areas such as interest rate risk, credit risk and the investment of surplus cash).

Expected Credit Losses / Credit Risk

The changes in the loss allowance for investments and trade receivables during the year are shown in the Expected Credit Loss table.

31 March 2023			Expected Credit Loss (ECL)	31 March 2024		
12 Month	Lifetime	Lifetime		12 Month	Lifetime	Lifetime
ELHA	ELHA	Sundry Accounts	ELHA	ELHA	Sundry Accounts	
£000s	£000s	£000s	£000s	£000s	£000s	
-	11	2,433	Opening Balance	-	66	2,235
-	55	(198)	Changes in Models/Risk Parameters	-	(10)	(116)
-	66	2,235	Closing Balance	-	56	2,119

During the year the authority wrote off financial assets with a contractual amount outstanding of £0.129 million (£0.256 million in 2022/23).

The Expected Credit Loss (ECL) required under IFRS 9 was calculated for East Lothian Housing Association (ELHA) on a lifetime expected credit loss basis. This was based for ELHA on an 85% expectation of full collection, an 11% expectation of 99.98% collection (this rate was provided by a professional rating agency) and a 4% expectation of a 82% collection due to current economic conditions of the carrying amount of £7.914 million.

Also to comply with IFRS 9, the ECL calculation of the Sundry Accounts provides for lifetime expected losses. This is calculated using a simplified approach methodology based on the type and age of the debt. The age of the debt is shown in the Credit Risk table.

31 March 2023	Credit Risk	31 March 2024
£000s		£000s
4,981	Less than one month (not past due date)	2,158
4,640	Between 1 and 3 months	653
518	Between 3 and 12 months	557
554	Between 1 and 2 years	457
787	Between 2 and 5 years	782
909	More than 5 years	1,007
12,389	Total	5,614

Market Risks

Price Risk

The Council does not generally invest in equity shares or marketable bonds.

However, it does have interests with a carrying value of £5.661 million (2022/23: £4.872 million) in a number bodies. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in their carrying value. Where the historic cost of the interest could result in a substantive impairment loss to the Council, or where the entity is not part of the Council's group, the interests are classified as Equity Instruments Designated as Fair Value through Other Comprehensive Income. Consequently movements in the carrying values will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve.

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. Instead, it only acquires shareholdings in return for “open book” arrangements with the company concerned, so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

On behalf of the Trusts and Common Good Funds, the Council does invest in equities and bonds via a professional investment management company. The investment managers seek to secure and grow the capital value of the funds whilst generating a return on those assets that the Trusts and Common Goods can use. The choice of investments is at the discretion of the investment managers, guided by the underlying objective of securing the current and longer-term value of the funds.

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.

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 CIES will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the CIES will rise; and

- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other CIES.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council’s prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. 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; similarly the drawing of longer term fixed rate borrowing would be postponed.

According to this assessment strategy, at 31 March 2024, if all interest rates had been 1% higher (with all other variables held constant) the financial effect is shown in the Interest Rate Risk table.

31 March 2023 £000s	Interest Rate Risk	31 March 2024 £000s
347	Increase in Interest Payable on Variable Rate Borrowings	359
(149)	Increase in Interest Receivable on Variable Rate Borrowings	(99)
198	Impact on Surplus or Deficit on the Provision of Services	260
86	Share of overall impact debited to the HRA	116
(42,199)	*Decrease (Increase) in Fair Value of Fixed Rate Borrowings Liabilities	79,069

**No impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure*

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair Value of Assets and Liabilities carried at Amortised Cost.

Liquidity Risk

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 a comprehensive cash flow management system, as required by the CIPFA Code of Practice; this seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

All short term debtors are due to be paid to the Council in less than one year.

Refinancing and Maturity Risk

The Council maintains a significant debt portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period.

Actual 31 March 2023 £000s	Refinancing and Maturity Risk	Approved Minimum Limits	Approved Maximum Limits	Approved Maximum Limits 2023/24 £000s	Actual 31 March 2024 £000s
21,986	Less than 1 year	0%	20%	100,760	22,828
9,159	Between 1 and 2 years	0%	30%	151,141	5,723
28,775	Between 2 and 5 years	0%	40%	201,521	55,697
63,604	Between 5 and 10 years	0%	40%	201,521	100,755
38,390	Between 10 and 20 years	0%	75%	377,851	39,501
15,902	Between 20 and 30 years	0%	75%	377,851	37,902
105,396	Between 30 and 40 years	0%	75%	377,851	93,396
168,000	Over 40 years	0%	75%	377,851	148,000
451,212	Total				503,802

Note 28 Short Term Creditors

A creditor is an amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period. The amounts owed by the Council as at 31 March 2024 were:

31 March 2023 £000s	Short Term Creditors	31 March 2024 £000s
(13,535)	Central government bodies	(12,562)
(3,129)	Other local authorities	(3,106)
(2,513)	NHS bodies	(516)
(2)	Public corporations	(1)
(24,135)	Trade and Other Payables	(20,278)
(3,244)	Income in Advance	(2,452)
(5,889)	Other Employee Costs	(7,080)
(11,499)	Other Related Parties	(10,152)
(1,526)	PPP & Finance Leases	(1,583)
(65,472)	Total	(57,730)

Note 29 Provisions, Contingent Liabilities and Contingent Assets

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

For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Opening Balance at 1 April 2022	Provisions Made in 2022/23	Provisions Transfers between short & long term in 2022/23	Closing Balance at 31 March 2023	Provision	Opening Balance at 1 April 2023	Provisions Made in 2023/24	Provisions Reversed in 2023/24	Provisions Used in 2023/24	Provisions Transfers between short & long term in 2023/24	Closing Balance at 31 March 2024
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s
-	-	-	-	Municipal Mutual	-	-	-	-	-	-
(350)	(127)	(516)	(993)	Other	(993)	(242)	-	-	-	(1,235)
(350)	(127)	(516)	(993)	Current Provisions	(993)	(242)	-	-	-	(1,235)
(109)	(59)	-	(168)	Municipal Mutual	(168)	(50)	-	-	-	(218)
(516)	-	516	-	Other	-	-	-	-	-	-
(625)	(59)	516	(168)	Non-Current Provisions	(168)	(50)	-	-	-	(218)
(975)	(186)	-	(1,161)	Total Provisions	(1,161)	(292)	-	-	-	(1,453)

Provisions are not recognised for individual, non-aggregating, amounts of less than £30,000. The Council maintains an Insurance Fund reserve (see Note 32) with balances to support future settlements arising from both known and unknown liabilities which are not regarded as meeting the criteria for creation of a provision.

Provisions are charged to the appropriate service revenue account in the CIES in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Municipal Mutual

During the early 1990s, Municipal Mutual Insurance Limited (MMI), which was the main insurer of local authorities across the country, ran into financial difficulties. The MMI business was subsequently acquired by another insurance company with the plan to wind-up its activities. Previously, the expectation was that there would be a solvent run-down of the business and that there would be sufficient funds to meet all the current and future insurance claims. During 2012/13 however, East Lothian Council as one of the company's creditors, was informed that a solvent run-down is now unlikely and a pre-arranged Scheme of Arrangement would be triggered. Under the scheme, the creditors are required to pay a levy designed to meet the deficit between assets and liabilities. The determination of any settlement amount is dependent on finalisation of the claims being settled.

Other Provisions

At 31 March 2024 'other provisions' includes estimated allowances for:

- An employment related dispute which is anticipated to require a settlement to be made with the final amount to be determined.

- An estimated obligation relating to lease dilapidation commitments arising from the cessation of the lease and occupation of Randall House in October 2023. The actual costs involved are subject to ongoing discussions and revisions as the end of the lease approaches. At the date of signature of the annual accounts negotiations are continuing.
- Potential settlements, in excess of any insurance cover, related to two historic child abuse claims. Other claims are treated as a contingent liability (see below).
- An estimated settlement relating to employment tribunal cases lodged by the GMB union relating to 10 claimants. This excludes further potential settlements which may be required relating to the Harpur versus Brazel determination on holiday pay, which is treated as a contingent liability (see below).

Due to the ongoing nature of the issues above it is not appropriate to include further details on these matters. The determination of any settlement amounts is anticipated to occur during 2023/24.

Contingent Liability -Historic Child Abuse Claims

A change in legislation has removed a time-limit for compensation claims related to child abuse cases. The Council recognises that this could result in a potential liability to the authority, however the likelihood of such a liability which might arise from historic or current cases cannot be quantified, nor can the extent to which insurance policy cover may reimburse the Council for such claims. Consequently the Council has only recognised a provision for two settlements, but considers other claims, or potential claims, to be a contingent liability.

Contingent Liability - Common Good Assets Judicial Review

Following a judicial review decision, and the issue by East Lothian Council of a public consultation on the identification of Common Good assets, a number of assets were transferred from East Lothian Council's balance sheet to the Common Good Funds in the 2020/21 annual accounts. Common Good building assets currently used by the Council to deliver services have been treated as finance lease assets and remain on the Council's balance sheet. This is on the basis that formal arrangements for continued Council use of the assets, which recognise and reflect the Common Good ownership of those assets, are anticipated to be agreed. Consequently the Council considers any potential remaining transfers to be a contingent liability.

Contingent Liability - Reinforced Autoclaved Aerated Concrete (RAAC)

Survey works confirmed the presence of RAAC in Brunton Hall, which is leased from the Musselburgh Common Good fund, with substantial areas of the building's roof being affected. Repair works are anticipated but this will not be quantifiable until final surveys are complete and the full options report is provided to the Council which will outlay the anticipated costs. Consequently the Council has not recognised a provision for potential repair work, but considers them to be a contingent liability.

Contingent Liability – Historic Holiday Pay Claims (Harpur Trust vs Brazel Judgement)

A final appeal judgement has been delivered in the Harpur Trust vs Brazel case. The case referred to the correct calculation of holiday pay entitlement which is based on normal weekly pay including additional elements such as overtime and shift allowances. The ruling concluded that the calculation for part-year workers, for example those working only during school terms, should not be pro-rata to a full time equivalent but requires that the minimum 5.6 weeks entitlement should be based on full working weeks. Consequently the Council now anticipates that some historic employment tribunal cases relating to holiday pay may now require a final settlement, and some further claims may be lodged within the required time limit. A quantification of the potential liability is not currently available and the Council is actively assessing the potential financial impact.

Contingent Asset – VAT Reclaim for Leisure and Sporting Activities

The Council plans to lodge a VAT reclaim relating to the historic VAT treatment of leisure and sporting activities by HMRC. The Council considers that there is a valid claim, however the criteria for receiving a repayment, including the methodology and extrapolation applied, means that a practicable estimate of any reclaim amount is not possible.

Note 30 Long Term Liabilities

Long term liabilities are creditors whom the Council is not due to pay within the next 12 months.

31 March 2023 £000s	Other Long Term Liabilities	31 March 2024 £000s	Description of Liability
(25,804)	Deferred Liabilities - Developers Contributions	(24,754)	These amounts represent the payments received from developers and are linked to future capital spending. Funding is retained until project is completed.
(343)	Deferred Liabilities - Rental Income in Advance	(339)	Income to be released over the lease period.
(676)	Other	(699)	Other long term commitments including lifetime replacement of 3G pitches and tennis courts, and reimbursement of coastal protection works undertaken by a third party.
(30,687)	PPP and Finance Lease Liabilities	(29,103)	This amount represents the outstanding obligations that the council has in relation to finance and PFI leases. More details are provided in Notes 16 and 17.
(57,510)	Total Long Term Liabilities	(54,895)	

Note 31 Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered by the Lothian Pension Fund operated by the City of Edinburgh Council – this is a funded defined benefit career average revalued earning (CARE) scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, no investment assets are built up to meet these pension liabilities and cash has to be generated to meet actual payments as they fall due.

The Lothian Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme (LGPS) and the governance of the scheme is the responsibility of the pensions committee of City of Edinburgh Council. Policy is determined in accordance with the pension fund regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to

the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund and Housing Revenue Account the amounts required by statute as described later in this note.

Discretionary Post-Retirement Benefits

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

Transactions relating to retirement benefits

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

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

the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

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

Effects of Recent Court Cases

- Goodwin - An employment tribunal case (Goodwin v Department for Education) has also established a requirement that UK LGPS funds should pay equal survivor benefits between same and opposite sex widowers. The remedy is still uncertain however actuarial advice is that the impact may be to increase pension liabilities by approximately 0.1% to 0.2%. On this basis actuarial advice is that a specific adjustment is neither necessary or appropriate due to the low impact they perceive this would have.
- Other Court Cases – other court cases that may impact future LGPS benefits are Walker and O’Brien. The actuarial assessment is that these are unlikely to be significant judgements. No allowance has been made until further information is available.

31 March 2023 £000s	Defined Benefit Pension Schemes	31 March 2024 £000s
Comprehensive Income and Expenditure Statement		
Cost of Service Comprising:		
41,943	Current Service Cost	21,524
-	Past Service Costs (Including Curtailments)	142
Financing and Investment Income and Expenditure		
2,937	Net Interest Expense	511
44,880	Total Post Employment Benefit Charged to the Surplus or Deficit	22,177
Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the Net Defined Benefit Liability Comprising:		
3,969	Return on Plan Assets (Excluding the Amount Included in the Net Interest Expense)	(10,737)
(334,943)	Actuarial Gains and Losses Arising on Changes in Financial Assumptions	(22,777)
(6,404)	Actuarial Gains and Losses Arising on Changes in Demographic Assumptions	(11,110)
-	Elimination of Prior Year Asset Ceiling and Interest Effect	(194,451)
185,633	Application of Asset Ceiling in Current Year	172,411
42,004	Other Remeasurement Experiences	67,930
(109,741)	Post-Employment Benefits Charged (Credited) to Other Comprehensive Income and Expenditure	1,266
(64,861)	Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	23,443
Movement in Reserves Statement		
(23,141)	Reversal of Net Charges Made to the Surplus or Deficit on the Provision of Services for Post-Employment Benefits in Accordance with the Code.	1,655
Actual Amount Charged Against the General Fund Balance for Pensions in the Year		
21,739	Employers Contributions Payable	23,832

The difference between previous estimates based on the formal valuation at 31 March 2020 and estimates using the latest formal valuation of 31 March 2023 are reflected in the 'Other Remeasurement Experience' element of Other Comprehensive Income and Expenditure actuarial changes. Changes arising from the Pensions Increase Order (April 2024) are similarly included.

Statutory Charge to the General Fund/HRA

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

We recognise the cost of retirement benefits in the reported cost of services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so

the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the MiRS. The Defined Benefit Pension Schemes table shows transactions have been made in the CIES and the General Fund Balance via the MiRS during the year.

Lothian Pension Fund –Asset Ceiling

The Council's actuarial advisers have estimated that the Council's attributable share of the Lothian Pension Fund (Local Government Pension Scheme) assets exceed the Council's estimated pension funded liabilities. The Council has assessed that, given the legislative obligations and framework for the Council's ongoing participation in the LGPS, the Council has no unconditional right to a refund of the surplus assets of the scheme. Additionally, taking cognisance of the minimum funding requirements of the scheme, the actuarial comparison of the present value of future service costs to the present value of future service contributions indicates that no economic benefit is expected to be available through a reduction in contributions. Therefore, as in 2022/23, an 'asset ceiling' has been applied and reflected in Other Comprehensive Income and Expenditure. Consequently, only the unfunded pension liability is recognised on the balance sheet.

Pension assets and liabilities recognised in the Balance Sheet

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

31 March 2023 £000s	Pension Assets and Liabilities Recognised in the Balance Sheet	31 March 2024 £000s
	Pension Assets and Liabilities Recognised in the Balance Sheet	
(607,963)	Present Value of the Defined Benefit Obligation	(659,705)
781,402	Fair Value of Plan Assets	647,900
(185,633)	Asset Ceiling Cap	-
(12,194)	Net (Liability) Asset Arising from Defined Benefit Obligation	(11,805)

The Reconciliation of the Movements in the Fair Value of the scheme assets is as follows:

31 March 2023 £000s	Reconciliation of the Movements in the Fair Value of the Scheme Assets	31 March 2024 £000s
755,013	Opening Fair Value of Scheme Assets	595,769
20,503	Interest Income	37,286
-	Remeasurement Gain/(Loss):	-
(3,969)	Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	10,737
-	Interest on the effect of the prior year asset ceiling	(8,818)
21,739	Contributions from Employer	23,832
5,511	Contributions from Employees into the Scheme	5,936
(17,395)	Benefits Paid	(25,902)
-	Other Experience	(12,980)
	Elimination of Prior Year Asset Ceiling Cap and Interest Effect	194,451
(185,633)	Asset Ceiling Cap Applied at 31 March	(172,411)
595,769	Closing Fair Value of Scheme Assets	647,900

The reconciliation of the present value of the scheme liabilities is as follows:

2022/23 £000s	Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2023/24 £000s
(853,807)	Opening Balance at 1 April	(607,963)
(41,943)	Current Service Cost	(21,524)
(23,440)	Interest Cost	(28,979)
(5,511)	Contributions from Scheme participants	(5,936)
	Remeasurement (Gains) and Losses:	
334,943	Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	22,777
6,404	Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	11,110
(42,004)	Other	(54,950)
-	Past Service Cost	(142)
17,395	Benefits Paid	25,902
(607,963)	Closing Balance at 31 March	(659,705)

The maturity profile of the scheme liabilities is as follows:

Maturity Profile of Defined Benefit Obligation	Liability Split £000s	Liability Split %
Active Members	(305,531)	47.2%
Deferred Members	(68,369)	10.6%
Pensioner Members	(274,000)	42.3%
Total for Funded Obligations	(647,900)	100.0%
Unfunded Pensioner Liabilities	(11,805)	
Total Pension Liability	(659,705)	

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Local Government Pension Scheme liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. The liabilities for the Lothian Pension Fund at 31 March 2024 have been assessed by rolling forward the value of the liability calculated at the latest formal valuation date (31 March 2023), allowing for the different financial assumptions required under the Accounting Standard at the reporting date.

The liability includes an approximate allowance for the McCloud judgement and Guaranteed Minimum Pension (GMP) indexation.

The main financial assumptions in the actuaries' calculations are shown in the tables.

Male 2022/23	Female 2022/23	Mortality Assumptions Longevity at Age 65	Male 2023/24	Female 2023/24
19.9	22.9	Current Pensioners	20.3	23.2
21.2	24.7	Future Pensioners	21.2	24.9

2022/23	Rate of Inflation	2023/24
3.5%	Rate of Increase in Salaries	3.5%
3.0%	Rate of Increase in Pensions	2.8%
4.8%	Rate for Discounting Scheme Liabilities	4.8%

The following sensitivity analysis demonstrates the potential effect on the defined obligation in the scheme as a result of changes in the underlying assumptions:

Impact on the Defined Benefit Obligation in the Scheme	Approximate % Increase to Defined Benefit Obligation	Approximate Monetary Amount
Actuarial Assumptions Sensitivity Analysis	%	£000s
0.5% decrease in Real Discount Rate	2%	12,017
0.5% increase in the Salary Increase Rate	0%	780
0.5% increase in the Pension Increase Rate	2%	11,440

The fair value of the Lothian Local Government Pension Scheme Assets was determined as indicated in the table. An analysis of the Lothian LGPS scheme assets is available in the most recent [Lothian Pension Fund annual report and accounts](#).

31 March 2023	Scheme Assets Fair Value	31 March 2024
£000s		£000s
614,064	Quoted Prices in Active Markets	623,278
167,338	Quoted Prices not in Active Markets	197,033
781,402	Total	820,311

Impact on Council's Cash Flows

Due to the external financial environment, there has been a significant movement in the valuation of the pension balance. As at 31 March 2024 the actuarial assessment is that the Council's pension assets exceed the estimated funded pension liabilities. As noted above the Council has applied an 'asset ceiling' accounting treatment and therefore an unfunded pension liability is recognised. Statutory arrangements for funding the Lothian Pension Fund LGPS however mean that the Council expects to continue to make employer contributions in future years, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2024 is £17.538 million.

Pension schemes accounted for as defined contribution schemes

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

The scheme is a defined benefit scheme. Although the scheme is unfunded, the STPS uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees.

This means it is not possible to identify the extent to which a surplus or deficit in the scheme may affect the amount of future contributions. For the purposes of the Annual Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2023/24, the Council paid £12.442 million (2022/23: £11.5 million) to the Scottish Teachers Superannuation Scheme in respect of teachers' retirement benefits, representing 23% of pensionable pay (2022/23: 23%). The estimated contribution for 2024/25 is £14.486 million based on estimated pay increases and a revised employer's contribution rate of 26%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement, outside of the terms of the STPS. In 2023/24, the Council paid £0.470 million (2022/23: £0.454 million) to teachers' pensions in respect of these retirement benefits.

Ex-Gratia Scheme

Under Regulation 45 of The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998, the Council awarded an Ex-Gratia discretionary allowance to retiring employees in respect of service for which they were ineligible to join the pension fund prior to 1986.

In 2023/24, the Council paid £0.051 million (2022/23: £0.048 million) to individuals. The estimated value of future liabilities based on actuarial mortality estimates is £0.196 million.

Note 32 Usable Reserves

Usable Reserve	General Fund £000s	Capital Grants Unapplied £000s	Capital Fund £000s	Insurance Fund £000s	Housing Revenue Account £000s	Total £000s
Balance at 31 March 2023	(26,414)	-	(14,607)	(2,684)	(1,487)	(45,192)
(Surplus) / Deficit on Provision of Service	9,010	-	-	-	26,125	35,135
Depreciation charged to Revaluation Reserve	(15,757)	-	-	-	(4,011)	(19,768)
Adjustments Between Accounting and Funding Basis	1,307	(3,106)	(1,721)	-	(22,162)	(25,682)
Transfers Between Reserves	(2,315)	-	2,315	-	-	-
Balance at 31 March 2024	(34,169)	(3,106)	(14,013)	(2,684)	(1,535)	(55,507)

General Fund Balance

The General Fund is the statutory fund into which all of the receipts of an Authority are required to be received and which all of the liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

Capital Grants Unapplied Account

Capital contributions, where the Council has met the conditions of the contribution but has not yet applied the funding, were recognised in the year. The contributions of £3.106 million (2022/23: £Nil) predominantly relate to contributions for work on the A1 Junction.

Capital Fund

The Council has statutory powers to hold a Capital Fund to meet future capital investment costs, either reducing loans fund advances or to fund the principal repayments of the loans fund. During the year, under the terms of Finance Circular 6/2023 which provides flexibility related to pay award costs, the Council transferred some £2.315 million of capital grant into the fund. This was then transferred to the General Fund to support the statutory repayment of debt for capital expenditure. Some £1.869 million of the balance at 31 March 2024 (31 March 2023: £1.803 million) relates to the Housing Revenue Account (HRA) to be used for the benefit of HRA tenants.

Insurance Fund

The Insurance Fund is used where the authority could insure against a risk but has chosen not to do so, defraying any loss or damage suffered or expenses incurred by the authority as a consequence of that risk. It can also be used to pay premiums on a policy to insure against a risk. The Council determined that no transfers to or from the Insurance Fund were required in 2023/24 (2022/23: Nil).

Housing Revenue Account

The Housing Revenue Account reflects a statutory obligation to maintain a revenue account for local authority housing provision in line with the Housing (Scotland) Act 1987. It contains the balance of

income and expenditure as defined by the 1987 Act that is available to fund future expenditure in connection with the Council's landlord function.

Note 33 Earmarked Elements of the General Fund

The amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24 are:

Balance at 1 April 2022	Transfers Out	Transfers In	Balance at 31 March 2023	Council Earmarked Balance	Balance at 1 April 2023	Transfers Out	Transfers In	Balance at 31 March 2024
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
-		(5,826)	(5,826)	Transformation Fund	(5,826)	1,042	(13,741)	(18,525)
(2,433)	996	(816)	(2,253)	Other Ring-fenced Funds	(2,253)	428		(1,825)
(1,032)		(431)	(1,463)	Statutory Earmarking of Council Tax Income for Affordable Housing	(1,463)	-	(161)	(1,624)
-				SFT Earmarked Reserve (Rosehill Campus, Wallyford)	-		(1,292)	(1,292)
(1,148)			(1,148)	Devolved School Management Balances	(1,148)	-	-	(1,148)
(8,707)	183		(8,524)	Committed for Future Budgets	(8,524)	9,727	(2,315)	(1,112)
-				- Service Concession (PPP) Reserve (support for deferred charge)	-		(1,043)	(1,043)
(5,479)	5,479			- COVID-19 Funding	-			-
(3,445)	3,445			- Cost Reduction Fund	-			-
(2,282)	2,282			- General Services Capital	-			-
(2,000)	2,000			- Civil Emergency Fund	-			-
(440)	440			- Other Balances	-			-
(36)	36			- Mid and East Lothian Drugs & Alcohol Project	-			-
(27,002)	14,861	(7,073)	(19,214)	Total Earmarked Balances	(19,214)	11,197	(18,552)	(26,569)
			(7,200)	Uncommitted General Fund (General Services) Balance				(7,600)
			(26,414)	Total General Fund (General Services) Balance				(34,169)

Note 34 Unusable Reserves

Unusable reserves cannot be used to support services. Unusable reserves include gains and losses which will only become available to support services if the assets are sold. These gains and losses are referred to as unrealised. The authority has several different unusable reserves, the balances of which are shown in this table, with expanded explanations below.

31 March 2023 £000s	Unusable Reserve	31 March 2024 £000s
(359,259)	Revaluation Reserve	(414,568)
12,194	Pensions Reserve	11,805
5,422	Employee Statutory Adjustment Account	6,484
(340,119)	Capital Adjustment Account	(314,216)
(3,873)	Financial Instruments Revaluation Reserve	(4,662)
2,054	Financial Instruments Adjustment Account	1,922
(683,581)	Total	(713,235)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its PPE. 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
- Disposed of, or de-recognised, and the gains are realised.

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

31 March 2023 £000s	Revaluation Reserve	31 March 2024 £000s
(316,645)	Balance at 1 April	(359,259)
(68,262)	Upward Revaluation of Assets	(90,030)
9,541	Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services	14,448
(58,721)	Surplus of Deficit on Revaluation of Non-Current Assets not Posted to the Surplus or Deficit on the Provision of Services	(75,582)
15,977	Depreciation charged to the Revaluation Reserve	19,769
130	Accumulated Gains on Assets Sold or Scrapped	504
(359,259)	Balance at 31 March	(414,568)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pension for which it is directly responsible. A debit balance on the Pensions Reserve therefore indicates a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. In that event the statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

As at 31 March 2023 the actuarial assessment is that the Council's pension assets exceed the estimated funded pension liabilities. The Council has assessed that, given the legislative obligations and framework for the LGPS and estimated future service costs and contributions, the Council is not anticipated to obtain economic benefits from either a refund of the surplus or from future contribution reductions. Instead, as for 2022/23, an asset ceiling limit is applied for funded pensions and only the unfunded pension liability is recognised.

31 March 2023 £000s	Pension Reserve	31 March 2024 £000s
98,794	Balance at 1 April	12,194
(295,374)	Actuarial Gains or Losses on Pensions Assets and Liabilities	(171,145)
185,633	Application of Asset Ceiling Cap	172,411
44,880	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the CIES	22,177
(21,739)	Employer's Pension Contributions and Direct Payments to Pensioners Payable in the Year	(23,832)
12,194	Balance at 31 March	11,805

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year (e.g. annual leave entitlements carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer from the account. The balance on the reserve relates solely to employee annual leave.

31 March 2023 £000s	Employee Statutory Adjustment Account	31 March 2024 £000s
4,479	Balance at 1 April	5,422
(4,479)	Settlement or Cancellation of Accrual Made at End of the Preceding Year	(5,422)
5,422	Amount Accrued at the End of the Current Year	6,484
943	Amount by Which Employee Remuneration Charged to the CIES on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	1,062
5,422	Balance at 31 March	6,484

Capital Adjustment Account

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

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancements. The Account also contains revaluation gains accumulated on PPE before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all of the transactions posted to the account.

31 March 2023 £000s	Capital Adjustment Account	31 March 2024 £000s
(309,113)	Balance at 1 April	(340,119)
30,302	Depreciation charged to the Capital Adjustment Account	33,266
254	Intangible asset amortisation charged to the Capital Adjustment Account	307
6,542	Revaluation Gains / Losses on Property, Plant and Equipment	27,664
55	Charges for expected credit loss of Non-Current financial assets funded as capital expenditure	(10)
1,820	Impairment Losses on Property, Plant and Equipment	647
461	Assets Written Off on Disposal or Sale	313
39,434	Net Amounts Written Out of the Cost of Non-Current Assets Consumed in the Year	62,187
	Capital Financing applied in the year	
(198)	Capital Receipts Applied	(2,364)
(63,077)	Capital Grants and Contributions Credited to the CIES that Have Been Applied to Capital Financing	(35,963)
(6,715)	Statutory Provision for the Financing of Capital Investment Charged Against the General Fund and HRA Balances	(10,602)
-	PPP-Permitted Flexibility Adjustment	14,193
(450)	Capital Expenditure Charged Against the General Fund and HRA Balances	(1,957)
-	PPP - Lifecycle Expenditure Charged Against the General Fund Balance Adjustment	409
(70,440)		(36,284)
(340,119)	Balance at 31 March	(314,216)

Financial Instruments Revaluation Reserve

The Financial Instrument Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are designated as measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account adjusts the timing of charges to fund balances for some financial instrument transactions.

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

The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the CIES when they are incurred, but reversed out of the General Fund Balance to the Account in the MiRS. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case this period is the unexpired term that was outstanding on the loans when they were redeemed.

31 March 2023 £000s	Financial Instruments Revaluation Reserve	31 March 2024 £000s
(4,047)	Balance at 1 April	(3,873)
(2)	Upward Revaluation of Investments	(789)
176	Downward Revaluation of Investments	-
174		(789)
(3,873)	Balance at 31 March	(4,662)

31 March 2023 £000s	Financial Instruments Adjustment Account	31 March 2024 £000s
2,323	Balance at 1 April	2,054
(13)	Annual charge for effective interest rate adjustments related to historic stepped interest rate borrowing	123
(256)	Annual recharge of deferred premiums from the refinancing of debt	(255)
(269)	Amount by Which Finance Costs Charged to the CIES are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Provisions	(132)
2,054	Balance at 31 March	1,922

As at 31 March 2024 the balance of the account represented £0.767 million (2022/23: £1.023 million) relating to historic deferred premiums, with three years remaining, arising from the early repayment of debt. The remaining £1.155 million (2022/23: £1.031 million) relates to the adjustment to interest charges for historic stepped interest rate borrowing.

Note 35 Capital Grant Receipts in Advance

The Council has received a number of grants and contributions that have not been recognised as income immediately as the conditions attached to them have not been met. There may be circumstances in which the Council has to return the funds to the provider.

31 March 2023 £000s	Capital Grants & Contributions Receipts in Advance	31 March 2024 £000s
(3,178)	Early Learning and Child Care	(1,815)
(295)	Accelerating Growth Projects	(232)
(1,021)	Town Centre Regeneration Fund	(746)
(61)	Prestongrange RCGF	-
-	Community Intervention funding	(50)
(123)	Roads contributions	(162)
-	Lottery funding	(10)
(100)	Hallam Cemetery contribution	-
(31)	National Trust for Scotland	-
(47)	UK Shared Prosperity Fund	(103)
(21)	Visit Scotland	(182)
(4,877)	Total	(3,300)

Note 36 Grant Income

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

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

Amounts recognised as due to the authority are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. It is stipulated that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

2022/23 £000s	Grant Income	2023/24 £000s
	Credited to Taxation & Non-Specific Grant Income	
(249,532)	Government grants	(242,053)
(19,883)	Non Government grants	(16,796)
(269,415)	Total	(258,849)

2022/23 £000s	Grant Income	2023/24 £000s
	Credited to Services	
(17,020)	Government Grant: Housing Benefit Subsidy	(17,034)
(14,233)	Government Grant & Contributions: NHS	(12,702)
(20,250)	Government Grant & Contributions: Other	(20,306)
(1,863)	Non-Government Grants & Contributions	(1,849)
(53,366)	Total	(51,891)

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out in the General Fund Balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Note 37 Cash Flow Statement – Non Cash Movements

The surplus or deficit on the provision of services (in the Operating Activities section of the Cash Flow Statement) has been adjusted for the following non-cash movements:

Council 2022/23 £000s	Group 2022/23 £000s	Adjustment to Net Deficit on the Provision of Services for Non-Cash Movements	Council 2023/24 £000s	Group 2023/24 £000s
(46,532)	(46,762)	Depreciation and Amortisation	(53,342)	(53,578)
(1,820)	(1,820)	Impairments and Downward Valuations	(647)	(647)
(6,543)	(6,542)	Revaluation of Assets	(27,663)	(27,022)
-	(1,223)	Increase (Decrease) in fair value of investments	-	68
(590)	(590)	Carrying Amount of Non-Current Assets Held for Sale, Sold or Derecognised	(819)	(819)
(44,880)	(44,880)	Net Charges Made for Retirement Benefits in Accordance with IAS 19	(22,177)	(22,177)
21,739	21,739	Employer's Contributions Payable to the Lothian Pension Fund	23,832	23,832
14	12	Non Cash Interest Adjustment	(124)	(122)
-	(5,576)	Change in Associates SDPS - Non-Cash Movement	-	(3,318)
-	-	Investment income adjustment	-	-
(239)	(239)	Decrease (Increase) in interest charges accrued	(922)	(922)
(186)	(186)	Decrease (Increase) in Provisions	(292)	(290)
136	136	Increase (Decrease) in Inventories	78	78
(7,360)	(7,426)	Decrease (Increase) in Revenue Creditors	10,581	10,571
1,858	2,244	Increase (Decrease) in Revenue Debtors	(9,308)	(8,646)
(84,403)	(91,113)	Total	(80,803)	(82,992)

Note 38 Cash Flow Statement - Investing and Financing Activities

The surplus or deficit on the provision of services (in the Operating Activities section of the Cash Flow Statement) has been adjusted for the following investing and financing activities.

Council 2022/23 £000s	Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	Council 2023/24 £000s
63,077	Proceeds from Capital Grants	35,963
9,792	Proceeds from Sale of PPE, Assets Held for Sale and Other Non- Current Assets	1,769
72,869	Total	37,732

Note 39 Material Items of Income and Expense

Where items are not disclosed on the face of the CIES, the Council is required to disclose the nature and amount of material items. Material items of expenditure charged to services in the year are shown in the table.

Material items of income credited to service revenue accounts within the CIES largely relate to grants and contributions and these are disclosed in Note 36. Subsidy income in relation to the payments of Housing Benefit (included in the table) is also disclosed in note 36.

2022/23 £000s	Council Material Items of Income and Expense	2023/24 £000s
46,532	Depreciation and Amortisation Charged on Assets	53,342
1,820	Impairments and Downward Valuations	647
16,816	Housing Benefit Paid	17,072
10,328	Unitary Charge/PPP Payments to Contractor	11,071

Note 40 Fair Value Hierarchy

Fair Value Measurement

The authority measures some of its equity instruments and non-financial assets, such as surplus assets, at fair value at each reporting date. Fair value is the price that would be received upon selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or;
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities, for which fair value is measured or disclosed in the Council's financial statements, are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the 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.

Details of the authority's surplus assets and information about the fair value hierarchy as at 31 March 2024, are shown in the Fair Value Hierarchy table:

31 March 2023	Council Fair Value Hierarchy	31 March 2023
Total Fair Value £000s		Total Fair Value £000s
	<i>Recurring fair value measurements at Level 2 for:</i>	
4,872	Equity Instruments	5,661
4,906	Non-Financial Assets	7,334
9,778	Total	12,995

Valuation Techniques used to Determine Level 2 Fair Values for Non-Financial Assets

Significant Observable Inputs – Level 2

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

Note 41 Events after the Reporting Period

There were no events to report after the balance sheet date.

Specific Group Notes

The Council undertakes a broad range of activities, often in conjunction with external organisations. In some cases, the Council has an interest in these organisations demonstrated through ownership or control/significant influence.

The CIPFA Code of Practice requires that, where the Council has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these

Note G1 Combining Entities

The extent of the Council's interest in these entities has been reviewed in determining those that should be consolidated and incorporated within the Group Accounts. Under accounting standards, the Council is required to fully consolidate the results of all subsidiary companies into the Group Accounts using the acquisition method of accounting. Associates and joint ventures have been accounted for using the equity

statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

In order to give these group statements their due prominence they have been displayed alongside the Council's own statements. The following notes provide further information regarding these entities and the transactions included in the group accounts.

method of accounting, where the original investment in the Council's accounts are adjusted for post-acquisition changes and the Council's share of surplus or deficits is recognised through the CIES. Where applicable, consolidation adjustments have been made to eliminate inter-group transactions.

Note G2 Associates and Joint Ventures

Associates and Joint Ventures	Percentage Share 2022/23	Percentage Share 2023/24	Carrying Value at 31 March 2024 £000s	Share of (Surplus) or Deficit 2023/24 £000s	Other CIES Items 2023/24 £000s
East Lothian Investments	40.00%	40.00%	211	(1)	-
Enjoy East Lothian Ltd	40.00%	33.33%	3,127	235	(402)
Brunton Theatre Trust	28.57%	28.57%	222	85	-
East Lothian IJB	50.00%	50.00%	2,172	2,888	-
Edinburgh Innovation Park Joint Venture Ltd	50.00%	50.00%	(28)	17	-
Lothian Valuation Joint Board	12.50%	12.50%	2,949	91	(2,087)
Total			8,653	3,315	(2,489)

Associate entities are those over which the Council has been deemed to exercise significant influence. The entities, along with the relative share shown in the table, have been treated as associate companies within the terms of the Code of Practice on Local Authority Accounting.

These associates and joint ventures have been incorporated in line with the draft financial statements made available to East Lothian Council.

East Lothian Investments Ltd

East Lothian Investments (ELI) principal activity is granting interest free loans to businesses in East Lothian, with the aim of encouraging commercial activity and enterprise in the area. Two of the five directors of ELI are councillors of East Lothian Council.

Enjoy East Lothian Ltd

Enjoy East Lothian Limited (Enjoy) was established to manage, under contract, sports and leisure facilities and services on behalf of East Lothian Council. The current contract between Enjoy and the Council

runs until 30 September 2031. All of the facilities are owned by the Council, with the exception of Dunbar Leisure Pool, which is wholly owned by Enjoy. Four of the twelve directors are councillors of East Lothian Council.

Although disclosed as an associate company, Enjoy East Lothian is limited in its ability to transfer financial benefits to East Lothian Council. Enjoy East Lothian Limited is a registered charity and the Memorandum of Association states that no portion of the income or assets shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit to the members of the company. Likewise, the Articles of Association relating to East Lothian Investments, restrict the payment or transference of income, either directly or indirectly, by way of dividend, bonus or otherwise, to members of the company.

Brunton Theatre Trust

Brunton Theatre Trust aims to provide a widely accessible programme for the enrichment and enjoyment of audiences and participants. Projects are undertaken that encourage harder to reach groups to engage with the work presented and the associated creative learning and arts development programmes, to enable participants to learn new skills whilst exploring a range of themes and issues. The aim of the Theatre programme is to provide the highest quality drama; dance; music; theatre for children and young people; film and comedy nights for the enjoyment and enrichment of the communities that the theatre serves. At the Balance Sheet date two of the seven trustees of the Theatre were Council appointments.

East Lothian Integration Joint Board

The East Lothian Integration Joint Board (IJB) was formed under the terms of The Public Bodies (Joint Working) (Scotland) Act 2014. This is a Joint Venture between East Lothian Council and NHS Lothian. The Council has 50% control of the partnership entity.

The Council, along with NHS Lothian provides funding to the IJB. The IJB develops a strategy and commissioning plan for health and care services for East Lothian citizens, and pays the Council and NHS Lothian to deliver services in accordance with the commissioning strategy.

The IJB is governed by The Local Government (Scotland) Act 1973 along with the 2014 regulations and is required to prepare financial statements in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom.

During 2023/24 East Lothian Council contributed £63.809 million (2022/23: £61.644 m), excluding NHS resource transfers, to the annual running costs. Expenditure was incurred, and income earned, by both

partners during the financial year in providing services in accordance with the commissioning directions from the IJB. As at the Balance Sheet date the Council currently has a creditor balance with the IJB totalling £0.140 million (2022/23: creditor balance of £1.791 million).

Edinburgh Innovation Park Joint Board

The [Edinburgh Innovation Park Joint Venture](#) is a joint venture partnership established with Queen Margaret University to create an innovation park, with particular focus on food, drink and health sciences, as part of the [Edinburgh & South East Scotland City Region Deal](#). The Council has 50% control of the partnership entity. The joint venture has related subsidiary bodies for the development and eventual operation of the Innovation Park. The primary source of funding for the project is from the City Region Deal, with the Council responsible for the administration and proper use of the grant. Additional funding also comes directly from the Council as part of the City Deal agreement.

Lothian Valuation Joint Board

The Lothian Valuation Joint Board (LVJB) was established under the Valuation Joint Boards (Scotland) Order 1995 and provides Valuation Appeals, Lands Valuation, Electoral Registration and Council Tax Valuation Services. The Board comprises 16 members appointed from the constituency authorities, of which two are from East Lothian Council.

The Council has less than 20% of the voting or potential voting power in the Lothian Valuation Joint Board but has assessed that it has significant influence of this organisation, requiring inclusion in the Council's Group Accounts. This is on the basis of representation on the Joint Board by East Lothian councillors and material transactions between East Lothian Council and the Joint Board.

The summarised financial information of the various associates and joint ventures for the financial year 2023/24 is presented below:

Associates/Joint Ventures 2023/24	Assets at the End of the Year	Liabilities at the End of the Year	Net Assets at the End of the Year	Revenues During the Year	(Surplus) or Deficit for the Year
	£000s	£000s	£000s	£000s	£000s
East Lothian Investments	559	(32)	527	(24)	7
Enjoy East Lothian Ltd	9,997	(615)	9,382	(6,838)	(23)
Brunton Theatre Trust	991	(213)	778	(1,057)	323
East Lothian IJB	20,571	(16,228)	4,343	(221,621)	5,779
Edinburgh Innovation Park Joint Venture Ltd	3,253	(3,309)	(56)	-	37
Lothian Valuation Joint Board	26,634	(3,044)	23,590	(6,286)	727
Total	62,005	(23,441)	38,564	(235,826)	6,850

Associates/Joint Ventures 2022/23	Assets at the End of the Year	Liabilities at the End of the Year	Net Assets at the End of the Year	Revenues During the Year	(Surplus) or Deficit for the Year
	£000s	£000s	£000s	£000s	£000s
East Lothian Investments	604	(80)	525	(19)	(2)
Enjoy East Lothian Ltd	8,310	(904)	7,406	(6,749)	898
Brunton Theatre Trust	1,373	(297)	1,076	(1,779)	(72)
East Lothian IJB	20,571	(10,449)	10,122	(204,552)	10,167
Edinburgh Innovation Park Joint Venture Ltd	1,395	(1,417)	(22)	-	22
Lothian Valuation Joint Board	11,143	(3,524)	7,619	(6,278)	974
Total	43,396	(16,671)	26,726	(219,377)	11,987

Note G3 Subsidiaries

Subsidiary entities are those in which the Council has a controlling share.

The following entities are regarded as group subsidiary companies, in line with the Code of Practice on Local Authority Accounting. For the purposes of the Group Accounts this means that the income, expenditure and annual surpluses or deficits of subsidiaries are combined within income, expenditure and annual surpluses or deficits relating to main council services. These subsidiary companies have been incorporated in line with the draft financial statements made available to East Lothian Council.

No subsidiaries have been excluded.

East Lothian Land Ltd

The Council is sole shareholder, at a cost of £800,000, in East Lothian Land Limited, set up in 2000 for the purpose of managing land to support economic development in East Lothian.

The accounts for the last period of trading to 31 March 2024 show net current assets of £637,597 (31 March 2023: £643,366), and a loss before taxation of £5,769 (31 March 2023: loss of £11,290). The company retains all accumulated profits and losses. No dividend was received. The value of East Lothian Land is included within the Council accounts at the net asset value noted above.

Trust Funds and Common Goods

The Council acts as a majority or sole Trustee for 46 trusts, bequests and other funds as well as separate Common Good Funds. The net value of the Trusts included within the Group Accounts is £6.913 million (2022/23: £6.516 million). Although included as a subsidiary, the Council does not expect a dividend as a result of its involvement. The total value of the Common Good funds within the Group Accounts is £19.013 million (2022/23: £17.823 million). The annual accounts for the Common Good Funds and Trust Funds are included in the 'Other Accounts' section of these annual accounts.

East Lothian Mid-Market Homes LLP

The Limited Liability Partnership was established to manage new build properties in Dunbar, to be available for mid-market rent. East Lothian Council has 83% control of the partnership, with the Scottish Futures Trust also maintaining a 'minority interest' which is presented separately in the group accounts. The partnership leases housing from a third party and also purchases housing directly. It subsequently leases the dwellings to individuals at a mid-market rent, not as social housing provision. The partnership accounts to 31 March 2024 show net assets of £1.568 million (2022/23: £1.548 million), and comprehensive net income of £0.021 million (2022/23: £0.030 million).

Note G4 Financial Impact of Consolidation

The effect of inclusion of the associate and subsidiary companies on the Group Balance Sheet is to increase Net Assets and Reserves by £35.936 million (2022/23: £35.267 million). This is largely due to the value of Common Good and Trust Funds property and investment

Note G5 Non Material Interest

East Lothian Council has two members on the committee of Scotland Excel. **Scotland Excel** is a joint committee established to replace the Authorities Buying Consortium and other similar bodies across Scotland. It is the largest non-profit purchasing agency in Scotland and serves the buying needs of 32 local authorities and similar public sector bodies in Scotland.

East Lothian Council is also a participating authority in **SEEMIS Group LLP**. The principal activity of the group is the provision of information technology solutions to Education services and is funded by the 32 participating authorities.

Note G6 Reconciliation of the Council Deficit to the Group Deficit

This statement shows how the surplus or deficit on the Council's single entity Comprehensive Income and Expenditure Statement reconciles to the surplus or deficit for the year for the Group.

values, and the Council's share of the East Lothian Integration Joint Board's net assets.

The Council's extent of control and influence in relation to these entities is deemed to be insufficient to meet the criteria for inclusion in the authority's group accounts.

2022/23 £000s	Reconciliation of the Council Surplus / Deficit to the Group Surplus / Deficit	2023/24 £000s
2,444	Deficit for the Year on Authority Comprehensive Income & Expenditure Account	35,136
5,576	Associates	3,315
33	Subsidiaries	(950)
8,053	(Surplus) / Deficit for the Year on the Group Income & Expenditure Account	37,501

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Housing Revenue Account

The Housing Revenue Account reflects a statutory obligation to maintain a revenue account for local authority housing provision in line with the Housing (Scotland) Act 1987. The following statement shows how much the Council spent in fulfilling its statutory responsibility to provide, improve and manage its Housing Stock.

The HRA Income and Expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2022/23 £000s	Housing Revenue Account	2023/24 £000s
	Income	
(33,320)	Dwelling Rents	(36,025)
(652)	Non-Dwelling Rents	(684)
(1,742)	Non-Current Assets Revaluation Gains	(269)
(673)	Service Charges	(673)
(151)	Other Income	(140)
(36,538)	Total Income	(37,791)
	Expenditure	
8,903	Repairs and Maintenance	11,606
11,154	Supervision and Management	8,938
26,709	Depreciation, Impairment and Revaluation Losses of Non-Current Assets	43,717
224	Impairment of Debtors	117
1,988	Other Expenditure	2,873
48,978	Total Expenditure	67,251
12,440	Net Expenditure of HRA Services as Included in the Whole Authority Comprehensive Income and Expenditure Statement	29,460
442	HRA Services Share of Corporate and Democratic Core	442
12,882	Net Expenditure of HRA Services	29,902
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement	
(705)	(Gains) on Sale of HRA Non-Current Assets	(66)
6,013	Interest Payable and Similar Charges	6,978
(207)	HRA Interest and Investment Income	(208)
70	Pensions Interest Cost and Expected Return on Pension Assets	12
(15,505)	Capital Grants and Contributions Receivable	(10,494)
2,548	Deficit for the year on HRA Services	26,124

Movement on the HRA Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the HRA reserve balance.

2022/23 £000s	Movement on the HRA Statement	2023/24 £000s
(1,748)	Balance on the HRA at the End of the Previous Period	(1,487)
2,548	Deficit for the year on the HRA Income and Expenditure Statement	26,124
(3,173)	Depreciation charged to the Revaluation Reserve	(4,011)
(1,832)	Adjustments between Accounting Basis and Funding Basis under Legislative Framework	(22,162)
(2,457)	Net Decrease in the Balance before Transfer to or from Reserves	(49)
-	Adjustment for the Elimination of Internal Recharges	-
2,718	HRA Balance Transferred to General Services	-
261	Decrease in year on the HRA	(49)
(1,487)	Balance on the HRA at the End of the Current Period	(1,536)

Note to the Movement on the HRA Statement

This note details the adjustments that are made to the HRA deficit, recognised in the year, in accordance with proper accounting practice.

2022/23 £000s	Note to the Movement on the HRA Statement	2023/24 £000s
(21,794)	Depreciation, Revaluation and Impairment of Fixed Assets	(10,422)
14,983	Capital Grant and Contributions Applied	10,494
705	Gain on sale of HRA Non-Current Assets	66
(548)	HRA share of contributions to or from the pensions reserve	(505)
4,822	Loans Fund Principal Repayments	5,382
-	Capital Expenditure Funded by the HRA	1,293
(1,832)	Adjustments between Accounting Basis and Funding Basis under Legislative Framework	6,308

Number of HRA Houses

The Council is currently going through an expansion programme which is reflected in the increase in housing provision in the year.

Number Of HRA Houses	1 Apt	2 Apt	3 Apt	4 Apt	5 Apt	6 Apt	7 Apt	8 Apt	Total
As at 31 March 2023	43	1,871	4,647	2,339	243	8	1	1	9,153
As at 31 March 2024	43	1,941	4,745	2,394	256	8	1	1	9,389
Increase/(Decrease) in Year	-	70	98	55	13	-	-	-	236

Housing Rent Debtors

As at 31 March 2024 housing rent debtors amounted to £2.548 million (2022/23: £2.683 million). In the interests of prudent financial management the council has made an allowance for non-collection of £1.693 million (2022/23: £1.635 million).

Common Good Account

There are separate Common Good Funds which are related to the former Burghs of Dunbar, Haddington, Musselburgh, North Berwick and Cockenzie, Port Seton & Tranent. The funds are used to further the common good of the residents of these areas. Although the Common

Good Funds are part of the Council and follow council accounting policies, the finances of the Common Good must be kept separate from council funds.

Common Good Movement in Reserves Statement

Usable Reserves 2022/23 £000s	Unusable Reserves 2022/23 £000s	Total Fund Reserves 2022/23 £000s	Movement in the Common Good Reserves	Usable Reserves 2023/24 £000s	Unusable Reserves 2023/24 £000s	Total Fund Reserves 2023/24 £000s
(13,006)	(4,752)	(17,758)	Opening Balance	(13,133)	(4,690)	(17,823)
(13,006)	(4,752)	(17,758)	Adjusted Balance at 1 April brought forward	(13,133)	(4,690)	(17,823)
			Movement in reserves during the period			
(35)	-	(35)	(Surplus) or deficit on provision of services	(548)	-	(548)
-	(30)	(30)	Other Comprehensive Expenditure and Income	-	(642)	(642)
(35)	(30)	(65)	Total Comprehensive Expenditure and Income	(548)	(642)	(1,190)
			Adjustments between usable and unusable reserves			
(92)	92	-	Depreciation charged to the Revaluation Reserve	(93)	93	-
(92)	92	-	Total adjustments between usable and unusable reserves	(93)	93	-
(127)	62	(65)	Increase/Decrease in Year	(641)	(549)	(1,190)
(13,133)	(4,690)	(17,823)	Balance at 31 March 2024 carried forward	(13,774)	(5,239)	(19,013)

This statement shows the movement in the year on the different reserves held by the Common Good funds, analysed between usable reserves i.e. those that can be applied to fund expenditure, and other reserves.

Common Good Comprehensive Income and Expenditure Statement

The Common Good returned a surplus for the year of £1.190 million (2022/23: Surplus £0.065 million). The change is largely attributable to gains on property asset revaluations (£0.642 million) and investment and interest returns (£0.528 million).

A key factor in the change in investment returns relates to improvement in the fair value of investments. For the first half of the year the portfolio held continued to be adversely affected by the economic effects of volatile market conditions which affected 2022/23. The latter half of 2023/24 however saw improvement with the fair value of the investments improvements.

Cash income was largely maintained through realised gains arising from the sale of investments during the year. Additionally the interest earned on Common Good cash balances lodged with East Lothian Council increased.

2022/23 £000s	Common Good Comprehensive Income and Expenditure Statement	2023/24 £000s
	Income	
(526)	Rents and Other Income	(522)
-	- Property Asset Transfers from General Services Recognised in Usable Reserves	-
-	- Revaluation Gains for Property Assets Recognised in Usable Reserves	-
(526)	Total Income	(522)
	Expenditure	
71	Premises-related Expenditure	105
67	Supplies and Services	67
83	Third Party Grants and Payments	142
-	- Revaluation losses for non-current assets recognised in usable reserves	-
185	Depreciation	188
406	Total Expenditure	502
(120)	Cost Of Services	(20)
(347)	(Gains)/Loss on the sale of investments	(209)
(192)	Interest receivable and similar income	(254)
624	Changes in the fair value of investments	(65)
(35)	(Surplus) or Deficit on Provision of Services	(548)
(30)	Gains on Revaluation of Property, Plant & Equipment	(642)
-	- Property Asset Transfers from General Services Recognised in Revaluation Reserve	-
(30)	Other Comprehensive (Income) and Expenditure	(642)
(65)	Total Comprehensive (Income) and Expenditure	(1,190)

Common Good Balance Sheet

The Common Good Balance Sheet shows the consolidated position of the combined Common Good Funds. Included within this is a debtor of £5.171 million (2022/23: £4.745 million) that is East Lothian Council. This is due to the Common Good Funds not having banking facilities of their own, instead the Council releases monies held on behalf of the Common Good as required.

Long-term financial investment values recovered slightly from valuation losses which had occurred in 2022/23. Liquidity has also improved with an increased balance due from East Lothian Council, generally reflecting cash from sale of investments and increased interest earned on the cash balances held by East Lothian Council.

The unaudited accounts were submitted for audit on 27 June 2024.



Sarah Fortune CPFA
Executive Director for Council
Resources (CFO)
27 June 2024

2022/23 £000s	Common Good Balance Sheet	2023/24 £000s
8,676	Property Plant & Equipment	9,129
3,570	Long Term Investments	3,833
598	Long Term Debtors	553
12,844	Long Term Assets	13,515
260	Sundry Debtors	350
4,745	Operating Balance Debtor (East Lothian Council)	5,171
5,005	Current Assets	5,521
(26)	Short Term Creditors	(23)
(26)	Current Liabilities	(23)
17,823	Net Assets	19,013
(4,690)	Property Revaluation Reserve	(5,239)
(13,133)	Usable Reserves	(13,774)
(17,823)	Total Reserves	(19,013)

Notes to the Common Good Account

Non-Current Assets

The value of the Common Good property, plant and equipment changed in the following way.

2022/23 £000s	Common Good Property, Plant & Equipment	2023/24 £000s
8,775	Opening Net Book Value	8,676
56	Additions	-
-	Disposals and Derecognitions	-
30	Revaluations	642
-	Assets Transferred from General Services (Revaluation Balances)	-
(185)	Depreciation	(188)
-	Impairments	-
8,676	Closing Net Book Value	9,130

Finance Lease

Details of Common Good Finance Leases

Common Good buildings used by the Council for the provision of taxpayer services are not included on the Common Good balance sheet. They are treated as equivalent to finance leases. There is currently no rental charge for some building assets currently used by the Council which are on Common Good land.

Brunton Theatre Structural Defects

The Brunton Theatre is a Musselburgh Common Good property which is treated as being leased to East Lothian Council. It therefore is not included on the Common Good balance sheet. In February 2023 structural defects related to the historic use of Reinforced Autoclaved Aerated Concrete (RAAC) were identified. Consequently parts of the

building have been removed from use. The Council is currently reviewing the options to resolve the situation, as well as the relevant responsibilities arising for the Common Good and taxpayer funds.

Rental Income

Where a rent schedule is in place a debtor is shown on the Common Good balance sheet. Future Minimum Lease Payments, and the debtor repayment schedule, are shown in the following table. Formal arrangements for continued Council use of Common Good assets, which recognise and reflect Common Good ownership, are anticipated to be agreed. Any adjustments will be accounted for when an agreement is reached.

2022/23	2022/23		2023/24	2023/24
Minimum Lease Payments	Inclusive of Debtor Repayments	Common Good Finance Leases	Minimum Lease Payments	Inclusive of Debtor Repayments
£000s	£000s		£000s	£000s
247	37	Income Receivable in the next year	287	69
987	147	Income Receivable in years 2 to 5	1,028	207
3,713	387	Income Receivable after 5 years	3,505	363
4,947	571	Total Receivable	4,820	639

Fund Analysis

The separate funds are valued at 31 March 2024 as:

Common Good Fund Analysis	Dunbar £000s	Haddington £000s	Musselburgh £000s	North Berwick £000s	Cockenzie, Port Seton & Tranent £000s	Total £000s
Balance Brought forward at 1 April 2023	(970)	(820)	(9,217)	(1,703)	(423)	(13,133)
(Surplus) Deficit in the Year	46	(28)	(532)	(34)	-	(548)
Depreciation charged to the Revaluation Reserve	(5)	-	(74)	(14)	-	(93)
Fund Balance at 31 March 2024	(929)	(848)	(9,823)	(1,751)	(423)	(13,774)
Property Revaluation Reserve	(443)	(58)	(2,704)	(1,936)	(98)	(5,239)
Total Reserves	(1,372)	(906)	(12,527)	(3,687)	(521)	(19,013)

Fund balances at 31 March 2024 include accumulated fair value gains on financial instrument investments of £0.728 million (2022/23: £0.664 million). The change reflects market value losses recorded in the year. The accumulated gains are unrealised and should be regarded as deferred gains. It would not be considered prudent for these gains to be used until they are realised. The fund balances also reflect the value of Common Good property assets. Some properties are inalienable and therefore their values cannot be realised through sale of the assets. The fund balances for Cockenzie, Port Seton & Tranent arise solely from the recognition of land assets transferred from the Council's balance sheet.

Trust Funds Account

The Council acts as a majority or sole Trustee for 46 trusts, bequests and other funds, which are administered in accordance with their individual terms. The Council has initiated a review of trusts administered by East Lothian Council with an objective to improve the effectiveness of all the Trust Funds and support achievement of their objectives. The remit relates to potential changes in the stewardship, governance, and administration arrangements of the Trust Funds. The review is ongoing, with progress affected by resource requirements and competing priorities, which will affect the conclusion of the process. The Trusts Funds have been accounted for on a 'going concern' basis due to the expectation that the underlying purposes of the funds will continue to be met, with funds being used to support the trusts' objectives.

Trust Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Trust funds, analysed between usable reserves i.e. those that can be applied to fund expenditure, and other reserves. Fund balances at 31 March 2024 include accumulated fair value gains on financial instruments. These gains are unrealised and should be regarded as deferred gains. It would not be considered prudent for these gains to be used until they are realised.

Usable Reserves 2022/23 £000s	Unusable Reserves 2022/23 £000s	Total Fund Reserves 2022/23 £000s	Movement in the Trust Reserves	Usable Reserves 2023/24 £000s	Unusable Reserves 2023/24 £000s	Total Fund Reserves 2023/24 £000s
(5,751)	(898)	(6,649)	Opening Balance at 1 April brought forward	(5,645)	(871)	(6,516)
			Movement in reserves during the period			
133	-	133	(Surplus) on provision of services	(389)	-	(389)
-	-	-	Other Comprehensive Expenditure and Income	-	(8)	(8)
133	-	133	Total Comprehensive Expenditure and Income	(389)	(8)	(397)
			Adjustments between usable and unusable reserves			
(27)	27	-	Depreciation charged to the Revaluation Reserve	(27)	27	-
(27)	27	-	Total adjustments between usable and unusable reserves	(27)	27	-
106	27	133	Increase/Decrease in Year	(416)	19	(397)
(5,645)	(871)	(6,516)	Balance at 31 March carried forward	(6,061)	(852)	(6,913)

Trust Comprehensive Income and Expenditure Statement

During the year 2023/24, the Trust Funds returned a surplus for the year of £0.397 million (2022/23: Deficit £0.133 million).

The main factor in the change relates to improvement in the fair value of investments. For the first half of the year the portfolio held continued to be adversely affected by the economic effects of volatile market conditions which affected 2022/23. The latter half of 2023/24 however saw improvement with the fair value of the investments improvements.

Cash income was largely maintained through realised gains arising from the sale of investments during the year. Additionally the interest earned on cash balances lodged with East Lothian Council increased.

2022/23 £000s	Trusts Comprehensive Income and Expenditure Statement	2023/24 £000s
	Income	
(52)	Rents and Other Income	(46)
(52)	Total Income	(46)
	Expenditure	
2	Premises-related expenditure	3
39	Supplies and Services	40
8	Third Party Grants and Payments	12
31	Depreciation	31
80	Total Expenditure	86
28	Cost Of Services	40
(358)	(Gains) on the sale of investments	(262)
(136)	Interest receivable and similar income	(164)
599	Changes in the fair value of investments	(3)
133	(Surplus) or Deficit on Provision of Services	(389)
-	(Surplus) on Revaluation of Property, Plant & Equipment	(8)
-	Other Comprehensive Income and Expenditure	(8)
133	Total Comprehensive Income and Expenditure	(397)

Trust Fund Balance Sheet

Trust Fund net assets increased in the year to £6.913 million (2022/23: £6.516 million) largely due to increases in the market value of financial investments. Cash and short term liquid assets have also increased.

The unaudited accounts were submitted for audit on 27 June 2024.



Sarah Fortune CPFA
Executive Director for Council Resources (CFO)
27 June 2024

2022/23 £000s	Trusts Balance Sheet	2023/24 £000s
936	Property Plant & Equipment	913
3,563	Long Term Investments	3,807
60	Long Term Debtors	54
4,559	Long Term Assets	4,774
17	Short Term Debtors	24
2,063	Operating balance debtor (East Lothian Council)	2,225
2,080	Current Assets	2,249
-	Short Term Creditors	(2)
-	Current Liabilities	(2)
(123)	Other Long Term Liabilities	(108)
(123)	Long Term Liabilities	(108)
6,516	Net Assets	6,913
(871)	Property Revaluation Reserve	(852)
(5,645)	Usable Reserves	(6,061)
(6,516)	Total Reserves	(6,913)

Property Asset Valuation

For most Trust property assets, an independent valuer assesses the value of land and buildings every five years based on the open market value for existing use.

Market Investment Valuation

Investments are valued each year by the Trusts' investment managers, based on the listed market value of each investment on 31 March. The largest investments held by the Trusts on 31 March 2024 are shown in the Trust Investments table.

2022/23 £000s	Trust Investments	2023/24 £000s
	<u>Investments >£100,000 at End of Each Year:</u>	
	- JPMorgan ETFS (Ire US Rei Equity Esg Etf Dist	339
407	Vanguard Inv Serv/Vanguard Funds PLC S&P500 Ucits	270
	- Brown Advisory Fds BWN Adv Us Sust Gth Si GBP	249
	- BA Beutel Goodman BA Beutel Goodman US Val C	166
130	Blackrock EURPN Dy BR EURPN Dynamic Fd Dis	151
	- JPMorgan Fund Icvc JPM Us Eq Inc C2 GBP Net Di	149
105	JH Inv Fds Srs I JH EURP Seld Opps G GBP Dis	122
101	Astrazeneca Ord USD0.25	96
116	Ishares Trust Core S&P 500 Etf	-
	<u>Investments <£100,000 at End of Each Year:</u>	
2,619	Other stocks and shares	2,246
85	Held as Cash / Liquid Assets	19
3,563	Total Investments	3,807

Council Tax Income Account

The Council Tax Income Account (Scotland) shows the gross income raised from the Council Taxes levied and deductions made under the Local Government Finance Act 1992. The resultant net income is transferred to the CIES of the authority.

The tax level depends on the value of the property. Certain prescribed dwellings are exempt and discounts are given to eligible taxpayers (e.g. single occupants).

A Council Tax Reduction Scheme is available to assist taxpayers on a low income.

2022/23 £000s	Council Tax Income Account	2023/24 £000s
(77,245)	Gross Council Tax Levied and Contributions in Lieu	(84,655)
	Adjusted For:	
5,652	Council Tax Reduction Scheme	6,148
6,058	Other Discounts and Reductions	6,673
2,039	Provision for Non Collection	2,601
(63,496)	Council Tax Income in Year	(69,233)
445	Adjustments to Previous Years' Council Tax	452
(63,051)	Transfer to General Fund	(68,781)

Council Tax Base

The Council Tax base is calculated as follows:

Council Tax Base	A	B	C	D	E	F	G	H	Total
Charge for Each Band (£)	957.08	1,116.59	1,276.11	1,435.62	1,886.25	2,332.88	2,811.42	3,517.27	
Effective Properties	921	7,753	13,421	6,087	6,417	5,690	4,900	666	45,855
Ratio to Band D	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360	
Band D Equivalents	613	6,030	11,930	6,087	8,431	9,246	9,596	1,632	53,565
Provision for non-payment (2.85%)									(1,527)
Council Tax Base									52,038

Dwellings are valued by the Assessor and placed in a valuation band ranging from the lowest "A" to the highest "H". The Council Tax charge is calculated using the Council Tax Base i.e. band D equivalents. The value is then decreased or increased dependent upon the band of the dwelling. A full Council Tax charge assumes there are two or more adults, aged 18 or over, living in a property as their main home. If only one adult lives in a house and it is their sole or main residence, the charge may be reduced by 25%. Charges for water and sewerage are the responsibility of Scottish Water. East Lothian Council collects total monies and makes a payment to Scottish Water. These payments are calculated on a pre-determined formula.

Non-Domestic Rate (NDR) Income Account

The Non-Domestic Rate Account (Scotland) 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 £000s	Non-Domestic Rate Income Account	2023/24 £000s
(61,978)	Gross Rates Levied and Contributions in Lieu	(72,741)
12,412	Relief and Other Deductions	13,449
26		26
(49,540)	Net Non-Domestic Rate Income	(59,266)
(3,097)	Adjustments to Previous Years' National Non-Domestic Rates	301
(52,637)	Total Non-Domestic Rate Income (Before Authority Retentions)	(58,965)
-	Non-Domestic Rate Income retained by the Council (BRIS)	-
(52,637)	Contribution to the National Non-Domestic Rate Pool	(58,965)
(28,686)	Non Domestic Rate income credited to the General Fund	(58,108)

Business Rate Incentivisation Scheme (BRIS)

The Business Rates Incentivisation Scheme (BRIS) permits the authority to retain half of the NDR income which exceeds the income target set by the Scottish Government. There was no BRIS income retained in 2023/24 (2022/23: Nil retained).

Rateable Values

An analysis of the rateable values at 01 April 2023 is detailed in the Rateable Values table.

Rateable Values	Number	Rateable Value £000s
Shops, Offices and other Commercial Subjects	1,703	29,929
Industrial and Freight Transport	956	12,896
Miscellaneous (Schools etc.)	1,060	96,745
Total	3,719	139,570

Rate Level

Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for East Lothian. The non-domestic rate poundage is determined by the First Minister, and was:

- 49.8p (2022/23: 49.8p) per pound for properties with a rateable value of up to £51,000 (2022/23: £51,000),
- 51.1p (2022/23: 51.1p) per pound for properties with a rateable value of over £51,000 and up to £100,000 (2022/23: £51,000 up to £95,000),
- 52.40p (2022/23: 52.4p) per pound for properties with a rateable value of £100,000 or over (2022/23: £95,000 or over)
- 49.8p (2022/23: No equivalent) per pound for newly re-occupied properties with rateable value of £100,000 or less, subject to conditions relating to being unoccupied on or after 1 April 2023; being continuously unoccupied for at least 6 months before re-occupation; and re-occupation having occurred in the last 12 months.

From 1 April 2023 levels of rates relief were set at:

Entry on Roll	Rateable Value (RV)	Relief Offered
Single Property	Up to £12,000	100%
Single Property	Over £12,000 to £15,000	Tapering percentages ranging from 100% (RV £12,001, 0.00p) to 25% (RV £15,000, 37.4p)
Single Property	Over £15,000 up to £20,000	Tapering reliefs ranging from 25% (RV over £15,000, 37.4p) to 0% (RV £20,000, 49.8p)
Multiple Properties	Total RVs up to £12,000	100%
Multiple Properties	Total RVs over £12,000 up to £35,000	For each individual property with RV £15,000 or less 25% rate relief (37.4p); For individual properties with RV over £15,000 and less than £20,000 a tapering rate relief from 25% (£15,000, 37.4p) to 0% (£20,000, 49.8p)

The reliefs in 2022/23 were:

- 100% for eligible properties with a Rateable Value (RV) of less than £20,000
- 100% for eligible properties with a combined Rateable Value (RV) of up to £15,000,
- 25% for eligible properties with a combined RV between of over £15,000 and up to £18,000,
- For businesses with multiple properties, whose cumulative RV was £35,000 or less, the relief was 25% for each property with a rateable value of £18,000 or less.

Financial Statements: Glossary of Terms

6



Glossary of Terms

While much of the terminology used in this document is intended to be self-explanatory, the following additional definitions and interpretation of terms may be of assistance to the reader.

1. **Accounting Period** - The period of time covered by the Accounts - this is a period of 12 months commencing on the 1st of April.
2. **Accruals** – The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is paid or received.
3. **Actuarial Gains and Losses (Pensions)** - Changes in actuarial deficits or surpluses that arise because events have not coincided with previous actuarial assumptions or actuarial assumptions have changed.
4. **Asset** - An asset is categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year. A non-current asset will provide benefit to the Council and to the services it provides for a period of more than one year.
5. **Associate** - An entity, which is not a subsidiary or joint-venture, in which the Council has a participating interest, or over whose operating and financial policies the Council is able to exercise significant influence.
6. **Capital Adjustment Account** - This reserve account relates to amounts set aside from capital resources to meet past expenditure.
7. **Capital Expenditure** - Expenditure on the acquisition of a non-current asset which will be used in providing services beyond the current accounting period, or expenditure which adds to the value of an existing non-current asset.
8. **Capital Financing** - The various methods used to finance capital expenditure. This includes borrowing, leasing, capital receipts, capital grants and use of revenue funding.
9. **Capital Grants Unapplied** - This account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.
10. **Capital Receipt** - Proceeds from the sale of land, buildings or other non-current assets.
11. **Capital Receipts Reserve** - This reserve represents the proceeds from non-current asset disposals not yet used and which are available to meet future capital investment.

12. **The Code of Practice on Local Authority Accounting** – The Code specifies the principles and practices of accounting required to prepare a Statement of Accounts which gives a true and fair view of the financial position and transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), and has been developed by CIPFA/LASAAC under the oversight of the Financial Reporting Advisory Board.
13. **Creditor** - Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.
14. **Current Service Costs (Pensions)** - The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.
15. **Debtor** - Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.
16. **Defined Benefit Pension Scheme** - Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.
17. **Depreciation** – A charge measuring the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.
18. **Discretionary Benefits (Pensions)** - Retirement awards, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.
19. **Employee Statutory Adjustment Account** - This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.
20. **Fair Value** - The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.
21. **Finance Lease** - A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.
22. **Government Grants** - Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be for a specific scheme or may support the revenue or capital spend of the Council in general.
23. **Heritage Asset** - An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained

principally for its contribution to knowledge and culture.

24. **Impairment** - A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.
25. **Insurance Fund** - This covers the main classes of insurance and is earmarked for insurance purposes.
26. **Interest Cost (Pensions)** - For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
27. **Inventories** - Items of raw materials and stock the Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.
28. **Liability** - A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A long-term liability is an amount which, by arrangement, is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.
29. **National Non-Domestic Rates Pool** - All rates paid by businesses based on the rateable value of the premises they occupy collected by local authorities are remitted to the national pool and thereafter distributed to councils by the Scottish Government.
30. **Net Book Value (NBV)** - The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
31. **Non-Current Assets** - These are created by capital expenditure incurred by the Council. They include property, vehicles, plant, machinery, roads, computer equipment, etc.
32. **Operating Lease** - A lease where the ownership of a non-current asset remains with the lessor.
33. **Past Service Cost (Pensions)** - For a defined benefit scheme, the increase in the present value of the scheme liabilities relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.
34. **Pension Reserve** - The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Council's share of actuarial gains and losses in the Lothian Pension Fund and the change in the Council's share of the Pension Fund net liability chargeable to the CIES.
35. **Pension Scheme Liabilities** - The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. The scheme liabilities, measured using the "projected unit method", reflect the benefits that the employer is committed to provide for service up to the valuation date.
36. **Post-Employment Benefits** - All forms of consideration given by an employer in exchange for services rendered by employees that are payable after

the completion of employment (e.g. pensions in retirement).

37. **Provision** - An amount put aside in the accounts for future liabilities or losses which are certain, or very likely to occur, but the amounts or dates of when they will arise are uncertain.
38. **Public Works Loan Board (PWLB)** - A Central Government Agency, which provides loans for one year and above to councils at interest rates only based on those at which the Government can borrow itself.
39. **Rateable Value** - The annual assumed rental of a non-housing property, which is used for national Non-Domestic Rates purposes.
40. **Related Parties** - Entities or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council.
41. **Remuneration** - All sums paid to or receivable by an employee and sums due by way of expenses, allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than cash.
42. **Reserves** - The accumulation of surpluses, deficits and appropriation over the past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves, such as the Revaluation Reserve, cannot be used to meet current expenditure.
43. **Revaluation Reserve** - The Revaluation Reserve represents the store of gains on revaluation of fixed assets not yet realised through sale.
44. **Revenue Expenditure** - The day-to-day running costs associated with the provision of services within one financial year.
45. **Subsidiary** - An entity over which the Council has overall control through the power to govern its financial and operating policies so as to obtain benefits from the entity's activities.



Versions of this leaflet can be supplied in Braille, large print, audiotape or in your own language. Please phone Customer Services if you require assistance on 01620 827199

East Lothian Council
Business Finance
John Muir House
Haddington EH41 3HA

www.eastlothian.gov.uk

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DR BRUCE FUND

FINANCIAL STATEMENTS

31 MARCH 2024

Charity Number SC019149

DR BRUCE FUND
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024

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DR BRUCE FUND
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 MARCH 2024

Registered Charity Name	Dr Bruce Fund
Charity Number	SC019149
Trustees	The elected Councillors of Musselburgh
Address of Principal Office	John Muir House Haddington East Lothian EH41 3HA
Auditor	Mark Ferris Senior Audit Manager Audit Scotland 8 Nelson Mandela Place Glasgow G2 1BT
Investment Advisers	Investec Wealth & Investment Limited 2 Gresham Street London EC2V 7QN

DR BRUCE FUND
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 MARCH 2024

The trustees present their report and the financial statements of the charity for the year ended 31 March 2024.

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

OBJECTIVES AND ACTIVITIES

The objective of the trust is to provide for the relief of the poor of Musselburgh.

The Trust furthers its charitable purposes through its grant-making policy, which aims to alleviate the suffering of those in poverty in the Musselburgh area, particularly during Christmas.

GRANT MAKING POLICY

The Trust seeks to alleviate poverty in the Musselburgh area by providing grants during more financially pressing times of the year, especially around Christmas time. The Trust maintains a list of recipients who have been nominated by the Trustees to receive an award.

Each year, the Trustees meet and consider the provision of small grants to nominated residents of the town.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE

During the year 2023/24 the trust reviewed the extent of funds available for charitable purposes and increased the extent of funds made available for grants. For 2023/24 a total of £1,465 was awarded, constituting £40 awarded to 7 individuals as part of the annual Christmas distributions, and an award of £1,185 to an individual to assist with flood damage restoration. This compared to grants of £80 in 2022/23 (two awards of £40).

FINANCIAL REVIEW

For the first half of the year the investment portfolio from which the trust is allocated a proportion of assets, income, and expenditure continued to be adversely affected by the economic effects of volatile market conditions which affected the previous year (2022/23). The latter half of the year however saw improvement. The market value of the whole portfolio increased by £0.243m in the year to 31st March 2024, with a modest element of unrealised fair value gains arising. The Dr Bruce fund share of realised gains from sales was £938, with dividends and interest (on investments and the Trust's cash holdings) being a total of £596.

Full details of the trust's financial transactions during the year ended 31st March 2024 are shown on the attached financial statements.

The trust incurred operational expenditure, including grant awards, of £2,611, against income, excluding investment sales and gains, of £1,596. Together with gains related to investment assets of £950, this resulted in a small deficit for the year of £65. At 31 March 2024, the trust had unrestricted funds of £20,246.

Dr Bruce Fund does not have a formal reserves policy. However, the trustees' objectives are to maintain the value of its reserves, and to attempt not to incur costs greater than the value of its annual income.

PLANS FOR FUTURE PERIODS

The trustees have worked to improve the process for awarding grants to enable the Trust to fulfil its intended objectives which has increased the grant awards made. The Trust intends to continue to make annual awards as funds allow. This includes taking consideration of the volatility of investment returns and the fact that returns in the year include unrealised gains (or losses) which have not been converted into available cash holdings.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Dr Bruce Fund was established under the provision in the will of Charles Key Bruce, dated 19th December 1826. A bequest was set up to provide relief for the poor of Musselburgh. The executors of Dr Bruce's will declined to act and his estate was placed in the management of the High Court of Chancery. In 1832, an arrangement was made where two magistrates of Musselburgh, the minister of the parish of Inveresk, and the sheriff of the county of Edinburgh were appointed as a local committee to administer the fund.

Following local government reorganisation in 1973, the trust came under the administration of East Lothian District Council and later, East Lothian Council. Since that time, the elected councillors for Musselburgh have acted in a decision-making capacity for the trust.

Dr Bruce Fund has no employees. The trustees are supported in the discharge of their responsibilities by finance and support staff within East Lothian Council. The trust does not have its own bank account, and all financial transactions are carried out through the bank accounts of East Lothian Council.

There are no related party transactions in the accounts for Dr Bruce Fund.

East Lothian Council maintains a shared portfolio of assets for a number of trusts and bequests which it administers. The portfolio, which is known as “East Lothian Council Charitable Funds” is managed by an external investment management company (currently Investec Wealth and Investment). Each financial year, all of the trusts are allocated a proportion of the assets, income, and expenditure of the total portfolio in accordance with their investment.

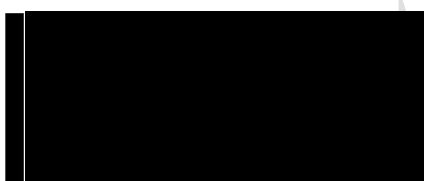
The trust’s major risks have been identified as the ability to meet financial demands on its funds and the potential loss of the value of its investment assets. Both of these risks are managed by taking financial advice from East Lothian Council staff and investment advice from its investment management advisers.

THE TRUSTEES

The trustees who served the charity during the period were the elected councillors for Musselburgh. These were:

Ruaridh Bennett
Cher Cassini
Andrew Forrest
Shona McIntosh

Signed on behalf of the trustees

A large black rectangular redaction box covering the signature area.

Councillor Andrew Forrest
Trustee
John Muir House
Haddington
East Lothian
EH41 3HA

20 June 2024

DR BRUCE FUND

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

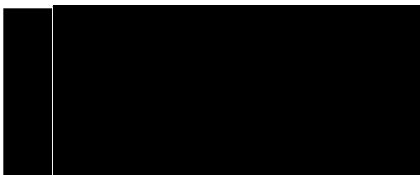
The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees on 20 June 2024 and signed on their behalf by:



Councillor A Forrest
Trustee

Note: The Independent auditor's report will be included following the conclusion of the external audit process and the signing of the accounts.

Space for audit report (1)

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Space for audit report (2)

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Space for audit report (3)

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DR BRUCE FUND

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2024

	Note	Total Funds 2023/24 £	Total Funds 2022/23 £
Income From			
Donated services	2	1,000	1,000
Income from Investments	3	596	499
Total Income and Endowments		1,596	1,499
Expenditure On			
Management Fees	4	(146)	(143)
Charitable Activities	5	(1,465)	(80)
Audit Fees	2	(1,000)	(1,000)
Total Expenditure		(2,611)	(1,223)
Net Income (Expenditure)		(1,015)	276
Net (Losses) Gains on Investments	7	950	(851)
Net Movement In Funds		(65)	(575)
Reconciliation Of Funds			
Total funds brought forward		20,311	20,886
Total Funds carried forward		20,246	20,311

The Statement of Financial Activities includes all gains and losses in the year and therefore a Movement in Reserves Statement has not been prepared, with Note 9 providing an equivalent analysis.

All of the above amounts relate to continuing activities.

DR BRUCE FUND

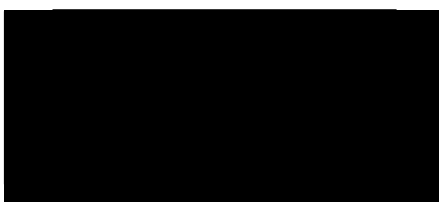
BALANCE SHEET

AS AT 31 MARCH 2024

	Note	2023/24 £	2022/23 £
FIXED ASSETS			
Investments	7	13,631	12,758
CURRENT ASSETS			
Debtors	8	7,800	7,553
CURRENT LIABILITIES			
Creditors		(1,185)	0
TOTAL NET ASSETS		<u>20,246</u>	<u>20,311</u>
THE FUNDS OF THE CHARITY			
Unrestricted funds	9	(20,246)	(20,311)
TOTAL CHARITY FUNDS		<u>(20,246)</u>	<u>(20,311)</u>

These financial statements were approved by the members of the committee and authorised for issue on 20 June 2024 and are signed on their behalf by:

Councillor Andrew Forrest
Trustee
John Muir House
Haddington
EH41 3HA
20 June 2024



DR BRUCE FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2024

1 ACCOUNTING POLICIES

Dr Bruce Fund (the “Charity”) is an unincorporated charity and domiciled in the UK.

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS 102)) and the Financial Reporting Standard 102 applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities and Trustee Investment (Scotland) Act 2005 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements have been prepared to give a ‘true and fair’ view and have departed from the Charities Accounts (Scotland) Regulations 2006 (as amended) only to the extent required to provide a ‘true and fair’ view. This departure has involved following the Charities SORP (FRS 102) issued on 16 July 2014 rather than the preceding Charities SORP (SORP 2005) which was effective from 1 April 2005 and has since been withdrawn.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

In the transition to FRS 102 from old UK GAAP, the Charity has made no measurement and recognition adjustments.

The Charity’s parent undertaking, East Lothian Council, includes the Charity in its consolidated financial statements. The consolidated financial statements of East Lothian Council are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from John Muir House, Haddington, East Lothian EH41 3HA. In these financial statements, the charity is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

* Cash Flow Statement and related notes

As the consolidated financial statements of East Lothian Council include the equivalent disclosures, the Charity has also taken the exemptions under FRS 102 available in respect of the following disclosures:

* The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the statement of financial activities.

1.2 Going Concern

The Trustees consider Dr Bruce Fund to be a going concern as there are appropriate funds to continue meeting its charitable activities.

1.3 Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through the statement of financial activities. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in the statement of financial activities. Other investments are measured at cost less impairment in the statement of financial activities.

1.4 Funds Structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose. All funds of the trust are unrestricted.

1.5 Income Recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.6 Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled conditions attaching to that grant are outside of the control of the Charity.

1.7 Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. Governance costs are included within charitable activities.

2 INCOME FROM DONATIONS

For 2023/24, the external annual audit fee was a donated service of £1,000 from East Lothian Council.

3 INVESTMENT INCOME

	Unrestricted Funds 2023/24	Unrestricted Funds 2022/23
	£	£
Dividends - equities	324	330
Interest on cash deposits	272	169
	596	499

4 INVESTMENT MANAGEMENT COSTS

	Unrestricted Funds 2023/24	Unrestricted Funds 2022/23
	£	£
Investment and ELC management fees	146	143

5 COSTS OF CHARITABLE ACTIVITIES

	Grant Funding activities 2023/24	Grant Funding activities 2022/23
	£	£
Grants of £40 made to 7 individuals, and one grant of £1,185 for flood damage restoration. (22/23: 2 individuals £40 each)	1,465	80

6 STAFF COSTS AND EMOLUMENTS

Key management personnel received no employee benefits for their services to the charity.

7 INVESTMENTS

Movement in market value

	2023/24	2022/23
	£	£
Market Value at 1 April	12,758	13,714
Profits (Losses) from Sales	938	1,284
Net (loss)/gain on fair value revaluations	12	(2,135)
Gains (Losses) on Investments	950	(851)
Management Fees deducted from investments	(77)	(105)
Market Value at 31 March	13,631	12,758

	Total Funds 2023/24	Total Funds 2022/23
	£	£
Investments at fair value comprised:		
Quoted shares	13,631	12,758

8 DEBTORS

	2023/24	2022/23
	£	£
Other Debtors	7,800	7,553
Other debtors primarily constitute cash held by East Lothian Council on the Trust's behalf.		

9 ANALYSIS OF CHARITABLE FUNDS

	Balance at 1st April 2023	Gain/(Loss) in Investments (Note 7)	Profit/(Loss) for Period (excluding Gain/ (Loss) in Investments	Balance at 31st March 2024
	£	£	£	£
General Funds	20,311	950	(1,015)	20,246

Management of the General Funds balance should continue to recognise that fair value gains on investments are not realised in cash terms until the investments are sold.

The extent of unrealised gains in the General Funds will therefore continue to inform Trustees' decisions regarding the utilisation of reserves.