

# ANNUAL ACCOUNTS

2024-2025



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# Annual Accounts 2024/25

## Contents

|   |          |
|---|----------|
| <b>Management Commentary</b>  | <b>1</b> |
| <b>Statement of Accounts</b>  |          |
| Comprehensive Income and Expenditure Statement  | 20       |
| Balance Sheet   | 21       |
| Movements in Reserves Statement   | 22       |
| Cash Flow Statement   | 24       |
| Notes to the Accounts   |          |
| 1 Accounting Policies   | 25       |
| 2 Expenditure and Funding Analysis  | 36       |
| 3 Accounting Standards that have been Issued but not yet Adopted                      | 37       |
| 4 Critical Judgements in Applying Accounting Policies                                 | 38       |
| 5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty | 38       |
| 6 Events After the Balance Sheet Date   | 39       |
| 7 Restatement   | 39       |
| 8 Other Operating Expenditure   | 39       |
| 9 Financing and Investment Income and Expenditure                                     | 39       |
| 10 Taxation and Non-Specific Grant Income   | 40       |
| 11 Grant Income   | 40       |
| 12 Agency Services  | 41       |
| 13 Property, Plant and Equipment  | 41       |
| 14 Heritage Assets  | 45       |
| 15 Common Good  | 46       |
| 16 Intangible Assets  | 46       |
| 17 Long-Term Debtors  | 46       |
| 18 Financial Instruments  | 47       |
| 19 Inventories  | 55       |
| 20 Short-Term Debtors   | 55       |
| 21 Cash and Cash Equivalents  | 55       |
| 22 Short-Term Creditors   | 56       |
| 23 Provisions   | 56       |
| 24 Contingent Assets and Liabilities  | 56       |
| 25 Leases   | 57       |
| 26 Public Private Partnerships and Similar Contracts                                  | 60       |
| 27 Pension Costs  | 62       |
| 28 Usable Reserves  | 67       |

## Annual Accounts 2024/25

### Contents

|    |  |            |
|----|--|------------|
| 29 | Unusable Reserves  | 69         |
| 30 | Capital Commitments  | 72         |
| 31 | Capital Expenditure and Capital Financing  | 73         |
| 32 | Adjustments to Usable Reserves Permitted by Accounting Standards                                   | 74         |
| 33 | Adjustments to the statutory repayment of debt for service concession arrangements                 | 75         |
| 34 | Adjustments between Accounting Basis and Funding Basis under Regulations                           | 76         |
| 35 | Transfers to/from Statutory Reserves   | 78         |
| 36 | Reconciliation of Comprehensive Income and Expenditure Statement to Cash Flow Operating Activities | 78         |
| 37 | Reconciliation of Financing Activities to Balance Sheet  | 79         |
| 38 | External Audit Costs   | 79         |
| 39 | Statutory Trading Operations   | 79         |
| 40 | Related Parties  | 80         |
|    | Housing Revenue Account  | 83         |
|    | Council Tax Income Statement   | 84         |
|    | Non Domestic Rates Income Statement  | 85         |
|    | Sundry Accounts Statement  | 86         |
|    | Group Comprehensive Income and Expenditure Statement   | 87         |
|    | Group Balance Sheet  | 88         |
|    | Movements in Group Reserves Statement  | 89         |
|    | Group Cash Flow Statement  | 91         |
|    | Notes to the Group Accounts  |            |
| 1  | Disclosure of Interest in Other Entities   | 92         |
| 2  | Group Structure  | 92         |
| 3  | Combining Entities   | 94         |
| 4  | Changes to Group Structure   | 94         |
| 5  | Principal Place of Business  | 94         |
| 6  | Reconciliation Statements  | 94         |
| 7  | Further Details on Consolidation   | 96         |
| 8  | Interests in Other Entities  | 99         |
|    | Remuneration Report  | 100        |
|    | Statement of Responsibilities  | 109        |
|    | <b>Annual Governance Statement</b>   | <b>110</b> |
|    | Independent Auditors Report  | 132        |
|    | Glossary of Terms  | 135        |

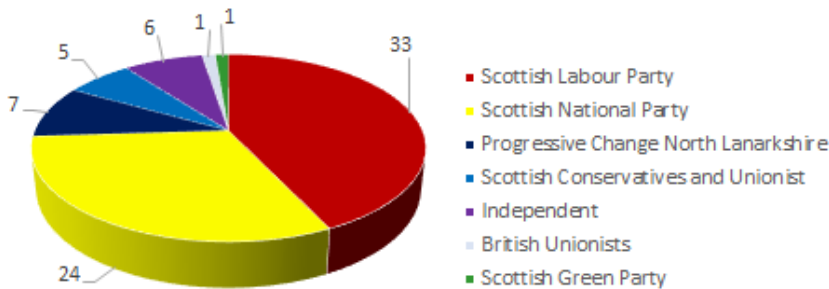
Annual Accounts 2024/25  
Management Commentary

Introduction

North Lanarkshire is Scotland’s fourth largest local authority area by population. It is ideally situated in the heart of Scotland with first-rate connectivity to the rest of Scotland, the UK, and the world. As the fifth most densely populated council area, North Lanarkshire is divided into 21 wards which are represented by 77 elected members. The Council is the main provider of services to a population of 341,890 residents and those who come to *Live, Learn, Work, Invest and Visit*.

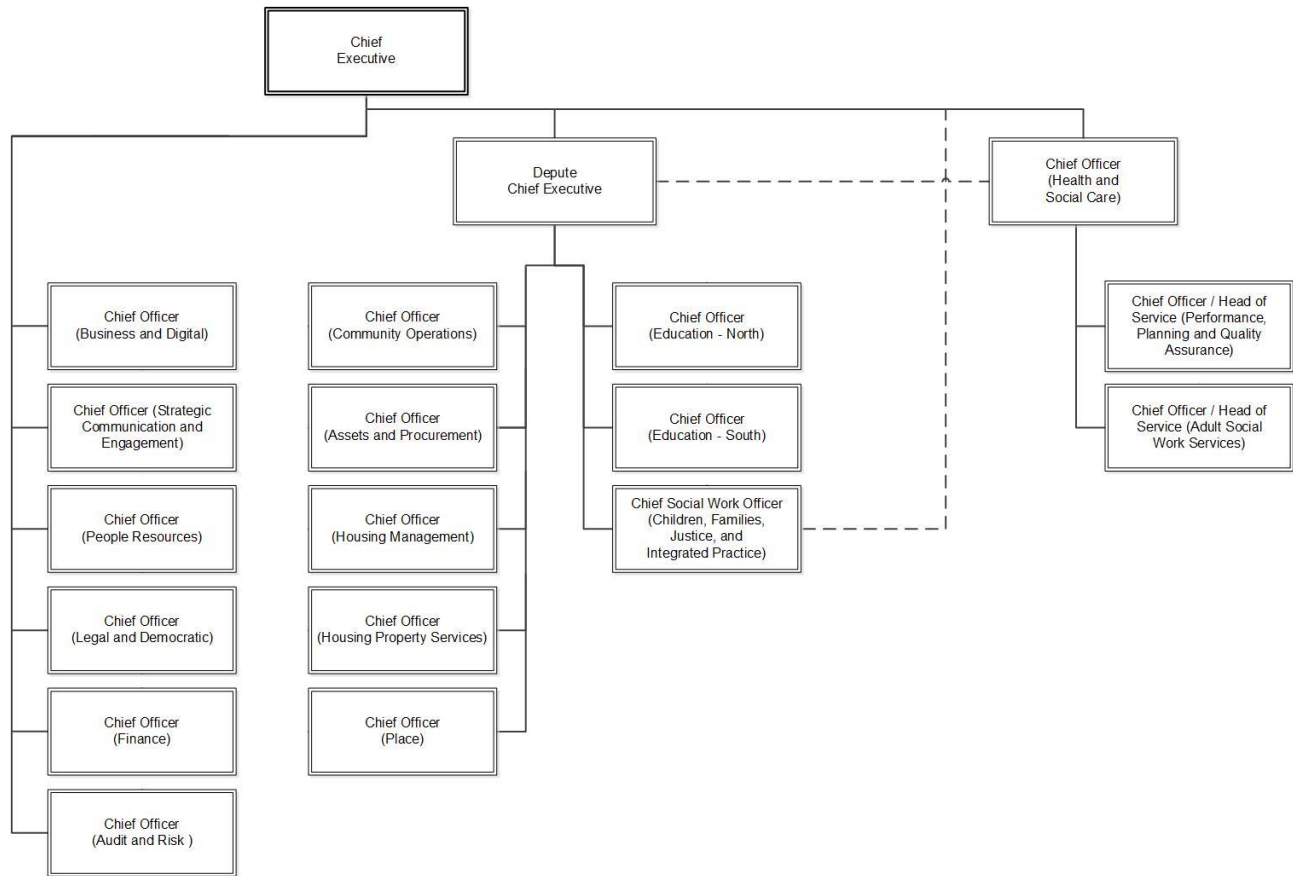
Political Composition and Council Structure

The Council was overseen by 77 elected members at the balance sheet date. The political composition of the elected members for North Lanarkshire Council is shown below:



Further information on the political composition of the Council, Committee membership and Councillors is available on the [Council's website](#).

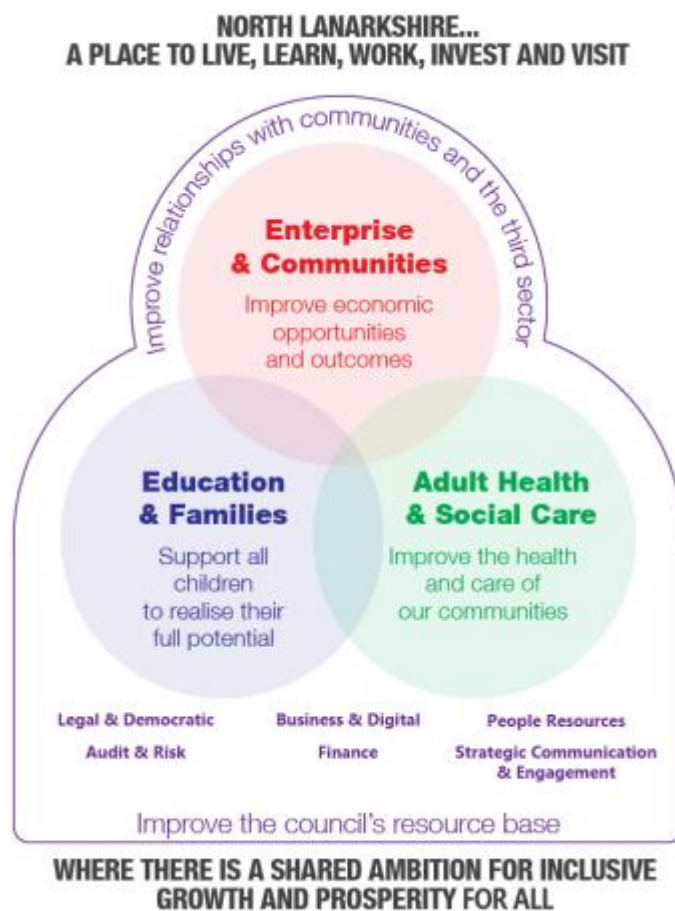
The Council's reporting structure during 2024/25 is illustrated in the diagram below and is reflected in the Financial Statements.



## Annual Accounts 2024/25 Management Commentary

The vision for North Lanarkshire to be a place of inclusive growth and prosperity for all that brings equal benefits and a fairer distribution of wealth to all North Lanarkshire's people and communities was founded on the evidence presented in the report, A Shared Ambition for North Lanarkshire, approved at Committee in September 2018. The 2018 report also set out the operating framework required for the Council to enhance the alignment of, and synergies between, strategic and operational functions in order to successfully deliver on the vision which was thereafter formalised through approval of The Plan for North Lanarkshire in February 2019. At this time the Council's operating framework was realigned to group service functions around relationships with communities and the key stages of a person's life.

The Council's operating framework during 2024/25, as established in September 2018, is illustrated in the diagram below.



Since then, structural realignments have continued to enable The Plan for North Lanarkshire's narrative to become consistently embedded in everyday service delivery activities as well as strategic and financial decision making, strategy and policy development, and corporate governance approaches across the council. Approved at Committee in December 2020, the delivering for communities' report further strengthened the focus on local communities and ensured the structure of the Council's senior management team fully reflected the model established through the nine Community Boards.

Since then, an annual governance review of the Council's operating framework (reported to Committee in [December 2022](#), [December 2023](#), and [September 2024](#)) has focussed on the incremental structural refinements required to ensure ongoing alignment of vision, plan, governance, and operations in order to safeguard the sustainability of the organisation's capacity, ensure already challenged resources are maximised, and further strengthen the development and delivery of solutions through an integrated council and community approach. Creating single council operations, single Chief Officer portfolios, and single service accountability have underpinned approved structural refinements and changes to date have included:

- The formalisation of Chief Officer titles (from Head of Service) and a realignment of Chief Officer reporting lines (under the Depute Chief Executive) to ensure a more balanced senior management team. This oversight by the Depute Chief Executive of the services within both Education and Families and enterprise



## **Annual Accounts 2024/25 Management Commentary**

and communities provide important opportunities to capitalise on existing synergies and ensure effective use of resources and economies of scale.

- Creating a single place-based operation to move attention upstream of service delivery and focus on creating local place-based conditions that support inclusive and green growth and enable people to thrive.
- Strengthening a single service approach to housing to improve the multi-dimensional health, economic, and social benefits for tenants and residents.
- Establishing a single front-line community operation (that comprises a resource base on similar working terms and conditions), allowing for greater integration and collaboration in terms of working practices and supporting appropriate consideration of synergies and economies of scale.

### **Financial Performance Overview**

The Annual Accounts demonstrate the stewardship of the public funds with which the Council is entrusted. The financial statements represent the financial position of North Lanarkshire Council as at 31 March 2025. They have been compiled in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which is based on International Financial Reporting Standards (IFRS), which is a set of accounting standards developed by the independent International Accounting Standards Board (IASB) in order to provide a global framework and general guidance to allow organisations to prepare and disclose financial statements. The Accounts also reflect the requirements of accounting and statutory guidance set by the Government.

### **Comprehensive Income and Expenditure Statement (CIES)**

The CIES (page 20) sets out the day-to-day operational expenditure incurred by each Council service and the level of income received to support that service provision. It includes cash payments made in the provision of services and payments to employees, and non-cash expenditure including depreciation and accrued expenditure representing the cost of goods or services received by the authority by 31 March, for which payment has not yet been made. It also reflects all sources of income received, and accrued in the year representing income due as at 31 March but not yet received.

The CIES shows the accounting position before statutory adjustments are applied. It analyses income and expenditure in line with the organisational structure against which performance has been monitored throughout the year.

There is a Net Cost of Services of £1,108.877m and other corporate charges totalling £59.629m. These were funded by Taxation and Non-Specific Grant Income (including Council Tax, General Revenue Grant and Non Domestic Rates) of £1,050.991m. This resulted in an accounting deficit on the provision of services for the year of £117.515m.

Other net income not related to the provision of services totalling £61.284m is also reported, resulting in the Total Comprehensive Income and Expenditure for the year showing a deficit of £56.231m. This is a decrease of £189.783m from the deficit position reported in 2023/24, primarily due to a reduction in the actuarial valuation of the Council's share of pension scheme liabilities.

### **Movement in Reserves Statement (MiRS)**

The MiRS statement (page 22) shows the movement in year on both usable and unusable reserves held by the Council, as a result of the Council's performance, accounting adjustments and statutory adjustments. Reserves represent the authority's net worth and show its spending power. The key figure in the Accounts is the General Fund balance. The credit balance in the General Fund is the excess of income over expenditure in the revenue account over time, after adjusting for movements to and from reserves and other non-cash items such as depreciation. When account is taken of those items excluded from the Comprehensive Income and Expenditure Statement, the overall deficit on the General Fund Account for the year is £1.923m.

The net General Fund deficit for the year has been added to the surplus of £283.893m brought forward from 2023/24 resulting in an overall surplus to be carried forward into 2025/26 of £281.970m. This balance has generally increased over recent years largely due to proactive management within the Council to maximise reserves to support future budget challenges and to help ensure the delivery of Council services are financially sustainable.

## Annual Accounts 2024/25 Management Commentary

The overall balance is represented by:

|                                   | £m             |
|-----------------------------------|----------------|
| Earmarked for Service Expenditure | 229.516        |
| Change Management Fund            | 12.563         |
| Contingency                       | 8.000          |
| Future Budget Pressures           | 31.891         |
| <b>Total General Fund Balance</b> | <b>281.970</b> |

### Expenditure and Funding Analysis

The Expenditure and Funding Analysis (Note 2 page 36) shows how expenditure is incurred and funded from resources (government grants, housing rents, Council Tax and Non-Domestic Rates) in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated across Council Services. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

### Housing Revenue Account

The Council is required by statute to maintain a separate Housing Revenue Account, as distinct from the General Fund Revenue Account. The movements in the Housing Revenue Account are outlined in the Movement in Reserves Statement (page 22), with the Housing Revenue Account financial statements detailed on page 83. These reflect transactions linked to managing the Council's housing stock. The account shows an in-year surplus of £5.339m, which when added to the 2023/24 balance brought forward results in a cumulative surplus of £22.159m, shown within the Council's Usable Reserves. Of this surplus, £13.156m has been approved for specific purposes primarily including Loan Charges of £8.501m, Council Ambition of £1.306m and Welfare Changes and Financial Insecurity of £1.000m. In addition, there is an approved £1.742m contingency fund, which leaves an unallocated balance of £7.261m.

### Capital Account

In March 2024, the Council approved a new [Strategic Capital Investment Programme](#) for the 5-year period from 2024/25 to 2028/29, with record levels of capital investment of £660m planned over the next five years as the Council continues the delivery of its long-term place shaping transformation of North Lanarkshire's towns and communities. Alongside record levels of investment in the Council's housing provision through the Housing Revenue Account, this represents potential investment of £1.685bn in North Lanarkshire's town and communities.

During 2024/25 the Council's Strategic Capital Investment Programme continued to face a number of delivery challenges linked to the wider economic climate and the availability of materials and labour, and inflationary pressures. These resulted in reduced capacity for external contractors to deliver projects within previously assumed timelines, and increased material costs. The overall impact meant that lower than anticipated expenditure, and resultant borrowing was incurred with the programme delivery reprofiled across the remainder of the five-year capital planning period.

The 2024/25 outturn position for capital expenditure is summarised below:

|   | <b>General<br/>Fund<br/>Services<br/>£m</b> | <b>Housing<br/>Revenue<br/>Account<br/>£m</b> | <b>Total<br/>£m</b> |
|---|---|---|---------------------|
| Capital expenditure                       | 112.837                                     | 103.836                                       | 216.673             |
| <b>Total capital expenditure</b>          | <b>112.837</b>                              | <b>103.836</b>                                | <b>216.673</b>      |
| Capital receipts                          | 6.432                                       | 0.018   | 6.450               |
| Government grants and other contributions | 56.718                                      | 17.455  | 74.173              |
| Direct revenue contributions (CFCR)       | 4.619                                       | 20.089  | 24.708              |
| <b>Total capital income resources</b>     | <b>67.769</b>                               | <b>37.562</b>                                 | <b>105.331</b>      |
| <b>Total advances from loans fund</b>     | <b>45.068</b>                               | <b>66.274</b>                                 | <b>111.342</b>      |



## **Annual Accounts 2024/25 Management Commentary**

The 2024/25 net increase of loans fund advances of £111.342m was funded primarily from a combination of internal cash balances/reserves, short-term borrowing and long-term borrowing from the Public Works Loan Board (PWLb).

### **International Financial Reporting Standard 16 (IFRS16 Leases)**

The 2024/25 Code introduced IFRS16 Leases with effect from 1 April 2024. The main impact being that whilst finance leases were previously recognised as an asset on the Balance Sheet along with an equal lease liability, IFRS16 now requires operating leases to be accounted for in the same way, with right-of-use assets and lease liabilities to be included on the Balance Sheet. IFRS16 defines a lease as being 'a contract, or part of a contract, that conveys the right to use an asset for a period of time'.

IFRS16 also applies to service concession arrangements i.e. Public-Private Partnerships (PPP) and similar schemes. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability, is recalculated based on the revised level of payments. The effect of this has been to increase finance lease liabilities by £88.224m, with £85.451m recognised on IFRS16 transition at 1 April 2024 and additional £2.773m remeasurement as at 31 March 2025, with an equal increase in Balance Sheet assets recognised prior to revaluation considerations.

### **Cash Flow Statement**

The Council's cash and cash equivalents reported a net increase of £10.252m during 2024/25 (page 24). This incorporates a net cash inflow from operating activities of £34.091m, a net cash outflow in investing activities of £129.595m and a net cash inflow from financing activities of £105.756m. In addition, a further non-cash adjustment of £0.011m in respect of accrued interest is reflected, resulting in a closing cash and cash equivalents balance of £58.530m on the Balance Sheet, which is a total increase of £10.241m during 2024/25.

### **Long-Term Borrowing**

The Council's annual borrowing strategy is outlined within the Treasury Management Strategy. The strategy considers the affordability of the capital financing requirement per the capital investment plan developed to deliver on The Plan for North Lanarkshire.

The Council's [Treasury Strategy and Treasury and Prudential Indicator](#) limits for 2024/25 were approved by the Finance and Resources Committee on 28 February 2024. These facilitate the decision-making processes in support of the Council's capital investment and borrowing strategies. Significant capital investment was initiated through the arrangements available within the Prudential System for Capital Finance. During 2024/25 the approach to borrowing was in line with the approved strategy, with the Council taking advantage of long-term and temporary (short-term) borrowing available at competitive rates supplemented by internal cash balances to support principal repayments, daily revenue account requirements and the capital financing requirement. The strategy adopted reflected consideration of interest rate forecasts, management of carrying costs and the retention of cash balances at appropriate levels, managing the associated investment, interest and liquidity risk.

Further details on the Council's future capital investment plans, treasury management (borrowings and investments), prudential indicators and loans fund liabilities is contained within the [Treasury Management Strategy](#) document.

### **Pension Assets and Liabilities**

The IAS19 calculation (pages 62 to 67) for employers participating in the Strathclyde Pension Fund is based on a snapshot valuation as at 31 March 2025. The value of the pension fund is fully assessed every three years with annual estimates made between assessments. A range of factors are taken into account each time, such as inflation and life expectancy. Therefore, annual estimates of fund values and future pension payments can vary from year to year. The triennial review applied to 2024/25 took place as at 31 March 2023 showing 147% compared to the previous triennial review position at March 2020 of 106%. As a result, new employer contribution rates have been agreed at 6.5% in 2024/25 and 2025/26, and 17.5% from 2026/27. The improvement is as a result of better than anticipated investment returns on the fund's assets and changes in future inflation expectations.

The net pension assets or liabilities show the overall surplus in the pension fund after paying retirement benefits, or any underlying commitments that the Council has in the long run to pay retirement benefits. The Council's fund continues to remain in a net asset position due to high corporate yield bonds upon which the discount rate is derived, leading to a reduction in employer obligations. However, the accounting standard imposes a limit on

## Annual Accounts 2024/25

### Management Commentary

the maximum amount of surplus which can be recognised. The Council's actuaries have calculated that the surplus in relation to funded plans is £1,165.892m, with an asset ceiling, based on the remaining future working lifetime of staff and the present value of accruing service cost less value of cash contributions being nil, therefore an asset ceiling adjustment of £1,165.892m has been applied. As a result, the net pension asset held on the Council's Balance Sheet in relation to funded plans is nil. In addition to this, a net pension liability of £106.280m is held on the Council's Balance Sheet in relation to unfunded liabilities. Further detail on this can be found in note 27 on page 62.

After reflecting updated assumptions on a number of variables by the pension actuaries, the movement in the Council's fund is made up of the estimated fair value of the fund's assets which has increased by £74.158m as shown in note 27.3 and the estimated fair value of future liabilities which has reduced by £246.452m as shown in Note 27.2, which together with an increase in the ceiling adjustment of £307.400m as shown in note 27.4 results in a net decrease in pension liabilities being recognised of £13.210m.

### Group Accounts

The Council has a controlling interest in two subsidiary companies, and a minority interest in associate companies and joint ventures. The Code of Practice on Local Authority Accounting requires, where significant, the Council is to include summary Group Accounts within the Annual Accounts, showing the financial position of the Council and its subsidiaries plus the investments in associates and interests in joint ventures as a single economic entity.

After consolidation the Group Balance Sheet shows net assets of £1,881.560m as at 31 March 2025, an increase of £185.661m on the single entity position, representing the Council's share of the net assets of these entities. Further detailed information on the Group performance, along with the summarised group financial statements, is available on pages 87 to 99.

A brief summary of in year activity in respect of Council Arm's Length External Organisations (Council companies and joint venture companies) is provided below:

**Routes to Work Ltd** continues to operate under a Service Level Agreement to support key parts of the Council's employability programmes including No One Left Behind, Working for Families and UKSPF Employment Support. The organisation provides a range of free employability services to North Lanarkshire residents, specialising in supporting unemployed residents and helping residents access vocational training.

**Amey Public Services (APS) LLP** continued to successfully deliver its contractual obligations and meeting the Council's service delivery expectations until the contract ended 30 September 2024. The company no longer provides services to the Council. Work to wind up the company is ongoing.

**MEARS Scotland LLP** continued to deliver all services within the contract extension period to 30 June 2024, with the company no longer providing services to the Council after this date. Work to wind up the company is ongoing.

**North Lanarkshire Properties (NLP) LLP** continue to operate in a challenging environment as a result of the current economic climate. The company are experiencing supply chain labour shortages and construction inflationary pressures. During 2024/25, NLP continued to partner with NLC Growth Team to develop the existing Braidhurst Industrial Site in Motherwell, which includes upgrading the existing units and the construction of ten additional units. Following a review of NLP loan facility agreement with Barclay's Bank the company elected to exercise the option to extend the loan facility for a further year (to 31 October 2029).

**Fusion Assets Ltd** has continued with its development plans primarily utilising Vacant & Derelict Land Fund funding, private sector funding and internal resources to progress current and future developments. Company activity was constrained during 2024/25 due to the ongoing Council ALEO Review. However, Building 2 at Link Park, Newhouse was let, and construction work on Building 3 has begun. The company undertook a second phase of enabling works on Plot 1 at Ravenscraig Enterprise Park and secured City Deal funding to take forward its development. In addition, the joint venture at Gartcosh Industrial Park successfully sold the first phase of development and entered into an exclusivity agreement to look at taking forward a second phase of development.

### Equal Pay

The Council has previously recognised the need to provide for on-going commitments arising from equal pay compensation claims. The provision is reviewed annually with consideration given to the scale and scope of any risk and uncertainties.

## Annual Accounts 2024/25 Management Commentary

The 2024/25 opening provision value of £4.969m comprised of £4.850m in relation to General Fund and £0.119m for HRA. Total claims paid out during 2024/25 equated to £0.006m. The existing level of provision was assessed and concluded to be reasonable to cover the remaining outstanding claims and the expected pension cost for previously settled claims. Note 23 on page 56 provides the detail of the 2024/25 closing provision for Equal Pay of £4.963m.

### The Plan for North Lanarkshire and Programme of Work

The Plan for North Lanarkshire sets the long-term strategic direction for the Council, partners, and other stakeholders and, most importantly, for each unique community and the people who live, learn, work, invest, and visit within North Lanarkshire. It communicates the vision for inclusive growth and prosperity for all to bring equal benefits and a fairer distribution of wealth across all local communities.

The vision in The Plan for North Lanarkshire was shaped by the area's demographic, social, and economic profile which at the time showed a positive picture in terms of economic growth, inward investment, employment, and educational attainment, but still unacceptably high levels of deprivation and child poverty and clear areas of inequity and inequality. This meant that not all of North Lanarkshire's people were sharing equally in the improving picture, and there was an element of social exclusion across some towns and communities.

As the delivery vehicle for The Plan for North Lanarkshire, the Programme of Work enables a recurring, dynamic, and cohesive approach to realising the shared ambition. It enables delivery of the vision to be informed by a strategic planning process that is framed within the context of the local demographic, social, and economic profile that shaped The Plan for North Lanarkshire, as well as the latest national policy changes and developments. This process also ensures a more targeted approach to establishing the programmes, projects, and activities required to achieve the intended outcomes. The Council's strategic planning process includes due consideration and updates to the Strategic Policy Framework to ensure that strategy and policy continue to remain connected to delivery.

The clear ambitious vision in The Plan for North Lanarkshire was recognised by the Best Value auditors in their new national thematic approach which considered the effectiveness of the leadership of the development of the Council's strategic priorities. In their [outcome report](#) (which was presented to Committee in December 2023) the auditors noted that the vision has been driven by effective leadership and was supported by a range of performance indicators and performance reporting arrangements. The report concludes positively on the Council's approach to citizen and community engagement and recognises the council's commitment to reducing inequalities and tackling poverty. It also comments positively on the alignment of strategic and operational delivery plans (with the council's financial, asset, and digital plans), the collaborative working between Elected Members and officers, and the council's approach to self-evaluation to support continuous improvement.

The extent of this external validation to the *one place one plan one council* approach, and the ongoing leadership and long-term commitment to The Plan for North Lanarkshire, demonstrates the very solid foundations which are now in place across the organisation to support and escalate the pace and depth of change that is critical to realise the successful delivery of the new Programme of Work to 2028. This is further evidenced by the extent of achievements which have been realised through the Programme of Work to date. The latest report to Committee in March 2025 highlighted these [achievements](#) (summarised below) and demonstrate the extent to which the Council has focussed efforts on delivering the priorities approved by the Policy and Strategy Committee in order to secure sustainable transformational change that improves the lives of local people.

- Good progress being made in terms of five new community hubs being built at various sites across North Lanarkshire.
- The 65th new supply development starting on site to deliver more new homes for social rent and increase the new supply programme to further support the regeneration of local communities and town centres, create jobs, and boost the local economy.
- The 800th property purchased under the open market purchase scheme to increase the supply of affordable homes for rent, address housing needs, and support the regeneration of local communities.
- Creating 17.2 km of active travel routes to help establish a network of safe, accessible walking / wheeling / cycling routes to help people access employment, education, and leisure opportunities, improve health and well-being, and reduce carbon emissions.
- Developing a new heritage and countryside trail, designed to showcase North Lanarkshire's rich history through engaging stories and interactive experiences. Set across 10 locations, this has been developed to attract tourists and locals to explore the area as well as promote active lifestyles and health and wellbeing.

## Annual Accounts 2024/25

### Management Commentary

- Conducting the first trials of new materials designed to reduce carbon in the roads industry through a partnership with Transport for West Midlands, Amey, and Colas, as part of ADEPT Live Labs 2 (a three-year UK-wide programme funded by the Department for Transport aimed at decarbonising the local road network).
- Establishing the Invest Here website ( <https://www.investinnorthlanarkshire.co.uk/> ) to capitalise on North Lanarkshire's position at the heart of Scotland with excellent transport links to support inward investment and show the range of opportunities available to support new businesses and key industry sectors to plant roots, grow, and support the local economy. This is supported by the new Invest in North Lanarkshire advisory service to provide bespoke advice to help streamline and accelerate the statutory consent process for developers.
- Being the first council in Scotland to achieve the Breastfeeding Friendly Scotland Local Authority Award at the gold standard.
- Delivering a range of technological developments to further support connectivity and digital inclusion across North Lanarkshire, including a chat bot functionality on the Council's website to enable residents to receive automated responses or chat to an advisor, extension of public wi-fi, three more immersive experience facilities, expansion of the inter-generational project that encourages older residents to use technology to enrich their lives and support social inclusion through one-to-one training with young people from local schools, smart lighting and Internet of Things pilots deployed to Palacerigg and Strathclyde Country Parks, and more processes / services becoming available for public interaction through the Council website.
- Various public and stakeholder feedback events on many significant local developments to allow residents to provide their views and shape the next steps, including in relation to Cumbernauld Town Centre, the Local Transport Strategy, the Local Development Plan, East Airdrie Link Road, new digital zones, and the Rediscovering Airdrie project.
- Further developing the use of the three new hubs already built and in operation over the period of The Plan for North Lanarkshire. These hubs are now seeing delivery of integrated and inclusive whole family support accessible at the heart of local communities. Activities being delivered from hubs also includes partnership working in relation to employment pathways, community learning and development, and health improvement.
- Growing the council tax income base by adding 4,853 housing properties over the duration of The Plan for North Lanarkshire, with 346 properties to the non-domestic rates income base over the same period.
- Achieving a successful Best Value audit for the second year as part of the national approach. The 2024 audit focussed on workforce innovation and recognised that the Council's workforce planning approach is integrated with The Plan for North Lanarkshire, has a focus on developing the workforce of the wider North Lanarkshire area, and is supported by robust service workforce plans. The audit also noted that the Council is proactive in developing its workforce as well as that of the wider North Lanarkshire area and works across a range of partnerships to deliver services for communities.
- Delivering many community benefits which have been derived through Programme of Work activities - such as providing jobs and training through the new supply programme, creating opportunities for local businesses and supply chains through large scale regeneration programmes, targeted training and recruitment for pupils with additional support needs, and summer placement programmes for young people about to leave school. Financial benefits have also been gained, such as donations from various groups to build beds for disabled plot holders and to work with young people living in deprived areas, with non-financial support received from contractors in relation to donating training, time, and excess materials for local projects.

Fulfilling the commitment made by the senior management team in March 2022, the development process for the fifth iteration of the Programme of Work reflected a significant change in approach compared to previous years. The longer-term approach set out in the [Programme of Work to 2028](#) (which was approved in March 2023) reflected the need to reframe the Programme of Work in line with the latest North Lanarkshire context to ensure a heightened and more strategic focus on not only sustaining local economic and community improvements to date, but also on ensuring a more targeted approach to improving social conditions and outcomes.

The Programme of Work to 2028 comprises seven priorities (summarised below) for which a single integrated council wide [Delivery Plan](#) was established in March 2024:

## Annual Accounts 2024/25 Management Commentary

**Transforming places** - to plan and co-ordinate public and private sector investment to deliver transformational change across town centres and local communities at pace to attract more people to live, learn, work, invest, and visit within North Lanarkshire.

**Invest in North Lanarkshire** - to support and accelerate investment in North Lanarkshire, and the Council's own investment programme, through a collaborative and streamlined advisory service to help grow and sustain the economy and transform communities.

**Sustainable Futures** - to focus commitments to net zero carbon and climate resilience and the associated energy solutions and investments required to make it a reality.

**Brighter Futures** - to support and improve educational attainment, employment opportunities, entrepreneurship, and volunteering and prepare young people and the wider community for the future through education, voluntary work, and enterprise by giving them the skills, knowledge, and confidence to successfully transition to further education, training, or employment.

**Resilient people** - to deliver whole family support locally, when families need it, in a way that addresses the impact of poverty and reduces inequality, providing an integrated approach (working with partners) to an earlier and more effective response to need.

These five front facing Programme of Work priorities are supported by two priorities which are key to enabling their delivery:

**Digital North Lanarkshire** - to develop a skilled digital workforce, promote an innovative sustainable culture, and be the digital leader for a transformed North Lanarkshire. This programme is a key enabler in delivering the other programme of work priorities and driving economic growth as well as transforming the education and abilities of learners of all ages.

**One Service** - to ensure services are delivered, regardless of owner, in a streamlined, efficient, and supportive model. This programme is a key enabler in delivering the other priorities and ensuring the Council delivers services (regardless of structures or the alignment of functions) in line with the overall vision of inclusive growth and prosperity for all.

Six-monthly Programme of Work progress reports have continued to support the role of the Policy and Strategy Committee in maintaining their strategic oversight role (in line with the Scheme of Administration) of the overall Programme of Work to 2028 in relation to "*development, co-ordination, and monitoring of The Plan for North Lanarkshire*" and to keep under review such "*programmes as the Committee considers necessary to achieve the council's long-term aims and objectives*". The latest report in this respect was reported to the Policy and Strategy Committee in [March 2025](#).

### Strategy and Performance

Key to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work, while ensuring each stage of delivery towards achieving the overall ambitions is appropriately aligned, planned, guided, implemented, monitored, and governed, are six inter-related strategic frameworks that aim to maintain a corporate one council approach across the organisation (these are listed below). To ensure these frameworks remain aligned to The Plan for North Lanarkshire and Programme of Work, all are on a regular review and refresh programme;

- Strategic Policy Framework
- Strategic Governance Framework
- Strategic Performance Framework
- Strategic Self-Evaluation Framework
- Project Management Framework



## Annual Accounts 2024/25

### Management Commentary

- Framework for Demonstrating Improved Outcomes for Communities

At a strategic level, The Plan for North Lanarkshire is supported by a suite of health check performance indicators that collectively provide the context for North Lanarkshire as a place. By providing the local demographic, social, and economic profile these indicators were key to shaping the long-term vision set out in The Plan for North Lanarkshire, and they have continued to provide a robust, consistent, and independent way of assessing progress since then. The suite of indicators also play an important role in informing the strategic planning process through the Programme of Work. The most recent data published can be found in the following report to Committee in March 2025 ([latest North Lanarkshire context, challenges, and next steps](#)). This highlights both the successes experienced across North Lanarkshire as well as the challenges that remain.

At the time the aforementioned [North Lanarkshire context](#) was reported in March 2025, the successes noted from the data were as follows:

- The last two year's annual performance update reported that the gross weekly pay for local residents was higher than the national average. This position continues in the latest data which shows the gross weekly pay for North Lanarkshire's residents has reached £740.40 in 2024 compared to £740.00 nationally. This is an increase of 4.1% (£29.40 per week) in North Lanarkshire over the year compared to 4.3% (£30.60) nationally. The gap in hourly pay for full-time and part-time male and female workers has significantly narrowed over the period of The Plan for North Lanarkshire with this gap consistently being narrower than it is nationally.
- Following a period of decline of slow recovery, self-employed rates are now showing a marked improvement that returns this position to pre-pandemic levels (5.4%). The latest figures show that 7.3% of the working age population in North Lanarkshire are in self-employment.
- In the years prior to The Plan for North Lanarkshire baseline of 3.5% in December 2018, the number of people claiming employment related benefits had remained relatively low, increasing only to 3.8% in March 2020, which clearly showed the immediate impact of the pandemic with an increase to a high of 7.2% in August 2020 in line with trends nationally. After August 2020 figures started on a relatively downward trend (albeit more gradual towards the end of 2022 and into 2023), with figures as at December 2023 showing 3.3% (7,270) of the working age people now claiming one or more of the key benefits in North Lanarkshire. This improvement has continued over the last year with figures as at December 2024 showing 3.2% (7,070) of the working age people now claiming one or more of the key benefits, compared to a national average of 3.1%.
- Prior to the pandemic, North Lanarkshire had one of the strongest and fastest growing economies in Scotland, with significant growth year after year and strong business growth with an increase in the number of businesses per head of population and jobs safeguarded through support to businesses. Recent figures show the local economy continues to grow with North Lanarkshire's growth rate increasing 9% from the previous year, just below the national average of 10%. The extent of sustainable growth in North Lanarkshire can be seen by its ability for strong recovery after the pandemic with movement from a position of -3.1% during the pandemic to the latest figure of +8.9% in two years - the highest growth level over the period of The Plan for North Lanarkshire.
- School exclusion rates continue to show significant improvement for both all pupils and looked after children with the latest figures now below the national average and the comparator figure for similar councils. Exclusion rates in North Lanarkshire are now the sixth lowest in Scotland for looked after children.
- The gap in educational attainment between overall results and those for pupils living in the 20% most deprived areas (12 percentage points) shows improvement for the second year in a row and is lower than the national average (16 percentage points).
- Life expectancy for males in North Lanarkshire has shown a small gain for the second year in a row, following a dip in the preceding years.
- Satisfaction levels for the proportion of carers feeling supported to continue their caring role has shown an increase in the recent survey.
- North Lanarkshire's waste recycling rates have reached an all-time high (46.7%) and are now above the national average (43.5%) and the comparator figure for similar councils (40.4%).

At the time the aforementioned [North Lanarkshire context](#) was reported in March 2025, the challenges noted from the data that remain were as follows:



## Annual Accounts 2024/25 Management Commentary

- After a period of significant improvement in breastfeeding rates the latest figures remain unchanged from last year in that 30% of babies in North Lanarkshire are breastfed at the 6-8 week review and getting the best start in life. While this is an improvement from The Plan for North Lanarkshire baseline of 23.1% further analysis of other related measures show this rate is 50% at the first review point (10-14 days old) suggesting further work is required to secure sustainability in breastfeeding over time.
- While improvements had been noted in a reduction in the proportion of children in poverty over the period of The Plan for North Lanarkshire (Figure 22a in Appendix 2 shows the decrease from 25.2% to 23.2%), the latest figures show a reversal in this respect for the second year in a row with rates now reaching 26.9%. While this change in trend is in line with the national average, it remains a concern as almost one in four children in North Lanarkshire are living in poverty - higher than the national average of just over one in five children. Of particular concern is the disparity across North Lanarkshire's communities which is starting to show changes across areas over time.
- The proportion of the working age population who are economically active now sits at 74.7% (compared to The Plan for North Lanarkshire baseline of 77.9%). This represents an estimated 164,100 residents who are economically active in North Lanarkshire. While this is a decrease from pre-pandemic levels (170,700 in March 2020), there has been significant fluctuation in the figures over the years since and the trend does not yet appear to have stabilised.
- While the proportion and number of the working age population who are economically active had shown intermittent encouraging signs of improvement, the deep dive in this respect shows 25.3% are economically inactive. Of those recorded as being economically inactive, there remains 90.9% of the working age population (an estimated 49,500 people) who are currently recorded as not wanting a job. Fluctuations continue in the data for the reasons for this in terms of whether people are retired, students, looking after family/home, or long-term sick. Of those long-term sick, the latest figures show an increase over the period of The Plan for North Lanarkshire baseline estimates from 15,800 to 27,000.
- The deep dive into the latest business survival rates in North Lanarkshire shows a varying position and an increase from 54% to 55% in previous year, albeit this trend does follow the national average. The deep dive into this data shows that the early years of implementing The Plan for North Lanarkshire was impacted by the pandemic. However, this still remains a positive number of active businesses each year over the period of The Plan for North Lanarkshire, especially considering the figures clearly show an impact of the pandemic that is being stubborn to fully recover from.
- Following previous year's figures which showed the change in recorded crime in North Lanarkshire to be lower than the national average, this position has moved with local rates reaching + 4% which while higher than the national average of + 3.6%, it does follow the national trend. Notwithstanding the impact of the pandemic on the number of recorded crimes, the number of crimes in North Lanarkshire recorded by the police has not returned to pre-pandemic levels and remains lower than The Plan for North Lanarkshire baseline.

### Performance Overview

The Accounts Commission defines requirements for reporting performance information under the Local Government Act 1992 in terms of improving local services and local outcomes and demonstrating Best Value. Developed by the Improvement Service at the request of the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the Local Government Benchmarking Framework (LGBF) provides a suite of high-level performance indicators, comparable across other councils, that are designed to help inform improvements to services and outcomes. In this respect the latest results available for the Council have been incorporated into the Chief Officer's Strategic Performance Framework reports to committee from 2023 onwards.

The 2024/25 performance information will not be available publicly until later in the year, however past performance results can be accessed through the [LGBF website](#). This online information also includes comparisons of the council's performance with the national average and with similar councils. In 2023/24, areas where North Lanarkshire was among the top performing council in Scotland, and performance achieved shows continuous improvement, are noted below.

- 24.7% of A class roads (i.e. major and strategic roads) on the council's network require to be considered for maintenance treatment; performance in this area over the years has remained consistently lower than the national average (28.9%) and that of similar councils in the family group (26.1%).
- The average number of working days taken to complete non-emergency repairs in council housing stock (just under 7 days) continues to remain lower than the national average of just under 10 days, and the average for similar councils in the family group (9.5 days).

## Annual Accounts 2024/25 Management Commentary

- 98.6% of North Lanarkshire's properties receive superfast broadband (i.e. greater than the national definition of 30 megabits per second for superfast broadband), compared to an average of 95.9% nationally.
- There are 94.9% of children being looked after by the Council who are cared for in their local community (as opposed to residential care), compared to an average of 88.8% nationally - this is the highest proportion of all councils in Scotland. The gross cost of children looked after in a community setting in North Lanarkshire (per child per week) is the second lowest in Scotland.
- Less than 11.2% of looked after children in North Lanarkshire have experienced more than one placement in the last year (compared to 17.5% on average nationally) - this is the second lowest in Scotland. This reflects the council's commitment to maintaining the need to secure and maintain attachments in care planning.
- A third (33%) of council spend on social work is for self-directed support that gives people, who require social care support, more choice and control over how their support needs will be met. Latest results follow a year-on-year trend in improvement and are considerably higher than the national average of 9%. North Lanarkshire has remained the top performing council in this indicator for the last five years.

During 2024/25 the Council continued to implement a structured programme of self-evaluation to underpin the duty to secure continuous improvement in line with the well-established Strategic Self-Evaluation Framework arrangements. This included a self-evaluation of the Council's compliance with the Financial Management (FM) Code; this followed on from the initial evaluation undertaken in 2022. The 2025 self-evaluation concluded that the Council's financial management practices comply with all aspects of the CIPFA FM Code with an average overall rating of 99.6% from the assessment team in terms of *strongly agreeing* or *agreeing* the extent of compliance across all the 17 financial management standards. This is an improvement from 98% in the initial assessment in 2022.

In response to the Council's ambition to achieve net zero earlier than the national target of 2045, the Council developed its [Climate Plan ACT 2030](#). The achievement of the current targets contained within the Plan will see successive annual emission reductions, enabling the Council to reduce its footprint by 52.2% from its 2015/16 baseline i.e. a reduction of 61,141 carbon tonnes equivalent (tCO<sub>2</sub>e) by 2025/26. It is hoped that through the development of the route map, action plan and in setting policy the Council will achieve net-zero emissions by 2030. In the most recent reporting, the carbon boundary was expanded to include staff commuting and refrigerants and resulted in a footprint of 62,124 carbon tonnes equivalent (tCO<sub>2</sub>e). Measuring the original boundary against the baseline showed that there was a continued decrease in emissions with an overall reduction of 1.4% from the previous year and an overall reduction of 48.5% from the baseline year of 2015/16. A new Net Zero Pathway which will contain costed actions resulting in a realistic timescale and targets to replace the Climate Plan ACT 2030 will be brought to Committee in autumn 2025.

### Risk Management

Risk management forms an important element of the Council's corporate governance arrangements and is underpinned by the [Risk Management Strategy](#).



The Corporate Management Team receive regular reports on the Corporate Risk Register as well as updates on wider risk management arrangements.

The Corporate Risk Register contains:

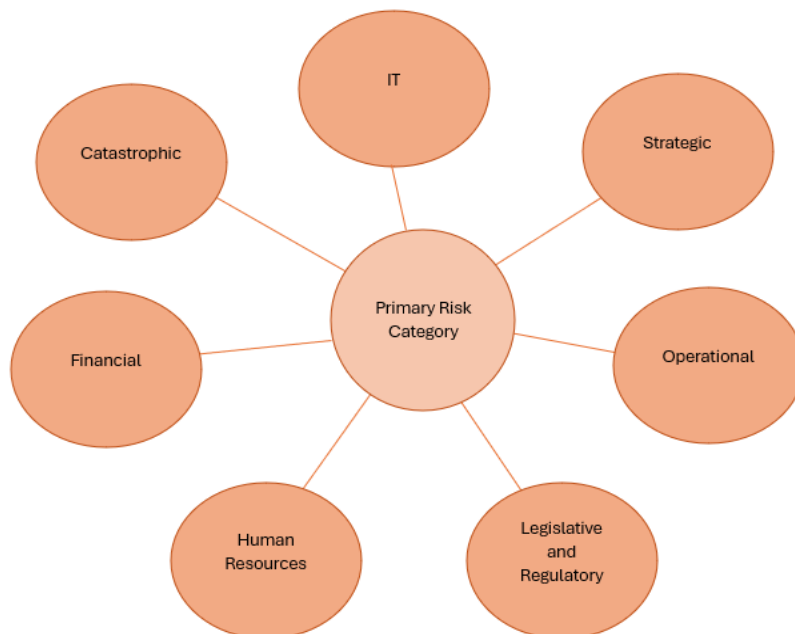
- Risks with potential impacts which could significantly impair the organisation's ability to achieve its corporate priorities;
- Those significant risks which are corporate in nature and which typically will require corporate leadership and direction to control and/or manage; and

## Annual Accounts 2024/25 Management Commentary

- Service level risks with potentially significant impacts which have been proposed for escalation to the corporate risk register because they may be either cross-cutting, impacting several areas of the organisation or, because of interdependencies, require more strategic leadership focus.

Within the Risk Register, there are seven overarching primary risk categories:

### Primary Risk Categories



The Corporate Risk Register reflects the key uncertainties that have the potential to impact on what the Council is seeking to achieve at a strategic level. There are a range of potential risks recorded which include for example:

- Home support service delivery/sustainability - Failure to provide adequate levels of home support to service users.
- Information Security and Information Governance – Information is not managed securely or that information governance is ineffective, potentially leading to service disruption, breach, fines, legal action and/or adverse media coverage and reputational damage.
- Public Protection – Non-compliance with legal requirement to ensure adequate public protection, any failures could result in death and serious physical or mental harm to children and adults.
- Human resources (workforce planning) - Not ensuring Council has sufficient number of capable and motivated staff to provide the full range of services required at present and in the future.
- Health and Safety – Failure to comply with the Health and Safety at Work Act 1974 and associated legislation protecting the health, safety and welfare of our employees, service users and anyone else who can be affected by the Council's activities.
- Engagement and Consultation with Communities – The Council may fail to appropriately engage and consult with communities, partners and stakeholders in the shaping and delivery of services.
- Financial Sustainability – In the face of demographic and legislative change, and significant cost pressures due to central government funding not keeping pace with cost pressures, the Council is unable to adequately fund and plan resources to meet service delivery and deliver against its corporate ambitions.
- Climate Change - Council fails to positively contribute to the protection and development of a sustainable environment.
- Reinforced Autoclaved Aerated Concrete (RAAC) – Inability to adequately manage the RAAC issue across the Council's corporate estate and residential estate.

## **Annual Accounts 2024/25 Management Commentary**

Senior managers consider specific risks within the Corporate Risk Register in detail to assess the adequacy and effectiveness of current controls and to ensure the Council has reduced and/or mitigated the risk to an acceptable level. Reports on the management of individual key corporate risks and on risk management arrangements more generally across the organisation are also submitted regularly to elected members on the Council's Audit and Scrutiny Panel.

The corporate risk register is formally reviewed on an annual basis to ensure completeness and continuing relevance and alignment to the Council's strategic objectives. The register is monitored throughout the year to ensure it reflects any new or emerging risks.

### **Financial Strategy**

#### **Revenue Budget Strategy**

In line with the Strategic Policy Framework the Council has an overarching Financial Strategy, which sets out the framework for future decision making on the allocation of all available resources to ensure it is fully integrated with The Plan for North Lanarkshire objectives. The Revenue Budget Strategy is integral to the Financial Strategy which ensures robust governance in financial planning, facilitating a more strategic approach to budget setting and associated savings options, thus ensuring the Council remains financially sustainable. The Policy and Strategy Committee of 6 June 2024 approved the review of the strategy and the updated seven key principles, which are fully embedded in the Council's financial planning arrangements and continue to underpin decision making. Committee also acknowledged the outline Revenue Budget Framework necessary to govern the budget process, which will ensure robust and sustainable solutions are identified to manage the challenging financial position faced by the Council in setting a balanced budget.

### **Financial Planning**

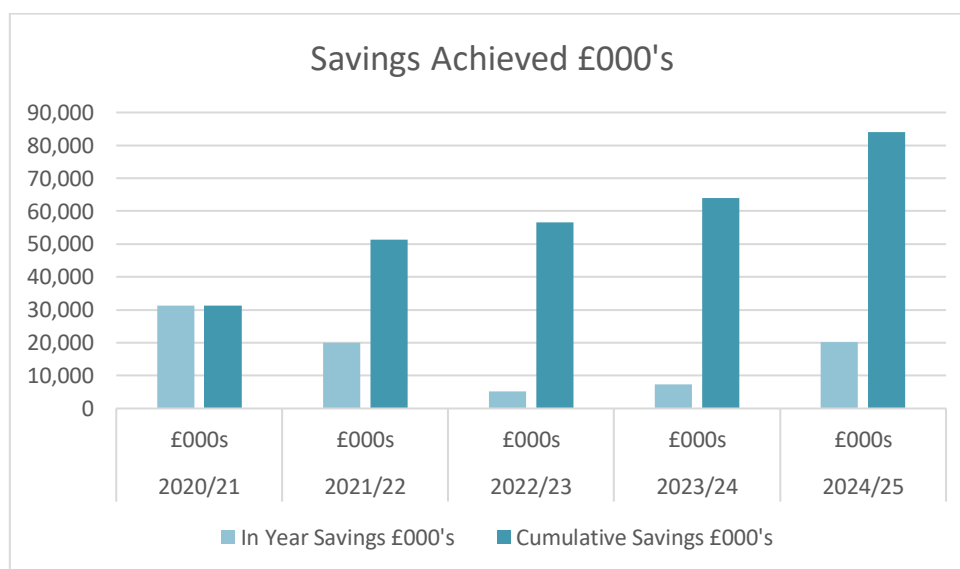
This Council remains committed to taking a strategic and longer-term approach to financial planning and budget setting to ensure the Council remains financially sustainable. Applying this strategy however, remains challenging particularly due to the absence of multi-year funding settlements and the ongoing challenging economic and financial environment, which presents new and additional challenges and risks on the Council's finances over an extended planning period. The volatile political landscape at both a UK and Scottish Government level will also likely have implications for national budgets with potential for reprioritisation of resources within both current and future spending plans. Such volatility increases the risk of an adverse impact on the Council's Medium Term Financial Plan, and therefore service delivery and financial sustainability. As such, the Council continues to consider that a 5 year plan is reasonable and appropriate for financial planning purposes.

An update to the [Medium Term Financial Plan](#) for the period 2026/27 to 2030/31, was approved by Committee on 5 June 2025. This plan reflects the 2025/26 approved budget position as the new baseline, and updates financial planning assumptions, mainly in relation to future funding and increased cost pressures arising from pay and pressures from growing demand for services. A range of risk-based outcomes continue to be modelled, highlighting optimistic, envisaged and pessimistic scenarios. Employee costs remain the largest single element of the General Fund budget, therefore, cost pressures linked to the workforce are material and a key variable which has the potential to impact significantly on the forecast plan. Reflecting on most recent economic forecasts and the Public Sector Pay policy of 9% over 3 years to 2027/28, future pay awards are based on the Council funding an average increase of 3%, over the period of the plan, aligning with the policy. However, whilst the envisaged scenario remains the most appropriate for planning purposes, the budget gap range, across the potential scenarios, demonstrate the volatility and the extent of the fluctuation possible over the period of the plan. Recognising the extent of the uncertainties, the financial plan will be subject to ongoing review and reported as indicated in the Revenue Budget Framework.

### Financial Sustainability

In further recognition of future challenges facing the Council a key principle of the Revenue Budget Strategy is that consideration be given to the planned, sustainable use of available balances, where it is prudent and affordable to do so. To address this commitment, the Council's Reserves Policy ensures that available balances are managed and utilised in accordance with effective governance principles and continue to support financial plans which are affordable and sustainable. A contingency fund is held for unforeseen future events as well as to ensure stability of cash flow management. The level of contingency remains at £8.000m as approved as part of the 2025/26 budget setting, and this level continues to be considered appropriate. A full analysis of general fund reserves is presented at Note 28.1 on page 67. The general fund unallocated reserves will be available to support future budget challenges.

The following chart illustrates the significant value of savings already achieved over the past 5 years. For 2024/25, the budget incorporated £21.667m of net savings. Services achieved total savings of £20.189m against this target (93%), with the shortfall of £1.478m also achieved through alternative savings. This has been achieved through various means, including revising service operating models, implementing efficiency measures and reducing levels of service provision in some areas. The scale of savings already delivered by the Council over a number of years make it more challenging to deliver future savings to close the significant budget gaps forecast in the latest Medium Term Financial Plan.



### Treasury Management

The Council's Treasury Management team is responsible for ensuring there is sufficient cash to meet revenue commitments and capital investment plans, whilst also managing investments and the refinancing of historic debt reaching maturity. During the year, a suite of techniques and tools are adopted, sourcing treasury management data, forecasts and market statistics, to assist with decision making, and developing a borrowing strategy to maximise interest cost efficiencies. This includes robust cash flow management and forecasting, balance sheet analysis, PWLB loan rate and interest rate trend analysis, debt maturity profiling and debt rescheduling. These techniques combined enable the Council to time its borrowing and take advantage of opportunities that may arise to achieve beneficial borrowing rates, thus minimising interest rate risk. In line with recent years, the strategy adopted has primarily been to use internal cash balances where possible whilst undertaking short-term and long-term borrowing, as required, and on advice from the Council's Treasury Management advisors, particularly while interest rates continue to remain high, relative to levels previously experienced over a number of years.

### Capital Strategy

The revised Prudential Code for Capital Finance in Local Authorities 2021 requires the Council to produce a Capital Strategy to ensure the Council takes capital expenditure and investment decisions in line with the Council's priorities, service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

Therefore, the Capital Strategy forms part of the Council's integrated approach to corporate resource planning which is included in the Council's overarching Financial Strategy, aligning with other Corporate Policies and Plans informing the capital investment process. These facilitate the development of robust capital investment

## **Annual Accounts 2024/25**

### **Management Commentary**

proposals and ensure resources are aligned with The Plan for North Lanarkshire, the Corporate Asset Management Plan, and the Medium Term Financial Plan, whilst ensuring delivery of best value, and compliance with Financial Regulations.

### **Revenue Expenditure and Income**

Revenue Expenditure is the day-to-day expenditure incurred by the Council in providing services to the public including employee costs, property repairs and maintenance, office expenses, payments to other agencies, and the cost of financing capital expenditure. This expenditure is partly funded by the Scottish Government Grant which is broken down into three parts namely General Revenue Grant, Non Domestic Rates Pool Income and Specific Grants. Local Government is informed of its annual funding through the Local Government Finance Settlement. In 2024/25, the Council was allocated general funding as follows:

- General Revenue Grant Funding (£713.566m): Government grant, allocated based on Grant Aided Expenditure (GAE) calculations, using a suite of indicators such as population to base it on relative need;
- Non-Domestic Rates Pool Income (NDR) (£120.743m): Collected locally but pooled centrally, the Council's share is determined by a distribution from the National Pool.

The Council also received additional grants through the Local Government Finance Settlement for specific purposes including Pupil Equity Fund (£9.678m) and Offenders/ Criminal Justice Social Work (£5.353m). In addition, the Council receives grants out-with the settlement and these are disclosed within the accounts (Note 11, page 40). In addition to these sources of income, the Council is able to generate income through direct charges for certain services such as Council House rents.

### **Council Tax**

Council Tax is the system of local taxation which also part funds services provided by local authorities. Introduced in 1993, the rate of tax payable is based on the value of residential property.

In setting the 2024/25 budget, the Scottish Government Budget made available £144 million to fund a freeze in Council Tax across each of Scotland's 32 local authorities. North Lanarkshire, therefore agreed to implement the freeze, thus the keeping a Band D charge at £1,320.78. The total net Council Tax income accounted for within the Comprehensive Income and Expenditure Statement for 2024/25 is £141.657m.

The Council Tax Income Statement for the year is provided on page 84 and provides the details of the calculation of the Council's Council Tax base and the charge per dwelling for each Council Tax Band.

### **Budget Setting, Monitoring and Reporting**

Councils are required, under Section 93 of the Local Government Finance Act 1992, to set a balanced budget each year. The starting point for determining the revenue budget is the base budget from the previous year, updated to take account of the financial planning implications identified through the Medium Term Financial Plan, including assumptions in relation to: Employee and Other Cost Pressures; Strategic Priorities; and Directed Expenditure. Available resources are estimated based on the Local Government Finance Settlement, Council Tax base and use of reserve balances. When combined, the need for additional savings to balance the budget may be required.

In financial year 2024/25, the Council approved the proposed General Fund Revenue Budget of £1,016.750m (inc. specific grants of £15.290m), net of savings of £21.667m, on 15 February 2024. The approved budget was further updated throughout 2024/25 to take account of Scottish Government redeterminations/ additional funding made available including additional general funding, directed funding for pay deals, increased Teachers Pensions contribution rates, Teachers Induction Scheme, Scottish Welfare Fund, Early Learning and Childcare, and Children's Social Care, offset by a reallocation of funding from revenue to capital grant, resulting in a final budget of £1,024.210m.



## Annual Accounts 2024/25 Management Commentary

The 2024/25 budget has been closely monitored through the management and budgetary processes which are embedded within the Council's existing financial governance arrangements. The Provisional Outturn position reported to Corporate Management Team anticipated a combined surplus of £12.183m on the General Fund and HRA, against the amended budget. The movement to final outturn position reported per the Movement in Reserves Statement is illustrated in the table below;

|  | <b>Budget<br/>2024/25</b> | <b>Provisional<br/>Outturn<br/>2024/25</b> | <b>(Under)/<br/>Overspend</b> |
|--|---------------------------|--|-------------------------------|
|  | <b>£m</b>                 | <b>£m</b>                                  | <b>£m</b>                     |
| Education and Families                           | 535.981                   | 534.973                                    | (1.008)                       |
| Enterprise & Communities                         | 186.432                   | 186.432                                    | -                             |
| Chief Executives & Other Corporate Services      | 110.036                   | 106.919                                    | (3.117)                       |
| Social Work (non Integrated)                     | 211.470                   | 211.470                                    | -                             |
| HRA  | -                         | (3.852)                                    | (3.852)                       |
| Financing Costs & Other Budgetary Issues         | (35.000)                  | (39.206)                                   | (4.206)                       |
| <b>Total Expenditure (Provisional Outturn)</b>   | <b>1,008.920</b>          | <b>996.737</b>                             | <b>(12.183)</b>               |
| <b>Sources of Funding</b>                        | <b>891.396</b>            | <b>891.396</b>                             | <b>-</b>                      |
| <b>(Surplus)/Deficit (Provisional Outturn)</b>   |                           |  | <b>(12.183)</b>               |
| Use of Earmarked Reserves                        |                           |  | 41.891                        |
| Additions to Earmarked Reserves                  |                           |  | (32.315)                      |
| Other net GF/HRA Movements & Use of Reserves     |                           |  | (0.808)                       |
| <b>Movement on General Fund and HRA Services</b> |                           |  | <b>(3.415)</b>                |

The Council's accounts also include spend in relation to the Social Work Integrated Joint Board (IJB). However, any difference between funding received and expenditure incurred is held as a creditor or debtor to the IJB, therefore, does not contribute to the Movement on General Fund and HRA Services. At Provisional Outturn, a surplus of £6.182m was reported. This combined with use of earmarked reserves totalling £3.002m resulted in a net reduction in the IJB creditor of £3.180m.

### Financial Controls and Procedures

The Council's Section 95 Officer is responsible for ensuring that proper controls and procedures are in place to safeguard the Council's assets. In this respect, the Section 95 Officer has provided the Chief Executive with a statement of the effectiveness of internal financial controls within the Authority. This assurance is contained within the Annual Governance Statement on pages 110 to 132.

### 2025/26 Budget

The Council approved a composite General Fund Revenue budget of £1,095.241m for 2025/26 at a Council meeting on the 20 February 2025 which included £5.608m use of balances to manage, on a one-off basis, the burden arising from the increased cost of employers national insurance contributions, as well as the implementation of approved savings. Reflecting final settlement adjustments and allowing for use of balances in respect of increased cost of council tax reduction as a result of a 10% increase in council tax, the revenue budget for 2025/26 budget is now £1,103.391m.

In addition, £8.000m continues to be provided as a contingency fund, £12.563m for Change Management and a further £229.516m earmarked to fund specific future commitments, together with £31.891m earmarked for Future Budget Pressures. See details below:

## Annual Accounts 2024/25 Management Commentary

| <b>2024/25 Earmarked Funds</b>                                 | <b>£m</b> | <b>£m</b>      |
|--|-----------|----------------|
| Change Management Fund   |           | 12.563         |
| Schools Future Contractual Obligations                         | 66.330    |                |
| Strategic Capital Investment Programme                         | 44.800    |                |
| Future Loans Charges linked with Capital Investment Programme  | 26.614    |                |
| Strategic Workforce Planning                                   | 17.709    |                |
| Temporary Accommodation  | 8.038     |                |
| Refugee Resettlement Programmes                                | 6.887     |                |
| Whole Family Wellbeing   | 5.313     |                |
| Budget One-off Investment                                      | 5.289     |                |
| One Workforce Grading Pressures                                | 5.000     |                |
| Unmanaged burdens within Education and Families                | 4.507     |                |
| School ICT Upgrades linked with Windows 11                     | 2.675     |                |
| Balances held by Schools under Devolved School Management      | 2.395     |                |
| Pupil Equity Fund  | 1.941     |                |
| Early Years & Childcare Expansion                              | 1.881     |                |
| Winter Reserve   | 1.500     |                |
| Support of Restructure Realignment of Home to School Transport | 1.500     |                |
| Economic Recovery  | 1.400     |                |
| Owner Occupier Grants  | 1.233     |                |
| Cumbernauld Town Centre Regeneration                           | 1.042     |                |
| Unmanaged burdens within Enterprise & Communities              | 1.000     |                |
| Property Repairs   | 1.000     |                |
| Other Earmarked Funds  | 21.462    | 229.516        |
| <b>Contingency Fund</b>  |           | <b>8.000</b>   |
| <b>Future Budget Pressures</b>                                 |           | <b>31.891</b>  |
| <b>General Fund Surplus as at 31 March 2025</b>                |           | <b>281.970</b> |

### Key Challenges and Pressures Facing Local Government

The Accounts Commission published its annual briefing note on local government budgets on 22 May 2025. [Local government budgets 2025/26 | Audit Scotland](#). This important independent document summarises the state of play for local government finances. The report highlights that despite record Scottish Government funding for local government in 2025/26, councils continue to face recurring pressures in excess of funding uplifts, such as inflation, annual pay deals and growing demand for services. The report states that increased funding is largely in support of previously agreed national commitments. At the time of setting budgets councils collectively identified a budget gap of £647 million in 2025/26 requiring increasing Council Tax, savings, use of reserves and increasing charges for services to set balanced budgets.

The report also highlights that despite continuing to make savings year-on-year to address financial challenges, councils still forecast more will need to be done to achieve financial sustainability given the ongoing projected increases in costs and increases in service demand. The update to the Council's [Medium Term Financial Plan](#) reported to Policy and Strategy Committee on 6 June 2025, shows the extent of the challenge facing North Lanarkshire reporting an envisaged three-year gap to 2028/29 of £85.949m and a five-year gap of £136.927m, with additional challenges forecast over the medium term.

The Accounts Commission's report continues to reinforce the severe challenges Scotland's Councils face in trying to balance the books. Local Authorities and COSLA Leaders continue to call for a financially sustainable solution to the long-term issue of the underfunding, in order to protect the essential front-line services for our communities.

## **Annual Accounts 2024/25 Management Commentary**

### **Acknowledgements**

Thank you to elected members of North Lanarkshire Council and colleagues across the Council, all of whose efforts have contributed to the completion of these accounts.



**Greg Telfer CPFA**  
**Chief Officer**  
**(Finance and Technology)**  
25 September 2025



**Des Murray**  
**Chief Executive**  
25 September 2025



**Councillor James Logue**  
**Council Leader**  
25 September 2025

## Annual Accounts 2024/25

### Comprehensive Income and Expenditure Statement

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

| 2023/24                   |                      |   | Note | 2024/25                   |                      |                         |
|---------------------------|----------------------|---|------|---------------------------|----------------------|-------------------------|
| Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000   |      | Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |
| 639,633                   | (102,262)            | 537,371   |      | 616,758                   | (50,635)             | 566,123                 |
| 230,773                   | (61,657)             | 169,116   |      | 284,529                   | (75,844)             | 208,685                 |
| 173,910                   | (89,197)             | 84,713  |      | 177,856                   | (88,538)             | 89,318                  |
|                           |                      |   |      |                           |                      |                         |
| 197,186                   | -                    | 197,186   |      | 214,153                   | -                    | 214,153                 |
|                           |                      |   |      |                           |                      |                         |
| 260,914                   | (263,858)            | (2,944)   |      | 275,387                   | (267,840)            | 7,547                   |
| 233,533                   | (151,437)            | 82,096  |      | 185,448                   | (164,105)            | 21,343                  |
| 2,071                     | (9,508)              | (7,437)   |      | 1,708                     | -                    | 1,708                   |
| <b>1,738,020</b>          | <b>(677,919)</b>     | <b>1,060,101</b>  |      | <b>1,755,839</b>          | <b>(646,962)</b>     | <b>1,108,877</b>        |
|                           |                      |   |      |                           |                      |                         |
| 15,342                    | -                    | 15,342  | 8    | -                         | (394)                | (394)                   |
| 195,730                   | (143,727)            | 52,003  | 9    | 218,514                   | (158,491)            | 60,023                  |
|                           |                      |   |      |                           |                      |                         |
| -                         | (967,501)            | (967,501)   | 10   | -                         | (1,050,991)          | (1,050,991)             |
|                           |                      | <b>159,945</b>  |      |                           |                      | <b>117,515</b>          |
|                           |                      | <b>(Surplus) or Deficit on the Provision of Services</b>  |      |                           |                      |                         |
|                           |                      |   |      |                           |                      |                         |
|                           |                      | <b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</b> |      |                           |                      |                         |
|                           |                      | 33,335 (Surplus) or deficit on the revaluation of non current assets                                | 29   |                           |                      | (6,566)                 |
|                           |                      | 52,734 Re-measurement of the net defined Pension Asset/(Liability)                                  | 27   |                           |                      | (54,718)                |
|                           |                      | <b>86,069 Other Comprehensive Income and Expenditure</b>  |      |                           |                      | <b>(61,284)</b>         |
|                           |                      |   |      |                           |                      |                         |
|                           |                      | <b>246,014 Total Comprehensive Income and Expenditure</b>   |      |                           |                      | <b>56,231</b>           |

Notes 1 to 40 form part of these financial statements.

## Annual Accounts 2024/25

### Balance Sheet

The Balance Sheet is a snapshot of the value at the reporting date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories; usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, and unusable reserves where the Council is not able to use to provide services.

| 2023/24          |  |           | 2024/25   |                    |
|------------------|--|-----------|-----------|--------------------|
| £000             |  | Note      | £000      | £000               |
|                  | Property, Plant and Equipment                      | 13, 14    |           |                    |
| 1,207,367        | Council Dwellings                                  |           | 1,240,646 |                    |
| 1,351,782        | Other Land and Buildings                           |           | 1,308,664 |                    |
| 52,278           | Vehicles, Plant and Equipment                      |           | 60,209    |                    |
| 278,721          | Infrastructure Assets                              |           | 282,557   |                    |
| 16,229           | Community Assets                                   |           | 16,516    |                    |
| -                | Right-of-Use Assets; Land and Buildings            |           | 2,319     |                    |
| -                | Right-of-Use Assets; Vehicles, Plant and Equipment |           | 1,402     |                    |
| 18,203           | Surplus Assets                                     |           | 16,331    |                    |
| 107,092          | Assets Under Construction                          |           | 126,335   | 3,054,979          |
|                  | Intangible Assets                                  | 16        |           |                    |
| 49               | Software Licences                                  |           | 25        |                    |
| 10,103           | Software/Solution Development                      |           | 13,317    |                    |
| 6,313            | Intangibles Under Development                      |           | 336       | 13,678             |
| 2,459            | Long-Term Debtors                                  | 17        |           | 2,659              |
| 1,124            | Long-Term Investments                              | 18        |           | 1,098              |
| -                | Other Long-Term Assets (Pensions)                  | 27        |           | -                  |
| <b>3,051,720</b> | <b>Long-Term Assets</b>                            |           |           | <b>3,072,414</b>   |
| 94               | Short-Term Investments                             | 18        | 97        |                    |
| 1,865            | Inventories  | 19        | 1,918     |                    |
| 109,945          | Short-Term Debtors (net of impairment)             | 20        | 122,792   |                    |
| 48,289           | Cash and Cash Equivalents                          | 21        | 58,530    |                    |
| <b>160,193</b>   | <b>Current Assets</b>                              |           |           | <b>183,337</b>     |
| (288,917)        | Short-Term Borrowing                               | 18        | (311,840) |                    |
| (204,573)        | Short-Term Creditors                               | 22        | (202,024) |                    |
| (12,089)         | Short-Term Provisions                              | 23        | (11,316)  |                    |
| (8,204)          | Short-Term Finance Lease Liabilities               | 25, 26    | (13,438)  |                    |
| -                | Short-Term Liability (Right-of-Use Assets)         | 25        | (2,040)   |                    |
| <b>(513,783)</b> | <b>Current Liabilities</b>                         |           |           | <b>(540,658)</b>   |
| (590,605)        | Long-Term Borrowing                                | 18        | (689,608) |                    |
| (586)            | Long-Term Provisions                               | 23        | (419)     |                    |
| (151,401)        | Other Long-Term Liabilities (Finance Leases)       | 25, 26    | (221,287) |                    |
| (119,490)        | Other Long-Term Liabilities (Pensions)             | 27        | (106,280) |                    |
| -                | Other Long-Term Liabilities (Right-of-Use Assets)  | 25        | (1,600)   |                    |
| <b>(862,082)</b> | <b>Long-Term Liabilities</b>                       |           |           | <b>(1,019,194)</b> |
| <b>1,836,048</b> | <b>Net Assets</b>                                  |           |           | <b>1,695,899</b>   |
|                  | Usable Reserves                                    |           |           |                    |
| 283,893          | General Fund Reserve                               |           | 281,970   |                    |
| 16,820           | Housing Revenue Account Balance                    |           | 22,159    |                    |
| 2,951            | Capital Fund                                       |           | -         |                    |
| 20,763           | Repairs and Renewals Fund                          |           | 23,286    |                    |
| 11,000           | Insurance Fund                                     |           | 11,000    |                    |
| 7,204            | Capital Grants Unapplied Account                   |           | 7,924     |                    |
| <b>342,631</b>   | <b>Total Usable Reserves</b>                       | <b>28</b> |           | <b>346,339</b>     |
| <b>1,493,417</b> | <b>Unusable Reserves</b>                           | <b>29</b> |           | <b>1,349,560</b>   |
| <b>1,836,048</b> | <b>Total Reserves</b>                              |           |           | <b>1,695,899</b>   |

Notes 1 to 40 form part of these financial statements.

The unaudited accounts were issued on 26 June 2025 and the audited financial statements were authorised for issue on 25 September 2025

*Greg Telfer*

**Greg Telfer, CPFA**  
**Chief Officer (Finance and Technology)**

25 September 2025

## Annual Accounts 2024/25

### Movement in Reserves Statement

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

#### Year Ended 31 March 2025

|   | Usable Reserves |                         |                |                         |                |                          |                                  | Unusable Reserves | Total Reserves   |
|---|-----------------|-------------------------|----------------|-------------------------|----------------|--------------------------|----------------------------------|-------------------|------------------|
|   | General Fund    | Housing Revenue Account | Capital Fund   | Repairs & Renewals Fund | Insurance Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                   |                  |
|   | £000            | £000                    | £000           | £000                    | £000           | £000                     | £000                             | £000              | £000             |
| <b>Balance at 31 March 2024</b>   | <b>283,893</b>  | <b>16,820</b>           | <b>2,951</b>   | <b>20,763</b>           | <b>11,000</b>  | -                        | <b>7,204</b>                     | <b>1,493,417</b>  | <b>1,836,048</b> |
| Adjustment for IFRS16 Transition  | -               | -                       | -              | -                       | -              | -                        | -                                | <b>(83,918)</b>   | <b>(83,918)</b>  |
| <b>Balance at 1 April 2024</b>  | <b>283,893</b>  | <b>16,820</b>           | <b>2,951</b>   | <b>20,763</b>           | <b>11,000</b>  | -                        | <b>7,204</b>                     | <b>1,409,499</b>  | <b>1,752,130</b> |
| <b>Movement in Reserves during 2024/25</b>  |                 |                         |                |                         |                |                          |                                  |                   |                  |
| Surplus / (Deficit) on Provision of Services  | (84,691)        | (32,824)                | -              | -                       | -              | -                        | -                                | -                 | (117,515)        |
| Other Comprehensive Income and Expenditure  | -               | -                       | -              | -                       | -              | -                        | -                                | 61,284            | 61,284           |
| <b>Total Comprehensive Income and Expenditure</b>   | <b>(84,691)</b> | <b>(32,824)</b>         | -              | -                       | -              | -                        | -                                | <b>61,284</b>     | <b>(56,231)</b>  |
| Adjustment to usable reserves permitted by Accounting Standards (Note 32)   | 20,365          | 412                     | -              | -                       | -              | -                        | -                                | (20,777)          | -                |
| Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility (Note 33) | 9,444           | -                       | -              | -                       | -              | -                        | -                                | (9,444)           | -                |
| Adjustments between Accounting Basis and Funding Basis under Regulations (Note 34)                                  | 50,285          | 39,997                  | -              | -                       | -              | -                        | 720                              | (91,002)          | -                |
| <b>Net Increase / (Decrease) before Transfers to Other Statutory Reserves</b>                                       | <b>(4,597)</b>  | <b>7,585</b>            | -              | -                       | -              | -                        | <b>720</b>                       | <b>(59,939)</b>   | <b>(56,231)</b>  |
| Transfers to and from Other Statutory Reserves (Note 35)  | 2,674           | (2,246)                 | (2,951)        | 2,523                   | -              | -                        | -                                | -                 | -                |
| <b>Increase / (Decrease) in the Year</b>  | <b>(1,923)</b>  | <b>5,339</b>            | <b>(2,951)</b> | <b>2,523</b>            | -              | -                        | <b>720</b>                       | <b>(59,939)</b>   | <b>(56,231)</b>  |
| <b>Balance at 31 March 2025 Carried Forward</b>   | <b>281,970</b>  | <b>22,159</b>           | -              | <b>23,286</b>           | <b>11,000</b>  | -                        | <b>7,924</b>                     | <b>1,349,560</b>  | <b>1,695,899</b> |



# Annual Accounts 2024/25

## Movement in Reserves Statement

### Comparative Figures for Year ended 31 March 2024

|   | Usable Reserves |                         |               |                         |                |                          |                                  | Unusable Reserves | Total Reserves   |
|---|-----------------|-------------------------|---------------|-------------------------|----------------|--------------------------|----------------------------------|-------------------|------------------|
|   | General Fund    | Housing Revenue Account | Capital Fund  | Repairs & Renewals Fund | Insurance Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                   |                  |
|   | £000            | £000                    | £000          | £000                    | £000           | £000                     | £000                             | £000              | £000             |
| <b>Balance as at 31 March 2023</b>  | <b>249,872</b>  | <b>26,318</b>           | <b>2,608</b>  | <b>17,109</b>           | <b>13,000</b>  | <b>-</b>                 | <b>16,466</b>                    | <b>1,756,689</b>  | <b>2,082,062</b> |
| <b>Movement in Reserves during 2023/24</b>  |                 |                         |               |                         |                |                          |                                  |                   |                  |
| Surplus / (Deficit) on Provision of Services  | (68,362)        | (91,583)                | -             | -                       | -              | -                        | -                                | -                 | (159,945)        |
| Other Comprehensive Income and Expenditure  | -               | -                       | -             | -                       | -              | -                        | -                                | (86,069)          | (86,069)         |
| <b>Total Comprehensive Income and Expenditure</b>   | <b>(68,362)</b> | <b>(91,583)</b>         | <b>-</b>      | <b>-</b>                | <b>-</b>       | <b>-</b>                 | <b>-</b>                         | <b>(86,069)</b>   | <b>(246,014)</b> |
| Adjustment to usable reserves permitted by Accounting Standards (Note 32)   | 35,198          | 2,935                   | -             | -                       | -              | -                        | -                                | (38,133)          | -                |
| Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility (Note 33) | 49,087          | -                       | -             | -                       | -              | -                        | -                                | (49,087)          | -                |
| Adjustments between Accounting Basis and Funding Basis under Regulations (Note 34)                                  | (10,991)        | 89,893                  | 20,000        | -                       | -              | 343                      | (9,262)                          | (89,983)          | -                |
| <b>Net Increase / (Decrease) before Transfers to Other Statutory Reserves</b>                                       | <b>4,932</b>    | <b>1,245</b>            | <b>20,000</b> | <b>-</b>                | <b>-</b>       | <b>343</b>               | <b>(9,262)</b>                   | <b>(263,272)</b>  | <b>(246,014)</b> |
| Transfers to and from Other Statutory Reserves (Note 35)  | 29,089          | (10,743)                | (19,657)      | 3,654                   | (2,000)        | (343)                    | -                                | -                 | -                |
| <b>Increase / (Decrease) in the Year</b>  | <b>34,021</b>   | <b>(9,498)</b>          | <b>343</b>    | <b>3,654</b>            | <b>(2,000)</b> | <b>-</b>                 | <b>(9,262)</b>                   | <b>(263,272)</b>  | <b>(246,014)</b> |
| <b>Balance at 31 March 2024 Carried Forward</b>   | <b>283,893</b>  | <b>16,820</b>           | <b>2,951</b>  | <b>20,763</b>           | <b>11,000</b>  | <b>-</b>                 | <b>7,204</b>                     | <b>1,493,417</b>  | <b>1,836,048</b> |

Notes 1 to 40 form part of these financial statements.

## Annual Accounts 2024/25

### Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

| 2023/24<br>£000             |  | Note      | 2024/25<br>£000 | £000             |
|-----------------------------|--|-----------|-----------------|------------------|
| <b>OPERATING ACTIVITIES</b> |  |           |                 |                  |
| <b>Cash Inflows:</b>        |  |           |                 |                  |
| 94,344                      | Rents (after rebates)  |           | 115,180         |                  |
| 137,862                     | Council Tax receipts   |           | 141,510         |                  |
| 623,499                     | Revenue Support Grant  |           | 713,566         |                  |
| 73,788                      | DWP grants for Housing Benefits                                |           | 79,260          |                  |
| 121,635                     | Non Domestic Rates Receipts                                    |           | 120,743         |                  |
| 110,307                     | Other government grants  |           | 60,885          |                  |
| 41,213                      | Cash received for goods and services                           |           | 46,063          |                  |
| 147,552                     | Other operating cash receipts                                  |           | 81,902          |                  |
| 2,914                       | Interest received  |           | 2,770           |                  |
| 1,353,114                   |  |           |                 | 1,361,879        |
| <b>Cash Outflows:</b>       |  |           |                 |                  |
| (701,335)                   | Cash paid to and on behalf of employees                        |           | (685,366)       |                  |
| (517,260)                   | Other operating cash payments                                  |           | (543,479)       |                  |
| (32,142)                    | Housing Benefit paid out                                       |           | (31,287)        |                  |
| (18,682)                    | Precepts paid  |           | (18,888)        |                  |
| (40,720)                    | Interest Paid  |           | (48,768)        |                  |
| (1,310,139)                 |  |           |                 | (1,327,788)      |
| <b>42,975</b>               | <b>Net Cash Inflow / (Outflow) from Operating Activities</b>   | <b>36</b> |                 | <b>34,091</b>    |
| <b>INVESTING ACTIVITIES</b> |  |           |                 |                  |
| <b>Cash Inflows:</b>        |  |           |                 |                  |
| 1,797                       | Sale of non-current assets                                     |           | 3,499           |                  |
| 56,856                      | Capital grants received  |           | 73,715          |                  |
| 10,754                      | Other capital cash receipts                                    |           | 11,937          |                  |
| 20                          | Proceeds from Investments redeemed                             |           | 23              |                  |
| 69,427                      |  |           |                 | 89,174           |
| <b>Cash Outflows:</b>       |  |           |                 |                  |
| (250,122)                   | Purchase of non-current assets                                 |           | (218,769)       |                  |
| (250,122)                   |  |           |                 | (218,769)        |
| <b>(180,695)</b>            | <b>Net Cash Inflow / (Outflow) from Investing Activities</b>   |           |                 | <b>(129,595)</b> |
| <b>(137,720)</b>            | <b>Net Cash Inflow / (Outflow) before Financing Activities</b> | <b>37</b> |                 | <b>(95,504)</b>  |
| <b>FINANCING ACTIVITIES</b> |  |           |                 |                  |
| <b>Cash Inflows:</b>        |  |           |                 |                  |
| 418,300                     | New Loans Raised   |           | 446,000         |                  |
| 418,300                     |  |           |                 | 446,000          |
| <b>Cash Outflows:</b>       |  |           |                 |                  |
| (300,581)                   | Repayments of amounts borrowed                                 |           | (325,325)       |                  |
| (7,304)                     | Capital payments of finance leases                             |           | (14,919)        |                  |
| (307,885)                   |  |           |                 | (340,244)        |
| <b>110,415</b>              | <b>Net Cash Inflow / (Outflow) from Financing Activities</b>   | <b>37</b> |                 | <b>105,756</b>   |
| <b>(27,305)</b>             | <b>Net Increase / (Decrease) in cash and cash equivalents</b>  |           |                 | <b>10,252</b>    |
| <b>75,551</b>               | <b>Cash and Cash Equivalents at the beginning of the year</b>  | <b>37</b> |                 | <b>48,289</b>    |
| 43                          | Increase / (Decrease) Non-cash in cash equivalents             |           |                 | (11)             |
| <b>48,289</b>               | <b>Cash and Cash Equivalents at the end of the year</b>        | <b>21</b> |                 | <b>58,530</b>    |

Notes 1 to 40 form part of these financial statements.

# Annual Accounts 2024/25

## Notes to the Accounts

### 1. Accounting Policies

#### General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014; Section 12 of the Local Government in Scotland Act 2003 requires these to be prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The 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 accounts have been prepared on a going concern basis.

#### Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

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

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

Where a change is made, it is applied retrospectively (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 the prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### Redemption of Debt

A Loans Fund has been established and all loans raised are paid into this Fund. Advances are made to Services to finance capital expenditure and these are repaid by application of The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016.

The schedule of Premiums and Discounts held at 31 March 2007 was transferred to the Financial Instruments Adjustment Account on 1 April 2007 and have been designated as statutory premiums and discounts under statutory guidance issued by the Scottish Government (Section 12 (2) b of the Local Government in Scotland Act 2003). This schedule is used to determine the annual charge to the General Fund and reflects annual charging schedules held at 31 March 2007. All charges are managed by movements to and from the Financial Instruments Adjustment Account and the Movement in Reserves Statement (MiRS).

## **Annual Accounts 2024/25**

### **Notes to the Accounts**

From 1 April 2007, costs associated with debt restructuring (Premiums and Discounts) are charged directly to the Comprehensive Income and Expenditure Statement in the year of extinguishment in accordance with accounting regulations. In line with the statutory guidance stated above, all premiums and discounts arising from an extinguishment have been deferred and charged to the General Fund over a period greater than one year. Any discount or premium incurred for restructuring exercises deemed a modification has been reflected in the carrying amount of the loan.

#### **External Interest Payable, Interest Receivable and Investment Income**

External interest has been calculated and charged to the Comprehensive Income and Expenditure Statement on an amortised cost basis over the life of the loan with the interest expense being recognised on a level yield / interest rate basis. For the majority of loans, this represents the interest amount payable for the year per the loan agreement. For those loans with a stepped interest rate feature, this results in a difference between the coupon rate and the amount charged to the Comprehensive Income and Expenditure Statement. For interest payable on all loans held at 31 March 2007, the net charge to the General Fund has been adjusted to reverse this differential. This is in line with statutory guidance issued by the Scottish Government (Section 12 (2) b of the Local Government in Scotland Act 2003). The Financial Instruments Adjustment Account (FIAA) has been credited / debited with the difference between the actual amount due in the year and the effective interest rate over the life of the loan.

The Council manages its investments in accordance with the Local Government Investments (Scotland) Regulations 2010, including the preparation of an Annual Investment Strategy. The amount disclosed for interest receivable and investment income is based on the amount receivable per the contractual terms of the financial assets.

#### **Capital Expenditure Charged to Revenue**

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

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. 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 Movement in Reserves Statement for the difference between the two.

#### **Government Grants and Contributions**

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

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

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

Monies advanced as grants and contributions for which conditions have 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-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement (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.

# Annual Accounts 2024/25

## Notes to the Accounts

### Property, Plant and Equipment

Non-current 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.

#### a) Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Council operates a £10,000 de-minimis when recognising expenditure on property, plant and equipment.

#### b) Measurement

Non-current assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

The cost of non-current assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

Non-current assets are then carried in the Balance Sheet using the following measurement bases:

| <b>Property, Plant and Equipment:</b> |  |
|---------------------------------------|--|
| Council Dwellings                     | Existing Use Value for Social Housing using the Beacon approach (adjusted vacant possession in accordance with LASAAC guidance)  |
| Other Land & Buildings                | Current value, determined as the amount that would be paid for the assets in its be existing use. Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value |
| Vehicles, Plant & Equipment           | Depreciated Historical Cost as a proxy for current value   |
| Infrastructure Assets                 | Depreciated Historical Cost  |
| Community Assets                      | Historical Cost  |
| Surplus Assets                        | Measure for their economic benefit at fair value. Fair value is the price that would be received to see an asset in an orderly transaction between market participants at the measure date.  |
| Assets Under Construction             | Historical Cost  |
| Investment Properties                 | Measure for their economic benefit at fair value. Fair value is the price that would be received to see an asset in an orderly transaction between market participants at the measure date.  |
| Heritage Assets                       | Historical Cost / Insurance Value  |

Non-current assets included in the Balance Sheet at current value are revalued regularly, as a minimum of at least once every five years, to ensure that their carrying amount is not materially different from their current value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

## Annual Accounts 2024/25

### Notes to the Accounts

Where decreases in value are identified, they are accounted for as follows:

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

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

There were no material Heritage Assets held by the Council as at 31 March 2025.

#### c) Depreciation

The Council employed the following depreciation policy for each class of non-current asset held during the year:

| <b>Property, Plant and Equipment:</b> |  |
|---------------------------------------|--|
| Council Dwellings                     | Depreciated on a straight-line basis up to 40 years                                    |
| Other Land & Buildings                | No depreciation on land, buildings depreciated on a straight-line basis up to 60 years |
| Vehicles, Plant & Equipment           | Depreciated on a straight-line basis up to 30 years                                    |
| Infrastructure Assets                 | Depreciated on a straight-line basis up to 40 years                                    |
| Community Assets                      | No depreciation  |
| Surplus Assets (Land)                 | No depreciation  |
| Surplus Assets (Other)                | Depreciated on a straight-line basis up to 60 years                                    |
| Assets Under Construction             | No depreciation  |
| Investment Properties                 | No depreciation  |
| Heritage Assets                       | No depreciation  |

The Council does not depreciate its non-current assets in the year of acquisition, charging a full year's depreciation on disposal.

The Council does not provide for depreciation on land or community assets with the exception of landfill sites, which are depreciated over their useful life.

#### d) Impairment

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

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

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

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

#### e) Disposal and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is 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 Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale;



## Annual Accounts 2024/25

### Notes to the Accounts

adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

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

#### **f) Charges Made to Revenue**

A combination of depreciation and any relevant impairment is charged to Services for the use of assets based upon their fair value rather than the financing costs of the level of debt outstanding on these assets, following the CIPFA guidelines on Capital Accounting. The charge made to the Housing Revenue Account is an amount equivalent to the statutory capital financing charges.

#### **Investment Properties**

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

#### **Heritage Assets**

The Council's collections are held within the stores at Summerlee Museum of Scottish Industrial Life and North Lanarkshire Heritage Centre. The most significant of the collections are the Industrial and Social History items, however the Museums Service also has a number of smaller collections including Archaeology, Numismatics, Natural History, Ethnography and Art Collections.

The Council's policy for Heritage Assets follows the recognition and measurement treatment, including the treatment of revaluation gains and losses, set out within the accounting policy for Property, Plant and Equipment. Heritage Assets, where possible, should be measured at valuation. However, in circumstances where this is not practicable the asset will be measured at historical cost less any accumulated depreciation, amortisation and impairment.

For the current financial year on the grounds of materiality, it has not been considered appropriate to show Heritage Assets separately on the face of the Council's Balance Sheet but to continue to include these within Community Assets under the Property, Plant and Equipment category. Where valuation or cost information is not available and Heritage Assets have not been recognised as a result, further information is provided in the notes to the accounts.

#### **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example software development costs) is capitalised when it is expected that it will bring benefits to the Council for more than 12 months.

Intangible assets are measured initially at cost. Such assets are not revalued as the fair value of the assets held cannot be determined by reference to an active market.

The depreciable amount of an intangible asset is amortised on a straight line basis over its expected useful life and charged to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The useful life of these assets is deemed to be up to 15 years. In line with the Council's accounting policy on Depreciation, no amortisation is charged in the year of purchase with a full years charge in the year of disposal.

#### **Impairment of Financial Assets**

In determining the impairment of its financial assets measured at amortised cost and those measured at fair value through other comprehensive income, the Council adopts the requirements of IFRS9 *Financial Instruments* in assessing expected credit losses and accounting for impairment. One of the objectives of this standard is the principle of applying impairment to financial assets which are part of a business model that includes contractual cashflows. Impairment losses are calculated to reflect the expectation that the future cashflows might not take place because the borrower could default on the obligations.

The level of credit risk is assessed to identify the credit losses particularly where risk has increased significantly since initial recognition. Credit loss in relation to a financial instrument represents cash shortfalls measured by the difference between the net present value of all contractual cashflows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cashflows the Council expects to receive discounted at the original effective interest rate. Losses are measured in one of three ways:

## **Annual Accounts 2024/25**

### **Notes to the Accounts**

- Lifetime expected credit losses: the expected credit losses that result from all possible default events over the expected life of a financial instrument;
- 12-month expected credit losses: the portion of lifetime expected credit losses that represent the losses that result from default events that are possible within the next financial year;
- Cumulative changes in lifetime expected credit losses since initial recognition: the change in lifetime credit losses (positive or negative) over those that were included in the estimated cashflows on initial recognition.

The Council also considers impairment allowances for instruments which are not financial assets i.e. loan commitments and financial guarantees.

The Council has adopted the simplified approach for trade receivables and house rent receivables under which impairment losses are automatically based on lifetime expected credit losses, removing the need to consider changes in credit risk since initial recognition and the possibility that the appropriate measure should be 12-month expected credit losses.

The Council carries out an annual assessment of the impact of adopting the full accounting treatment for expected credit losses, and on the grounds of materiality, generally does not recognise expected credit losses on financial assets excluding trade receivables which were subject to a separate assessment in the Comprehensive Income and Expenditure Account and accordingly has not adjusted the carrying amount per the Balance Sheet which represents the gross amortised cost of the financial asset.

For trade receivables the Council carries out an assessment of lifetime credit annually and has accounted for impairment losses within the Comprehensive Income and Expenditure Account and accordingly has adjusted the carrying amount for short-term debtors amount in the Balance Sheet.

#### **Legal Charges Over Properties**

As part of its service provision, the Council may decide to provide a rechargeable service to clients, with the recovery of the costs incurred being deferred by virtue of placing a charging order on the recipient's property. Due to the legal nature of such arrangements and on the grounds of materiality, in the past the Council has not accounted for the recovery of such sums due until they were realised, i.e. when the charging order was enforced.

Where the Council considers these sums to be material the income has been accrued to the relevant Service and recognised on the Balance Sheet as a Long-Term Debtor.

#### **Soft Loans**

Long-Term Debtors include recorded amounts payable from service users receiving Social Care for which a charging order has been placed on the recipient's property as a method of recovering the debt. For the advances the Council is charging interest at less than the market rate applicable for similar advances and as such these balances are notionally recognised as soft loans. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from recipients, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Subject to the exception below, the Council has assessed the impact of adopting the full accounting treatment for soft loans held on this basis, and on the grounds of materiality, has decided not to recognise notional losses on soft loans in the Comprehensive Income and Expenditure Account and accordingly to adjust the long-term debtor balance stated within the Balance Sheet.

#### **Inventory**

Inventory has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Both average cost and individual cost bases are used for valuing stock at year end.

#### **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 three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

## **Annual Accounts 2024/25**

### **Notes to the Accounts**

#### **Provisions**

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

#### **Contingent Liabilities**

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

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

#### **Contingent Asset**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

#### **Financial Instruments**

Financial Liabilities and Financial Assets are carried at amortised cost in the Balance Sheet unless otherwise stated. In the event the Financial Asset does not meet the criteria to be shown at amortised cost, it will be shown as fair value through profit and loss or if a qualifying asset, as fair value through other comprehensive income. Fair Value at amortised cost, ignoring impairment, represents the carrying amount on initial recognition plus the interest taken to the Comprehensive Income and Expenditure Statement less the cash paid or received for both interest and principal.

In accordance with IFRS9 *Financial Instruments*, in 2024/25, the Council adopted fair value at amortised cost where cashflows were solely payments of principal and interest and the Council's business model was to collect those cashflows.

For qualifying assets borrowing costs directly attributable to the acquisition, construction or production have been capitalised and form part of the cost of the asset.

The Council has accounting reserves to account for the restatement of financial instruments to an amortised cost or fair value basis. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practice for financial liabilities and financial assets.

#### **Reserves**

Reserves are split between Usable and Unusable Reserves in the Balance Sheet. Usable Reserves include the General Fund and Housing Revenue Account. Unusable Reserves are kept in order to manage accounting processes for non-current assets, financial instruments and retirement benefits.

#### **Insurance Fund**

The Council operates an Insurance Fund to make provision for outstanding claims and events. Note 28 to the Accounts provides further information on movements in the Insurance Fund.

## **Annual Accounts 2024/25**

### **Notes to the Accounts**

#### **Repairs & Renewals Fund**

The Council operates a Repairs & Renewals Fund which is earmarked for improvements to Council facilities. Note 28.4 to the Accounts provides further information on movements in the Repairs & Renewals Fund.

#### **Capital Fund**

The Council operates a Capital Fund where receipts from the sale of assets can be directed and utilised for financing capital expenditure and loans fund repayments. In addition, Local Government Finance Circular 6/2023 provided a temporary amendment for the 2023/24 financial year to allow transfer of a specific element of the General Capital Grant to the Capital Fund in order that it may be used to provide funding for the principal element of both General Fund and HRA Loans repayments.

#### **Capital Receipts Reserve**

The regulations covering capital receipts generated from the sale of assets allow the proceeds to be used to fund capital expenditure and are available to support further capital investment.

#### **Capital Grants Unapplied Account**

Capital Grants Unapplied Account is used to hold grant received but not yet utilised. This will be shown as part of the Usable Reserves on the Balance Sheet.

#### **Revaluation Reserve**

The Revaluation Reserve records the accumulated gains on non-current assets held by the Council arising from increases in value, as a result of inflation or other factors, since 1 April 2007. Whilst gains arising from revaluations increase the net worth of the Council they would only result in an increase in spending power if the relevant asset is sold and a capital receipt is generated.

#### **Capital Adjustment Account**

The Capital Adjustment Account represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

#### **Pension Reserve**

The Pension Reserve arises from the IAS19 *Employee Benefits* accounting disclosure requirements and represents the difference between accounting for pensions and the funding of pension costs from taxation in line with the statutory requirements. It is equal to the reported Pension Liability which recognises the Council's share of the net funding position on the Strathclyde Pension Fund as projected at 31 March 2025.

The Council applies IAS19 and, as a result, quoted securities held as assets by the Strathclyde Pension Fund in the defined benefit scheme are valued at bid price rather than mid-market value.

#### **Employee Benefits**

##### **a) Benefits Payable During Employment**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (annual leave only) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the current accounting year.

The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Employee Statutory Adjustment Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

##### **b) Termination Benefits**

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

## Annual Accounts 2024/25

### Notes to the Accounts

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

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

#### c) Post Employment Benefits

As part of the terms and conditions of employment the Council offers retirement benefits to its employees. The Council participates in two separate pension schemes, one exclusive to teachers and the other open to all other employees.

- The Scottish Teachers' Superannuation Scheme, administered by the Scottish Public Pensions Agency
- The Local Government Pension Scheme, administered by Strathclyde Pension Fund

Both of these schemes provide members with 'defined benefits' i.e. retirement lump sums and pensions earned as employees work for the Council.

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

#### d) The Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a 'defined benefits' scheme:

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the 'projected credit unit method' i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees;
- Liabilities are discounted to their value at current prices using a discount rate of 5.8%. The discount rate used by the appointed actuaries to place a value on the liability is based on Corporate bond yields on high quality bonds and recognises the weighted average duration of the benefit obligation for the Council;
- The assets of the Strathclyde Pension Fund attributable to North Lanarkshire Council are included in the Balance Sheet at their fair value at current bid prices for securities, estimated fair value for unquoted securities and market price for property.

The change in the net pensions liability is analysed into the following cost components, comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments; and
- Remeasurements, comprising the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

In relation to retirement benefits, Scottish Government regulations require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not

## Annual Accounts 2024/25

### Notes to the Accounts

the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement (MiRS) this means that there are appropriations to and from the Pensions Reserve to remove the notional charges and credits for retirement benefits and replace them with charges for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

#### Public Private Partnership (PPP) and Similar Contracts

PPP 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 PPP contractor. As the Council is deemed to control the services that are provided under these schemes, and as ownership of the assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the non-current assets on its Balance Sheet as part of property, plant and equipment.

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

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

- Fair value of the services received during the year – debited to the relevant services in the Comprehensive Income and Expenditure Statement;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PPP operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

Service Concession Agreements are accounted for in accordance with IFRIC12 *Service Concession Arrangements*. The standard recognises that the Council is in control of services provided under the PPP scheme. As ownership of the long-term assets will pass to the Council at the end of the contract for no additional charge, the Council carries the assets on the Balance Sheet. With effect from 1 April 2024, IFRS16 *Leases* also applies to service concession arrangements. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase finance lease liabilities by £88.224m, with £85,451m recognised on IFRS16 transition at 1 April 2024 and additional £2.773m remeasurement as at 31 March 2025, with an equal increase in Balance Sheet assets recognised prior to revaluation considerations.

The Council has exercised the Service Concessions flexibility made through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements), with the statutory repayment of principal elements of the lease component of service concession arrangements being made over the estimated asset lives (up to 50 years), as opposed to the period of the contract. Payments made to operators remain unchanged, with differences between the actual amounts paid to the operator towards liability under the contracts and the principal repayments recognised through the Comprehensive Income and Expenditure Statement being held in the Capital Adjustment Account.

#### Right of Use Assets

The 2024/25 Code introduced IFRS16 *Leases* with effect from 1 April 2024. The main impact being that whilst finance leases were previously recognised as an asset on the balance sheet along with an equal lease liability, IFRS16 now requires operating leases to be accounted for in the same way, with right-of-use assets and lease liabilities to be included on the Balance Sheet.

IFRS16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS16 had always applied but recognised in 2024/2025 and not by adjusting prior year figures.

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time'.

## **Annual Accounts 2024/25**

### **Notes to the Accounts**

For leases that were classified as finance leases under IAS17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS17 immediately before that date.

The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short-term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. Payments paid in relation these are charged to the appropriate Service account in the Comprehensive Income and Expenditure Statement as an expense of the Services benefitting from use of the leased item on a straight-line basis over the remaining lease term.

#### ***Finance Leases***

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership of a non-current asset as if the asset had been purchased outright.

Finance leases are accounted for using the policies applied generally to non-current assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The asset is accounted for on the Balance Sheet under Property, Plant and Equipment.

- a. a charge for the acquisition of the interest in the property, plant or equipment is applied to write down the lease liability;
- b. a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement) is applied.

#### ***Operating Leases***

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rental payments under operating leases are charged to the appropriate Service account in the Comprehensive Income and Expenditure Statement as an expense of the Services benefitting from use of the leased item on a straight-line basis over the life of the lease.

#### **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 Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

#### **Value Added Tax**

Generally, Value Added Tax is excluded from Income and Expenditure as all VAT collected is payable to HMRC while the majority of VAT paid is recoverable from HMRC. In the circumstance when the Council cannot fully recover VAT paid, this is included within service expenditure to the extent that it is irrecoverable from HMRC.

#### **Re-measurement of the net defined benefit liability**

Re-measurements or actuarial gains and losses arise through experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and the effects of changes in actuarial assumptions. All actuarial gains and losses have been recognised in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement.

#### **Events after the Reporting Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is 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 Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have 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 authorisation for issue are not reflected in the Statement of Accounts.



# Annual Accounts 2024/25

## Notes to the Accounts

### 2. Expenditure and Funding Analysis

2.1. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2023/24   |  |   | 2024/25   |  |   |
|---|--|---|---|--|---|
| Net Expenditure Chargeable to the General Fund and HRA Balances<br>£000 | Adjustments from General Fund to CIES (Note 2.2)<br>£000 | Net Expenditure in the Comprehensive Income and Expenditure Statement<br>£000 | Net Expenditure Chargeable to the General Fund and HRA Balances<br>£000 | Adjustments from General Fund to CIES (Note 2.2)<br>£000 | Net Expenditure in the Comprehensive Income and Expenditure Statement<br>£000 |
| 439,534   | 97,837   | 537,371   | 521,465   | 44,658   | 566,123   |
| 139,204   | 29,912   | 165,116   | 160,045   | 48,640   | 208,685   |
| 76,685  | 8,028  | 84,713  | 62,169  | 27,149   | 89,318  |
| 194,970   | 2,216  | 197,186   | 207,821   | 6,332  | 214,153   |
| 58  | (3,002)  | (2,944)   | (112)   | 7,659  | 7,547   |
| (23,345)  | 105,441  | 82,096  | (34,673)  | 56,016   | 21,343  |
| (1,502)   | (5,935)  | (7,437)   | 1,075   | 633  | 1,708   |
| <b>825,604</b>  | <b>234,497</b>   | <b>1,060,101</b>  | <b>917,790</b>  | <b>191,087</b>   | <b>1,108,877</b>  |
|   |  |   |   |  |   |
| (831,781)   | (68,375)   | (900,156)   | (920,778)   | (70,584)   | (991,362)   |
| <b>(6,177)</b>  | <b>166,122</b>   | <b>159,945</b>  | <b>(2,988)</b>  | <b>120,503</b>   | <b>117,515</b>  |
|   |  |   |   |  |   |
|   |  |   |   |  |   |
| <b>(276,190)</b>  |  | <b>Opening General Fund and HRA Balance</b>                                   | <b>(300,713)</b>  |  |   |
|   |  |   |   |  |   |
| (6,177)   |  | Less/Plus (Surplus) or Deficit on General Fund                                | (2,988)   |  |   |
|   |  | and HRA Balance in Year   |   |  |   |
| (18,346)  |  | Transfers to/(from) other statutory reserves                                  | (428)   |  |   |
|   |  |   |   |  |   |
| <b>(300,713)</b>  |  | <b>Closing General Fund and HRA Balance at 31 March*</b>                      | <b>(304,129)</b>  |  |   |

\*The split of this balance between General Fund and the HRA is shown within the Movement in Reserves Statement.

### 2.2. Adjustments from General Fund to Comprehensive Income and Expenditure Statement

| 2024/25                                     | Adjustments for Capital Purposes <sup>1</sup> | Net Change for the Pensions Adjustments <sup>2</sup> | Other Differences <sup>3</sup> | Total Adjustments |
|---|---|--|--------------------------------|-------------------|
| Education and Families                      | 32,027  | 9,923  | 2,708                          | 44,658            |
| Enterprise & Communities                    | 38,097  | 10,258   | 285                            | 48,640            |
| Chief Executives & Other Corporate Services | 22,168  | 4,807  | 174                            | 27,149            |
| Adult Health & Social Care (Non-Integrated) | 6,332   | -  | -                              | 6,332             |
| Adult Health & Social Care (Integrated)     | -   | 6,914  | 745                            | 7,659             |
| Housing Revenue Account                     | 53,782  | 2,233  | 1                              | 56,016            |
| Other Segments                              | -   | 633  | -                              | 633               |
| <b>Net Cost of Services</b>                 | <b>152,406</b>                                | <b>34,768</b>  | <b>3,913</b>                   | <b>191,087</b>    |
| Other Income and Expenditure                | (75,432)                                      | 6,740  | (1,892)                        | (70,584)          |
| <b>Surplus or Deficit</b>                   | <b>76,974</b>                                 | <b>41,508</b>  | <b>2,021</b>                   | <b>120,503</b>    |

## Annual Accounts 2024/25

### Notes to the Accounts

| 2023/24                                     | Adjustments for Capital Purposes <sup>1</sup> | Net Change for the Pensions Adjustments <sup>2</sup> | Other Differences <sup>3</sup> | Total Adjustments |
|---|---|--|--------------------------------|-------------------|
| Education & Families                        | 97,951  | 1,119  | (1,233)                        | 97,837            |
| Enterprise & Communities                    | 30,081  | 806  | (975)                          | 29,912            |
| Trading Accounts                            | -   | -  | -                              | -                 |
| Chief Executives & Other Corporate Services | 7,769   | 404  | (145)                          | 8,028             |
| Adult Health & Social Care (Non-Integrated) | 2,216   | -  | -                              | 2,216             |
| Adult Health & Social Care (Integrated)     | (2,922)                                       | 705  | (785)                          | (3,002)           |
| Housing Revenue Account                     | 105,497                                       | 227  | (283)                          | 105,441           |
| Other Segments                              | -   | (5,935)  | -                              | (5,935)           |
| <b>Net Cost of Services</b>                 | <b>240,592</b>                                | <b>(2,674)</b>                                       | <b>(3,421)</b>                 | <b>234,497</b>    |
| Other Income and Expenditure                | (69,585)                                      | 3,104  | (1,894)                        | (68,375)          |
| <b>Surplus or Deficit</b>                   | <b>171,007</b>                                | <b>430</b>   | <b>(5,315)</b>                 | <b>166,122</b>    |

<sup>1</sup> Adjustments for capital purposes – this column adds in depreciation, amortisation and impairment and revaluation gains and losses in the services line, and for:

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

<sup>2</sup> Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension-related expenditure and income:

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

<sup>3</sup> Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For services** this represents 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 within the Net cost of Services under generally accepted accounting practices, however are not chargeable to the General Fund.
- **For Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

### 3. Accounting Standards that have been Issued but not yet Adopted

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

The following list provides details of further standards issued but not yet adopted which have an effective implementation date on or after 1 April 2025. It is not anticipated that these will have a material impact on the Council.

- Amendments to IAS1 (issued in January 2020) – Classification of Liabilities as Current or Non-Current.
- Amendments to IFRS16 (issued in September 2022) – Lease Liability in a Sale and Leaseback
- Amendments to IAS1 (issued in October 2022) – Non-current Liabilities with Covenants.
- Amendments to IAS12 (issued in May 2023) – International Tax Reform: Pillar Two Model Rules.
- Amendments to IAS7 and IFRS7 (issued in May 2023) – Supplier Finance Arrangements.

#### **4. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council holds contracts for the provision of educational establishments and for the Clyde Valley Waste Recycling Plant. The nature of these contracts has been examined and the Council considers that it controls the services provided under the agreements. Therefore the accounting policies for PPP schemes and similar arrangements have been applied with the assets under the contracts included within Property, Plant and Equipment on the Council's Balance Sheet. Further details are shown in Note 26: Public Private Partnerships and Similar Contracts.

#### **5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

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

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

| <b>Item</b>                   | <b>Uncertainties</b>   | <b>Effect if Actual Results Differ from Assumptions</b>  |
|-------------------------------|--|--|
| Property, Plant and Equipment | <p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Consideration has been given as to whether the values of all other land and buildings assets, regardless of whether or not they were subject to valuation during the year, have materially changed, to ensure that the Balance Sheet shows a fair representation of the position as at 31 March 2025. Valuations include estimations including in relation to market values and rebuild costs. Discussions with the Council's surveyors indicated that valuations may be subject to an acceptable valuation sensitivity range of up to 15%. A review of the asset valuations undertaken indicated that there is no material change in carrying values for most asset classes.</p> | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property, plant and equipment would increase by £19.613m for every year that useful lives had to be reduced.</p> <p>A 15% change in the value of the Council's Property, Plant and Equipment would result in a movement on the Council's Balance Sheet of £458.247m.</p> |

## Annual Accounts 2024/25

### Notes to the Accounts

| Item                          | Uncertainties   | Effect if Actual Results Differ from Assumptions   |
|-------------------------------|---|--|
| Net Pension Asset/(Liability) | Estimation of the net asset/(liability) to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council is engaged with Hymans Robertson via Strathclyde Pension Fund to provide the Council with expert advice about the assumptions to be applied. | The effects on the net pensions asset/(liability) can have a material effect on the Council's Net Worth. The Council's actuaries have calculated that the surplus in the defined benefit plan is £1,059.612m consisting of a £1,165.892m net asset in relation to funded plans, offset by £106.280m of unfunded liabilities, however accounting standards require the net asset to be limited to the present value of any future economic benefits which is valued at nil. As result, an asset ceiling adjustment applied of £1,165.892m was applied in 2024/25, therefore a decrease of at least 100% on the surplus in the defined benefit plan would be required to reduce the net pension asset held on the Balance Sheet. |

## 6. Events After the Balance Sheet Date

The Chief Officer (Finance and Technology) issued unaudited Statement of Accounts on 26 June 2025.

There have been no material events since the Balance Sheet date which necessitate revision to the figures in the financial statements or accompanying disclosure notes.

## 7. Restatement

There are no restatements of the 2023/24 figures within the core financial statements or notes to the accounts.

## 8. Other Operating Expenditure

|   | 2023/24       | 2024/25      |
|---|---------------|--------------|
|   | £000          | £000         |
| (Gains) or losses on disposal of non-current assets | 15,342        | (394)        |
| <b>Total</b>  | <b>15,342</b> | <b>(394)</b> |

## 9. Financing and Investment Income and Expenditure

|   | 2023/24        |                  | 2024/25        |                  |
|---|----------------|------------------|----------------|------------------|
|   | Expenditure    | Income           | Expenditure    | Income           |
|   | £000           | £000             | £000           | £000             |
| Interest Payable and similar charges                                  | 59,404         | -                | 66,276         | -                |
| Interest receivable and similar income                                | -              | (15,664)         | -              | (18,141)         |
| Pensions interest income on plan assets                               | -              | (127,938)        | -              | (140,181)        |
| Pension interest cost on defined benefit obligation                   | 131,026        | -                | 146,769        | -                |
| Surpluses on Trading Undertaking not included in Net Cost of Services | 173            | -                | 141            | -                |
| Financial Guarantee   | 825            | (125)            | -              | (169)            |
| Impairment of Financial Assets  | 4,303          | -                | 5,328          | -                |
| <b>Total</b>  | <b>195,730</b> | <b>(143,727)</b> | <b>218,514</b> | <b>(158,491)</b> |

Financial Guarantee income relates to financial guarantees, underwriting the debt service costs of NLP LLP's loan to the lender, with a premium payable to the Council by NLP LLP for providing this guarantee. During 2023/24, the company's original loan of £45.000m was redeemed with a new loan of £30.000m taken out. For further details refer to Provisions: Financial Guarantee section within Note 18.

# Annual Accounts 2024/25

## Notes to the Accounts

### 10. Taxation and Non-Specific Grant Income

|   | 2023/24          | 2024/25            |
|---|------------------|--------------------|
|   | £000             | £000               |
| Income from Council Tax                     | (138,528)        | (141,657)          |
| Distribution from Non-Domestic Rates pool   | (121,640)        | (120,743)          |
| General Revenue Grant                       | (622,417)        | (713,566)          |
| Recognised capital grants and contributions | (84,916)         | (75,025)           |
| <b>Total</b>                                | <b>(967,501)</b> | <b>(1,050,991)</b> |

It should be noted that the General Revenue Grant recognised in the CIES has been adjusted from that shown in Local Government Finance Circular 1/2025 to reflect proper accounting practice. Income not included in the circular has been accrued of £1.145m in relation to the final 2024/25 Discretionary Housing Payment claim. In addition, and income included within the circular of £1.344m in relation to Scottish Government contribution to the 2023/24 pay award was accrued into 2023/24, and income received in relation to the final 2023/24 Discretionary Housing Payment claim exceeded that accrued by £0.051m.

### 11. Grant Income

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

|   | 2023/24        | 2024/25        |
|---|----------------|----------------|
|   | £000           | £000           |
| <b>Credited to Comprehensive Income and Expenditure Statement</b> |                |                |
| General Revenue Grant   | 622,417        | 713,566        |
| Distribution from Non-Domestic Rates pool                         | 121,640        | 120,743        |
| Capital - Scottish Government General Grant                       | 42,799         | 39,107         |
| Capital - Scottish Government Other Grants                        | 37,117         | 27,479         |
| Capital – Other Grants  | 5,000          | 8,308          |
| Donated assets  | -              | 131            |
| <b>Total</b>  | <b>828,973</b> | <b>909,334</b> |
| <b>Credited to Services</b>                                       |                |                |
| Housing Benefit   | 77,682         | 77,337         |
| Pupil Equity Fund   | 9,682          | 9,678          |
| Offenders / Criminal Justice Grant                                | 6,709          | 7,721          |
| Shared Prosperity Fund  | 4,625          | 6,652          |
| No One Left Behind  | 4,877          | 5,198          |
| Scottish Attainment Challenge                                     | 6,002          | 4,994          |
| Scotland's Schools for the Future                                 | 4,778          | 4,779          |
| Ambition Fund   | -              | 4,688          |
| Ravenscraig Project   | -              | 2,068          |
| Home Energy Efficient Programme                                   | 1,652          | 1,687          |
| Various C&F External Grant & Funding Streams                      | 182            | 1,557          |
| SG Main Capital Grant - 3rd Party Write Offs                      | 2,424          | 1,384          |
| PBIP Braidhurst Industrial Estate                                 | 442            | 1,193          |
| Resettlement Programmes   | 2,589          | 1,093          |
| 1140 Hours Early Years  | 35,310         | -              |
| City Deal 3 <sup>rd</sup> Party                                   | 5,639          | -              |
| European Structural Fund  | 563            | -              |
| Other Miscellaneous Grants and Contributions                      | 14,644         | 9,897          |
| <b>Total</b>  | <b>177,800</b> | <b>139,926</b> |

Balances included within the Other Miscellaneous Grants and Contributions line is reviewed annually on the basis of value therefore the prior year disclosures may differ from the audited 2023/24 annual accounts.

# Annual Accounts 2024/25

## Notes to the Accounts

### 12. Agency Services

The Council bills and collects domestic water and sewerage charges on behalf of Scottish Water along with its own Council Tax. During 2024/25 the Council collected and paid over £60.675m (2023/24 £57.892m) and received £1.302m (2023/24 £1.302m) for providing this service.

### 13. Property, Plant and Equipment

#### 13.1. Movement on Balances in 2024/25

|  | Council<br>Dwellings | Other Land<br>& Buildings | Vehicle,<br>Plant &<br>Equip | Community<br>Assets | Surplus<br>Assets | Assets<br>Under<br>Construction<br>(AUC) | Right-of-<br>Use: Land &<br>Buildings | Right-of-<br>Use: VPE | Total            |
|--|----------------------|---------------------------|------------------------------|---------------------|-------------------|--|---------------------------------------|-----------------------|------------------|
|  | £000                 | £000                      | £000                         | £000                | £000              | £000                                     |                                       |                       | £000             |
| <b>Cost or Valuation</b>   |                      |                           |                              |                     |                   |  |                                       |                       |                  |
| <b>At 1 April 2024</b>   | <b>1,207,367</b>     | <b>1,481,926</b>          | <b>123,965</b>               | <b>16,229</b>       | <b>18,584</b>     | <b>107,092</b>                           | -                                     | -                     | <b>2,955,163</b> |
| Adjustment for IFRS16 Transition   | -                    | (720)                     | -                            | -                   | -                 | -  | 3,040                                 | 1,370                 | <b>3,690</b>     |
| <b>Revised At 1 April 2024</b>   | <b>1,207,367</b>     | <b>1,481,206</b>          | <b>123,965</b>               | <b>16,229</b>       | <b>18,584</b>     | <b>107,092</b>                           | <b>3,040</b>                          | <b>1,370</b>          | <b>2,958,853</b> |
| Additions  | 78,155               | 23,105                    | 15,039                       | 78                  | 180               | 84,772                                   | 30                                    | 1,167                 | <b>202,526</b>   |
| Revaluation increases/(decreases) recognised in the revaluation Reserve                          | (32,083)             | (31,459)                  | 314                          | 1                   | 643               | -  | -                                     | -                     | <b>(62,584)</b>  |
| Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services | (56,473)             | (61,602)                  | (306)                        | -                   | (1,009)           | (456)                                    | -                                     | -                     | <b>(119,846)</b> |
| Derecognition – disposals  | (2,194)              | (2,384)                   | (19,673)                     | -                   | (2,057)           | -  | -                                     | -                     | <b>(26,308)</b>  |
| Assets reclassified (to)/from assets under construction (AUC)                                    | 45,874               | 13,418                    | 3,242                        | 202                 | -                 | (65,327)                                 | -                                     | -                     | <b>(2,591)</b>   |
| Assets reclassified (to)/from Intangible Assets [see Note 16]                                    | -                    | -                         | 662                          | -                   | -                 | -  | -                                     | -                     | <b>662</b>       |
| Assets classified (to)/from held for sale  | -                    | -                         | -                            | -                   | -                 | -  | -                                     | -                     | <b>-</b>         |
| Other movements in cost or valuation   | -                    | (6,321)                   | 379                          | 6                   | -                 | 254                                      | -                                     | -                     | <b>(5,682)</b>   |
| <b>At 31 March 2025</b>  | <b>1,240,646</b>     | <b>1,415,963</b>          | <b>123,622</b>               | <b>16,516</b>       | <b>16,341</b>     | <b>126,335</b>                           | <b>3,070</b>                          | <b>2,537</b>          | <b>2,945,030</b> |
| <b>Accumulated Depreciation and Impairment</b>   |                      |                           |                              |                     |                   |  |                                       |                       |                  |
| <b>At 1 April 2024</b>   | -                    | <b>130,144</b>            | <b>71,688</b>                | -                   | <b>381</b>        | -  | -                                     | -                     | <b>202,213</b>   |
| Adjustment for IFRS16 Transition   | -                    | (2,253)                   | -                            | -                   | -                 | -  | -                                     | -                     | <b>(2,253)</b>   |
| <b>Revised At 1 April 2024</b>   | -                    | <b>127,891</b>            | <b>71,688</b>                | -                   | <b>381</b>        | -  | -                                     | -                     | <b>199,960</b>   |
| Depreciation charge  | 30,184               | 56,847                    | 11,745                       | -                   | 36                | -  | 751                                   | 1,135                 | <b>100,698</b>   |
| Depreciation written out to the revaluation reserve  | (30,184)             | (35,289)                  | (262)                        | -                   | (146)             | -  | -                                     | -                     | <b>(65,881)</b>  |
| Depreciation written out to the surplus/deficit on the provision of services                     | -                    | (36,408)                  | (245)                        | -                   | (250)             | -  | -                                     | -                     | <b>(36,903)</b>  |
| Derecognition - disposals  | -                    | (566)                     | (19,526)                     | -                   | (11)              | -  | -                                     | -                     | <b>(20,103)</b>  |
| Other movements in depreciation and impairment   | -                    | (5,176)                   | 13                           | -                   | -                 | -  | -                                     | -                     | <b>(5,163)</b>   |
| <b>At 31 March 2025</b>  | -                    | <b>107,299</b>            | <b>63,413</b>                | -                   | <b>10</b>         | -  | <b>751</b>                            | <b>1,135</b>          | <b>172,608</b>   |
| <b>Net Book Value</b>  |                      |                           |                              |                     |                   |  |                                       |                       |                  |
| <b>At 31 March 2025</b>  | <b>1,240,646</b>     | <b>1,308,664</b>          | <b>60,209</b>                | <b>16,516</b>       | <b>16,331</b>     | <b>126,335</b>                           | <b>2,319</b>                          | <b>1,402</b>          | <b>2,772,422</b> |
| <b>At 31 March 2024</b>  | <b>1,207,367</b>     | <b>1,351,782</b>          | <b>52,277</b>                | <b>16,229</b>       | <b>18,203</b>     | <b>107,092</b>                           | -                                     | -                     | <b>2,752,950</b> |

# Annual Accounts 2024/25

## Notes to the Accounts

|   | Council Dwellings | Other Land & Buildings | Vehicles, Plant & Equip | Community Assets | Surplus Assets | Assets Under Construction (AUC) | Right-of-Use: Land & Buildings | Right-of-Use: VPE | Total            |
|---|-------------------|------------------------|-------------------------|------------------|----------------|---------------------------------|--------------------------------|-------------------|------------------|
| <b>Nature of Asset Holding at 31 March 2025</b> |                   |                        |                         |                  |                |                                 |                                |                   |                  |
| Owned   | 1,240,646         | 1,040,758              | 60,209                  | 16,516           | 16,331         | 126,335                         | -                              | -                 | <b>2,500,795</b> |
| Finance Lease                                   | -                 | -                      | -                       | -                | -              | -                               | 2,319                          | 1,402             | <b>3,721</b>     |
| PPP   | -                 | 267,906                | -                       | -                | -              | -                               | -                              | -                 | <b>267,906</b>   |

IFRS16 adjustments of an increase of £88.224m relating to PPP right-of-use assets is included in 'Other Land and Buildings', however is considered as part of the valuation of the overall assets and therefore does not necessarily correspond to the net change in asset value.

### 13.2. Movement on Balances in 2023/24 – Comparative Data

|  | Council Dwellings | Other Land & Buildings | Vehicles, Plant & Equip | Community Assets | Surplus Assets | Assets Under Construction (AUC) | Total            |
|--|-------------------|------------------------|-------------------------|------------------|----------------|---------------------------------|------------------|
|  | £000              | £000                   | £000                    | £000             | £000           | £000                            | £000             |
| <b>Cost or Valuation At 1 April 2023</b>   | <b>1,257,571</b>  | <b>1,437,388</b>       | <b>103,296</b>          | <b>15,809</b>    | <b>17,839</b>  | <b>140,049</b>                  | <b>2,971,952</b> |
| Additions  | 75,088            | 26,962                 | 15,567                  | 870              | -              | 102,670                         | <b>221,157</b>   |
| Revaluation increases/(decreases) recognised in the revaluation Reserve                          | (70,605)          | (17,169)               | 3,821                   | (47)             | 328            | -                               | <b>(83,672)</b>  |
| Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services | (103,412)         | (23,029)               | (281)                   | -                | -              | (332)                           | <b>(127,054)</b> |
| Derecognition – disposals  | (15,805)          | (85)                   | (2,161)                 | -                | (1,235)        | -                               | <b>(19,286)</b>  |
| Assets reclassified (to)/from assets under construction (AUC)                                    | 64,530            | 59,817                 | 3,417                   | 67               | -              | (136,595)                       | <b>(8,764)</b>   |
| Assets reclassified (to)/from Intangible Assets [see Note 16]                                    | -                 | -                      | -                       | -                | -              | 1,300                           | <b>1,300</b>     |
| Assets classified (t)/from held for sale   | -                 | (1,652)                | -                       | -                | 1,652          | -                               | <b>-</b>         |
| Other movements in cost or valuation   | -                 | (306)                  | 306                     | (470)            | -              | -                               | <b>(470)</b>     |
| <b>At 31 March 2024</b>  | <b>1,207,367</b>  | <b>1,481,926</b>       | <b>123,965</b>          | <b>16,229</b>    | <b>18,584</b>  | <b>107,092</b>                  | <b>2,955,163</b> |



## Annual Accounts 2024/25

### Notes to the Accounts

|   | Council Dwellings | Other Land & Buildings | Vehicles, Plant & Equip | Community Assets | Surplus Assets | Assets Under Construction (AUC) | Total            |
|---|-------------------|------------------------|-------------------------|------------------|----------------|---------------------------------|------------------|
| <b>Accumulated Depreciation and Impairment</b>  |                   |                        |                         |                  |                |                                 |                  |
| <b>At 1 April 2023</b>  | -                 | <b>95,463</b>          | <b>61,737</b>           | -                | <b>154</b>     | -                               | <b>157,354</b>   |
| Depreciation charge   | 31,439            | 59,222                 | 12,385                  | -                | 15             | -                               | <b>103,061</b>   |
| Depreciation written out to the revaluation reserve   | (31,439)          | (12,846)               | (26)                    | -                | -              | -                               | <b>(44,311)</b>  |
| Depreciation written out to the surplus/deficit on the provision of services                | -                 | (11,483)               | (261)                   | -                | -              | -                               | <b>(11,744)</b>  |
| Impairment losses/(reversal) recognised in the revaluation reserve                          | -                 | -                      | -                       | -                | -              | -                               | -                |
| Impairment losses/(reversal) recognised in the surplus/deficit on the provision of services | -                 | -                      | -                       | -                | -              | -                               | -                |
| Derecognition - disposals   | -                 | -                      | (2,147)                 | -                | -              | -                               | <b>(2,147)</b>   |
| Other movements in depreciation and impairment  | -                 | (212)                  | -                       | -                | 212            | -                               | -                |
| <b>At 31 March 2024</b>   | -                 | <b>130,144</b>         | <b>71,688</b>           | -                | <b>381</b>     | -                               | <b>202,213</b>   |
| <b>Net Book Value</b>   |                   |                        |                         |                  |                |                                 |                  |
| <b>At 31 March 2024</b>   | <b>1,207,367</b>  | <b>1,351,782</b>       | <b>52,277</b>           | <b>16,229</b>    | <b>18,203</b>  | <b>107,092</b>                  | <b>2,752,950</b> |
| <b>At 31 March 2023</b>   | <b>1,257,571</b>  | <b>1,341,925</b>       | <b>41,559</b>           | <b>15,809</b>    | <b>17,685</b>  | <b>140,049</b>                  | <b>2,814,598</b> |

|   | Council Dwellings | Other Land & Buildings | Vehicles, Plant & Equip | Community Assets | Surplus Assets | Assets Under Construction (AUC) | Total            |
|---|-------------------|------------------------|-------------------------|------------------|----------------|---------------------------------|------------------|
| <b>Nature of Asset Holding at 31 March 2024</b> |                   |                        |                         |                  |                |                                 |                  |
| Owned   | 1,207,367         | 1,079,862              | 52,277                  | 16,229           | 18,203         | 107,092                         | <b>2,481,030</b> |
| Finance Lease                                   | -                 | -                      | -                       | -                | -              | -                               | -                |
| PPP   | -                 | 271,920                | -                       | -                | -              | -                               | <b>271,920</b>   |

### 13.3. Infrastructure Assets

The Scottish Government issued Finance Circular 9/2022 which was later amended by Finance Circular 8/2024 in relation to Infrastructure Assets which sets out two statutory overrides in relation to these assets. The Council are invoking both of the statutory overrides permitted by this guidance and as a result have excluded the reporting of gross book value or accumulated depreciation amounts for infrastructure assets for accounting periods commencing 1 April 2021 until 31 March 2025, and to account for the derecognition of any replaced part of an infrastructure asset at nil value.

## Annual Accounts 2024/25

### Notes to the Accounts

| Movements in Year   | Infrastructure Assets |                 |
|---|-----------------------|-----------------|
|   | 2023/24<br>£000       | 2024/25<br>£000 |
| <b>Opening Net Book Value</b>                                 | <b>265,123</b>        | <b>278,721</b>  |
| Additions   | 19,543                | 17,205          |
| Assets reclassified (to)/from assets under construction (AUC) | 8,764                 | 2,591           |
| Other movements in cost or valuation                          | 453                   | 519             |
| Depreciation  | (15,162)              | (16,479)        |
| <b>Closing Net Book Value</b>                                 | <b>278,721</b>        | <b>282,557</b>  |

|   | 2023/24<br>£000  | 2024/25<br>£000  |
|---|------------------|------------------|
| Infrastructure Assets Net Book Value at 31 March                        | 278,721          | 282,557          |
| Other Property, Plant & Equipment Net Book Value at 31 March            | 2,752,950        | 2,764,862        |
| <b>Total Property, Plant &amp; Equipment Net Book Value at 31 March</b> | <b>3,031,671</b> | <b>3,047,419</b> |

#### 13.4. Valuation of Non-Current Assets

The following statement shows the progress of the Council's rolling programme for the revaluation of non-current assets. The properties were valued by the Council's registered valuers within external advisors BNP Paribas in conjunction with the Council's Asset and Procurement Solutions, in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors.

|   | Council<br>Dwellings | Other Land<br>& Buildings | Vehicles,<br>Plant &<br>Equipment | Community<br>Assets | Surplus<br>Assets | Construction<br>Assets<br>Under<br>Construction | Right-of-Use<br>: Land &<br>Buildings | Right-of-Use<br>: VPE | Total            |
|---|----------------------|---------------------------|-----------------------------------|---------------------|-------------------|---|---------------------------------------|-----------------------|------------------|
|   | £000                 | £000                      | £000                              | £000                | £000              | £000  | £000                                  | £000                  | £000             |
| Value at historical cost  | -                    | 36,571                    | 56,241                            | 16,101              | 150               | 126,335   | 2,319                                 | 1,402                 | <b>239,119</b>   |
| Valued at current value plus additions less depreciation as at: | 1,240,646            | 420,301                   | 1,283                             | -                   | 3,185             | -   | -                                     | -                     | <b>1,665,415</b> |
| 31 March 2025   | -                    | 309,215                   | 2,431                             | 303                 | -                 | -   | -                                     | -                     | <b>311,949</b>   |
| 31 March 2024   | -                    | 460,382                   | -                                 | -                   | 2,492             | -   | -                                     | -                     | <b>462,874</b>   |
| 31 March 2023   | -                    | 10,755                    | 42                                | -                   | 540               | -   | -                                     | -                     | <b>11,337</b>    |
| 31 March 2022   | -                    | 71,440                    | 212                               | 112                 | 9,964             | -   | -                                     | -                     | <b>81,728</b>    |
| <b>Total Value as at 31 March 2025</b>                          | <b>1,240,646</b>     | <b>1,308,664</b>          | <b>60,209</b>                     | <b>16,516</b>       | <b>16,331</b>     | <b>126,335</b>                                  | <b>2,319</b>                          | <b>1,402</b>          | <b>2,772,422</b> |

The Council agreed a new asset valuation programme from 2023/24 onwards, and in doing so has considered the latest developments in respect of valuations. This resulted in a new valuation programme methodology incorporating all asset classes to be undertaken, with a representative programme of 20% of each asset category to be formally revalued. In subsequent years, valuation programmes will be determined to ensure all assets are formally valued at least once in a rolling 5-year period. In addition, Council Dwellings will be formally revalued each

## Annual Accounts 2024/25

### Notes to the Accounts

year. Discussions with the Council's surveyors indicated that valuations may be subject to an acceptable valuation sensitivity range of up to 15%.

All formal valuations were undertaken based on 31 January 2025 valuation date, with exception of Council Dwellings which was based on 31 March 2025 valuation date. At 31 March 2025, a review was undertaken to assess whether the value of all other land and buildings assets, regardless of whether or not they were subject to valuation during the year, had materially changed, to ensure that the Balance Sheet shows a fair representation of the position as at 31 March 2025. This review indicated that there are no material changes in carrying values for most asset classes. However, additional valuations for a small number of specific asset classes were undertaken and there were no material movements to be incorporated to carrying values.

For 2024/25, a yield approach as per the 2016 LASAAC guidance was adopted for this year's Council Dwelling revaluations. It is impracticable to estimate the effect this change will have in future periods.

#### 14. Heritage Assets

The Council recognises that there are a number of assets that could be categorised as a Heritage Asset, however due to materiality these have remained within the Community Assets and Infrastructure Assets classification within Property, Plant and Equipment on the Balance Sheet. A summary of the collections are shown in the table below:

| Collection      | No. In Collection | Value      |
|-----------------|-------------------|------------|
|                 |                   | £000       |
| Civic Regalia   | 1                 | 31         |
| Museum Exhibits | 1                 | 9          |
| Paintings       | 6                 | 59         |
| Sculptures      | 1                 | 39         |
| <b>Total</b>    | <b>9</b>          | <b>138</b> |

During the year, the insurance value of Civic Regalia was valued at £0.031m (£0.029m 2023/24), an upward valuation of £0.002m. This valuation movement has been reflected within the financial statements and subsequent notes.

The Museum Exhibits, Paintings and Civic Regalia are included within Community Assets on the Balance Sheet, whilst the sculpture is included within Infrastructure Assets.

As well as the recognised Heritage Assets, the Museum Service and Archive collections also hold items that are of significant interest to the local area however are not significant in terms of value. A summary of these items include:

#### Industrial History Collection

Includes industrial objects ranging from large individual plant to small hand tools and ephemera with an emphasis on local iron, steel, coal and engineering industries.

#### Social History

Comprises of a comprehensive range of artefacts, textiles and ephemera which relate to the domestic, community, personal and working lives of North Lanarkshire during the 19<sup>th</sup> and 20<sup>th</sup> centuries.

#### North Lanarkshire Archive

Documents the transformation of North Lanarkshire from an agriculture and manufacturing area to a heavy industry area.

#### Other Collections

Other smaller collections include:

|                 |  |
|-----------------|--|
| Archaeology     | Focuses predominantly on local prehistoric, Roman and medieval finds, including burial urns and pottery shards.                            |
| Natural History | Represented by a small number of rocks, fossils and local materials and specimens  |
| Numismatics     | Comprises of a range of medals; Roman, medieval and contemporary coinage; Scottish trade tokens and miners' tallies.                       |
| Ethnographic    | Victorian artefacts from Africa, Polynesia and East Asia.  |
| Art             | Ranges from portraits of civic dignitaries and local figures to landscapes, historical views and works illustrating aspects of daily life. |

## Annual Accounts 2024/25

### Notes to the Accounts

#### 15. Common Good

Section 8 of the Community Empowerment (Scotland) Act 2015 imposes an obligation on local authorities to establish and maintain a Register of Property which is held by the authority as part of the Common Good. Only property held by former burghs can be considered part of the Common Good. The five former burghs in North Lanarkshire are Airdrie, Coatbridge, Kilsyth, Motherwell and Wishaw.

The Council publishes its Common Good Register on its website, however due to materiality, a separate Common Good Fund is not operated, with these assets being included within the Other Land and Buildings, Vehicles Plant & Equipment, Community Assets and Infrastructure Assets classification within Property, Plant and Equipment on the Balance Sheet. A summary of the assets are shown in the table below:

| Type of Asset               | Net Book Value |
|-----------------------------|----------------|
|                             | £000           |
| Other Land & Buildings      | 1,634          |
| Vehicles, Plant & Equipment | 10             |
| Community Assets            | 7,692          |
| Infrastructure Assets       | 174            |
| <b>Total</b>                | <b>9,510</b>   |

#### 16. Intangible Assets

The Council accounts for software licences and software development costs as intangible assets. There are no internally generated intangible assets.

|   | 2023/24           |                            |                               |                | 2024/25           |                            |                               |                |
|---|-------------------|----------------------------|-------------------------------|----------------|-------------------|----------------------------|-------------------------------|----------------|
|   | Software Licences | Software Development Costs | Intangibles Under Development | Total          | Software Licences | Software Development Costs | Intangibles Under Development | Total          |
|   | £000              | £000                       | £000                          | £000           | £000              | £000                       | £000                          | £000           |
| <b>Balance at 1<sup>st</sup> April</b>  | <b>74</b>         | <b>10,781</b>              | <b>8,035</b>                  | <b>18,890</b>  | <b>49</b>         | <b>10,103</b>              | <b>6,313</b>                  | <b>16,465</b>  |
| Additions in year                       | -                 | 47                         | 1,475                         | <b>1,522</b>   | -                 | 468                        | 443                           | <b>911</b>     |
| Transfers                               | -                 | 1,897                      | (3,197)                       | <b>(1,300)</b> | -                 | 5,758                      | (6,420)                       | <b>(662)</b>   |
| Amortisation                            | (25)              | (2,622)                    | -                             | <b>(2,647)</b> | (24)              | (3,012)                    | 0                             | <b>(3,036)</b> |
| <b>Balance at 31<sup>st</sup> March</b> | <b>49</b>         | <b>10,103</b>              | <b>6,313</b>                  | <b>16,465</b>  | <b>25</b>         | <b>13,317</b>              | <b>336</b>                    | <b>13,678</b>  |
| <b>Represented by:</b>                  |                   |                            |                               |                |                   |                            |                               |                |
| Gross Carrying Amount                   | 123               | 13,679                     | 6,313                         | <b>20,115</b>  | 123               | 19,905                     | 336                           | <b>20,364</b>  |
| Accumulated amortisation                | (74)              | (3,576)                    | -                             | <b>(3,650)</b> | (98)              | (6,588)                    | 0                             | <b>(6,686)</b> |
| <b>Balance at 31<sup>st</sup> March</b> | <b>49</b>         | <b>10,103</b>              | <b>6,313</b>                  | <b>16,465</b>  | <b>25</b>         | <b>13,317</b>              | <b>336</b>                    | <b>13,678</b>  |

At 31 March 2025, the Council had contractual capital commitments of £0.055m regarding the acquisition and development of intangible assets.

#### 17. Long-Term Debtors

|   | 2023/24      | 2024/25      |
|---|--------------|--------------|
|   | £000         | £000         |
| <b>Balance at the start of the year</b> | <b>1,328</b> | <b>2,459</b> |
| Recorded debt                           | 1,019        | 115          |
| Bad debt provision                      | 112          | 85           |
| <b>Balance at the end of the year</b>   | <b>2,459</b> | <b>2,659</b> |

For further details refer to Soft Loans and Provisions: Financial Guarantee section within Note 18.

## **18. Financial Instruments**

### **Classifications**

#### **Financial Instruments**

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

#### **Financial Liabilities**

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

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

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- lease payables detailed in note 25,
- PPP contracts detailed in note 26, and
- trade payables for goods and services received.

#### **Financial Assets**

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

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

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

**Fair value** through profit and loss (all other financial assets) comprising:

- money market funds (MMF).

Financial assets held at amortised cost and some assets held at fair value through other comprehensive income are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

## Annual Accounts 2024/25

### Notes to the Accounts

#### 18.1. Types of Financial Instrument

The financial assets and financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

|   | Long-Term           |                     | Short-Term          |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | At 31 March<br>2024 | At 31 March<br>2025 | At 31 March<br>2024 | At 31 March<br>2025 |
| <b>Financial Liabilities</b>                          | £000                | £000                | £000                | £000                |
| <i>Borrowings at amortised cost:</i>                  |                     |                     |                     |                     |
| - Principal sum borrowed                              | 590,605             | 689,608             | 276,332             | 298,003             |
| - Accrued Interest                                    | -                   | -                   | 10,631              | 11,909              |
| - EIR Adjustments                                     | -                   | -                   | 1,954               | 1,928               |
| <b>Total Borrowings</b>                               | <b>590,605</b>      | <b>689,608</b>      | <b>288,917</b>      | <b>311,840</b>      |
| <i>Other Long-term Liabilities at amortised cost:</i> |                     |                     |                     |                     |
| - Finance leases                                      | 1,056               | 2,406               | -                   | -                   |
| - PPP and similar arrangements                        | 150,346             | 220,481             | -                   | -                   |
| <b>Total Other Long-term Liabilities</b>              | <b>151,402</b>      | <b>222,887</b>      | <b>-</b>            | <b>-</b>            |
| - Trade payables*                                     | -                   | -                   | 177,941             | 173,624             |
| - Finance leases                                      | -                   | -                   | 233                 | 2,290               |
| - PPP and similar arrangements                        | -                   | -                   | 7,971               | 13,188              |
| <b>Included in Creditors</b>                          | <b>-</b>            | <b>-</b>            | <b>186,145</b>      | <b>189,102</b>      |
| Financial guarantees                                  | 586                 | 419                 | 169                 | 167                 |
| <b>Included in Provisions</b>                         | <b>586</b>          | <b>419</b>          | <b>169</b>          | <b>167</b>          |
| <b>Total Financial Liabilities</b>                    | <b>742,593</b>      | <b>912,914</b>      | <b>475,231</b>      | <b>501,108</b>      |

|  | Long-Term           |                     | Short-Term          |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | At 31 March<br>2024 | At 31 March<br>2025 | At 31 March<br>2024 | At 31 March<br>2025 |
| <b>Financial Assets:</b>                         | £000                | £000                | £000                | £000                |
| <i>At amortised cost :</i>                       |                     |                     |                     |                     |
| - Principal sum invested                         | 1,124               | 1,098               | 95                  | 97                  |
| - Accrued interest                               | -                   | -                   | -                   | -                   |
| <b>Total Investments</b>                         | <b>1,124</b>        | <b>1,098</b>        | <b>95</b>           | <b>97</b>           |
| <i>At amortised cost :</i>                       |                     |                     |                     |                     |
| - Principal sum invested                         | -                   | -                   | 7,849               | 18,427              |
| - Accrued interest                               | -                   | -                   | 18                  | 31                  |
| <i>At fair value through profit &amp; loss :</i> |                     |                     |                     |                     |
| - Principal sum invested                         | -                   | -                   | 39,920              | 39,920              |
| - Accrued Interest                               | -                   | -                   | 175                 | 152                 |
| <b>Total Cash and Cash Equivalents</b>           | <b>-</b>            | <b>-</b>            | <b>47,962</b>       | <b>58,530</b>       |
| Trade receivables**                              | -                   | 2,659               | 71,037              | 58,769              |
| <b>Included in Debtors</b>                       | <b>-</b>            | <b>2,659</b>        | <b>71,037</b>       | <b>58,769</b>       |
| <b>Total Financial Assets</b>                    | <b>1,124</b>        | <b>3,757</b>        | <b>119,094</b>      | <b>117,396</b>      |

\*The trade payables amount quoted within the table above represents 'trade creditors, other entities and individuals' included within Note 22.

\*\*The trade receivables amount quoted within the table represents 'trade debtors, other entities and individuals' included within Note 20 and is shown net of expected credit losses.

The above table has been reviewed during the year to provide improved disclosure of relevant values and reconciliation to other Notes. Therefore values at 31 March 2025 include new elements, however prior year values have not been restated as per IAS 8 *Basis of Preparation of Financial Statements*. The additional elements that have been incorporated for 31 March 2025 are;

## Annual Accounts 2024/25

### Notes to the Accounts

- 'At Amortised Cost: Principal sum invested – Short-Term' includes £0.276m re 'Cash held by the Council', per Note 21 Cash and Cash Equivalents. (2023/24: £0.326m)
- 'Trade receivables - Long-Term' includes £2.659m per Note 17 Long-Term Debtors. (2023/24: £2.459m).
- Trade receivables - Short-Term' includes (£4.455m) re Provision for Expected Credit Losses, per Note 20 Short-Term Debtors. (2023/24: (£4.098m)).

The total short-term borrowings includes £86.262m (2023/24: £42.095m) representing accrued interest, effective interest rate adjustments and principal repayments due within 12 months on long-term borrowing. This includes long-term debt related to Public Work Loans Board (PWLb) loans (£75.801m principal and £5.687m accrued interest), market loans (£2.000m principal, £0.650m accrued interest and £1.928m EIR adjustments) and Salix interest free loans (£0.196m principal). The remaining sums due for repayment in the short-term category primarily relate to temporary borrowings of £225.571m (principal £220.000m and accrued interest £5.571m).

Those Financial Assets measured at amortised cost or fair value through profit and loss shown within short-term, where appropriate, are included within the Cash and Cash Equivalents (Note 21).

Financial Assets held at amortised cost also include the Council's investment in subordinated debt for two of its school projects delivered via the South West Hubco model, with the overall balance invested of £1.195m outstanding, shown as £1.098m long-term and £0.097m short-term. This 'hubco' is a special purpose vehicle set up for the purposes of ring-fencing individual Design, Build, Finance and Maintain (DBFM) projects under Scotland's Schools for the Future national investment programme. The balance shown has not been adjusted to reflect a 12-month credit loss allowance, as due to the nature of the investment and the Council's interest in the underlying asset, there is a low risk of default with any adjustment, after assessment, having been deemed to be immaterial.

#### Income, Expense, Gains and Losses on Financial Instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement in relation to financial instruments consist of the following:

|  | 31 March 2024                |                            |  |                 | 31 March 2025                |                            |  |                 |
|--|------------------------------|----------------------------|--|-----------------|------------------------------|----------------------------|--|-----------------|
|  | <b>Financial Liabilities</b> | <b>Financial Assets</b>    |  |                 | <b>Financial Liabilities</b> | <b>Financial Assets</b>    |  |                 |
|  | Measured at amortised cost   | Measured at amortised cost | Measured at FV through Profit and Loss | <b>Total</b>    | Measured at amortised cost   | Measured at amortised cost | Measured at FV through Profit and Loss | <b>Total</b>    |
|  | £000                         | £000                       | £000                                   | £000            | £000                         | £000                       | £000                                   | £000            |
| Interest Expenses  | 44,572                       | -                          | -                                      | 44,572          | 54,894                       | -                          | -                                      | 54,895          |
| PPP Unitary Charge Interest                                      | 14,725                       | -                          | -                                      | 14,725          | 11,078                       | -                          | -                                      | 11,078          |
| Finance Lease Interest   | 107                          | -                          | -                                      | 107             | 304                          | -                          | -                                      | 304             |
| Financial Guarantee Premium                                      | 825                          | -                          | -                                      | 825             | -                            | -                          | -                                      | -               |
| Impairment of Financial Assets                                   | -                            | 4,303                      | -                                      | 4,303           | -                            | 5,328                      | -                                      | 5,328           |
| <b>Interest payable and similar charges</b>                      | <b>60,229</b>                | <b>4,303</b>               | <b>-</b>                               | <b>64,532</b>   | <b>66,276</b>                | <b>5,328</b>               | <b>-</b>                               | <b>71,604</b>   |
| Interest Income  | -                            | (15,180)                   | (484)                                  | (15,664)        | -                            | (16,911)                   | (1,230)                                | (18,141)        |
| Financial Guarantee Premium                                      | -                            | (125)                      | -                                      | (125)           | -                            | (169)                      | -                                      | (169)           |
| <b>Interest receivable and similar income</b>                    | <b>-</b>                     | <b>(15,305)</b>            | <b>(484)</b>                           | <b>(15,789)</b> | <b>-</b>                     | <b>(17,080)</b>            | <b>(1,230)</b>                         | <b>(18,310)</b> |
| <b>Net impact on surplus or deficit on provision of services</b> | <b>60,229</b>                | <b>(11,002)</b>            | <b>(484)</b>                           | <b>48,743</b>   | <b>66,276</b>                | <b>(11,752)</b>            | <b>(1,230)</b>                         | <b>53,294</b>   |

The impairment of financial assets relates to the loss on trade receivables/rents receivables written off in the year, whilst the Council has made no adjustments to reflect expected credit losses based on materiality and an assessment of likelihood of default for its other financial assets measured at amortised cost. Therefore, the table



## Annual Accounts 2024/25

### Notes to the Accounts

above includes the loss recognised in the Comprehensive Income and Expenditure Statement in respect of lifetime credit losses.

#### 18.2. Fair Value of Assets and Liabilities

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms-length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including treasury bills and shares in money market funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2025, using the following methods and assumptions:

- Loans, including PWLB loans, borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March 2025.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

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

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

| Financial Liabilities                                 | Fair Value Level | 31 March 2024                 |                       |                    | 31 March 2025                 |                       |                    |
|---|------------------|-------------------------------|-----------------------|--------------------|-------------------------------|-----------------------|--------------------|
|   |                  | Principal Outstanding<br>£000 | Balance Sheet<br>£000 | Fair Value<br>£000 | Principal Outstanding<br>£000 | Balance Sheet<br>£000 | Fair Value<br>£000 |
| <i>Financial liabilities held at amortised cost :</i> |                  |                               |                       |                    |                               |                       |                    |
| Long-term loans from PWLB                             | 2                | 568,401                       | 572,362               | 538,945            | 710,123                       | 715,810               | 658,054            |
| Long-term LOBO loans                                  | 2                | 3,000                         | 3,000                 | 3,346              | 3,000                         | 3,000                 | 3,211              |
| Other long-term loans                                 | 2                | 295,536                       | 304,160               | 302,280            | 274,488                       | 282,637               | 272,615            |
| <i>Other Liabilities :</i>                            |                  |                               |                       |                    |                               |                       |                    |
| Financial Guarantee                                   | 3                | 755                           | 755                   | 755                | 586                           | 586                   | 586                |
| Finance Leases**                                      | 2                | 1,289                         | 1,289                 | 1,381              | -                             | -                     | -                  |
| PPP and similar arrangements**                        | 2                | 158,316                       | 158,316               | 158,938            | -                             | -                     | -                  |
| <b>Total</b>  |                  | <b>1,027,297</b>              | <b>1,039,882</b>      | <b>1,005,645</b>   | <b>988,197</b>                | <b>1,002,033</b>      | <b>934,466</b>     |
| Liabilities for which fair value is not disclosed*    |                  | 177,941                       | 177,941               |                    | 411,990                       | 411,990               |                    |
| <b>Total Financial Liabilities</b>                    |                  | <b>1,205,238</b>              | <b>1,217,823</b>      |                    | <b>1,400,187</b>              | <b>1,414,023</b>      |                    |

\* The fair value of other financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

\*\* - Fair value disclosures for lease and PPP/PFI liabilities are no longer required due to implementation of IFRS16 Leases

The fair value of financial liabilities held at amortised cost is lower than their Balance Sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is lower than

## Annual Accounts 2024/25

### Notes to the Accounts

the current rates available for similar loans as at the Balance Sheet date. With the adoption of IFRS16 by the Council, fair value disclosures for lease and PPP liabilities are no longer required.

|   |                  | 31 March 2024      |                 | 31 March 2025      |                 |
|---|------------------|--------------------|-----------------|--------------------|-----------------|
| <b>Financial Assets</b>                           | Fair Value Level | Balance Sheet £000 | Fair Value £000 | Balance Sheet £000 | Fair Value £000 |
| <i>Financial liabilities held at fair value :</i> |                  |                    |                 |                    |                 |
| Money Market Funds                                | 1                | 40,095             | 40,095          | 40,072             | 40,072          |
| <i>Financial assets held at amortised cost :</i>  |                  |                    |                 |                    |                 |
| Bank / DMADF deposits                             | 2                | 7,867              | 7,867           | 18,182             | 18,182          |
| Investments in DBFM subordinated debt             | 2                | 1,219              | 1,219           | 1,195              | 1,195           |
| <b>Total</b>                                      |                  | <b>49,181</b>      | <b>49,181</b>   | <b>59,449</b>      | <b>59,449</b>   |
| Assets for which fair value is not disclosed*     |                  | 71,037             |                 | 61,704             |                 |
| <b>Total Financial Assets</b>                     |                  | <b>120,218</b>     |                 | <b>121,153</b>     |                 |

\* The fair value of other financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

### 18.3. Nature and Extent of Risks arising from Financial Instruments

#### 18.3.1 Overall Procedures for Managing Risk

Treasury Management activity by its very nature exposes the Council to a variety of financial risks with the Council's overall risk management procedures focusing on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government in Scotland Act 2003 and the associated regulations.

The Council complies with CIPFA's Code of Practice on Treasury Management in the Public Services and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years, limiting:
  - the Council's overall borrowing;
  - its maximum and minimum exposures with regard to the maturity structure of its debt.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Scottish Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

Actual performance is monitored on a quarterly basis with any significant variation from the strategy reported to Members. In line with the recommendations of the Code of Practice, a mid-year review is carried out and an Annual Treasury Report on the year's activity is submitted to members once the final accounts are complete and the outturn prudential indicators for 2024/25 have been calculated.

#### 18.3.2 Key Risks

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

- Credit risk: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council;
- Liquidity risk: The possibility that the Council might not have the cash available to make contracted payments on time;

## Annual Accounts 2024/25

### Notes to the Accounts

- Re-financing risk: the possibility that the Council might require to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk: the possibility that an unplanned financial loss might arise for the Council because of changes in market variables such as interest rates, prices and foreign exchange rates.

#### 18.3.3 Credit Risk

Credit risk arises from deposits with banks and financial institutions, other local authorities, as well as credit exposures to the Council's customers including housing rents and external debtors. Deposits are with banks and other financial institutions in line with the Council's prevailing counterparty limits as set out in the Treasury Management Strategy. The Council also has a HM Treasury backed Debt Management Account deposit facility (DMADF).

Credit risk relates to the possibility that these other parties might fail to pay the amounts due to the Council. The Council manages its investments in accordance with the Local Government Investments (Scotland) Regulations 2010, including the preparation of an Annual Investment Strategy. Investment decisions are considered daily as part of the daily cash flow management by the Councils' Treasury Management Team.

During 2024/25 the Council's Investment Strategy was robust, with sufficient options available to spread deposits over a wide range and category of financial institutions with due consideration given to country, group and sector exposure of the Council's investments.

#### Debtors

The Council does not generally allow credit for its external debtors or house rents receivable. The past due amount can be analysed by age as follows:

|  | 31 March 2024              |                           |                              | 31 March 2025              |                           |                              |
|--|----------------------------|---------------------------|------------------------------|----------------------------|---------------------------|------------------------------|
|  | House Rents etc Receivable | Central Government Grants | External Debtor Accounts Due | House Rents etc Receivable | Central Government Grants | External Debtor Accounts Due |
|  | £000                       | £000                      | £000                         | £000                       | £000                      | £000                         |
| Less than three months                         | 8,818                      | 23,228                    | 4,113                        | 10,322                     | 35,277                    | 6,951                        |
| Three to six months                            | 1,628                      |                           | 417                          | 1,547                      | -                         | 538                          |
| Six to twelve months                           | 2,158                      |                           | 725                          | 1,881                      | -                         | 653                          |
| More than one year                             | 2,523                      |                           | 4,102                        | 2,513                      | -                         | 3,200                        |
| <b>Debt Outstanding</b>                        | <b>15,127</b>              | <b>23,228</b>             | <b>9,357</b>                 | <b>16,263</b>              | <b>35,277</b>             | <b>11,342</b>                |
| Expected Credit Losses                         | (11,293)                   | -                         | (2,657)                      | (9,012)                    | -                         | (3,052)                      |
| Average allowance for Expected Credit Loss (%) | 74.7%                      | 0%                        | 28.4%                        | 55.4%                      | 0%                        | 26.9%                        |
| <b>Total Debtors</b>                           | <b>3,834</b>               | <b>23,228</b>             | <b>6,700</b>                 | <b>7,251</b>               | <b>35,277</b>             | <b>8,290</b>                 |

The table above excludes prepayments and VAT recoverable whilst also excluding amounts relating to Council Tax, Non-Domestic Rates and Community Charge as these are deemed to be statutory debts not arising from contracts. Central Government Grants and External Debtors Accounts due are included within Note 19 Short-Term Debtors as part of the total debtors due.

Loss allowances on trade receivables have been calculated with reference to the Council's historic experience of default, adjusted to reflect current and forecast economic conditions. The average percentage allowance for expected credit losses are shown in the table above.

#### Provisions: Financial Guarantee

During 2023/24, the Council agreed to provide a new financial guarantee to North Lanarkshire Properties LLP (NLP) as part of re-financing arrangements undertaken by NLP, with the Council providing similar underwriting of debt service costs, up to a limit of 80% of the total debt service, of the new long-term loan facility of £30.000m. The Council considers the likelihood of the guarantee being called as minimal, however the Council, in recognition of this financial guarantee decided to make a provision of £0.825m.

The financial guarantee was assessed under IFRS9 *Financial Instruments* and has been valued at the amount initially recognised (i.e. fair value) less any cumulative amount of income/amortisation recognised. The Council has agreed with NLP that the premium payable to the Council for providing this new guarantee will be paid in annual instalments on a fair value basis over the term of the loan, with £0.169m charged during 2024/25. The Council has therefore included a long-term debtor of £0.419m and a short-term debtor of £0.167m within the Balance Sheet to reflect this arrangement.

## Annual Accounts 2024/25

### Notes to the Accounts

#### Soft Loans

The Council has recognised an amount receivable of £2.240m within Long-Term Debtors (2023/24 – £1.873m), representing the amounts due from service users receiving social care for which a charging order has been placed on the recipient's property as a method of recovering the debt, with a total of £3.208m of amounts recoverable (2023/24 - £2.927m) adjusted to reflect an expected credit loss allowance of £0.969m (2023/24 - £1.054m). The expected credit loss calculation is based on an assessment of likelihood of default and no default based on past historical default levels, and also other information available including the property subject to the charging order being on the market for sale at the Balance Sheet date or alternatively where the balance outstanding exceeds the value of the property.

The Council offer a small number of properties at below market rents to assist in the economic regeneration and development of the area and to support key Council objectives, however these are not considered to be of sufficient size to meet the Council's materiality reporting level.

#### 18.3.4 Liquidity Risk

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

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

The Council manages its liquidity position through the risk management procedures above. This includes the setting and approval of the Council's treasury management and investment strategies incorporating the setting and approval of prudential indicators. The Council also has in place robust cash flow procedures as required by the Code of Practice.

#### 18.3.5 Re-financing and Maturity Risk

The Council maintains significant debt and investment portfolios. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates primarily to managing the exposure to replacing financial instruments as they mature.

The Council's approved Treasury Management Strategy addresses the main risks and the Treasury Management Team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the re-scheduling of the existing debt; and
- monitoring the maturity profile of short-term investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs.

The maturity analysis of the principal outstanding on the Councils debt is as follows:

|                                 | At 31 March 2024 | At 31 March 2025 |
|---------------------------------|------------------|------------------|
|                                 | £000             | £000             |
| Less than one year              | 276,332          | 298,003          |
| Between one and two years       | 36,900           | 60,237           |
| Between two and seven years     | 163,024          | 242,552          |
| Between seven and fifteen years | 185,566          | 183,148          |
| More than fifteen years         | 205,115          | 203,671          |
| <b>Total</b>                    | <b>866,937</b>   | <b>987,611</b>   |

It should be noted that the debt maturity profile above includes principal outstanding for LOBO (Lender's Option Borrower's Option) loans based on their maturity date as opposed to the potential maturity date in the year where options or calls exist. A LOBO is called when the lender exercises its right to amend the interest rate on the loan at which point the Council can accept the revised terms or reject them and repay the loan.

The Council currently has a £3.000m exposure to LOBO loans and based on the current and the forecast interest rates the likelihood of these loans being called has been assessed as minimal. In the event that the call option were to be exercised, the default position will be the repayment of the LOBO without penalty with the associated treasury risks (refinancing/interest rate/liquidity) managed in line with the borrowing strategy for other maturing debt.

The maturity analysis for financial liabilities in relation to finance leases and PPP arrangements are shown within Notes 25.1 and 26.3 respectively.

## Annual Accounts 2024/25

### Notes to the Accounts

All trade and other payables are due to be paid in less than one year and external debtors (net of expected credit losses) are not shown in the table above.

#### 18.3.6 Market Risk

##### Interest rate risk

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

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

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

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. To monitor interest rate exposure, the proportion of fixed interest rate costs to variable interest costs is monitored on a quarterly basis to identify if there are any potential risks if interest rates were to move significantly upwards.

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

|   |              |
|---|--------------|
| Increase in interest payable on variable rate borrowings                | £000         |
| Increase in interest receivable on variable short-term investments      | 30           |
|   | (535)        |
| <b>Overall Impact on Comprehensive Income and Expenditure Statement</b> | <b>(505)</b> |
| <b>Share of Overall impact debited to the HRA</b>                       | <b>(218)</b> |

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

|   |            |
|---|------------|
| Decrease in interest payable on variable rate borrowings                | £000       |
| Decrease in interest receivable on variable short-term investments      | (30)       |
|   | 553        |
| <b>Overall Impact on Comprehensive Income and Expenditure Statement</b> | <b>523</b> |
| <b>Share of Overall impact debited to the HRA</b>                       | <b>226</b> |

In terms of the impact on the fair value of fixed rate borrowings/liabilities this would have no impact upon the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement. A 1% movement in interest rates would have the following implications in terms of fair value:

|  | <b>+1%</b> | <b>-1%</b> |
|--|------------|------------|
|  | £000       | £000       |
| Total Movements in Fair Value of Fixed Rate Borrowings | (43,978)   | 51,002     |

##### Price risk

The Council has an interest in a number of Subsidiary and Associate Companies along with Joint Ventures. Information as to the role of the Council in respect of these interests is provided within Note 2 to the Group Accounts. For each of these interests the Council will account for its share of assets, liabilities, and trading surplus or deficit within the Group Accounts dependent on the specific nature of the relationship in line with proper accounting practice.

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 may only acquire shareholdings in return for "open book" arrangements with the company concerned. The Council manages the risk in this area by exerting

## Annual Accounts 2024/25

### Notes to the Accounts

influence within the limits of its holdings and monitoring factors that might cause a fall in the value of specific shareholdings.

#### 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.

### 19. Inventories

The Council holds stocks of consumable materials such as fuel and catering supplies. The movements in the year can be summarised as follows:

|                                      | 2023/24      | 2024/25      |
|--------------------------------------|--------------|--------------|
|                                      | £000         | £000         |
| <b>Opening Balance at 1 April</b>    | <b>1,675</b> | <b>1,865</b> |
| Purchases                            | 15,767       | 16,103       |
| Donations                            | -            | -            |
| Recognised as an expense in the year | (15,577)     | (16,050)     |
| Write Off Balances                   | -            | -            |
| <b>Closing Balance at 31 March</b>   | <b>1,865</b> | <b>1,918</b> |

### 20. Short-Term Debtors

The Short-Term Debtors balance consists primarily of debts in respect of Council Tax, External Debtors Accounts and other Sundry Debtors. This can be summarised as follows:

|   | 2023/24   |                | 2024/25   |                |
|---|-----------|----------------|-----------|----------------|
|   | £000      | £000           | £000      | £000           |
| Central Government Bodies                     |           | 23,463         |           | 37,465         |
| Other Local Authorities                       |           | 1,626          |           | 2,439          |
| NHS Bodies                                    |           | 2,227          |           | 4,512          |
| Public Corporations and Trading Funds         |           | 14             |           | 6              |
| Trade Debtors, Other Entities and Individuals |           | 71,037         |           | 63,224         |
| Provision for Expected Credit Losses          |           | (4,098)        |           | (4,455)        |
| House Rents Receivable:                       |           |                |           |                |
| Rents Receivable                              | 15,127    |                | 16,262    |                |
| Less Expected Credit Losses                   | (11,293)  | 3,834          | (9,012)   | 7,250          |
| Arrears in Local Taxation:                    |           |                |           |                |
| Council Tax                                   | 123,692   |                | 128,926   |                |
| Less Provision                                | (112,259) | 11,433         | (117,024) | 11,902         |
| NNDR Statutory Addition                       | 5,889     |                | 6,227     |                |
| Less Provision                                | (5,480)   | 409            | (5,778)   | 449            |
| <b>Total Debtors</b>                          |           | <b>109,945</b> |           | <b>122,792</b> |

### 21. Cash and Cash Equivalents

The balance of cash and cash equivalents comprises the following elements:

|                                      | 2023/24       | 2024/25       |
|--------------------------------------|---------------|---------------|
|                                      | £000          | £000          |
| Cash held by the Council             | 326           | 276           |
| Bank call accounts / DMADF           | 7,868         | 18,182        |
| Money Market Funds                   | 40,095        | 40,072        |
| <b>Net Cash and Cash Equivalents</b> | <b>48,289</b> | <b>58,530</b> |

## Annual Accounts 2024/25

### Notes to the Accounts

#### 22. Short-Term Creditors

The Short-Term Creditors balance consists primarily of amounts due in respect of payroll costs, payovers to HMRC and other sundry creditors. This can be summarised as follows:

|   | 2023/24          | 2024/25          |
|---|------------------|------------------|
|   | £000             | £000             |
| Central Government                              | (1,222)          | (1,709)          |
| Other local authorities                         | (2,069)          | (1,319)          |
| NHS Bodies                                      | (2,250)          | (357)            |
| Public Corporations and Trading Companies       | (709)            | (719)            |
| Trade Creditors, Other Entities and Individuals | (177,941)        | (173,624)        |
| Short-term compensated absences (1)             | (20,382)         | (24,296)         |
| <b>Total Creditors</b>                          | <b>(204,573)</b> | <b>(202,024)</b> |

- (1) For the notional accrued cost of benefits employees receive as part of their contract of employment, entitlement to which is built up as they work for the Council. The balance relates to holiday entitlement.

#### 23. Provisions

The balance on provisions consists of the following elements:

|                         | Balance at<br>31 March<br>2023 | Additional<br>Provisions<br>Made in<br>2023/24 | Amounts<br>Used in<br>2023/24 | Balance at<br>31 March<br>2024 | Additional<br>Provisions<br>Made in<br>2024/25 | Amounts<br>Used in<br>2024/25 | Balance at<br>31 March<br>2025 |
|-------------------------|--------------------------------|--|-------------------------------|--------------------------------|--|-------------------------------|--------------------------------|
|                         | £000                           | £000   | £000                          | £000                           | £000   | £000                          | £000                           |
| Equal Pay (1)           | 4,975                          | -  | (6)                           | 4,969                          | -  | (6)                           | 4,963                          |
| Landfill (2)            | 7,247                          | -  | (296)                         | 6,951                          | -  | (765)                         | 6,186                          |
| Financial Guarantee (3) | 55                             | 825  | (125)                         | 755                            | -  | (169)                         | 586                            |
| <b>Total Provisions</b> | <b>12,277</b>                  | <b>825</b>                                     | <b>(427)</b>                  | <b>12,675</b>                  | <b>-</b>                                       | <b>(940)</b>                  | <b>11,735</b>                  |

- (1) The Council has previously recognised the need to provide for on-going commitments arising from equal pay compensation claims. The provision is reviewed annually with consideration given to the scale and scope of any risk and uncertainties.
- (2) A provision is recognised for the future costs associated with the restoration of closed landfill sites. Anticipated costs are estimated by expert advisors on a regular basis with the most recent review being undertaken in 2021/22.
- (3) Refer to Provisions: Financial Guarantee note within Note 18 Financial Instruments.

#### 24. Contingent Assets and Liabilities

Contingent assets represent items that at 31 March 2025 are not recognised in the Council's Annual Accounts because there is significant uncertainty at that date as to the likelihood that the Council will receive payments in respect of them. Contingent liabilities represent items that at 31 March 2025 are not recognised in the Council's Annual Accounts because there is significant uncertainty at that date as to the necessity of the Council to make payments in respect of them.

A number of legal actions have been brought against the Council in respect of Equal Pay. Notification has also been received of a number of other cases that are not yet subject to Court action but which may result in subsequent litigation. Due to the wide variety and nature of the claims and the uncertainty of any potential liability, no value has been attributed to these claims in the financial statements.

The Council has received notification of a number of legal claims in respect of contract disputes. Due to the wide variety and nature of the claims and the uncertainty of any potential liability, no value has been attributed to these claims in the financial statements.

On 20 July 2020, a Written Ministerial Statement (WMS) was issued in relation to survivor benefits for Public Service Pensions. The 2017 Supreme Court ruling in Walker vs Innospec, along with subsequent amendments entitled same-sex survivors pension benefits to take account of the member's service from 6 April 1987. On 30<sup>th</sup> June 2020,



## Annual Accounts 2024/25

### Notes to the Accounts

the Goodwin Tribunal ruled that this should also apply to male survivors of opposite-sex marriages. The Goodwin Tribunal was in relation to the Teachers' Pension Scheme, however the WMS confirmed that this difference in treatment would also need to be remedied in other public sector pension schemes. Whilst there is still uncertainty surrounding the potential remedy, the Council's actuaries carried out some approximate analysis and concluded that the impact of the judgement is likely to be very small and therefore have not accounted for this within their calculations. This could have a financial impact on future years' costs, however given the uncertainty no provision has been made in the Accounts.

The Limitation (Childhood Abuse) (Scotland) Act 2017 which came into force in October 2017 removed the time bar for survivors of historical child abuse to make a claim for compensation in the civil courts. On 23 April 2021 the Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021 received Royal Assent. The Act introduces a scheme to make financial payments to survivors of historical child abuse in care in Scotland and sets out that Scottish Ministers must establish a list of organisations who have agreed to make a fair and meaningful contribution towards the funding of the redress payments. In return, survivors who accept a redress payment agree not to take legal action against these organisations or the Scottish Government. The Council makes a contribution to this scheme through a deduction from the General Revenue Grant, however despite the existence of the scheme, there is still potential for redress to be sought via legal action against the Council. Potential claim volume and values cannot be quantified at this time therefore no financial provision has been made.

The Council is named as an interested party in two current Fatal Accident Inquiries with the final decisions from these not yet issued. The purpose of the Inquiries is not to determine liability, however the likelihood or value of any potential legal action against the Council cannot be determined at this time, therefore no provision has been made in the Accounts.

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

## 25. Leases

### International Financial Reporting Standard 16 (IFRS 16)

In 2024/25, the Council has applied IFRS16 *Leases* as adopted by the Code of Accounting Practice. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as 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 2024 are exempt from the new arrangements.

IFRS16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. The details of the changes in accounting policies and transitional provisions are disclosed below.

### Definition of a lease

On transition to IFRS16, the Council elected to apply the practical expedient not to reassess whether a contract is, or contains, a lease at 1 April 2024, except in relation to leases for nil consideration and housing tenancies. It has applied IFRS16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4.

### As a lessee

As a lessee, the Council previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS16, the Council recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

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

### i. Leases classified as operating leases under IAS17

The Council used the following practical expedients when applying IFRS16 to leases previously classified as operating leases under IAS17.

## Annual Accounts 2024/25

### Notes to the Accounts

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Authority's incremental borrowing rate at that date,
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics,
- The weighted average of the incremental borrowing rates used to discount liabilities was 5.25%,
- Right-of use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded,
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet,
- For right-of-use assets for peppercorn or nominal lease payments a right-of use asset has been recognised at fair value on 1 April 2024 with the difference between that fair value and the lease liability credited as a gain in the surplus/deficit on the provision of services.

Application of the Code's adaptation of IFRS16 has resulted in the following additions to the balance sheet at 1 April 2024:

- Property, plant and equipment – land and buildings (right-of-use assets) - £3.040m
- Property, plant and equipment – vehicles, plant and equipment (right-of-use assets) - £1.370m
- Current creditors (lease liabilities) - £1.814m
- Non-current creditors (lease liabilities) - £2.442m

As at 31 March 2024, the financial statements disclosed £2.556m in operating lease commitments. However, following the adoption of IFRS 16, newly recognised lease liabilities amount to £4.256m. This variance arises due to the following factors:

- Omission of Lease Arrangements: Several lease arrangements that should have been classified as operating leases were inadvertently excluded from the disclosures in the 31 March 2024 financial statements,
- Extension of Short-Term Leases: A number of short-term leases have subsequently been extended beyond their original terms, thereby falling within the scope of IFRS 16,
- Exclusions under IFRS 16: The recognised lease liabilities exclude:
  - Leases of low-value assets,
  - Leases that are expected to expire prior to 31 March 2025.

The total lease payments, when discounted to their present value (using the incremental borrowing rate as at 1 April 2024) amount to £6.281m. The difference of £2.025m between this figure and the recognised lease liabilities of £4.256m is attributable to the aforementioned omissions and scope exclusions.

#### ii. Leases classified as finance leases under IAS17

For leases that were classified as finance leases under IAS17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS 17 at 31 March 2024.

#### As a lessor

The Council is not required to make any adjustment on transition to IFRS16 for leases in which it acts as a lessor, except if acting as an intermediate lessor (subletting an asset it has acquired under a lease), or where the Authority is party to a lease for nil consideration. The Council was not party to any sublease arrangements, nor party to any leases for nil consideration, as lessor as at 1 April 2024.

## Annual Accounts 2024/25

### Notes to the Accounts

#### 25.1. Right of Use Assets

The table below shows the change in the value of right-of-use assets held under leases by the authority:

|                               | 2024/25          |                               |              |
|-------------------------------|------------------|-------------------------------|--------------|
|                               | Land & Buildings | Vehicles, plant and equipment | Total        |
|                               | £000             | £000                          | £000         |
| <b>Balance at 1 April</b>     | <b>3,040</b>     | <b>1,370</b>                  | <b>4,410</b> |
| Additions during the year     | 30               | 1,167                         | 1,197        |
| Depreciation and amortisation | (751)            | (1,135)                       | (1,886)      |
| Disposals                     | -                | -                             | -            |
| <b>Balance at 31 March</b>    | <b>2,319</b>     | <b>1,402</b>                  | <b>3,721</b> |

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

|   | 2023/24  | 2024/25      |
|---|----------|--------------|
|   | £000     | £000         |
| Not later than one year                           | -        | 2,174        |
| Later than one year and not later than five years | -        | 1,128        |
| Later than five years                             | -        | 804          |
| <b>Total undiscounted liabilities</b>             | <b>-</b> | <b>4,106</b> |

#### 25.2. Transactions under Leases

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

|   | 2023/24 | 2024/25 |
|---|---------|---------|
|   | £000    | £000    |
| <b>Comprehensive income and expenditure statement</b>   |         |         |
| Interest expense on lease liabilities                   | -       | 213     |
| Expense relating to short-term leases                   | -       | 134     |
| Expense relating to exempt leases of low-value items    | -       | 987     |
| <b>Cash flow statement</b>                              |         |         |
| Total cash flow for leases                              | -       | 2,026   |
| Cash payments for interest portion of lease liabilities | -       | 213     |
| Short-term lease payments where exemptions taken        | -       | 134     |
| Low-value lease payments where exemptions taken         | -       | 987     |

#### 25.3. Council as a Lessee – Finance Leases

The balance held on Property, Plant and Equipment for the remaining overcladding programme is included within the HRA Council Dwellings valuation.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset 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:

|                                       | 2023/24      | 2024/25      |
|---------------------------------------|--------------|--------------|
|                                       | £000         | £000         |
| Finance lease liabilities             |              |              |
| ▪ Current                             | 233          | 250          |
| ▪ Non-current                         | 1,056        | 806          |
| Finance costs payable in future years | 280          | 188          |
| <b>Minimum lease payments</b>         | <b>1,569</b> | <b>1,244</b> |

## Annual Accounts 2024/25

### Notes to the Accounts

The minimum lease payments will be payable over the following periods:

|   | Minimum Lease Payments |              | Finance Lease Liabilities |              |
|---|------------------------|--------------|---------------------------|--------------|
|   | 2023/24                | 2024/25      | 2023/24                   | 2024/25      |
|   | £000                   | £000         | £000                      | £000         |
| Not later than one year                           | 325                    | 325          | 233                       | 250          |
| Later than one year and not later than five years | 1,244                  | 919          | 1,056                     | 806          |
| Later than five years                             | -                      | -            | -                         | -            |
| <b>Total</b>                                      | <b>1,569</b>           | <b>1,244</b> | <b>1,289</b>              | <b>1,056</b> |

#### 25.4. Council as a Lessor – Operating Leases

The Council leases out property under operating leases for the purposes of economic development to provide suitable affordable accommodation for local businesses. These arrangements are accounted for as operating leases. The rental income receivable in 2024/25 was £1.849m (2023/24 £1.430m) and is included in the Comprehensive Income and Expenditure Statement. The rents receivable under non-cancellable leases in future years are shown in the table below.

|   | Future Rental Income Receivable |               |
|---|---------------------------------|---------------|
|   | 2023/24                         | 2024/25       |
|   | £000                            | £000          |
| Within one year                                     | 2,371                           | 2,298         |
| Later than one year and not later than five years   | 3,892                           | 3,709         |
| Later than five years and not later than ten years  | 2,679                           | 2,403         |
| Later than ten years and not later than fifty years | 12,894                          | 12,676        |
| Later than fifty years                              | 7,501                           | 7,219         |
| <b>Total</b>  | <b>29,337</b>                   | <b>28,305</b> |

#### 26. Public Private Partnerships and Similar Contracts

The Council has exercised the Service Concessions flexibility made through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements), with the statutory repayment of principal elements of the lease component of service concession arrangements being made over the estimated asset lives (up to 50 years), as opposed to the period of the contract. Payments made to operators remain unchanged, with differences between the actual amounts paid to the operator towards liability under the contracts and the principal repayments recognised through the Comprehensive Income and Expenditure Statement being held in the Capital Adjustment Account. Further details are disclosed in Note 31.

In June 2005, the Council entered into a Public Private Partnership for the provision and maintenance of school and community buildings. The agreement has provided 17 purpose-built facilities consisting of 3 secondary schools, 7 stand-alone primary schools, and 7 primary school joint campus facilities. When the agreement ends on 31 March 2037 responsibility for maintenance and operation transfers back to the Council. However, the Council will only have to budget for routine maintenance for the first five years following expiry of the agreement because the contract contains provisions that require the contractor to ensure that the buildings are in a condition to require no replacement of any significant building element over these five years.

In 2016/17, a further addition to the Council's school portfolio was the replacement of Greenfaulds High School as a Design, Build, Finance and Maintain (DBFM) project in partnership with Hub South West Scotland Ltd. The school was fully functional by the end of 2017/18.

In 2019/20, a further addition to the Council's school portfolio was the Cumbernauld Academy Design, Build, Finance and Maintain (DBFM) project in partnership with Hub SW Cumbernauld DBFM Co Ltd. Phase 1 and Phase 2a were completed in July 2019 and February 2020, with Phase 2b being completed in August 2020.

The Council has a 40% share in the contract for waste recycling which utilises the waste materials recovery facility at Bargeddie with residual waste then processed at a thermal treatment facility in Dunbar. North Lanarkshire is lead authority and contracted with Viridor, with four other councils tied into the contract through an Inter Authority Agreement.

## Annual Accounts 2024/25

### Notes to the Accounts

#### 26.1. Property, Plant and Equipment

The assets used to provide services at the schools, along with the Council's share of the Clyde Valley Waste Plant, are recognised on the Council's Balance Sheet. Movements in value over the year are as follows:

|                                       | 2023/24        | 2024/25        |
|---------------------------------------|----------------|----------------|
|                                       | £000           | £000           |
| <b>Opening Net Book Value</b>         | <b>276,428</b> | <b>271,920</b> |
| Adjustment for IFRS16 Transition      | -              | 1,533          |
| <b>Revised Opening Net Book Value</b> | <b>276,428</b> | <b>273,453</b> |
| Additions                             | -              | 2,773          |
| Disposals                             | -              | -              |
| Depreciation charge for the year      | (5,310)        | (5,344)        |
| Revaluations in year                  | 802            | (2,976)        |
| <b>Closing Net Book Value</b>         | <b>271,920</b> | <b>267,906</b> |

#### 26.2. Remaining Payments Under The Agreements

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the provider fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the contracts at 31 March 2025 including an adjustment for inflation and excluding any estimation of availability and performance deductions are as follows:

|  | Future payments for services (including lifecycle maintenance) | Repayment of liability | Finance interest | Total          |
|--|--|------------------------|------------------|----------------|
|  | £000   | £000                   | £000             | £000           |
| Payable within one year                | 23,644   | 13,188                 | 10,667           | 47,499         |
| Payable within two to five years       | 96,027   | 47,214                 | 58,024           | 201,265        |
| Payable within six to ten years        | 147,427  | 91,080                 | 40,963           | 279,470        |
| Payable within eleven to fifteen years | 108,826  | 63,525                 | 11,582           | 183,933        |
| Payable within sixteen to twenty years | 71,715   | 18,663                 | 2,274            | 92,652         |
| <b>Total</b>                           | <b>447,639</b>   | <b>233,670</b>         | <b>123,510</b>   | <b>804,819</b> |

#### 26.3. Liabilities from PPP Arrangements and Similar Contracts

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

|  | 2023/24        | 2024/25        |
|--|----------------|----------------|
|  | £000           | £000           |
| Balance outstanding at the start of the year | <b>165,402</b> | <b>158,316</b> |
| Adjustment for IFRS16 Transition             |                | 85,451         |
| Revised outstanding balance at start of year | <b>165,402</b> | <b>243,767</b> |
| Additions during the year                    | -              | 2,773          |
| Payments during the year                     | (7,086)        | (12,870)       |
| <b>Balance outstanding at year-end</b>       | <b>158,316</b> | <b>233,670</b> |
| Included in Balance Sheet                    |                |                |
| Current                                      | 7,971          | 13,188         |
| Non-current                                  | 150,345        | 220,482        |

## **27. Pension Costs**

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until an employee retires, the Council has to disclose a commitment to make the payments at the time that employees earn their future entitlement. The Council participates in two pension schemes:

- The Strathclyde Pension Fund Local Government Pension Scheme is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) (Administration) Regulations 1998. This is a defined benefit scheme, meaning that the Council and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.
- The Teachers' Pension Scheme is currently administered by the Scottish Public Pensions Agency, an Executive Agency of the Scottish Government. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. However, as the Scheme is not able to identify each body's share of the underlying liabilities on a consistent and reasonable basis, the pension costs are accounted for as if it were a defined contribution scheme.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the Scottish Government requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note. Property and Private equity comprise £923m of total NLC assets in the pension fund of £3.0bn (31%). These assets are valued at Level 3 of the Fair Value hierarchy, meaning they are valued using unobservable inputs and are therefore more volatile in nature.

High UK corporate bonds yields, has resulted in high accounting discount rates which place a significantly lower value on the pension obligations similar to last year's accounts, with the fund assets being in excess of the obligations resulting in a net asset in relation to funded plans. IAS19 *Employee Benefits* requires that where there is a surplus position, this should be measured at the lower of the surplus in the defined benefit plan and the asset ceiling, where the asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions to future contributions. The Council's actuaries have calculated that the surplus in relation to funded plans of £1,165.892m and the asset ceiling, based on the remaining future working lifetime of staff and the present value of accruing service cost less value of cash contributions is nil, therefore an asset ceiling adjustment of £1,165.892m has been applied. As a result, the net pension asset held on the Council's Balance Sheet in relation to funded plans is nil. In addition to this, a net pension liability of £106.280m is held on the Council's Balance Sheet in relation to unfunded liabilities.

In 2024/25, the Council paid £51.208m (£44.031m in 2023/24) to the Scottish Public Pensions Agency in respect of teachers' retirement benefits, representing an employer contribution of 26% (23.0% in 2023/24). In addition, the Council is responsible for all pension payments relating to previously awarded added years. In 2024/25, these amounted to £5.782m (£5.530m for 2023/24).

### **27.1. Transactions Relating to Retirement Benefits**

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year. Consequently, the real cost of retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance / Housing Revenue Account via the Movement in Reserves Statement:

## Annual Accounts 2024/25

### Notes to the Accounts

|   | 2023/24         | 2024/25         |
|---|-----------------|-----------------|
|   | £000            | £000            |
| <b>Comprehensive Income and Expenditure Statement (CIES)</b>                                    |                 |                 |
| Included within Net Cost of Service within CIES:  |                 |                 |
| • Current service cost  | 60,272          | 62,289          |
| • Past service cost/(gain) including curtailments   | 2,268           | 9,292           |
|   | <b>62,540</b>   | <b>71,581</b>   |
| Included within Financing and Investment Income & Expenditure in CIES:                          |                 |                 |
| • Net interest expense  | 3,088           | 6,588           |
|   | <b>3,088</b>    | <b>6,588</b>    |
| <b>Total Post-employment Benefit charged to Surplus or Deficit on the Provision of Services</b> | <b>65,628</b>   | <b>78,169</b>   |
| Other Post-employment Benefits charged to the CIES:   |                 |                 |
| Re-measurement of the net defined benefit liability   | 52,734          | (54,718)        |
| <b>Total Post-employment Benefits charged to the CIES</b>                                       | <b>118,362</b>  | <b>23,451</b>   |
| <b>Less Employer's contributions payable to pension scheme</b>                                  | <b>(65,198)</b> | <b>(36,661)</b> |
| <b>Movement in Pension Reserve</b>  | <b>53,164</b>   | <b>(13,210)</b> |

#### 27.2. Assets and Liabilities in Relation to Post Employment Benefits

A reconciliation of the Council's share of the present value of Strathclyde Pension Fund's liabilities are as follows:

|  | 2023/24            | 2024/25            |
|--|--------------------|--------------------|
|  | £000               | £000               |
| <b>Opening balance at 1 April</b>                                      | <b>(2,043,325)</b> | <b>(2,197,997)</b> |
| Current service cost   | (60,272)           | (62,289)           |
| Interest cost  | (96,775)           | (105,561)          |
| Contributions from scheme participants                                 | (16,866)           | (18,532)           |
| <b>Remeasurement (gains) and losses:</b>                               |                    |                    |
| Actuarial gains/losses arising from changes in demographic assumptions | 30,790             | 3,756              |
| Actuarial gains/losses arising from changes in financial assumptions   | 75,856             | 332,526            |
| Actuarial gains/losses arising from changes in other experience        | (176,592)          | 21,276             |
| Past service cost including gains/losses on curtailment                | (2,268)            | (9,292)            |
| Benefits paid  | 91,455             | 84,568             |
| <b>Closing Balance at 31 March</b>                                     | <b>(2,197,997)</b> | <b>(1,951,545)</b> |

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

|   | 2023/24          | 2024/25          |
|---|------------------|------------------|
|   | £000             | £000             |
| <b>Opening balance at 1 April</b>                               | <b>2,698,080</b> | <b>2,936,999</b> |
| Interest income   | 127,938          | 140,181          |
| Return on assets  | 138,014          | (36,648)         |
| Contributions from employer                                     | 56,995           | 28,001           |
| Contributions from scheme participants                          | 16,866           | 18,532           |
| Contributions in respect of Unfunded Benefits                   | 8,203            | 8,660            |
| Benefits paid   | (91,455)         | (84,568)         |
| Actuarial gains/losses arising from changes in other experience | (17,642)         | -                |
| <b>Closing Balance at 31 March</b>                              | <b>2,936,999</b> | <b>3,011,157</b> |

## Annual Accounts 2024/25

### Notes to the Accounts

The net value of the scheme assets and liabilities is a net asset of £1,059.612m, however following the application of the asset ceiling of £1,165.892m as noted above, the net pension liability shown on the Council's Balance Sheet is £106.280m consisting of a net pension asset of Nil in relation to funded plans, together with a pension liability of £106.280m in relation to unfunded liabilities. The net asset restriction is calculated based on the remaining future working lifetime of active staff and the present value of accruing service cost less value of cash contributions.

#### 27.3. Local Government Pension Scheme assets

The Council's share of the Pension Fund's assets at 31 March is as follows:

|                                  | 2023/24          | 2024/25          |
|----------------------------------|------------------|------------------|
|                                  | £000             | £000             |
| Cash and cash equivalents        | <b>54,444</b>    | <b>73,266</b>    |
| Equity Securities                |                  |                  |
| • Consumer                       | 135,681          | 148,682          |
| • Manufacturing                  | 169,260          | 140,489          |
| • Energy and Utilities           | 26,638           | 23,407           |
| • Financial institutions         | 84,306           | 68,760           |
| • Health and care                | 78,396           | 71,627           |
| • Information technology         | 99,545           | 172,777          |
| Sub-total equity                 | <b>593,826</b>   | <b>625,742</b>   |
| Debt Securities                  |                  |                  |
| • Corporate Bonds                | -                | 1                |
| Sub-total bonds                  | -                | <b>1</b>         |
| Property                         | <b>230,935</b>   | <b>227,185</b>   |
| Private equity                   | <b>701,182</b>   | <b>696,033</b>   |
| Other investment funds           |                  |                  |
| • Equities                       | 1,012,840        | 734,956          |
| • Bonds                          | 342,602          | 635,181          |
| • Commodities                    | 1,170            | 1,476            |
| • Infrastructure                 | -                | 10,625           |
| • Other                          | -                | 6,694            |
| Sub-total other investment funds | <b>1,356,612</b> | <b>1,388,932</b> |
| Derivatives                      | -                | (2)              |
| <b>Total assets</b>              | <b>2,936,999</b> | <b>3,011,157</b> |



## Annual Accounts 2024/25

### Notes to the Accounts

#### 27.4. Reconciliation of Present Value of the Defined Benefit obligation and the Fair Value of Planned Assets to the Balance Sheet

The present value of unfunded liabilities comprises approximately £39.974m and £66.306m in respect of LGPS and Teachers' unfunded pensions. For unfunded liabilities as at 31 March 2024, it is assumed that all unfunded pensions are payable for the remainder of the member's life.

|  | 2023/24          | 2024/25          |
|--|------------------|------------------|
|  | £000             | £000             |
| Fair Value of Employer Assets                  | 2,936,999        | 3,011,157        |
| Present Value of Funded Liabilities            | (2,078,507)      | (1,845,265)      |
| <b>Net (under)/Overfunding in Funded Plans</b> | <b>858,492</b>   | <b>1,165,892</b> |
| Present Value of Unfunded Liabilities          | (119,490)        | (106,280)        |
| <b>Net Asset/(Liability)</b>                   | <b>739,002</b>   | <b>1,059,612</b> |
| Amount in Balance Sheet:                       |                  |                  |
| Liabilities                                    | (2,197,997)      | (1,951,545)      |
| Assets   | 2,936,999        | 3,011,157        |
| Asset Ceiling Adjustment                       | (858,492)        | (1,165,892)      |
| <b>Net Asset/(Liability)</b>                   | <b>(119,490)</b> | <b>(106,280)</b> |
| Balance Sheet presentation:                    |                  |                  |
| Other Long-Term Assets (Pensions)              | -                | -                |
| Other Long-Term Liabilities (Pensions)         | (119,490)        | (106,280)        |
| <b>Net Asset/(Liability)</b>                   | <b>(119,490)</b> | <b>(106,280)</b> |

#### 27.5. Fund History

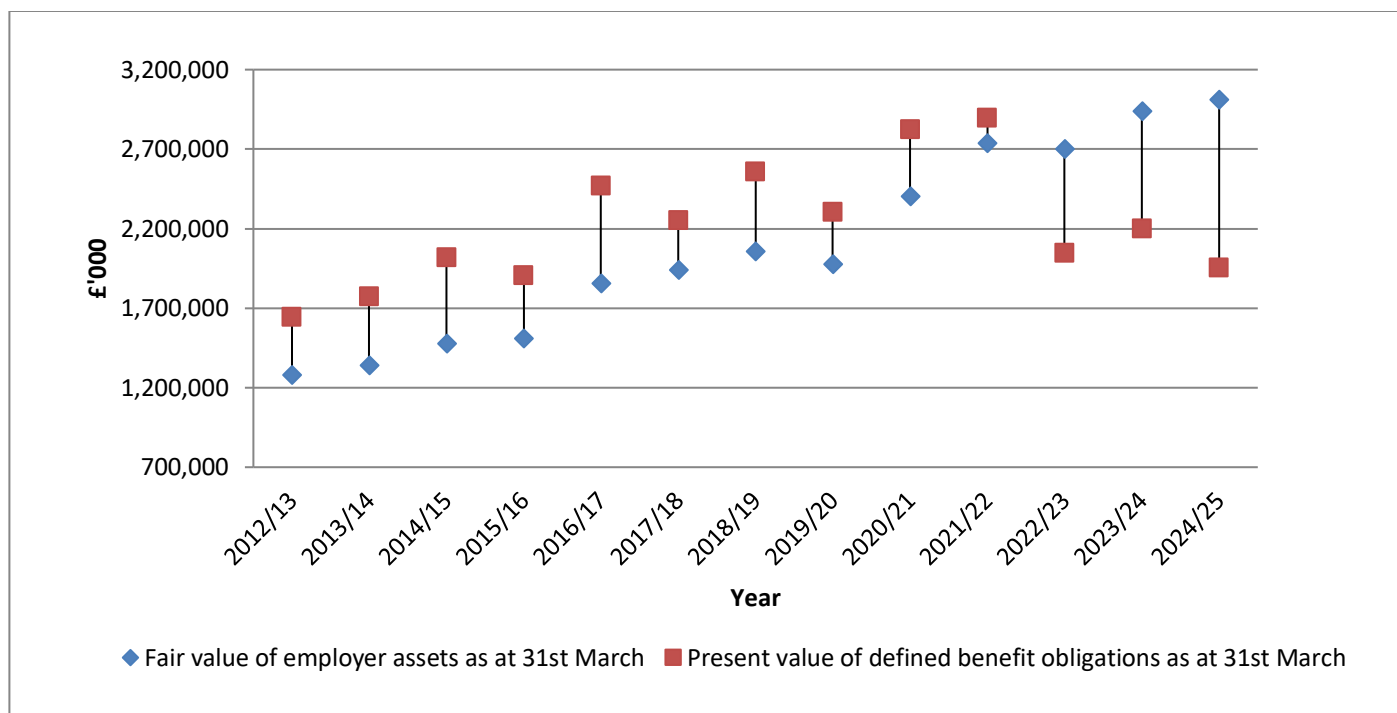
Triennial valuations provide one basis for assessing the overall position of funds (funding basis). Actuaries also prepare a valuation at 31st March each year on an accounting basis (IAS19 basis). This approach uses a lower discount rate for long-term liabilities and this tends to produce a more cautious result. The graph below shows the underlying commitments that the Council has to pay in retirement benefits on an accounting basis. The net liability after the applied asset ceiling, has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, however the most recent triennial valuation as at March 2023 shows a funding position of 147% therefore it is expected that future contributions will be sufficient to meet the liabilities. As a result, the Strathclyde Pension Fund Committee agreed employer contributions should reduce to 6.5% in 2024/25 & 2025/26 before increasing to 17.5% in 2026/27.

#### 27.6. Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Strathclyde Pension Fund assets and liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. Estimates for the fund are based on the latest valuation of the scheme as at 31 March 2025.

## Annual Accounts 2024/25

### Notes to the Accounts



|   | 2023/24 | 2024/25 |
|---|---------|---------|
| Mortality Assumptions:                  |         |         |
| Longevity at 65 for current pensioners: |         |         |
| • Men                                   | 19.3    | 19.3    |
| • Women                                 | 22.1    | 22.0    |
| Longevity at 65 for future pensioners:  |         |         |
| • Men                                   | 20.2    | 20.1    |
| • Women                                 | 23.8    | 23.8    |
| Rate of increase in salaries            | 3.50%   | 3.50%   |
| Rate of increase in pensions            | 2.80%   | 2.80%   |
| Discount Rate                           | 4.80%   | 5.80%   |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and that the assumption analysed changes while all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

|  | Approximate Monetary Amount<br>£000 | Approximate % Increase to<br>Employer Liability |
|--|-------------------------------------|---|
| Rate of increase in salaries (increase by 0.1%)            | 2,290                               | 0%  |
| Rate of increase in pensions (increase by 0.1%)            | 30,831                              | 2%  |
| Rate for discounting scheme liabilities (decrease by 0.1%) | 32,260                              | 2%  |
| 1 Year increase in the member life expectancy              | 78,062                              | 4%  |

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

## Annual Accounts 2024/25

### Notes to the Accounts

#### Investment Strategy

The Investment Strategy set by Strathclyde Pension Fund seek to match cash flows or liabilities but does not reflect the anticipated profile of these. The Fund pursues a policy of lowering risk through diversification of investments by asset class, manager and geography. A large proportion of the assets relate to equities (68%) and bonds (21%). The comparative year's figures are 78% and 12%. The scheme also invests in properties (8%), cash (2%) and other (1%), with comparative year's figures of 8%, 2% and 0%.

#### Impact on Council's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding target of at least 100% in the long-term. The total contributions expected to be made by the Council to Strathclyde Pension Fund in the year to March 2026 is £20.043m. The weighted average duration, i.e. the time until payment of all expected future discounted cashflows, of the defined benefit obligation for Fund members is 16 years.

The contributions paid by the employer are set by the fund actuary at each triennial valuation (the most recent being as at 31 March 2023), or at any other time as instructed to do so by the administering authority. The contributions payable over the period balance to 31 March 2025 are set out in the Rates and Adjustments certificate.

As indicated above, as a result of the most recent triennial valuation employer contributions reduced to 6.5% in 2024/25 and 2025/26 before increasing to 17.5% in 2026/27. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities.

## 28. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement with further explanatory information about the movements included in Notes 32 to 35.

### 28.1. General Fund Balance

|  | Balance<br>at 31<br>March<br>2024 | Transfers<br>Out | Transfers<br>in | Balance<br>at 31<br>March<br>2025 |
|--|-----------------------------------|------------------|-----------------|-----------------------------------|
|  | £000                              | £000             | £000            | £000                              |
| <b>Earmarked General Fund Reserves</b>                         |                                   |                  |                 |                                   |
| Schools Future Contractual Obligations                         | 60,968                            | -                | 5,362           | 66,330                            |
| Strategic Capital Investment Programme                         | 44,800                            | -                | -               | 44,800                            |
| Future Budget Pressures  | 30,204                            | -                | 1,687           | 31,891                            |
| Future Loans Charges linked with Capital Investment Programme  | 17,905                            | -                | 8,709           | 26,614                            |
| Strategic Workforce Planning                                   | 17,902                            | (193)            | -               | 17,709                            |
| Change Management Fund   | 19,358                            | (6,795)          | -               | 12,563                            |
| Temporary Accommodation  | 8,038                             | -                | -               | 8,038                             |
| Contingency Fund   | 8,000                             | -                | -               | 8,000                             |
| Refugee Resettlement Programmes                                | 8,324                             | (3,030)          | 1,593           | 6,887                             |
| Whole Family Wellbeing   | 4,417                             | -                | 896             | 5,313                             |
| Budget One-off Investment                                      | 8,119                             | (6,901)          | 4,071           | 5,289                             |
| One Workforce Grading Pressures                                | 5,000                             | -                | -               | 5,000                             |
| Unmanaged burdens within Education and Families                | 4,234                             | (821)            | 1,094           | 4,507                             |
| School ICT Upgrades linked with Windows 11                     | -                                 | -                | 2,675           | 2,675                             |
| Balances held by Schools under Devolved School Management      | 2,655                             | (2,655)          | 2,395           | 2,395                             |
| Pupil Equity Fund  | 2,153                             | (2,153)          | 1,941           | 1,941                             |
| Early Years & Childcare Expansion                              | 5,213                             | (3,332)          | -               | 1,881                             |
| Winter Reserve   | 1,500                             | -                | -               | 1,500                             |
| Support of Restructure Realignment of Home to School Transport | -                                 | -                | 1,500           | 1,500                             |
| Economic Recovery  | 1,519                             | (119)            | -               | 1,400                             |
| Owner Occupier Grants  | -                                 | -                | 1,233           | 1,233                             |
| Cumbernauld Town Centre Regeneration                           | 216                               | -                | 826             | 1,042                             |
| Unmanaged burdens within Enterprise & Communities              | 1,041                             | (106)            | 65              | 1,000                             |
| Property Repairs   | -                                 | -                | 1,000           | 1,000                             |
| Other Earmarked Funds  | 32,327                            | (17,183)         | 6,318           | 21,462                            |
| <b>Total General Fund Balance</b>                              | <b>283,893</b>                    | <b>(43,288)</b>  | <b>41,365</b>   | <b>281,970</b>                    |

Balances included within the Other Earmarked Funds line is reviewed annually on the basis of value therefore the prior year disclosures may differ from the audited 2023/24 annual accounts.

## Annual Accounts 2024/25

### Notes to the Accounts

#### 28.2. HRA Balance

|   | Balance at<br>31 March<br>2024 | Transfers<br>Out | Transfers<br>in | Balance at<br>31 March<br>2025 |
|---|--------------------------------|------------------|-----------------|--------------------------------|
|   | £000                           | £000             | £000            | £000                           |
| <b>Earmarked HRA Balance</b>                        |                                |                  |                 |                                |
| Welfare Changes and Financial Insecurity            | -                              | -                | 1,000           | 1,000                          |
| Ambition  | 1,306                          | -                | -               | 1,306                          |
| Contingency Fund                                    | 1,742                          | -                | -               | 1,742                          |
| Loan Charges  | 9,072                          | (571)            | -               | 8,501                          |
| Other   | 1,297                          | (827)            | 1,879           | 2,349                          |
| <b>Total Earmarked</b>                              | <b>13,417</b>                  | <b>(1,398)</b>   | <b>2,879</b>    | <b>14,898</b>                  |
| <b>Unallocated/Held for Risks and Uncertainties</b> | <b>3,403</b>                   | <b>-</b>         | <b>3,858</b>    | <b>7,261</b>                   |
| <b>Total HRA Balance</b>                            | <b>16,820</b>                  |                  |                 | <b>22,159</b>                  |

#### 28.3. Capital Grants Unapplied Account

The Capital Grants Unapplied Account is used to hold grant received but not yet utilised.

|   | 2023/24       | 2024/25      |
|---|---------------|--------------|
|   | £000          | £000         |
| <b>Opening Balance at 1 April</b>                     | <b>16,466</b> | <b>7,204</b> |
| Capital grants received in the year but unapplied     | 6,039         | 3,824        |
| Capital grants received in previous years now applied | (15,301)      | (3,104)      |
| <b>Closing Balance at 31 March</b>                    | <b>7,204</b>  | <b>7,924</b> |

#### 28.4. Repairs and Renewals Fund

The Repairs and Renewals Fund represents a resource to fund crematorium equipment replacement and recognises the prepayments for lifecycle replacement costs for PPP schools.

|                                    | 2023/24       | 2024/25       |
|------------------------------------|---------------|---------------|
|                                    | £000          | £000          |
| <b>Opening Balance at 1 April</b>  | <b>17,109</b> | <b>20,763</b> |
| Transfers in year (see Note 35)    | 3,654         | 2,523         |
| <b>Closing Balance at 31 March</b> | <b>20,763</b> | <b>23,286</b> |

#### 28.5. Capital Fund

The Council operates a Capital Fund where receipts from the sale of assets can be directed and utilised for financing capital expenditure and loans fund repayments. In addition, Local Government Finance Circular 6/2023 provides a temporary amendment for the 2023/24 financial year to allow transfer of a specific element of the General Capital Grant to the Capital Fund in order that it may be used to provide funding for the principal element of both General Fund and HRA Loans repayments.

|  | 2023/24      | 2024/25      |
|--|--------------|--------------|
|  | £000         | £000         |
| <b>Opening Balance at 1 April</b>        | <b>2,608</b> | <b>2,951</b> |
| Amounts expended on principal repayments | (20,000)     | (2,951)      |
| Transfer from Capital Receipts Reserve   | 343          | -            |
| Transfer of General Capital Grants       | 20,000       | -            |
| <b>Closing Balance at 31 March</b>       | <b>2,951</b> | <b>-</b>     |

## Annual Accounts 2024/25

### Notes to the Accounts

#### 28.6. Insurance Fund

The Insurance Fund represents a resource to make provision for outstanding claims and events.

|  | 2023/24       | 2024/25       |
|--|---------------|---------------|
|  | £000          | £000          |
| <b>Opening Balance at 1 April</b>      | <b>13,000</b> | <b>11,000</b> |
| Amounts expended on claims settlements | (4,078)       | (2,722)       |
| Contributions to / from Insurance Fund | 2,078         | 2,722         |
| <b>Closing Balance at 31 March</b>     | <b>11,000</b> | <b>11,000</b> |

#### 28.7. Capital Receipts Reserve

The Capital Receipts Reserve represents the value of receipts arising from the disposal of non-current assets that can be used to finance capital investment.

|  | 2023/24  | 2024/25  |
|--|----------|----------|
|  | £000     | £000     |
| <b>Opening Balance at 1 April</b>                | <b>-</b> | <b>-</b> |
| Capital receipts received in the year            | 1,797    | 6,450    |
| Amount applied to finance new capital investment | (1,454)  | (6,450)  |
| Amount transferred to Capital Fund               | (343)    | -        |
| <b>Closing Balance at 31 March</b>               | <b>-</b> | <b>-</b> |

### 29. Unusable Reserves

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

|  | 2023/24          | 2024/25          |
|--|------------------|------------------|
|  | £000             | £000             |
| Revaluation Reserve                      | 521,945          | 427,181          |
| Capital Adjustment Account               | 1,141,658        | 1,081,378        |
| Financial Instruments Adjustment Account | (30,316)         | (28,423)         |
| Pensions Reserve                         | (119,490)        | (106,280)        |
| Employee Statutory Adjustment Account    | (20,380)         | (24,296)         |
| <b>Total Unusable Reserves</b>           | <b>1,493,417</b> | <b>1,349,560</b> |

#### 29.1. Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

## Annual Accounts 2024/25

### Notes to the Accounts

|  | 2023/24         | 2024/25        |
|--|-----------------|----------------|
|  | £000            | £000           |
| <b>Opening Balance at 1 April</b>  | <b>603,687</b>  | <b>521,945</b> |
| Adjustment for IFRS16 transition   |                 | (78,685)       |
| <b>Revised Opening Balance at 1 April</b>  | <b>603,687</b>  | <b>443,260</b> |
| Upward revaluation of assets   | 26,399          | 40,127         |
| Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on Provision of Services         | (59,734)        | (33,561)       |
| <b>Surplus / Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on Provision of Services</b> | <b>(33,335)</b> | <b>6,566</b>   |
| Difference between fair value depreciation and historical cost depreciation  | (38,133)        | (20,777)       |
| Accumulated gains on assets sold   | (10,273)        | (1,868)        |
| <b>Closing Balance at 31 March</b>   | <b>521,945</b>  | <b>427,181</b> |

### 29.2. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 34 provides details of the source of all the transactions posted to the Account, with the exception of the adjusting amounts written out of the Revaluation Reserve which are detailed in note 29.1 above.

|   | 2023/24          | 2024/25          |
|---|------------------|------------------|
|   | £000             | £000             |
| <b>Opening Balance at 1 April</b>   | <b>1,275,342</b> | <b>1,141,658</b> |
| Adjustment for IFRS16 transition  |                  | (5,233)          |
| <b>Revised Opening Balance at 1 April</b>   | <b>1,275,342</b> | <b>1,136,425</b> |
| Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:                              |                  |                  |
| • Charges for depreciation and impairment of non-current assets   | (204,088)        | (185,800)        |
| • Net book value of non-current assets written off on disposal or sale  | (17,139)         | (6,056)          |
| Donated assets  | -                | 131              |
| Adjusting amounts written out of the Revaluation Reserve  | 10,273           | 1,868            |
| Net transfer to Capital Grants Unapplied Account  | 9,262            | (720)            |
| Capital financing applied in the year:  |                  |                  |
| • Use of Capital Receipts Reserve to finance new capital expenditure  | 1,454            | 6,450            |
| • Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | 64,916           | 74,894           |
| • Statutory provision for the financing of capital investment charged against the General Fund and HRA balances (Loans Fund repayments)       | 28,828           | 38,922           |
| • Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility                                   | (49,087)         | (9,444)          |
| • Capital expenditure charged against the General Fund and HRA balances   | 21,898           | 24,708           |
| <b>Closing Balance at 31 March</b>  | <b>1,141,658</b> | <b>1,081,378</b> |

## Annual Accounts 2024/25

### Notes to the Accounts

#### 29.3. Financial Instruments Adjustment Account

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

|   | 2023/24         | 2024/25         |
|---|-----------------|-----------------|
|   | £000            | £000            |
| <b>Balance at 1 April</b>                 | <b>(32,210)</b> | <b>(30,316)</b> |
| Premium for Early Settlement of Borrowing | -               | -               |
| Premiums / Discounts Annual Write-Off     | 1,867           | 1,867           |
| Re-measurement of LOBO loans              | 27              | 26              |
| <b>Balance at 31 March</b>                | <b>(30,316)</b> | <b>(28,423)</b> |

#### 29.4. Pensions Reserve

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

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

|   | 2023/24          | 2024/25          |
|---|------------------|------------------|
|   | £000             | £000             |
| <b>Balance at 1 April</b>   | <b>(66,326)</b>  | <b>(119,490)</b> |
| Re-measurement of net defined pension liability   | (52,734)         | 54,718           |
| Reversal of items relating to retirement benefits debited or credited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (65,628)         | (78,169)         |
| Employers' pensions contributions paid to Strathclyde Pension Fund  | 65,198           | 36,661           |
| <b>Balance at 31 March</b>  | <b>(119,490)</b> | <b>(106,280)</b> |

#### 29.5. 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. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

|   | 2023/24         | 2024/25         |
|---|-----------------|-----------------|
|   | £000            | £000            |
| <b>Balance at 1 April</b>   | <b>(23,804)</b> | <b>(20,380)</b> |
| Settlement or cancellation of accrual made at the end of the preceding year | 23,804          | 20,380          |
| Amounts accrued at the end of the current year                              | (20,380)        | (24,296)        |
| <b>Balance at 31 March</b>  | <b>(20,380)</b> | <b>(24,296)</b> |

## Annual Accounts 2024/25

### Notes to the Accounts

#### 30. Capital Commitments

At 31 March 2025, the Council was contractually committed to the following significant capital works.

|                                   | £000   |
|-----------------------------------|--------|
| HRA – New Build Programme         | 83,533 |
| HRA – Heating                     | 14,365 |
| HRA – Roofing & Render            | 15,064 |
| HRA – Bathrooms                   | 1,000  |
| HRA – Kitchens                    | 8,955  |
| HRA – Windows and Doors           | 7,750  |
| HRA – Tower Strategy              | 14,644 |
| HRA – Lead Pipe                   | 956    |
| HRA – Community Care              | 2,930  |
| HRA – Security & DE Systems       | 1,250  |
| HRA – Estate Regeneration         | 500    |
| HRA – Fire Safety                 | 800    |
| HRA – Major Repairs               | 5,320  |
| HRA – Rewiring                    | 1,000  |
| HRA – Overcladding                | 1,000  |
| HRA – RAAC Remediation            | 250    |
| HRA – General                     | 50     |
| School Alterations and Upgrades   | 3,842  |
| Other Projects                    | 404    |
| Schools Modernisation             | 82,580 |
| City Deal                         | 1,289  |
| Regeneration Capital Grant Fund   | 139    |
| Place Based Improvement Programme | 189    |
| Other Regeneration Projects       | 842    |
| Digital NL                        | 701    |
| Road Operations-Roads/Bridges     | 2,260  |
| Environmental Improvements        | 209    |
| Flood Alleviation                 | 68     |
| Cemeteries                        | 1,999  |
| Biodiversity/Nature Trails        | 45     |
| Play Areas                        | 1,921  |
| Parking Initiatives               | 196    |
| Fleet Vehicles & Equipment        | 230    |



## Annual Accounts 2024/25

### Notes to the Accounts

#### 31. Capital Expenditure and Capital Financing

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

|  | 2023/24          | 2024/25          |
|--|------------------|------------------|
|  | £000             | £000             |
| Net Book Value of Property, Plant & Equipment                                      | 3,079,721        | 3,033,204        |
| Intangible Assets  | 18,890           | 16,465           |
| Capital Adjustment Account   | (1,275,342)      | (1,136,425)      |
| Revaluation Reserve  | (603,687)        | (443,260)        |
| <b>Adjusted Opening capital financing requirement following IFRS16 Transition*</b> | <b>1,219,582</b> | <b>1,469,984</b> |
| <b>Capital investment</b>  |                  |                  |
| Property, plant and equipment  | 240,699          | 215,761          |
| Intangible assets  | 1,522            | 912              |
| Right-of-Use assets recognised in-year   | -                | 5,476            |
| Donated assets   | -                | 131              |
| PPP lease liabilities recognised in-year   | -                | 2,773            |
| <b>Sources of Finance</b>  |                  |                  |
| Capital Receipts   | (1,454)          | (6,450)          |
| Government Grants and Other Contributions  | (74,178)         | (74,173)         |
| Donated assets   | -                | (131)            |
| Direct revenue contributions   | (21,898)         | (24,708)         |
| Repayment of loans fund advances   | (28,827)         | (38,922)         |
| Service Concessions – PPP principal repayment flexibilities                        | 49,087           | 9,444            |
| <b>Closing capital financing requirement</b>                                       | <b>1,384,533</b> | <b>1,560,097</b> |
| <b>Explanations of movements in year</b>   |                  |                  |
| Increase in underlying need to borrow or fund from credit arrangements             | 164,951          | 90,113           |
| Assets acquired under PPP contracts  | -                | -                |
| Increase / (decrease) in capital financing requirement                             | 164,951          | 90,113           |

\* Opening balances have been adjusted in respect of IFRS16 Transition re PPP contracts as disclosed in Notes 13.1, 29.1 and 29.2 which have increased the opening capital financing requirement by £85.451m.

During 2023/2024, the Council exercised the Service Concessions flexibility through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements). This allows the Council to amend statutory repayment of principal elements of the lease component of service concession arrangements over the estimated asset lives instead of the contractual period. The value of this deferral is a £58.531m benefit to the General Fund, consisting of retrospective elements of £44.600m of repayments relating to period ending 2022/23, £4.487m relating to 2023/24 and £9.444m relating to 2024/25.

The cumulative value of the liability charged to the General Fund prior to applying the permitted flexibility was £88.151m, the revised cumulative value of the liability charged to the General Fund in adopting the permitted flexibility is £29.620m and the balance of funds released to the General Fund as a result of applying this flexibility is £58.531m.

## Annual Accounts 2024/25

### Notes to the Accounts

#### 32. Adjustment to Usable Reserves Permitted by Accounting Standards

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are available to the Authority to meet future capital and revenue expenditure as permitted by accounting standards.

| 2024/25   | Usable Reserves |                         |              |                          |                                  | Movement in Unusable Reserves |
|---|-----------------|-------------------------|--------------|--------------------------|----------------------------------|-------------------------------|
|   | General Fund    | Housing Revenue Account | Capital Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                               |
|   | £000            | £000                    | £000         | £000                     | £000                             | £000                          |
| <b>Adjustments primarily involving the Revaluation Reserve:</b>         |                 |                         |              |                          |                                  |                               |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i> |                 |                         |              |                          |                                  |                               |
| Charges for depreciation and impairment of non-current assets           | 20,365          | 412                     | -            | -                        | -                                | 20,777                        |
| <b>Total Adjustments</b>  | <b>20,365</b>   | <b>412</b>              | <b>-</b>     | <b>-</b>                 | <b>-</b>                         | <b>20,777</b>                 |

| 2023/24   | Usable Reserves |                         |              |                          |                                  | Movement in Unusable Reserves |
|---|-----------------|-------------------------|--------------|--------------------------|----------------------------------|-------------------------------|
|   | General Fund    | Housing Revenue Account | Capital Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                               |
|   | £000            | £000                    | £000         | £000                     | £000                             | £000                          |
| <b>Adjustments primarily involving the Revaluation Reserve:</b>         |                 |                         |              |                          |                                  |                               |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i> |                 |                         |              |                          |                                  |                               |
| Charges for depreciation and impairment of non-current assets           | (35,198)        | (2,935)                 | -            | -                        | -                                | 38,133                        |
| <b>Total Adjustments</b>  | <b>(35,198)</b> | <b>(2,935)</b>          | <b>-</b>     | <b>-</b>                 | <b>-</b>                         | <b>38,133</b>                 |

## Annual Accounts 2024/25

### Notes to the Accounts

### 33. Adjustment to the Statutory Repayment of Debt for Service Concession Arrangements

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are available to the Authority to meet future capital and revenue expenditure as permitted by accounting standards.

| 2024/25  | Usable Reserves |                         |              |                          |                                  | Movement in Unusable Reserves |
|--|-----------------|-------------------------|--------------|--------------------------|----------------------------------|-------------------------------|
|  | General Fund    | Housing Revenue Account | Capital Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                               |
|  | £000            | £000                    | £000         | £000                     | £000                             | £000                          |
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>                       |                 |                         |              |                          |                                  |                               |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i>                      |                 |                         |              |                          |                                  |                               |
| Permitted flexibility to the statutory repayment of debt for service concession arrangements | 9,444           | -                       | -            | -                        | -                                | (9,444)                       |
| <b>Total Adjustments</b>   | 9,444           | -                       | -            | -                        | -                                | (9,444)                       |

During 2023/2024, the Council exercised the Service Concessions flexibility through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements) to amend statutory repayment of principal elements of the lease component of Service Concession arrangements over the estimated asset lives instead of contractual period. The value of this deferral is £58.531m benefit to the General Fund, consisting of retrospective elements of £44.600m of repayments relating to period ending 2022/23, £4.487m relating to 2023/24 and £9.444m relating to 2024/25.

| 2023/24  | Usable Reserves |                         |              |                          |                                  | Movement in Unusable Reserves |
|--|-----------------|-------------------------|--------------|--------------------------|----------------------------------|-------------------------------|
|  | General Fund    | Housing Revenue Account | Capital Fund | Capital Receipts Reserve | Capital Grants Unapplied Account |                               |
|  | £000            | £000                    | £000         | £000                     | £000                             | £000                          |
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>                       |                 |                         |              |                          |                                  |                               |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i>                      |                 |                         |              |                          |                                  |                               |
| Permitted flexibility to the statutory repayment of debt for service concession arrangements | 49,087          | -                       | -            | -                        | -                                | (49,087)                      |
| <b>Total Adjustments</b>   | 49,087          | -                       | -            | -                        | -                                | (49,087)                      |

**Annual Accounts 2024/25**  
**Notes to the Accounts**

**34. Adjustments between Accounting Basis and Funding Basis under Regulations**

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

| 2024/25   | Usable Reserves |                               |                 |                                |   | Movement<br>in<br>Unusable<br>Reserves |
|---|-----------------|-------------------------------|-----------------|--------------------------------|---|--|
|   | General<br>Fund | Housing<br>Revenue<br>Account | Capital<br>Fund | Capital<br>Receipts<br>Reserve | Capital<br>Grants<br>Unapplied<br>Account |  |
|   | £000            | £000                          | £000            | £000                           | £000                                      | £000                                   |
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>  |                 |                               |                 |                                |   |  |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i>   |                 |                               |                 |                                |   |  |
| Charges for depreciation and impairment of non-current assets   | 99,202          | 86,598                        | -               | -                              | -   | (185,800)                              |
| Capital grants and contributions applied  | (57,570)        | (17,455)                      | -               | -                              | 720                                       | 74,305                                 |
| Amounts written off as part of gain/loss on disposal  | 3,862           | 2,194                         | -               | -                              | -   | (6,056)                                |
| Statutory provision for the financing of capital investment   | (25,783)        | (13,139)                      | -               | -                              | -   | 38,922                                 |
| Capital expenditure funded from current revenue   | (4,619)         | (20,089)                      | -               | -                              | -   | 24,708                                 |
| <b>Adjustments primarily involving the capital receipts reserve or capital fund:</b>  |                 |                               |                 |                                |   |  |
| Transfer of capital receipts credited to CIES as part of gain or loss on disposal   | (6,450)         | -                             | -               | 6,450                          | -   | -                                      |
| Use of capital receipts to finance new capital expenditure  | -               | -                             | -               | (6,450)                        | -   | 6,450                                  |
| <b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>   |                 |                               |                 |                                |   |  |
| Movements recognised under statutory provisions relating to Financial Instruments   | (1,077)         | (816)                         | -               | -                              | -   | 1,893                                  |
| <b>Adjustments primarily relating to the Pensions Reserve:</b>  |                 |                               |                 |                                |   |  |
| Reversal of items relating to retirement benefits charged to the CI&E Statement   | 73,077          | 5,092                         | -               | -                              | -   | (78,169)                               |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | (34,272)        | (2,389)                       | -               | -                              | -   | 36,661                                 |
| <b>Adjustment primarily involving the Employee Statutory Adjustment Account:</b>  |                 |                               |                 |                                |   |  |
| Amount by which remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in accordance with statutory requirements | 3,915           | 1                             | -               | -                              | -   | (3,916)                                |
| <b>Total Adjustments</b>  | <b>50,285</b>   | <b>39,997</b>                 | <b>-</b>        | <b>-</b>                       | <b>720</b>                                | <b>(91,002)</b>                        |

**Annual Accounts 2024/25**  
**Notes to the Accounts**

| 2023/24   | Usable Reserves |                         |               |                          |                                  | Movement in Unusable Reserves |
|---|-----------------|-------------------------|---------------|--------------------------|----------------------------------|-------------------------------|
|   | General Fund    | Housing Revenue Account | Capital Fund  | Capital Receipts Reserve | Capital Grants Unapplied Account |                               |
|   | £000            | £000                    | £000          | £000                     | £000                             | £000                          |
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>  |                 |                         |               |                          |                                  |                               |
| <i>Reversal of items debited or credited to the CI&amp;E Statement:</i>   |                 |                         |               |                          |                                  |                               |
| Charges for depreciation and impairment of non-current assets   | 71,983          | 132,105                 | -             | -                        | -                                | (204,088)                     |
| Capital grants and contributions applied  | (57,484)        | (27,432)                | 20,000        | -                        | (9,262)                          | 74,178                        |
| Amounts written off as part of gain/loss on disposal  | 1,334           | 15,805                  | -             | -                        | -                                | (17,139)                      |
| Statutory provision for the financing of capital investment   | (17,086)        | (11,742)                | -             | -                        | -                                | 28,828                        |
| Capital expenditure funded from current revenue   | (4,097)         | (17,801)                | -             | -                        | -                                | 21,898                        |
| <b>Adjustments primarily involving the capital receipts reserve or capital fund:</b>  |                 |                         |               |                          |                                  |                               |
| Transfer of capital receipts credited to CIES as part of gain or loss on disposal   | (1,797)         | -                       | -             | 1,797                    | -                                | -                             |
| Use of capital receipts/capital fund to finance new capital expenditure   | -               | -                       | -             | (1,454)                  | -                                | 1,454                         |
| <b>Adjustment primary involving the Financial Instruments Adjustment Account:</b>   |                 |                         |               |                          |                                  |                               |
| Movements recognised under statutory provisions relating to Financial Instruments   | (1,105)         | (789)                   | -             | -                        | -                                | 1,894                         |
| <b>Adjustments primarily relating to the Pensions Reserve:</b>  |                 |                         |               |                          |                                  |                               |
| Reversal of items relating to retirement benefits charged to the CI&E Statement   | 61,083          | 4,545                   | -             | -                        | -                                | (65,628)                      |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | (60,683)        | (4,515)                 | -             | -                        | -                                | 65,198                        |
| <b>Adjustment primarily involving the Employee Statutory Adjustment Account:</b>  |                 |                         |               |                          |                                  |                               |
| Amount by which remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in accordance with statutory requirements | (3,139)         | (283)                   | -             | -                        | -                                | 3,422                         |
| <b>Total Adjustments</b>  | <b>(10,991)</b> | <b>89,893</b>           | <b>20,000</b> | <b>343</b>               | <b>(9,262)</b>                   | <b>(89,983)</b>               |

## Annual Accounts 2024/25

### Notes to the Accounts

#### 35. Transfers to/from Statutory Reserves

This note sets out the amounts set aside from the General Fund statutory reserves to provide financing for future expenditure plans and the amounts transferred back to meet General Fund expenditure in 2024/25. Figures for 2023/24 are provided in an additional table for comparison purposes:

| 2024/25  | Transfers to /<br>(from) General<br>Fund | Transfers (from) / to Other Statutory Reserves |                 |                               |                   |                                |
|--|--|--|-----------------|-------------------------------|-------------------|--------------------------------|
|  |  | HRA  | Capital<br>Fund | Repairs &<br>Renewals<br>Fund | Insurance<br>Fund | Capital<br>Receipts<br>Reserve |
|  | £000                                     | £000   | £000            | £000                          | £000              | £000                           |
| Contributions to Repairs & Renewals Fund from General Fund | (2,523)                                  | -  | -               | 2,523                         | -                 | -                              |
| Contributions to Insurance Fund                            | (2,722)                                  | -  | -               | -                             | 2,722             | -                              |
| Amounts expended on claims settlements                     | 2,722                                    | -  | -               | -                             | (2,722)           | -                              |
| HRA Contribution to General Fund                           | 2,246                                    | (2,246)  | -               | -                             | -                 | -                              |
| Contribution to Capital Fund                               | -  | -  | -               | -                             | -                 | -                              |
| Amounts Expended on principal repayments                   | 2,951                                    | -  | (2,951)         | -                             | -                 | -                              |
| <b>Total Adjustments</b>                                   | <b>2,674</b>                             | <b>(2,246)</b>                                 | <b>(2,951)</b>  | <b>2,523</b>                  | <b>-</b>          | <b>-</b>                       |

| 2023/24  | Transfers to /<br>(from) General<br>Fund | Transfers (from) / to Other Statutory Reserves |                 |                               |                   |                                |
|--|--|--|-----------------|-------------------------------|-------------------|--------------------------------|
|  |  | HRA  | Capital<br>Fund | Repairs &<br>Renewals<br>Fund | Insurance<br>Fund | Capital<br>Receipts<br>Reserve |
|  | £000                                     | £000   | £000            | £000                          | £000              | £000                           |
| Contributions to Repairs & Renewals Fund from General Fund | (3,654)                                  | -  | -               | 3,654                         | -                 | -                              |
| Contributions to Insurance Fund                            | (2,084)                                  | -  | -               | -                             | 2,084             | -                              |
| Amounts expended on claims settlements                     | 4,084                                    | -  | -               | -                             | (4,084)           | -                              |
| HRA Contribution to General Fund                           | 21,743                                   | (21,743)                                       | -               | -                             | -                 | -                              |
| Contribution to Capital Fund                               | -  | -  | 343             | -                             | -                 | (343)                          |
| Amounts Expended on principal repayments                   | 9,000                                    | 11,000   | (20,000)        | -                             | -                 | -                              |
| <b>Total Adjustments</b>                                   | <b>29,089</b>                            | <b>(10,743)</b>                                | <b>(19,657)</b> | <b>3,654</b>                  | <b>(2,000)</b>    | <b>(343)</b>                   |

#### 36. Reconciliation of 2024/25 Comprehensive Income and Expenditure Statement to Cash Flow Operating Activities

|   | £000     | £000             |
|---|----------|------------------|
| <b>Surplus / (Deficit) on the Provision of Services</b> |          | <b>(117,515)</b> |
| <b>Non-Cash Transactions</b>                            |          |                  |
| Items Relating to Loans Fund                            | 1,264    |                  |
| Adjustment relating to Provisions                       | (940)    |                  |
| Adjustment relating to Non Domestic Rates               | -        |                  |
| Adjustment relating to Capital Items                    | 141,886  |                  |
| Adjustment relating to Pensions Reserve                 | 41,508   | 183,718          |
| <b>Items on an Accruals Basis</b>                       |          |                  |
| Increase in Inventories                                 | (53)     |                  |
| Decrease in Debtors                                     | (22,553) |                  |
| Decrease in Creditors                                   | (9,506)  | (32,112)         |
| <b>Net Cash Inflow from Operating Activities</b>        |          | <b>34,091</b>    |

## Annual Accounts 2024/25

### Notes to the Accounts

#### 37. Reconciliation of Financing Activities to Balance Sheet

|  | Balance at<br>31 March<br>2024 | IFRS16<br>Transition<br>Adjustment | IFRS16<br>Right-of-<br>Use<br>Recognition | Revised<br>Balance at<br>1 April<br>2024 | Cash<br>Flow            | Non-<br>Cash        | Balance at<br>31 March<br>2025 |
|--|--------------------------------|------------------------------------|---|--|-------------------------|---------------------|--------------------------------|
| Cash and Cash Equivalents                            | 48,289<br><b>48,289</b>        | -<br>-                             | -<br>-                                    | 48,289<br><b>48,289</b>                  | 10,252<br><b>10,252</b> | (11)<br><b>(11)</b> | 58,530<br><b>58,530</b>        |
| Financing Activities:                                |                                |                                    |   |  |                         |                     |                                |
| Borrowing short-term                                 | 288,917                        | -                                  | -   | 288,917                                  | (20,800)                | 43,723              | 311,840                        |
| Borrowing long-term                                  | 590,605                        | -                                  | -   | 590,605                                  | 141,475                 | (42,472)            | 689,608                        |
| Finance leases short-term                            | 8,204                          | 4,901                              | 1,814                                     | 14,919                                   | (14,919)                | 15,478              | 15,478                         |
| Finance leases long-term                             | 151,401                        | 80,550                             | 2,442                                     | 234,393                                  | -                       | (11,506)            | 222,887                        |
|  | <b>1,039,127</b>               | <b>85,451</b>                      | <b>4,256</b>                              | <b>1,128,834</b>                         | <b>105,756</b>          | <b>5,223</b>        | <b>1,239,813</b>               |
| <b>Total cash outflow from financing activities</b>  |                                |                                    |   |  | <b>105,756</b>          |                     |                                |
| <b>Total cash inflow before financing activities</b> |                                |                                    |   |  | <b>(95,504)</b>         |                     |                                |

Non-Cash includes an increase in PPP lease liabilities due to remeasurement under IFRS16 *Leases* of £2.773m and the movement in accrued interest due and receivable and the reclassification of borrowing and leasing liabilities from long-term to short-term (due to be paid in less than 12 months).

#### 38. External Audit Costs

North Lanarkshire Council incurred the following fees relating to external audit inspection:

|                         | 2023/24    | 2024/25    |
|-------------------------|------------|------------|
|                         | £000       | £000       |
| Agreed fee for the year | 644        | 652        |
| <b>Total</b>            | <b>644</b> | <b>652</b> |

#### 39. Statutory Trading Operations

Trading Operations were established following the introduction of the Local Government in Scotland Act 2003 which requires each significant trading operation to break even on a three year rolling programme. The Council's Trading Operation is required to operate in a commercial environment and balance their budget by generating income from fees and charges to other organisations.

The net deficit arising from the ordinary operation of the Trading Operation in 2024/25 is £0.129m. The financial results for the last three years of the Trading Operation can be summarised as follows:

|   | Turnover       | Expenditure  | (Surplus)/<br>Deficit | Adjustments<br>from the<br>CIES to<br>General<br>Fund | Net<br>Expenditure<br>Chargeable<br>to the<br>General<br>Fund |
|---|----------------|--------------|-----------------------|---|---|
|   | £000           | £000         | £000                  | £000  | £000  |
| Trading Operation 2022/23               | (3,014)        | 3,165        | 151                   | (251)   | (100)   |
| 2023/24                                 | (3,064)        | 3,232        | 168                   | (16)  | 152   |
| 2024/25                                 | (3,166)        | 3,295        | 129                   | (153)   | (24)  |
| <b>(Surplus) / Deficit over 3 years</b> | <b>(9,244)</b> | <b>9,692</b> | <b>448</b>            | <b>420</b>  | <b>28</b>   |

Over the three-year period the overall deficit totals £0.448m. However, this incorporates IAS19 *Employee Benefit* adjustments totalling £0.420m which cannot be incorporated into prices charged to customers. Excluding the IAS19 adjustments the Trading Operation would have generated a three-year surplus of £0.028m.

The creation of a single combined Trading Account was approved in January 2014 to monitor and report the commercial trading activity of the Council, which currently consists of Building Cleaning, Waste Management and Town Centre Activities.

The Building Cleaning arm of the Trading operation provides a comprehensive cleaning service to external businesses and service partners across approximately 37 building locations, with an overall staffing complement

## Annual Accounts 2024/25

### Notes to the Accounts

of 231 staff (79.57 FTE). Some of these locations also receive a janitor/cleaning service. The operation delivers cleaning services on behalf of Equans to schools in the Education 2010 project.

The Waste Solutions arm of the trading operation provides refuse collection and disposal services for over 900 traders. The service is provided by 12 staff (12 FTE). Each trader is offered a multiple of collection frequencies and types, with multiple services offered to commercial organisations to ensure they operate within the terms of the relevant legislation. A full seven day suite of services is also possible, and the service provides advice on waste reduction and reuse as a first response rather than recycling.

The Town Centre Activities arm of the trading operation provides CCTV and Alarm monitoring to 5 external clients covering the geographical areas of North Lanarkshire. The services are provided to Retail Parks, Shopping Centres, Town Centres, Business Centres, Industrial Units and Yards. The function is carried out within the Community Safety Team with a management fee levied to the Trading Activity for the cost incurred.

Each arm of the trading operation is also fully accredited from Investors in People, and has successfully retained the relevant accreditations.

#### 40. Related Parties

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

##### Central and Scottish Government

Central Government has effective control over the general operations of the Council providing the statutory framework within which the Council operates as well as providing the majority of funding in the form of grants. Details of government grants received can be found in Note 11.

##### Joint Boards

The Council is represented on a number of joint boards which are 'Section 106' independent public bodies formed by Act of Parliament. These bodies are Strathclyde Partnership for Transport, Strathclyde Concessionary Travel Scheme and Lanarkshire Valuation Joint Board. All local government functions that relate to these bodies have been delegated from the constituent Councils that comprise the area of each Board. The members of each Board are elected Councillors and appointed by the Councils in proportions specified in the legislation.

The Council has no shares, nor ownership of any of these Boards. Nevertheless, these Boards are included within the Council's Group Accounts under the wider definition of an "associate" as the Council is represented on the Board and participate in policy-making processes.

The Council's share of each Board's net assets is calculated on its respective percentage share of the aggregate contributions made by the constituent Councils.

Local government legislation provides that local authorities have an obligation to meet the expenditure of the Joint Boards of which they are a constituent member. As a consequence, the added liabilities from the pension deficits are fully incorporated within the Group Accounts.

Funding provided is as follows:

|   | 2023/24 | 2024/25 |
|---|---------|---------|
|   | £000    | £000    |
| Strathclyde Partnership for Transport   | 5,528   | 5,482   |
| Strathclyde Concessionary Travel Scheme | 583     | 570     |
| Lanarkshire Valuation Joint Board       | 2,004   | 1,814   |

In addition, Strathclyde Pension Fund is considered a related party of the Council as they represent a post-employment defined benefit plan for the benefit of employees. The following transactions are included within the Council's Financial Statements:

|                          | 2023/24 |             | 2024/25 |             |
|--------------------------|---------|-------------|---------|-------------|
|                          | Income  | Expenditure | Income  | Expenditure |
|                          | £000    | £000        | £000    | £000        |
| Strathclyde Pension Fund | -       | 89,083      | -       | 58,212      |



## Annual Accounts 2024/25

### Notes to the Accounts

|                          | 2023/24 |          | 2024/25 |          |
|--------------------------|---------|----------|---------|----------|
|                          | Debtor  | Creditor | Debtor  | Creditor |
|                          | £000    | £000     | £000    | £000     |
| Strathclyde Pension Fund | -       | 10,927   | -       | 3,971    |

#### Companies Controlled or Significantly Influenced by the Council

The Council has entered into a number of transactions under joint venture, subsidiary, associate and other external trading arrangements.

|   | 2023/24 |             | 2024/25 |             |
|---|---------|-------------|---------|-------------|
|   | Income  | Expenditure | Income  | Expenditure |
|   | £000    | £000        | £000    | £000        |
| Amey Public Services LLP                  | 175     | 19,819      | 33      | 11,062      |
| Fusion Assets Ltd                         | 209     | 3,736       | 212     | 1,499       |
| Mears Scotland LLP                        | 3,616   | 66,203      | 64      | 22,226      |
| North Lanarkshire Integration Joint Board | 200,900 | 194,966     | 207,551 | 208,024     |
| NL Properties                             | 3,114   | 595         | 3,663   | 526         |
| Routes to Work                            | 48      | 4,145       | 830     | 4,398       |

Outstanding balances for each of these entities are as follows:

|   | 2023/24 |          | 2024/25 |          |
|---|---------|----------|---------|----------|
|   | Debtor  | Creditor | Debtor  | Creditor |
|   | £000    | £000     | £000    | £000     |
| Amey Public Services LLP                  | 164     | 1,511    | -       | -        |
| Fusion Assets Ltd                         | 53      | -        | -       | 1,125    |
| Mears Scotland LLP                        | 812     | 573      | 1       | 250      |
| North Lanarkshire Integration Joint Board | -       | 24,805   | -       | 25,279   |
| NL Properties                             | 2,411   | 26       | 1,543   | 525      |
| Routes to Work                            | 3       | -        | 13      | -        |

Following closure of North Lanarkshire Municipal Bank Ltd in September 2022, the Council's financial statements show no debtor or creditor balances for the Bank. However, customer balances that had not been withdrawn were transferred to an account held by North Lanarkshire Council. These balances do not represent assets available to the Council and as such have been excluded from the Balance Sheet presented within these accounts. The amount held in respect of this as at 31 March 2025 was £0.419m (£0.424m in 2023/24).

## Annual Accounts 2024/25

### Notes to the Accounts

The Council is also represented on the Boards of various companies detailed below that have no share capital.

| Company Name  | Status   | Function   |
|---|--|--|
| Environmental Key Fund  | Limited by guarantee<br>(financial risk not material to Council) | Provide grants to community organisations undertaking environmental projects.  |
| Scotland Excel  | Joint committee formed under Local Govt Act 1973                 | Not-for-profit procurement organisation serving Local Authorities and related organisations across Scotland.   |
| Glasgow and the Clyde Valley Strategic Development Planning Authority | Joint committee formed under Local Govt Act 1973                 | Partnership of 8 local authorities working together on strategic development planning matters.   |
| Glasgow and the Clyde Valley City Deal Cabinet                        | Joint committee formed under Local Govt Act 1973                 | Partnership of 8 local authorities oversee the delivery of the City Deal programme.  |
| Clyde Valley Learning and Development Project Joint Committee         | Joint committee formed under Local Govt Act 1973                 | Partnership of 8 local authorities to establish and deliver a number of shared approaches to training, learning and development.                               |
| Dunbartonshire Educational Trust Scheme 1962                          | Registered charity   | Charitable trust providing grants for further/higher education for those who live in the old county area of Dumbarton.   |
| SEEMIS Group Plc  | Limited liability partnership                                    | Provides education management information software to local authorities across Scotland.   |
| Stirlingshire Educational Trust                                       | Registered charity   | Charitable trust providing grants for education for those who live in the old county area of Stirling.   |
| Business Loans Scotland   | Limited by guarantee<br>(financial risk not material to Council) | Provides pan-Scotland loan funding to businesses.  |
| Continuing Education Gateway/ Gateway Shared Services                 | Consortium of local authorities                                  | Gateway Shared Services is a consortium of 10 Local Authorities in the West of Scotland to further the provision of careers and educational guidance services. |
| West of Scotland European Forum                                       | Joint committee formed under Local Govt Act 1973                 | Develops positive links between the communities of the region and the institutions of the European Union.  |

## Annual Accounts 2024/25

### Housing Revenue Account

The HRA reflects the statutory requirement to account separately for local authority housing provision, as defined in the Housing (Scotland) Act 1987. The Income and Expenditure Statement reports the net cost for the year and shows how these costs were funded from rents and other income.

#### Income and Expenditure Statement

| 2023/24        |   | 2024/25  | 2024/25        |
|----------------|---|----------|----------------|
| £000           |   | £000     | £000           |
| 149,258        | Dwelling Rent Income  | 161,715  |                |
| 1,134          | Non-Dwelling Rent Income  | 1,185    |                |
| 1,045          | Other Income  | 1,205    |                |
| <b>151,437</b> | <b>Total Income</b>   |          | <b>164,105</b> |
| 64,349         | Repairs and Maintenance   | 60,013   |                |
| 33,192         | Supervision and Management  | 35,420   |                |
| 31,464         | Depreciation  | 30,246   |                |
| 103,576        | Revaluations  | 56,764   |                |
| 952            | Other Expenditure   | 3,005    |                |
| <b>233,533</b> | <b>Total Expenditure</b>  |          | <b>185,448</b> |
| <b>82,096</b>  | <b>Net (Surplus)/Deficit of HRA Services per Income and Expenditure Account</b>   |          | <b>21,343</b>  |
| 404            | HRA Service Share of Corporate and Democratic Core  | 393      |                |
| (411)          | HRA Share of other amounts included in the whole authority Net Cost of Services but not specifically allocated to specific services | 41       |                |
| <b>82,089</b>  | <b>Net (Surplus)/Deficit of HRA Services</b>  |          | <b>21,777</b>  |
| 15,805         | Gains or Losses on disposal of non-current asset  | 2,194    |                |
| 19,127         | Interest Payable (Including Amortisation of Premiums)   | 24,610   |                |
| (484)          | Interest and Investment Income  | (1,230)  |                |
| 2,264          | Impairment of Financial Assets  | 2,499    |                |
| 214            | Net Interest on the Net Defined Benefit Liability/Asset   | 429      |                |
| (27,432)       | Recognition of Capital Grant  | (17,455) |                |
| <b>91,583</b>  | <b>(Surplus)/Deficit for the year on HRA Services</b>   |          | <b>32,824</b>  |

#### 1.1. Statement of Movement on the Housing Revenue Account Balance

| 2023/24         |  | 2024/25  | 2024/25         |
|-----------------|--|----------|-----------------|
| £000            |  | £000     | £000            |
| <b>(26,318)</b> | <b>Balance on the HRA at the end of the previous year</b>                              |          | <b>(16,820)</b> |
| 91,583          | (Surplus) / Deficit for the year on the HRA Income and Expenditure Statement           | 32,824   |                 |
| (2,935)         | Adjustment to usable reserves permitted by Accounting Standards (see Note 31)          | (412)    |                 |
| (89,893)        | Adjustments between accounting basis and funding basis under regulations (see Note 33) | (39,997) |                 |
| 10,743          | Transfer (to) and from other statutory reserves (see Note 34)                          | 2,246    | 5,339           |
| <b>(16,820)</b> | <b>Balance on the HRA at the end of the current year</b>                               |          | <b>(22,159)</b> |

#### 1.2. Housing Stock

The Council's housing stock at 31 March 2025 was 36,880 (36,581 at 31 March 2024) in the following categories:

| House Numbers<br>2023/24 | Property Types | House Numbers<br>2024/25 |
|--------------------------|----------------|--------------------------|
| 302                      | 1 Apartment    | 296                      |
| 6,501                    | 2 Apartment    | 6,558                    |
| 18,886                   | 3 Apartment    | 19,020                   |
| 9,815                    | 4 Apartment    | 9,915                    |
| 1,044                    | 5 Apartment    | 1,057                    |
| 33                       | Other          | 34                       |
| <b>36,581</b>            | <b>Total</b>   | <b>36,880</b>            |

#### 1.3. Rent Arrears

Current rent arrears outstanding as at 31 March 2025 amounted to £4.153m (2023/24: £4.849m). This represented 2.57% of rents paid during the year (2023/24: 3.25%).

#### 1.4. Impairment of Financial Assets

The expected credit losses at 31 March 2025 amounted to £5.294m (31 March 2024 £8.129m).

#### 1.5. Void Rents

The level of income lost from unlet Council Dwellings during 2024/25 amounted to £1.280m (2023/24 £1.426m).

## Annual Accounts 2024/25

### Council Tax Income Statement

The Council Tax Income Statement shows the gross income raised from Council Taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

|  | 2023/24        | 2024/25        |
|--|----------------|----------------|
|  | £000           | £000           |
| Gross Council Tax levied and contributions in lieu                                 | 195,743        | 197,332        |
| Adjustments for prior years Council Tax  | (1,652)        | 498            |
| Adjusted for:  |                |                |
| Council Tax Benefits (Net of Government Grants)                                    | -              | -              |
| Council Tax Reduction Scheme   | (25,915)       | (26,258)       |
| Other discounts and reductions   | (23,788)       | (24,010)       |
| Provision for Non-collection   | (5,860)        | (5,905)        |
| <b>Net Council Tax Income per the Comprehensive Income and Expenditure Account</b> | <b>138,528</b> | <b>141,657</b> |

#### 1. Nature of the Council Tax Charge

The charge for each household is based upon the valuation banding to which the dwelling is allocated by the Assessor. Each dwelling in the Council area is placed into one of 8 valuation bands (A to H). The charge per Council Tax Band is calculated as a proportion of Band D, with lower valued properties paying less, and higher valued properties paying more. These proportions are determined by the Local Government Finance Act 1992.

The Council Tax bill is reduced by 25% where a dwelling has only one occupant or by 10% for long-term empty properties and second homes, and under certain circumstances a 50% reduction can be awarded. Properties that have been empty for one year and over may be subject to a 100% levy. The property bandings are adjusted where the property is occupied by disabled persons and total exemptions are available for certain categories of occupants. No prompt payment discounts are offered on any properties.

Charges in respect of water and waste water are the responsibility of Scottish Water. The Council collects total monies and makes a precept payment to the Water Authority.

#### 2. The Calculation of the Council Tax Base

The Valuation Bands for the Council Tax can be analysed as follows:

|        | No. of Dwellings | No. of Exemptions | Disabled Relief | Discounts 25% | Discounts 50%                       | Total Dwellings | Ratio to Band D | Band D Equivalent |
|--------|------------------|-------------------|-----------------|---------------|-------------------------------------|-----------------|-----------------|-------------------|
| Band A | 52,503           | 2,542             | (43)            | 7,238         | 452                                 | 42,314          | 0.66            | <b>28,207</b>     |
| Band B | 38,170           | 944               | (6)             | 4,336         | 348                                 | 32,548          | 0.77            | <b>25,313</b>     |
| Band C | 20,713           | 475               | (1)             | 2,128         | 165                                 | 17,946          | 0.88            | <b>15,950</b>     |
| Band D | 18,622           | 244               | (67)            | 1,452         | 101                                 | 16,892          | 1               | <b>16,892</b>     |
| Band E | 17,697           | 150               | 44              | 891           | 98                                  | 16,514          | 1.31            | <b>21,698</b>     |
| Band F | 10,738           | 57                | 108             | 353           | 33                                  | 10,187          | 1.63            | <b>16,555</b>     |
| Band G | 3,199            | 28                | 54              | 98            | 15                                  | 3,004           | 1.96            | <b>5,882</b>      |
| Band H | 172              | 2                 | 1               | 5             | 0                                   | 164             | 2.45            | <b>401</b>        |
|        |                  |                   |                 |               | <b>Total</b>                        |                 |                 | <b>130,898</b>    |
|        |                  |                   |                 |               | <b>Provision for non-collection</b> |                 |                 | <b>4,254</b>      |
|        |                  |                   |                 |               | <b>Council Tax Base</b>             |                 |                 | <b>126,644</b>    |

#### 3. The Council Tax Charge

The charge for each band for 2024/25 was as follows:

|        | £ per Dwelling |
|--------|----------------|
| Band A | 880.52         |
| Band B | 1,027.27       |
| Band C | 1,174.03       |
| Band D | 1,320.78       |
| Band E | 1,735.36       |
| Band F | 2,146.27       |
| Band G | 2,586.53       |
| Band H | 3,235.91       |

## Annual Accounts 2024/25

### Non Domestic Rates Income Statement

The Non-Domestic Rates Income Statement 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, where it is pooled nationally, and re-distributed back to local authorities.

|  | 2023/24        | 2024/25        |
|--|----------------|----------------|
|  | £000           | £000           |
| Gross rates levied and contributions in lieu                                 | 155,513        | 162,536        |
| Less:  |                |                |
| Reliefs and other deductions   | (26,143)       | (27,352)       |
| Payments of interest   | -              | -              |
| Provision of bad and doubtful debts  | (3,881)        | (4,056)        |
| <b>Net Non Domestic Rate Income</b>  | <b>125,489</b> | <b>131,128</b> |
| Adjustment to previous years' NNDR   | (2,388)        | (1,248)        |
| <b>Contribution to Non Domestic Rates</b>                                    | <b>123,101</b> | <b>129,880</b> |
| Distribution from Non Domestic Rate Pool                                     | 121,640        | 120,743        |
| Adjustment for the years prior to the introduction of the pool               | -              | -              |
| <b>Income credited to the Comprehensive Income and Expenditure Statement</b> | <b>121,640</b> | <b>120,743</b> |

#### 1. Net Rateable Value Calculation

National Non Domestic Rates is a property based tax. It is based on the rateable value of a non-domestic (business) property, multiplied by a poundage set nationally by Scottish Ministers, less any relief to which a ratepayer may be eligible.

The poundage rate for 2024/25 is 49.8p for properties with a rateable value not greater than £51,000. The Intermediate Property Rate of 54.5p (4.7p supplement on the poundage) applies for properties with a rateable value between £51,001 and £100,000, and the Higher Property Rate of 55.9p (6.1p supplement on the poundage) is payable on properties with a rateable value greater than £100,001.

#### Analysis of Rateable Values as at 1 April 2024

|   | Number of Subjects | Rateable Value |
|---|--------------------|----------------|
|   |                    | £000           |
| Industrial and Freight                    | 4,149              | 112,769        |
| Commercial Subjects                       |                    |                |
|   | 2,615              | 63,527         |
|   | 2,132              | 32,377         |
|   | 36                 | 3,366          |
|   | 1,154              | 27,953         |
| Miscellaneous and Formula Valued Subjects | 1,273              | 66,743         |
| <b>Total</b>                              | <b>11,359</b>      | <b>306,735</b> |

## Annual Accounts 2024/25

### Sundry Accounts Statement

The Council administers 31 Educational and 24 Sundry Trusts and Endowments as trustees. These trust funds do not represent assets available to the Council and as such have been excluded from the Balance Sheet of the Council. The summary of the balances held on these Trusts is detailed below.

There is one Charitable Trust remaining, which the Council aims to transfer to an Office of the Scottish Charity Regulator (OSCR) agreed beneficiary charity. The timescale for transfer is dependent on identifying a suitable beneficiary and subsequent approval by OSCR.

The principal Funds are the Lanarkshire Education Trust at £0.183m and the Marshall (Education) Trust at £0.631m, which were established under the Education Endowments (Scotland) Acts 1928 to 1935 to provide opportunities for educational advancement. These Funds are administered by a joint committee with South Lanarkshire Council and the individual funds are subject to separate audit arrangements. However, they have been considered in overall terms in the context of those materiality levels which apply to the Council's Financial Statements.

The market value of all of the Educational Trusts Investments as at 31 March 2025 was £1.035m (31 March 2024 £0.959m) and is shown at book value on the balance sheet £0.032m (2023/24 £0.032m).

#### Summary Income and Expenditure Account

|   | 2023/24   | 2024/25   |
|---|-----------|-----------|
|   | £000      | £000      |
| <b>Education Trust Funds:</b>           |           |           |
| <b>Income</b>                           |           |           |
| Interest on Investments, etc.           | 74        | 83        |
| <b>Expenditure</b>                      |           |           |
| Grants, Prizes, Awards, etc.            | (34)      | (37)      |
| <b>Surplus / (Deficit) for the year</b> | <b>40</b> | <b>46</b> |
| <b>Other Sundry Trust Funds:</b>        |           |           |
| <b>Income</b>                           |           |           |
| Interest on Investments                 | 1         | 1         |
| <b>Expenditure</b>                      |           |           |
| Grants, Prizes, Awards, etc.            | -         | -         |
| <b>Surplus / (Deficit) for the year</b> | <b>1</b>  | <b>1</b>  |

#### Balance Sheet at 31 March 2025

| 2023/24    |                                | 2024/25 | 2024/25    |
|------------|--------------------------------|---------|------------|
| £000       |                                | £000    | £000       |
| 32         | Investments                    | 32      |            |
| 1          | Education Trust Funds          | 1       |            |
|            | Sundry Trust Funds             |         |            |
| <b>33</b>  |                                |         | <b>33</b>  |
| 781        | Advances to Council Loans Fund |         | 826        |
| 83         | Current Assets                 |         | 88         |
| <b>897</b> | <b>Net Assets</b>              |         | <b>947</b> |
| 32         | Education Trust Funds          | 32      |            |
| 786        | Capital                        | 832     |            |
|            | Revenue                        |         |            |
| <b>818</b> |                                |         | <b>864</b> |
| 1          | Sundry Trust Funds             | 1       |            |
| 78         | Capital                        | 82      |            |
|            | Revenue                        |         |            |
| <b>79</b>  |                                |         | <b>83</b>  |
| <b>897</b> | <b>Total Reserves</b>          |         | <b>947</b> |

## Annual Accounts 2024/25

### Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing Council and subsidiary services and its share of the results of associates and joint ventures in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

| 2023/24                   |                      |   | 2024/25                   |                      |                         |
|---------------------------|----------------------|---|---------------------------|----------------------|-------------------------|
| Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000   | Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |
| 639,633                   | (102,262)            | 537,371   | 616,758                   | (50,635)             | 566,123                 |
| 230,773                   | (61,657)             | 169,116   | 284,529                   | (75,844)             | 208,685                 |
| 173,910                   | (89,197)             | 84,713  | 177,856                   | (88,538)             | 89,318                  |
| 197,186                   | -                    | 197,186   | 214,153                   | -                    | 214,153                 |
| 260,914                   | (263,858)            | (2,944)   | 275,387                   | (267,840)            | 7,547                   |
| 233,533                   | (151,437)            | 82,096  | 185,448                   | (164,105)            | 21,343                  |
| 2,071                     | (9,508)              | (7,437)   | 1,708                     | -                    | 1,708                   |
| 3,718                     | (7,079)              | (3,361)   | 770                       | (6,936)              | (6,166)                 |
| <b>1,741,738</b>          | <b>(684,998)</b>     | <b>1,056,740</b>  | <b>1,756,609</b>          | <b>(653,898)</b>     | <b>1,102,711</b>        |
| -                         | 15,342               | 15,342  | -                         | (394)                | (394)                   |
| 197,725                   | (144,192)            | 53,533  | 221,890                   | (159,016)            | 62,874                  |
| -                         | (967,501)            | (967,501)   | -                         | (1,050,991)          | (1,050,991)             |
|                           |                      | <b>158,114 (Surplus) or Deficit on the Provision of Services</b>                                    |                           |                      | <b>114,200</b>          |
|                           |                      | 3,790 Associates and Joint Ventures accounted for on an Equity Basis                                |                           |                      | (5,518)                 |
|                           |                      | <b>161,904 Group (Surplus) or Deficit</b>   |                           |                      | <b>108,682</b>          |
|                           |                      | <b>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</b> |                           |                      |                         |
|                           |                      | 33,335 (Surplus) or deficit on the revaluation of non current assets                                |                           |                      | (6,566)                 |
|                           |                      | 52,809 Re-measurement of the net defined Liability  |                           |                      | (54,685)                |
|                           |                      | 1,041 Share of Other Comprehensive Income and Expenditure of Associates and Joint Ventures          |                           |                      | (657)                   |
|                           |                      | <b>87,185 Other Comprehensive Income and Expenditure</b>  |                           |                      | <b>(61,908)</b>         |
|                           |                      | <b>249,089 Total Comprehensive Income and Expenditure</b>   |                           |                      | <b>46,774</b>           |

## Annual Accounts 2024/25

### Group Balance Sheet

The Balance Sheet is a snapshot of the value at the reporting date of the assets and liabilities recognised by the Council, its subsidiaries and its share of the net assets or liabilities of its associates and joint ventures. The net assets of the Council are matched by the reserves held by the Council and its subsidiaries. The net investment in associates and joint ventures is matched by its share of the reserves of the associates (i.e. Group Reserves).

| 31 March 2024<br>£000 |   | 31 March 2025<br>£000 | £000               |
|-----------------------|---|-----------------------|--------------------|
|                       | Property, Plant and Equipment                       |                       |                    |
| 1,207,367             | Council Dwellings                                   | 1,240,646             |                    |
| 1,351,782             | Other Land and Buildings                            | 1,308,664             |                    |
| 52,278                | Vehicles, Plant and Equipment                       | 60,209                |                    |
| 278,721               | Infrastructure Assets                               | 282,557               |                    |
| -                     | Right-of-Use Assets - Land and Buildings            | 2,319                 |                    |
| -                     | Right-of-Use Assets – Vehicles, Plant and Equipment | 1,403                 |                    |
| 16,229                | Community Assets                                    | 16,516                |                    |
| 18,203                | Surplus Assets                                      | 16,331                |                    |
| 107,092               | Assets Under Construction                           | 126,335               | 3,054,980          |
|                       | Intangible Assets                                   |                       |                    |
| 49                    | Software Licences                                   | 25                    |                    |
| 10,103                | Software/Solution Development                       | 13,317                |                    |
| 6,313                 | Intangibles Under Development                       | 336                   | 13,678             |
| 76,141                | Investment Property                                 |                       | 78,795             |
| 117,561               | Investments in Associates and Joint Ventures        |                       | 122,358            |
| 2,164                 | Long-Term Investments                               |                       | 2,138              |
| 2,459                 | Long-Term Debtors                                   |                       | 2,659              |
| -                     | Other Long-Term Assets (Pensions)                   |                       | -                  |
| <b>3,246,462</b>      | <b>Long-Term Assets</b>                             |                       | <b>3,274,608</b>   |
| 94                    | Short-Term Investments                              | 96                    |                    |
| 5,479                 | Inventories   | 5,676                 |                    |
| 109,769               | Short-Term Debtors (net of impairment)              | 122,474               |                    |
| 57,613                | Cash and Cash Equivalents                           | 68,321                |                    |
| <b>172,955</b>        | <b>Current Assets</b>                               |                       | <b>196,567</b>     |
| (289,417)             | Short-Term Borrowing                                | (312,340)             |                    |
| (206,455)             | Short-Term Creditors                                | (202,432)             |                    |
| (12,241)              | Short-Term Provisions                               | (11,505)              |                    |
| (8,204)               | Short-Term Finance Lease Liabilities                | (13,438)              |                    |
| -                     | Short-Term Liabilities (Right-of-Use Assets)        | (2,040)               |                    |
| <b>(516,317)</b>      | <b>Current Liabilities</b>                          |                       | <b>(541,755)</b>   |
| (619,980)             | Long-Term Borrowing                                 | (718,348)             |                    |
| (586)                 | Long-Term Provisions                                | (419)                 |                    |
| -                     | Liabilities in Associates and Joint Ventures        | -                     |                    |
| (151,401)             | Other Long-Term Liabilities (Finance Leases)        | (221,287)             |                    |
| (119,490)             | Other Long-Term Liabilities (Pensions)              | (106,206)             |                    |
| -                     | Other Long-Term Liabilities (Right-of-Use Assets)   | (1,600)               |                    |
| <b>(891,457)</b>      | <b>Long-Term Liabilities</b>                        |                       | <b>(1,047,860)</b> |
| <b>2,011,643</b>      | <b>Net Assets</b>                                   |                       | <b>1,881,560</b>   |
|                       | Usable Reserves                                     |                       |                    |
| 283,893               | General Fund Reserve                                | 281,970               |                    |
| 16,820                | Housing Revenue Account Balance                     | 22,159                |                    |
| 2,951                 | Capital Fund  | -                     |                    |
| 20,763                | Repairs and Renewals Fund                           | 23,286                |                    |
| 11,000                | Insurance Fund                                      | 11,000                |                    |
| 7,204                 | Capital Grants Unapplied Accounts                   | 7,924                 |                    |
| <b>342,631</b>        | <b>Total Usable Reserves</b>                        |                       | <b>346,339</b>     |
| <b>1,493,417</b>      | <b>Unusable Reserves</b>                            |                       | <b>1,349,560</b>   |
| <b>175,595</b>        | <b>Group Reserves</b>                               |                       | <b>185,661</b>     |
| <b>2,011,643</b>      | <b>Total Reserves</b>                               |                       | <b>1,881,560</b>   |

The unaudited accounts were issued on 26 June 2025 and the audited financial statements were authorised for issue on 25 September 2025

*Greg Telfer*

**Greg Telfer, CPFA**  
**Chief Officer (Finance and Technology)**

25 September 2025



## Annual Accounts 2024/25

### Movement in Group Reserves Statement

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

| Year Ended 31 March 2025  | Usable Reserves |                         |                          | Unusable Reserves | Total Reserves of the Council | Council Subsidiaries | Council's Share of Reserves of Associates and Joint Ventures | Total Reserves   |
|---|-----------------|-------------------------|--------------------------|-------------------|-------------------------------|----------------------|--|------------------|
|   | General Fund    | Housing Revenue Account | Other Statutory Reserves |                   |                               |                      |  |                  |
|   | £000            | £000                    | £000                     | £000              | £000                          | £000                 | £000   | £000             |
| <b>Balance at 31 March 2024</b>   | <b>283,893</b>  | <b>16,820</b>           | <b>41,918</b>            | <b>1,493,417</b>  | <b>1,836,048</b>              | <b>58,034</b>        | <b>117,561</b>   | <b>2,011,643</b> |
| Adjustments to opening balances to reflect audited accounts   | -               | -                       | -                        | -                 | -                             | 1,988                | 178  | <b>2,166</b>     |
| Adjustments to opening balances to reflect use of IAS28 in Joint Ventures                                 | -               | -                       | -                        | -                 | -                             | -                    | (1,555)  | <b>(1,555)</b>   |
| Adjustment for IFRS16 Transition  | -               | -                       | -                        | (83,918)          | <b>(83,918)</b>               | -                    | -  | <b>(83,918)</b>  |
| <b>Revised Balance at 31 March 2024</b>   | <b>283,893</b>  | <b>16,820</b>           | <b>41,918</b>            | <b>1,409,499</b>  | <b>1,752,130</b>              | <b>60,022</b>        | <b>116,184</b>   | <b>1,928,336</b> |
| <b>Movement in Reserves during 2024/25</b>  |                 |                         |                          |                   |                               |                      |  |                  |
| Surplus / (Deficit) on Provision of Services  | (84,691)        | (32,824)                | -                        | -                 | (117,515)                     | 3,315                | 5,517  | <b>(108,682)</b> |
| Other Comprehensive Income and Expenditure  | -               | -                       | -                        | 61,284            | 61,284                        | (34)                 | 657  | <b>61,908</b>    |
| <b>Total Comprehensive Income and Expenditure</b>   | <b>(84,691)</b> | <b>(32,824)</b>         | <b>-</b>                 | <b>61,284</b>     | <b>(56,231)</b>               | <b>3,281</b>         | <b>6,174</b>   | <b>(46,776)</b>  |
| Adjustment to usable reserves permitted by Accounting Standards   | 20,365          | 412                     | -                        | (20,777)          | -                             | -                    | -  | -                |
| Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility | 9,444           | -                       | -                        | (9,444)           | -                             | -                    | -  | -                |
| Adjustments between Accounting Basis and Funding Basis under Regulations                                  | 50,285          | 39,997                  | 720                      | (91,002)          | -                             | -                    | -  | -                |
| <b>Net Increase or Decrease before Transfers to Other Statutory Reserves</b>                              | <b>(4,597)</b>  | <b>7,585</b>            | <b>720</b>               | <b>(59,939)</b>   | <b>(56,231)</b>               | <b>3,281</b>         | <b>6,174</b>   | <b>(46,776)</b>  |
| Transfers to and from Other Statutory Reserves  | 2,674           | (2,246)                 | (428)                    | -                 | -                             | -                    | -  | -                |
| <b>Increase or Decrease in the Year</b>   | <b>(1,923)</b>  | <b>5,339</b>            | <b>292</b>               | <b>(59,939)</b>   | <b>(56,231)</b>               | <b>3,281</b>         | <b>6,174</b>   | <b>(46,776)</b>  |
| <b>Balance at 31 March 2025 Carried Forward</b>   | <b>281,970</b>  | <b>22,159</b>           | <b>42,210</b>            | <b>1,349,560</b>  | <b>1,695,899</b>              | <b>63,303</b>        | <b>122,358</b>   | <b>1,881,560</b> |

IAS 28 Investments in Associates and Joint Ventures requires that where NLC's share of an associate or joint venture's liabilities exceed its share in their assets, the body is excluded from the group statements. In 2023/24

## Annual Accounts 2024/25

### Movement in Group Reserves Statement

Amey reported a loss and were excluded from the group statements, Mears made a surplus and were included. In 2024/25, both Amey and Mears made surpluses and thus both were included in the group statements.

| Year Ended 31 March 2024   | Usable Reserves |                         |                          | Unusable Reserves | Total Reserves of the Council | Council Subsidiaries | Council's Share of Reserves of Associates and Joint Ventures | Total Reserves   |
|--|-----------------|-------------------------|--------------------------|-------------------|-------------------------------|----------------------|--|------------------|
|  | General Fund    | Housing Revenue Account | Other Statutory Reserves |                   |                               |                      |  |                  |
|  | £000            | £000                    | £000                     | £000              | £000                          | £000                 | £000   | £000             |
| <b>Balance at 31 March 2023</b>  | <b>249,872</b>  | <b>26,318</b>           | <b>49,183</b>            | <b>1,756,689</b>  | <b>2,082,062</b>              | <b>51,067</b>        | <b>124,313</b>   | <b>2,257,442</b> |
| Adjustments to opening balances to reflect audited accounts                  | -               | -                       | -                        | -                 | -                             | 5,211                | (804)  | <b>4,407</b>     |
| Adjustments to opening balances to reflect use of IAS28 in Joint Ventures    | -               | -                       | -                        | -                 | -                             | -                    | (1,117)  | <b>(1,117)</b>   |
| <b>Revised Balance as at 31 March 2023</b>                                   | <b>249,872</b>  | <b>26,318</b>           | <b>49,183</b>            | <b>1,756,689</b>  | <b>2,082,062</b>              | <b>56,278</b>        | <b>122,392</b>   | <b>2,260,732</b> |
| <b>Movement in Reserves during 2023/24</b>                                   |                 |                         |                          |                   |                               |                      |  |                  |
| Surplus / (Deficit) on Provision of Services                                 | (68,362)        | (91,583)                | -                        | -                 | (159,945)                     | 1,831                | (3,790)  | <b>(161,904)</b> |
| Other Comprehensive Income and Expenditure                                   | -               | -                       | -                        | (86,069)          | (86,069)                      | (75)                 | (1,041)  | <b>(87,185)</b>  |
| <b>Total Comprehensive Income and Expenditure</b>                            | <b>(68,362)</b> | <b>(91,583)</b>         | <b>-</b>                 | <b>(86,069)</b>   | <b>(246,014)</b>              | <b>1,756</b>         | <b>(4,831)</b>   | <b>(249,089)</b> |
| Adjustment to useable reserves permitted by Accounting Standards             | 35,198          | 2,935                   | -                        | (38,133)          | -                             | -                    | -  | -                |
| Adjustments between Accounting Basis and Funding Basis under Regulations     | 49,087          | -                       | -                        | (49,087)          | -                             | -                    | -  | -                |
| Adjustments between Accounting Basis and Funding Basis under Regulations     | (10,991)        | 89,893                  | 11,081                   | (89,983)          | -                             | -                    | -  | -                |
| <b>Net Increase or Decrease before Transfers to Other Statutory Reserves</b> | <b>4,932</b>    | <b>1,245</b>            | <b>11,081</b>            | <b>(263,272)</b>  | <b>(246,014)</b>              | <b>1,756</b>         | <b>(4,831)</b>   | <b>(249,089)</b> |
| Transfers to and from Other Statutory Reserves                               | 29,089          | (10,743)                | (18,346)                 | -                 | -                             | -                    | -  | -                |
| <b>Increase or Decrease in the Year</b>                                      | <b>34,021</b>   | <b>(9,498)</b>          | <b>(7,265)</b>           | <b>(263,272)</b>  | <b>(246,014)</b>              | <b>1,756</b>         | <b>(4,831)</b>   | <b>(249,089)</b> |
| <b>Balance at 31 March 2024 Carried Forward</b>                              | <b>283,893</b>  | <b>16,820</b>           | <b>41,918</b>            | <b>1,493,417</b>  | <b>1,836,048</b>              | <b>58,034</b>        | <b>117,561</b>   | <b>2,011,643</b> |

## Annual Accounts 2024/25

### Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Council and its subsidiaries during the reporting period.

| 2023/24          |   | 2024/25   | 2024/25          |
|------------------|---|-----------|------------------|
| £000             |   | £000      | £000             |
| <b>40,417</b>    | <b>Net Cash Inflow / (Outflow) from Operating Activities</b>  |           | <b>34,611</b>    |
|                  | <b>INVESTING ACTIVITIES</b>                                   |           |                  |
|                  | <b>Cash Inflows:</b>  |           |                  |
| 1,797            | Sale of non-current assets                                    | 3,499     |                  |
| 56,856           | Capital grants received                                       | 73,715    |                  |
| 10,754           | Other capital receipts  | 11,937    |                  |
| 20               | Investments redeemed  | 23        |                  |
| 69,427           |   |           | 89,174           |
|                  | <b>Cash Outflows:</b>   |           |                  |
| (250,122)        | Purchase of non-current assets                                |           | (218,769)        |
| <b>(180,695)</b> | <b>Net Cash Inflow / (Outflow) from Investing Activities</b>  |           | <b>(129,572)</b> |
|                  | <b>FINANCING ACTIVITIES</b>                                   |           |                  |
|                  | <b>Cash Inflows:</b>  |           |                  |
| 418,300          | New loans raised  | 446,000   |                  |
| 418,300          |   |           | 446,000          |
|                  | <b>Cash Outflows:</b>   |           |                  |
| (300,581)        | Repayments of amounts borrowed                                | (325,325) |                  |
| (7,304)          | Capital payments of finance leases                            | (14,919)  |                  |
| (307,885)        |   |           | (340,244)        |
| <b>110,415</b>   | <b>Net Cash Inflow / (Outflow) from Financing Activities</b>  |           | <b>105,756</b>   |
| <b>(29,863)</b>  | <b>Net Increase / (Decrease) in cash and cash equivalents</b> |           | <b>10,795</b>    |
| <b>87,433</b>    | <b>Cash and Cash Equivalents at the beginning of the year</b> |           | <b>57,560</b>    |
| <b>(29,863)</b>  | <b>Net Increase / (Decrease) in cash and cash equivalents</b> |           | <b>10,795</b>    |
| 43               | Increase / (Decrease) Non-cash in cash equivalents            |           | (11)             |
| <b>57,613</b>    | <b>Cash and Cash Equivalents at the end of the year</b>       |           | <b>68,321</b>    |

### Group Comprehensive Income and Expenditure Statement to Cash Flow Operating Activities

The following table reconciles the surplus/(deficit) on provision of services in the Group Comprehensive Income and Expenditure Statement to the Net Outflow from Operative Activities in the Group Cash Flow Statement above.

|   | £000     | £000             |
|---|----------|------------------|
| <b>Surplus/(Deficit) on the Provision of Services</b> |          | <b>(114,200)</b> |
| <b>Non-Cash Transactions</b>                          |          |                  |
| Items Relating to Loans Fund                          | 1,264    |                  |
| Adjustment relating to Provisions                     | (940)    |                  |
| Adjustment relating to Capital items                  | 141,356  |                  |
| Adjustment relating to National Non-Domestic Rates    | -        |                  |
| Adjustment relating to Pension Reserve                | 41,400   | 183,080          |
| <b>Items on an Accruals Basis</b>                     |          |                  |
| Increase in Inventories                               | (126)    |                  |
| Decrease in Debtors                                   | (24,149) |                  |
| Increase in Creditors                                 | (9,994)  | (34,269)         |
| <b>Net Cash Inflow from Operating Activities</b>      |          | <b>34,611</b>    |

## Annual Accounts 2024/25

### Notes to the Group Accounts

#### 1. Disclosure of Interest in Other Entities

The Code of Practice on Local Authority Accounting requires local authorities to consider their interests in all types of entities including private companies and joint ventures. The Group Accounts are the financial statements of the Council and its subsidiaries, plus the investments in associates and interests in joint ventures presented as a single economic entity.

The Council has adopted a materiality threshold of £250,000 in considering the basis of incorporation of these entities within the Group Accounting Statements.

#### 2. Group Structure

The Council has interests in subsidiaries, associates and joint ventures. The table below explains the relationship each class of entity has with the Council:

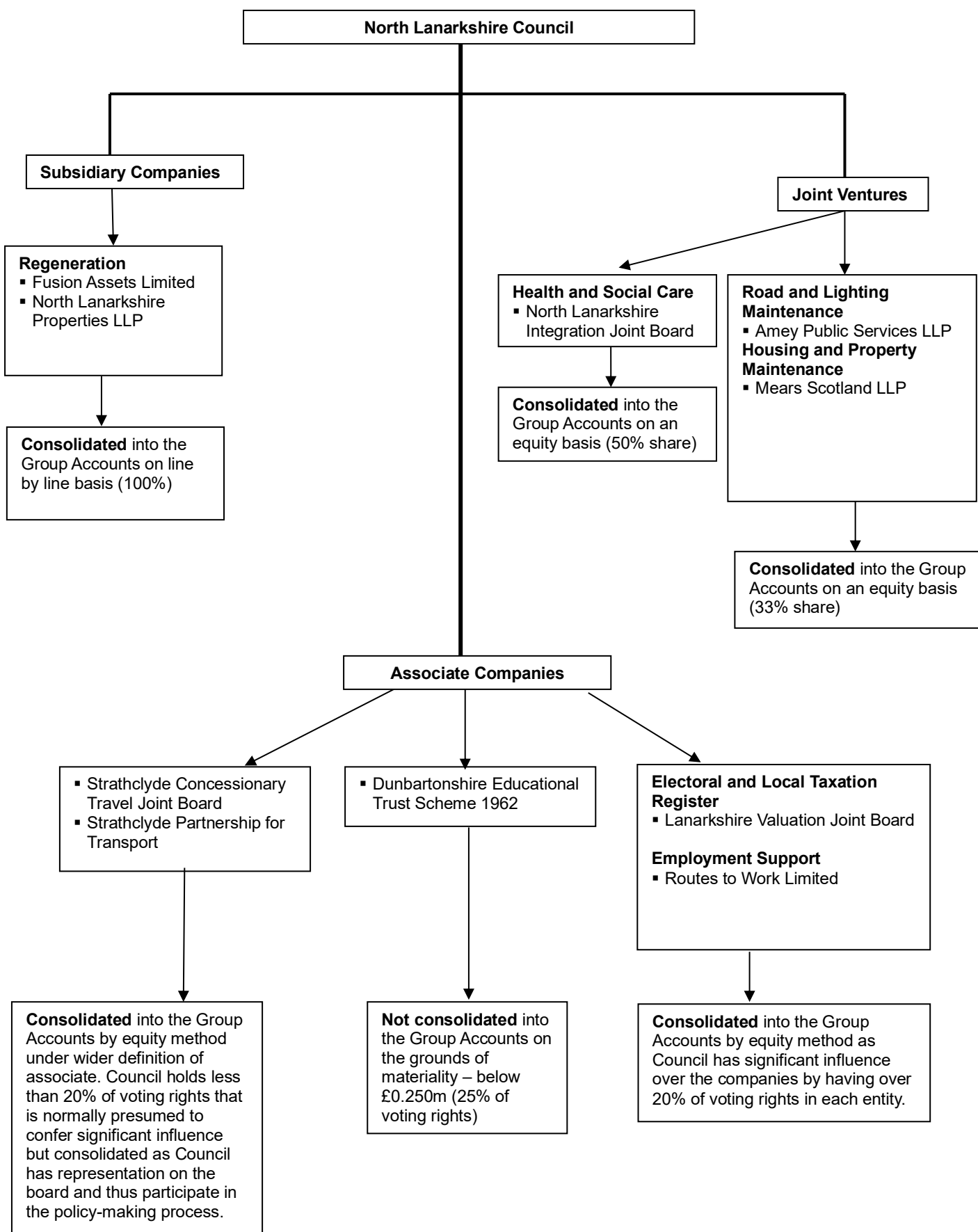
##### Relationship with the Council

**Subsidiary Companies:** Entity controlled by the Council. Council has 100% interest in its subsidiaries.

**Associate Companies:** Entity over which the Council has significant influence. North Lanarkshire Council has significant influence over the financial and operating policies of its associates but has no shares or ownership of any of these organisations which are entirely independent of the Council under law and taxation.

**Joint Ventures:** Joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. North Lanarkshire Council owns a share in each of its joint venture companies.

The diagram overleaf illustrates the Council's group structure:



## Annual Accounts 2024/25

### Notes to the Group Accounts

### 3. Combining Entities

As detailed in the diagram above, the Council has an interest in a number of subsidiary and associate companies along with joint ventures. The accounting period for most entities is 31 March 2025 with the only exceptions being in respect of Amey Public Services LLP and Mears Scotland LLP which report to 31 December 2024. The reason for this variation in reporting period is due to these companies aligning their own accounting periods with the annual contractual period with the Council.

### 4. Changes to Group Structure

There were no changes to the group structure during 2024/25.

However, it should be noted that the contracts held with both Amey Public Services LLP and Mears Scotland LLP expired during the year, ending on 30 September 2024 and 30 June 2024 respectively. There is a defect liability period of twelve months for all works carried out under the contract with Mears Scotland LLP, with the company responsible for managing and correcting any defects arising in that period. The company therefore remains active and trading until at least the end of this defect liability period. Similarly, Amey Public Services LLP will remain active whilst residual contractual matters are resolved.

While the Council is no longer actively trading with Mears Scotland LLP or Amey Public Services LLP, the Council's interest in the entities remains, and as such both entities continue to be consolidated into the Council's Group Accounts. It is anticipated that in due course the Council will cease to hold an interest in these companies, at which point they will cease to form part of the Group structure.

### 5. Principal Place of Business

The principal place of business for each group entity is detailed in the table below. The United Kingdom is the country of incorporation for all entities.

|   |   |
|---|---|
| Fusion Assets Ltd                                   | Civic Centre, Windmillhill Street, Motherwell, ML1 1AB            |
| North Lanarkshire Properties LLP                    | Civic Centre, Windmillhill Street, Motherwell, ML1 1AB            |
| Amey Public Services LLP                            | Chancery Exchange, 10 Furnival Street, London, EC4A 1AB           |
| Mears Scotland LLP                                  | Phoenix House, 1 Souterhouse Road, Coatbridge, ML5 4AA            |
| Strathclyde Concessionary Travel Scheme Joint Board | 131 St Vincent Street, Glasgow, G2 5JF                            |
| Strathclyde Partnership for Transport               | 131 St Vincent Street, Glasgow, G2 5JF                            |
| Lanarkshire Valuation Joint Board                   | North Stand, Cadzow Avenue, Hamilton, ML3 0LU                     |
| Routes to Work Limited                              | 168/170 Main Street, Bellshill, Lanarkshire, ML4 1AE              |
| North Lanarkshire Integration Joint Board           | Kirklands Hospital, Fallside Road, Bothwell, Lanarkshire, G71 8BB |

### 6. Reconciliation Statements

The following statements reconcile the Council's Comprehensive Income and Expenditure Statement and Balance Sheet to the Group Comprehensive Income and Expenditure Statement and Balance Sheet.

#### 6.1 Council Comprehensive Income and Expenditure Statement to Group Comprehensive Income and Expenditure Statement

| 2023/24        |   | 2024/25       |
|----------------|---|---------------|
| £000           |   | £000          |
| <b>234,035</b> | <b>Total Comprehensive Income and Expenditure on the Council's Comprehensive Income and Expenditure Statement</b> | <b>56,231</b> |
|                | (Surplus)/Deficit arising from other entities included in the Group Accounts                                      |               |
| (1,926)        | Subsidiaries  | (3,316)       |
| (5,866)        | Associates  | (4,799)       |
| 9,656          | Joint Ventures  | (719)         |
|                | <b>Other Comprehensive (Income) and Expenditure</b>   |               |
| 75             | Subsidiaries  | 34            |
| 1,041          | Associates  | (657)         |
| <b>237,015</b> | <b>Group total Comprehensive Income and Expenditure for the year</b>  | <b>46,774</b> |

**Annual Accounts 2024/25**  
**Notes to the Group Accounts**

**6.2 Council Balance Sheet to Group Balance Sheet**

| 31 March<br>2024 |   | 31 March<br>2025 |
|------------------|---|------------------|
| £000             |   | £000             |
| <b>1,848,026</b> | <b>Net Assets on Council Balance Sheet</b>      | <b>1,695,899</b> |
|                  | <b>Long Term Assets in Group Balance Sheet</b>  |                  |
| 78,244           | Investments in Associates                       | 83,877           |
| 39,317           | Investments in Joint Ventures                   | 38,481           |
| 77,181           | Subsidiary Non Current Assets                   | 79,835           |
|                  | <b>Current Assets</b>                           |                  |
| 12,762           | Subsidiaries                                    | 13,231           |
|                  | <b>Current Liabilities</b>                      |                  |
| (2,439)          | Subsidiaries                                    | (1,097)          |
|                  | <b>Long Term Liabilities</b>                    |                  |
| -                | Associates                                      | -                |
| (29,375)         | Subsidiaries                                    | (28,666)         |
| <b>2,023,716</b> | <b>Net Assets on Group Balance Sheet</b>        | <b>1,881,560</b> |
|                  |   |                  |
| <b>1,848,026</b> | <b>Total Reserves on Council Balance Sheet</b>  | <b>1,695,899</b> |
|                  | Group Income and Expenditure and Other Reserves |                  |
| 39,317           | Joint Ventures                                  | 38,481           |
| 78,244           | Associates                                      | 83,877           |
| 58,129           | Subsidiaries                                    | 63,303           |
| <b>2,023,716</b> | <b>Total Reserves on Group Balance Sheet</b>    | <b>1,881,560</b> |

# Annual Accounts 2024/25

## Notes to the Group Accounts

### 7. Further Details on Consolidation

Further information in respect of Companies consolidated within the Group Accounts above can be summarised as follows:-

#### 7.1 Subsidiaries

The following table has a more detailed breakdown of the figures included for Subsidiary Companies in the Group Comprehensive Income and Expenditure. The figures below also include the adjustments made to the Council's Balance Sheet on consolidating the Council's subsidiaries into the Group Accounts.

|   | 2023/24              |  | 2024/25                 |  |
|---|----------------------|--|-------------------------|--|
|   | Fusion<br>Assets Ltd | North<br>Lanarkshire<br>Properties LLP | Fusion<br>Assets<br>Ltd | North<br>Lanarkshire<br>Properties LLP |
|   | £'000                | £000                                   | £'000                   | £000                                   |
| <b>Comprehensive Income and Expenditure Statement</b> |                      |  |                         |  |
| Surplus/ (Deficit) on Provision of Service            | 777                  | 1,149                                  | 1,746                   | 1,525                                  |
| Other Comprehensive Income and Expenditure            | -                    | (75)                                   | -                       | (34)                                   |
| <b>Balance Sheet</b>                                  |                      |  |                         |  |
| <b>Non-Current Assets</b>                             | 3,235                | 73,946                                 | 5,399                   | 74,436                                 |
| <b>Current Assets</b>                                 |                      |  |                         |  |
| Inventories   | 3,614                | -                                      | 3,758                   | -                                      |
| Short-Term Debtors                                    | 569                  | (745)                                  | 345                     | (663)                                  |
| Cash and Cash Equivalents                             | 2,236                | 7,088                                  | 3,805                   | 5,986                                  |
| <b>Current Liabilities</b>                            |                      |  |                         |  |
| Short-Term Creditors                                  | (303)                | (1,636)                                | (443)                   | (154)                                  |
| Short-Term Borrowing                                  | -                    | (500)                                  | -                       | (500)                                  |
| <b>Long Term Liabilities</b>                          |                      |  |                         |  |
| Long Term Borrowing                                   | -                    | (29,375)                               | -                       | (28,740)                               |
| Deferred Income                                       | -                    | -                                      | -                       | -                                      |
| Capital Grants Received in Advance                    | -                    | -                                      | -                       | -                                      |
| Pensions  | -                    | -                                      | -                       | 74                                     |
| <b>Reserves</b>                                       |                      |  |                         |  |
| Income and Expenditure                                | (7,568)              | (18,818)                               | (10,970)                | (18,818)                               |
| General Fund  | -                    | -                                      | -                       | -                                      |
| Pension   | -                    | (132)                                  | -                       | (132)                                  |
| Revaluation Reserve                                   | (594)                | (29,827)                               | (800)                   | (27,180)                               |
| Other   | (1,189)              | (1)                                    | (1,094)                 | (4,309)                                |



# Annual Accounts 2024/25

## Notes to the Group Accounts

### 7.2 Joint Ventures

The table below illustrates the Council's payments to its Joint Ventures.

|                            | 2024/25                    |                               |
|----------------------------|----------------------------|-------------------------------|
|                            | Council Payments to Entity | % of Entity's Annual Turnover |
|                            | £000                       | %                             |
| Amey Public Services LLP   | 11,062                     | 57.95                         |
| Mears Scotland LLP         | 22,226                     | 65.69                         |
| NL Integration Joint Board | 208,025                    | 24.82                         |

The following disclosures are required for Amey Public Services LLP, Mears Scotland LLP and NL Integration Joint Board because the Council holds more than 20% of the voting rights in each entity.

|   | 2023/24                  |                    |                            | 2024/25                  |                    |                            |
|---|--------------------------|--------------------|----------------------------|--------------------------|--------------------|----------------------------|
|   | Amey Public Services LLP | Mears Scotland LLP | NL Integration Joint Board | Amey Public Services LLP | Mears Scotland LLP | NL Integration Joint Board |
|   | £000                     | £000               | £000                       | £000                     | £000               | £000                       |
| <b>Comprehensive Income and Expenditure Statement</b> |                          |                    |                            |                          |                    |                            |
| Gross Income  | 21,713                   | 63,866             | 790,688                    | 19,088                   | 33,837             | 838,184                    |
| Net Profit/ (Loss) before Taxation                    | (286)                    | 4,671              | (24,422)                   | 1,437                    | 918                | 30                         |
| Taxation  | -                        | -                  | -                          | -                        | -                  | -                          |
| Net Profit/ (Loss) after Taxation                     | (286)                    | 4,671              | (24,422)                   | 1,437                    | 918                | 30                         |
| <b>Balance Sheet</b>                                  |                          |                    |                            |                          |                    |                            |
| Non-Current Assets                                    | 83                       | 32                 | -                          | -                        | -                  | -                          |
| Current Assets  | 3,474                    | 18,891             | 75,524                     | 1,340                    | 10,691             | 75,554                     |
| Liabilities due within one year                       | (3,491)                  | (9,991)            | -                          | (6,104)                  | (1,028)            | -                          |
| Liabilities due after more than one year              | -                        | (333)              | -                          | -                        | (113)              | -                          |
| Net Pension Asset                                     | -                        | -                  | -                          | -                        | -                  | -                          |
| Provision for Liabilities                             | -                        | -                  | -                          | -                        | -                  | -                          |
| Capital and Revenue Reserves                          | (66)                     | (8,599)            | (75,524)                   | 4,764                    | (9,550)            | (75,554)                   |

IAS 28 Investments in Associates and Joint Ventures requires that where NLC's share of an associate or joint venture's liabilities exceed its share in their assets, the body is excluded from the group statements. In 2023/24, Mears made a surplus and were included within the group statements for 2023/24, with Amey reporting a loss and have been excluded from the group statements. In 2024/25, both Mears and Amey report a surplus and as such have been included in the group statements for 2024/25.

## Annual Accounts 2024/25

### Notes to the Group Accounts

#### 7.3 Associates

The table below illustrates the Council's contribution to its Associates and debtor/creditor balances relating to Associates included in the Council's Balance Sheet.

|   | 2024/25                    |                               |  |
|---|----------------------------|-------------------------------|--|
|   | Council Payments to Entity | % of Entity's Annual Turnover | Council Share of Net Assets/ (Liabilities) |
|   | £000                       | %                             | £000                                       |
| Strathclyde Concessionary Travel Scheme Joint Board | 570                        | 13.02                         | 520  |
| Strathclyde Partnership for Transport               | 5,482                      | 4.76                          | 81,766                                     |
| Lanarkshire Valuation Joint Board                   | 1,814                      | 45.15                         | 1,024                                      |
| Routes to Work Limited                              | 4,398                      | 91.24                         | 567  |

The following disclosures are required for Lanarkshire Valuation Board and Routes to Work Limited because the Council holds 20% or more of the voting rights in the entity.

|   | 2023/24             |                                   | 2024/25             |                                   |
|---|---------------------|-----------------------------------|---------------------|-----------------------------------|
|   | Routes to Work Ltd. | Lanarkshire Valuation Joint Board | Routes to Work Ltd. | Lanarkshire Valuation Joint Board |
|   | £000                | £000                              | £000                | £000                              |
| <b>Comprehensive Income and Expenditure Statement</b> |                     |                                   |                     |                                   |
| Gross Income  | 4,403               | 4,075                             | 4,820               | 4,018                             |
| Net Surplus / (Deficit)                               | 119                 | 757                               | 152                 | 522                               |
| <b>Balance Sheet</b>                                  |                     |                                   |                     |                                   |
| Non-Current Assets                                    | (1)                 | 113                               | -                   | 557                               |
| Current Assets  | 1,937               | 2,098                             | 2,112               | 4,676                             |
| Liabilities due within one year                       | (933)               | (193)                             | (1,030)             | (2,347)                           |
| Long-Term Liabilities                                 | -                   | -                                 | -                   | (404)                             |
| Retirement Benefit Asset / (Liabilities)              | 1,702               | (493)                             | 1,753               | (435)                             |
| Accumulating Compensated Absences                     | -                   | 70                                | -                   | 68                                |
| Capital, Revenue & Pension Reserves                   | (2,705)             | (1,595)                           | (2,835)             | (2,115)                           |

#### 7.4 Annual Accounts

The Annual Accounts of the Council's Associates are subject to independent audit and are available from the addresses below.

|   |  |
|---|--|
| Strathclyde Concessionary Travel Scheme Joint Board | Treasurer to Strathclyde Concessionary Travel Scheme, Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow, G2 1HN |
| Strathclyde Partnership for Transport               | Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow, G2 1HN  |
| Lanarkshire Valuation Joint Board                   | Treasurer to Lanarkshire Valuation Joint Board, Council Offices, Almada Street, Hamilton, ML3 0AB  |
| Routes to Work Limited                              | 168/170 Main Street, Bellshill, Lanarkshire, ML4 1AE   |

## **Annual Accounts 2024/25**

### **Notes to the Group Accounts**

#### **8. Interests in Other Entities**

There are 10 related companies that have been identified as being relevant for group purposes as illustrated by the flowchart on page 91. Of these only one is considered out with the scope of the group:

**Dunbartonshire Educational Trust Scheme 1962** is a charitable trust which provides grants for further/higher education for those who live in the old county area of Dunbarton. The Council has 25% voting rights on the Board however on the grounds of materiality it has not been consolidated as part of the group.

## **Annual Accounts 2024/25**

### **Remuneration Report**

#### **Introduction**

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require disclosures about the remuneration and pension benefits of Senior Councillors, Senior Employees and Senior Employees of Council subsidiary bodies whose remuneration is £150,000 or more.

All information included in sections 2 to 5 in this Remuneration Report have been audited by the Council's appointed auditor, Audit Scotland. The other sections of this Remuneration Report have been reviewed by Audit Scotland to ensure they are consistent with the Financial Statements.

#### **Arrangements for Remuneration**

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended most recently by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2022 (SSI 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.

When determining the level of remuneration for Councillors, the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC was established under the provisions of the Local Governance (Scotland) Act 2004 to advise Scottish Ministers on the remuneration (including pensions), allowances and expenses incurred by local authority Councillors in accordance with criteria specified by Scottish Ministers.

The maximum salary that can be paid to the Leader of the Council is set out in the Regulations as £49,810. For 2024/25 the salary for the Leader of North Lanarkshire Council was £48,395. The Regulations permit the Council to remunerate one Provost with a maximum salary of £37,360. For 2024/25 the salary for the Provost of North Lanarkshire Council was £36,302.

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 maximum yearly amount the Council could remunerate all of its Senior Councillors for 2024/25 was £557,707. 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 total remuneration paid to Senior Councillors (excluding the Leader of the Council and Provost) was £547,261 in 2024/25.

The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become Councillor members of the pension scheme.

In addition to the Senior Councillors of the Council, the Regulations also set out the remuneration payable to Councillors with the responsibility of a Convener or Vice-Convener of a Joint Board such as the Lanarkshire Joint Valuation Board. The Regulations require the remuneration to be paid by the Council of which the Convener or Vice-Convener is a member. The Council is also required to pay any pension contributions arising from the Convener or Vice-Convener 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 Convener or Vice-Convener of a Joint Board.

The salary levels of Senior Employees are set by reference to national arrangements as well as local decisions on management structures and their associated remuneration levels. The Scottish Joint Negotiating Committee for Local Authorities Services (Chief Officials) sets the salary levels for the Chief Executives of Scottish Local Authorities and also sets out the spinal column salary points for Chief Officers which local authorities can utilise in setting the salary levels for posts within their authority.

There are no other benefits included in the remuneration package for Senior Employees. With the exception of Trade Unions Facility Time, all information disclosed in the following tables in this Remuneration Report are subject to audit. The other sections of the Remuneration Report are subject to review by external audit to ensure that they are consistent with the financial statements.

## Annual Accounts 2024/25

### Remuneration Report

#### 1. Trade Unions (Facility Time Publication Requirements) Regulations 2017

In addition to the regulations governing Senior Employees and Councillors, the Trade Union (Facility Time Publication Requirements) Regulations 2017, which apply from 1 April 2017, require public sector employers to collect and publish a range of information on trade union facility time in respect of their employees who are Trade Union Representatives. The following information has been taken from the payroll reporting system provided by the Employee Service Centre.

| Number of employees who were relevant union officials during the relevant period | FTE employee number |
|--|---------------------|
| 78   | 73.6                |

Percentage of time spent on facility time – the number of employees who were relevant trade union officials during the year as a percentage of their working hours spent on facility time.

| Percentage of time | Number of representatives |
|--------------------|---------------------------|
| 0%                 | 24                        |
| 1-50%              | 52                        |
| 51-99%             | 0                         |
| 100%               | 2                         |

Percentage of the total pay bill spent on facility time

|   |             |
|---|-------------|
| Total cost of facility time (£)                         | 167,721     |
| Total pay bill (£)                                      | 665,663,140 |
| Percentage of the total pay bill spent on facility time | 0.03%       |
| Hours used on Facility Time                             | 2,054       |

## Annual Accounts 2024/25

### Remuneration Report

#### 2. General Disclosure by Pay Band

The following table is for actual remuneration paid to the employee, which includes salary and compensation for loss of employment made in the year. Any starters or leavers in the year are recorded in the remuneration band which matches their actual remuneration for the year.

| Remuneration Bands (£) | 2023/24    |              |              | 2024/25    |              |              |
|------------------------|------------|--------------|--------------|------------|--------------|--------------|
|                        | Officers   | Teachers     | Total        | Officers   | Teachers     | Total        |
| 50,000 - 54,999        | 277        | 352          | 629          | 389        | 431          | 820          |
| 55,000 - 59,999        | 147        | 226          | 373          | 192        | 186          | 378          |
| 60,000 - 64,999        | 64         | 133          | 197          | 81         | 177          | 258          |
| 65,000 - 69,999        | 33         | 156          | 189          | 37         | 129          | 166          |
| 70,000 - 74,999        | 19         | 92           | 111          | 25         | 132          | 157          |
| 75,000 - 79,999        | 26         | 41           | 67           | 24         | 79           | 103          |
| 80,000 - 84,999        | 7          | 21           | 28           | 9          | 24           | 33           |
| 85,000 - 89,999        | -          | 7            | 7            | 1          | 8            | 9            |
| 90,000 - 94,999        | 1          | 7            | 8            | -          | 10           | 10           |
| 95,000 - 99,999        | 2          | 5            | 7            | 1          | 5            | 6            |
| 100,000 - 104,999      | -          | 2            | 2            | 1          | 6            | 7            |
| 105,000 - 109,999      | -          | 3            | 3            | -          | 1            | 1            |
| 110,000 - 114,999      | 13         | -            | 13           | -          | -            | -            |
| 115,000 - 119,999      | -          | -            | -            | 3          | -            | 3            |
| 120,000 - 124,999      | 1          | -            | 1            | 7          | -            | 7            |
| 130,000 - 134,999      | 1          | -            | 1            | -          | -            | -            |
| 135,000 - 139,999      | -          | -            | -            | 1          | -            | 1            |
| 145,000 - 149,999      | 1          | -            | 1            | 1          | -            | 1            |
| 150,000 - 154,999      | -          | -            | -            | 1          | -            | 1            |
| 165,000 - 169,999      | -          | -            | -            | 1          | -            | 1            |
| 170,000 - 174,999      | -          | -            | -            | 1          | -            | 1            |
| 190,000 - 194,999      | 1          | -            | 1            | -          | -            | -            |
| 200,000 - 204,999      | -          | -            | -            | 1          | -            | 1            |
| 270,000 - 274,999      | -          | -            | -            | 1          | -            | 1            |
|                        | <b>593</b> | <b>1,045</b> | <b>1,638</b> | <b>777</b> | <b>1,188</b> | <b>1,965</b> |

## Annual Accounts 2024/25

### Remuneration Report

#### 3. Remuneration

The following tables provide details of the remuneration paid to the Council's Senior Councillors and Senior Employees. The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for the loss of employment. It excludes pension contributions made by the Council. Pension contributions made to the person's pension are disclosed as part of the pension benefits disclosure.

##### a. Remuneration of Senior Councillors

| Councillor Name     | Responsibility   | 2023/24<br>Total<br>Remuneration | 2024/25<br>Total<br>Remuneration |
|---------------------|--|----------------------------------|----------------------------------|
|                     |  | £                                | £                                |
| James Logue         | Leader of the Council  | 46,706                           | 48,395                           |
| Louise Roarty       | Depute Leader of the Council   | 34,368                           | 36,302                           |
| Kenneth Duffy       | Provost  | 35,027                           | 37,085                           |
| Bob Burgess         | Depute Provost   | 29,840                           | 29,681                           |
| Tracy Carragher     | Leader of the SNP Group  | 29,705                           | 29,675                           |
| Tom Fisher          | Business Manager   | 32,953                           | 32,847                           |
| Andrew Duffy-Lawson | Convener of Finance & Resources Committee (Until 19 <sup>th</sup> June 24)<br>Convener of Finance & Resources Committee (From 20 <sup>th</sup> June 24)    | -                                | 22,711                           |
| Martin McCulloch    | Convener of Adult Care and Social Work Committee   | 29,705                           | 29,675                           |
| Nicky Shevlin       | Convener of Planning Committee   | 29,705                           | 29,675                           |
| John McLaren        | Convener of Regulatory Committee   | 29,705                           | 29,675                           |
| Sophia Coyle        | Chair of the Licensing Board   | 29,705                           | 29,675                           |
| Kevin Docherty      | Convener of Local Review Body  | 29,705                           | 29,675                           |
| Michael McBride     | Convener of Education, Children & Families Committee (From 28 <sup>th</sup> March 24)  | 327                              | 32,902                           |
| Alex McVey          | Convener of Enterprise, Growth & Fair Work Committee   | 21,475                           | 29,675                           |
| Michael McPake      | Convener of Housing Committee  | 29,404                           | 32,795                           |
| Helen Loughran      | Convener of Environment & Climate Change Committee   | 32,047                           | 32,795                           |
| Alexander Watson    | Convener of Audit & Scrutiny Panel   | 29,705                           | 29,675                           |
| Kenneth Stevenson   | Convener of Communities Committee (Until 19 <sup>th</sup> June 24)   | 32,953                           | 7,723                            |
| Geraldine Woods     | Convener of Wellbeing and Tackling Poverty Committee (Until 19 <sup>th</sup> June 24)<br>Convener of Communities Committee (From 20 <sup>th</sup> June 24) | 29,705                           | 29,719                           |
| Chris Costello      | Convener of Wellbeing and Tackling Poverty Committee (From 20 <sup>th</sup> June 24)   | -                                | 22,711                           |
| James Reddin        | Depute Convener of Lanarkshire Joint Valuation Board   | 28,123                           | 29,675                           |
| <b>Total</b>        |  | <b>560,863</b>                   | <b>632,741</b>                   |

##### Note

1. Senior Councillor means a Leader of the Council, a Civic Head or a Senior Councillor, all as defined by regulation of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007(3).
2. The remuneration disclosed in the table above reflects actual amounts paid for service as Senior Councillors and does not include any remuneration which relates to previous or subsequent appointment with the Council.
3. The full-time equivalent salaries for 2024/25 were as follows: Leader £49,810, Depute Leader & Provost £37,360, Depute Provost £30,185, Business Manager, Convenor of Housing, Environment & Climate Change and Education, Children & Families Committees £33,322, Convenor of Audit & Scrutiny Panel £30,185, all other Senior Councillors £30,185 (£46,902, £35,177, £29,917, £33,179 and £29,917 for 23/24 respectively).
4. No Councillor received any remuneration from a subsidiary as a representative of the Council. The Council does not have any influence on remunerations awarded by subsidiaries.
5. The Joint Boards have an arrangement to reimburse the Council for the additional costs arising from a Councillor being a Convener, Vice-Convener or Depute Convener of the Board. The disclosures made in this report show the full value of the remuneration that was paid to the Councillor including amounts reimbursed to the Council by the Board for remuneration. The following Councillors served on Joint Boards during 2024/25:
  - Councillor J Reddin was the Depute Convener of the Lanarkshire Joint Valuation Board and the Council was reimbursed £4,007 for 2024/25 (£5,029 for 2023/24).

## Annual Accounts 2024/25

### Remuneration Report

#### b. Remuneration of Councillors

The Council paid the following Remuneration to all Councillors (including the Senior Councillors above) during the year.

| Type of Remuneration | 2023/24          | 2024/25          |
|----------------------|------------------|------------------|
|                      | £                | £                |
| Salaries             | 1,762,664        | 1,811,219        |
| Expenses             | 27,113           | 25,220           |
| <b>Total</b>         | <b>1,789,777</b> | <b>1,836,439</b> |

Note: The annual return of Councillors' Remuneration for 2024/25 is available for any member of the public to view on the Council's website at [www.northlanarkshire.gov.uk](http://www.northlanarkshire.gov.uk). Please follow the link on the Council's website as follows: [Councillor Remuneration 2024/25](#)

#### c. Remuneration of Council Senior Employees

| Name             | Post Title   | 2023/24            | 2024/25                       |   |                    |
|------------------|--|--------------------|-------------------------------|---|--------------------|
|                  |  | Total Remuneration | Salaries, fees and allowances | Compensation for loss of office           | Total Remuneration |
|                  |  | £                  | £                             | £   | £                  |
| Desmond Murray   | Chief Executive  | 193,136            | 201,400                       | -   | 201,400            |
| Andrew McPherson | Depute Chief Executive   | 85,801             | 155,908                       | -   | 155,908            |
| Elaine Kemp      | Chief Officer (Finance) (Section 95 Officer)                                   | 115,896            | 120,982                       | 30,580 plus annual compensation of 10,193 | 151,562            |
| Katrina Hassell  | Chief Officer (Business and Digital)   | 115,713            | 120,780                       | 152,824                                   | 273,604            |
| Fiona Whittaker  | Chief Officer (People Resources)   | 115,716            | 120,380                       | -   | 120,380            |
| Stephen Penman   | Chief Officer (Strategic Communication and Engagement)                         | 116,986            | 124,091                       | -   | 124,091            |
| Ross McGuffie    | Chief Officer (Health and Social Care) (Until 30 <sup>th</sup> September 2024) | 124,425            | 63,992                        | -   | 63,992             |
| Claire Rae       | Chief Officer (Health and Social Care) (From 1 <sup>st</sup> October 2024)     | -                  | 62,466                        | -   | 62,466             |
| Alison Gordon    | Chief Social Work Officer (Education Families Justice and Integrated Practice) | 114,469            | 120,380                       | -   | 120,380            |
| Archie Aitken    | Chief Officer (Legal and Democratic)   | 116,986            | 123,851                       | 18,976 plus annual compensation of 6,325  | 142,827            |
| Ken Adamson      | Chief Officer (Audit and Risk) (Until 5 <sup>th</sup> July 2024)               | 103,038            | 32,171                        | -   | 32,171             |
| Francis Scott    | Chief Officer (Audit and Risk) (From 9 <sup>th</sup> December 2024)            | -                  | 32,054                        | -   | 32,054             |
| <b>Total</b>     |  | <b>1,202,166</b>   | <b>1,278,455</b>              | <b>202,380</b>                            | <b>1,480,835</b>   |

- Total remuneration disclosed relates to salary, fees and allowances and compensation for loss of employment.
- The 2024/25 remuneration in the table above includes election payments: Desmond Murray £4,689 (2023/24 £438) Elaine Kemp £602 (2023/24 £180), Katrina Hassell £400 (2023/24 £0), Stephen Penman £3,711 (2023/24 £1,270), Archie Aitken £3,471 (2023/24 £1,270) and Ken Adamson £0 (2023/24 £350).
- Elaine Kemp, Katrina Hassell and Archie Aitken were employed until 11 April 2025, however as the amounts were agreed during 2024/25 and included in the council's expenditure and exit package disclosures the inclusion in the above disclosure was deemed to be appropriate to support overall transparency. The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for premature retirement. Elaine Kemp and Archie Aitken have been credited with an additional period of service.



## Annual Accounts 2024/25

### Remuneration Report

A person who has been granted a credited period of service is entitled to receive compensation in the form of a lump sum and annual compensation, both of which are included within the compensation for loss of employment. The disclosure includes all payments due.

#### d. Remuneration of Council's Subsidiary Bodies Senior Employees

| Name           | Post Title                       | 2023/24            | 2024/25                       |                                 |                    |
|----------------|----------------------------------|--------------------|-------------------------------|---------------------------------|--------------------|
|                |                                  | Total Remuneration | Salaries, fees and allowances | Compensation for loss of office | Total Remuneration |
|                |                                  | £                  | £                             | £                               | £                  |
| Murray Collins | Managing Director, Fusion Assets | 83,914             | 85,207                        | -                               | 85,207             |
| <b>Total</b>   |                                  | <b>83,914</b>      | <b>85,207</b>                 | <b>-</b>                        | <b>85,207</b>      |

1. Total remuneration disclosed relates to salary, fees and allowances and compensation for loss of employment.
2. The Council has no influence over the remuneration provided by subsidiaries.

#### 4. Pension Benefits

The term *pension benefits* covers in-year pension contributions for the employee or Councillor by the Council and the named person's accrued pension benefits at the reporting date.

All Senior Councillors and Senior Employees shown in tables a) and b) below are entitled to join the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2014.

For most people, for service up to 31 March 2009, the annual pension is calculated by dividing their final pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. Pensions payable are increased annually in line with changes in the Consumer Price Index (CPI). The lump sum, which is automatically paid when the person retires for service up to 31 March 2009, is three times their annual pension and is tax-free. There is no automatic lump sum for service after 31 March 2009.

From 1 April 2015, the LGPS moved to a career average pension scheme at a rate of 1/49th of the amount of pensionable pay received in the scheme that year.

A member's contribution depends on their full-time equivalent pay and is payable in the financial year ended 31 March 2025 at the rate on the following bands of pay:

| Band | Range                                       | Contribution Rate |
|------|---|-------------------|
| 1    | On earnings up to and including £27,000     | 5.50%             |
| 2    | On earnings above £27,001 and up to £33,000 | 7.25%             |
| 3    | On earnings above £33,001 and up to £45,300 | 8.50%             |
| 4    | On earnings above £45,301 and up to £60,400 | 9.50%             |
| 5    | On earnings above £60,401                   | 12.00%            |

The pension entitlements for Senior Councillors, Senior Employees of the Council and Subsidiary Bodies for the year to 31 March 2025 are shown in the tables below, together with the contribution made by the Council or the Subsidiary Body during the year.

## Annual Accounts 2024/25

### Remuneration Report

#### a. Pension Benefits of Senior Councillors

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

| Councillor Name     | In-year pension contributions   |                                 | Accrued pension benefits  |                     |                           |
|---------------------|---------------------------------|---------------------------------|---------------------------|---------------------|---------------------------|
|                     | For year to<br>31 March<br>2024 | For year to<br>31 March<br>2025 | As at<br>31 March<br>2024 | Movement<br>In Year | As at<br>31 March<br>2025 |
|                     | £                               | £                               | £000                      | £000                | £000                      |
| James Logue         | 9,032                           | 3,342                           | Pension 15                | 1                   | 16                        |
|                     |                                 |                                 | Lump Sum 4                | (1)                 | 3                         |
| Louise Roarty       | 5,749                           | 2,508                           | Pension 1                 | -                   | 1                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Kenneth Duffy       | 6,825                           | 2,508                           | Pension 4                 | 1                   | 5                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Tracy Carragher     | 5,749                           | 2,051                           | Pension 3                 | 1                   | 4                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Tom Fisher          | 6,377                           | 2,271                           | Pension 4                 | 1                   | 5                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Andrew Duffy-Lawson | -                               | 1,881                           | Pension -                 | 1                   | 1                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Martin McCulloch    | 5,749                           | 2,051                           | Pension 4                 | (1)                 | 3                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Nicky Shevlin       | 5,749                           | 2,051                           | Pension 9                 | 1                   | 10                        |
|                     |                                 |                                 | Lump Sum 2                | -                   | 2                         |
| John McLaren        | 5,749                           | 2,051                           | Pension 7                 | 1                   | 8                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Sophia Coyle        | 5,749                           | 2,051                           | Pension 8                 | -                   | 8                         |
|                     |                                 |                                 | Lump Sum 2                | -                   | 2                         |
| Kevin Docherty      | 5,749                           | 2,051                           | Pension 5                 | 1                   | 6                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Michael McBride     | 3,871                           | 2,288                           | Pension 1                 | 1                   | 2                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Alex McVey          | 5,376                           | 2,051                           | Pension 4                 | 1                   | 5                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Michael McPake      | 5,876                           | 2,267                           | Pension 7                 | 1                   | 8                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Helen Loughran      | 6,249                           | 2,267                           | Pension 2                 | 1                   | 3                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Alexander Watson    | 5,749                           | 2,051                           | Pension 4                 | -                   | 4                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Kenneth Stevenson   | 6,377                           | 759                             | Pension 4                 | -                   | 4                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Geraldine Woods     | 5,749                           | 2,054                           | Pension 3                 | -                   | 3                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| Chris Costello      | -                               | 1,881                           | Pension -                 | 1                   | 1                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| James Reddin        | 5,527                           | 2,051                           | Pension 3                 | 1                   | 4                         |
|                     |                                 |                                 | Lump Sum -                | -                   | -                         |
| <b>Total</b>        | <b>107,251</b>                  | <b>42,485</b>                   | <b>96</b>                 | <b>12</b>           | <b>108</b>                |

## Annual Accounts 2024/25

### Remuneration Report

#### b. Pension Benefits of Council Senior Employees

| Name   | In-year pension contributions   |                                 | Accrued pension benefits  |                     |                           |
|--|---------------------------------|---------------------------------|---------------------------|---------------------|---------------------------|
|  | For year to<br>31 March<br>2024 | For year to<br>31 March<br>2025 | As at<br>31 March<br>2024 | Movement<br>in Year | As at<br>31 March<br>2025 |
|  | £                               | £                               | £000                      | £000                | £000                      |
| Desmond Murray   | 36,838                          | 13,505                          | Pension 73                | 8                   | 81                        |
|  |                                 |                                 | Lump Sum 69               | 2                   | 71                        |
| Andrew McPherson                                       | 25,922                          | 9,857                           | Pension 63                | 7                   | 70                        |
|  |                                 |                                 | Lump Sum 86               | 4                   | 90                        |
| Elaine Kemp  | 21,986                          | 8,076                           | Pension 48                | 7                   | 55                        |
|  |                                 |                                 | Lump Sum 60               | 3                   | 63                        |
| Katrina Hassell  | 21,986                          | 8,076                           | Pension 59                | 7                   | 66                        |
|  |                                 |                                 | Lump Sum 92               | 5                   | 97                        |
| Fiona Whittaker  | 21,986                          | 8,076                           | Pension 14                | 4                   | 18                        |
|  |                                 |                                 | Lump Sum -                | -                   | -                         |
| Stephen Penman   | 21,986                          | 8,076                           | Pension 31                | 4                   | 35                        |
|  |                                 |                                 | Lump Sum -                | -                   | -                         |
| Ross McGuffie (Until<br>30 <sup>th</sup> September 24) | 23,640                          | 4,311                           | Pension 16                | 3                   | 19                        |
|  |                                 |                                 | Lump Sum -                | -                   | -                         |
| Claire Rae (From 1 <sup>st</sup><br>October 24)        | -                               | 4,060                           | Pension -                 | 1                   | 1                         |
|  |                                 |                                 | Lump Sum -                | -                   | -                         |
| Alison Gordon  | 22,901                          | 8,076                           | Pension 41                | 5                   | 46                        |
|  |                                 |                                 | Lump Sum 31               | 2                   | 33                        |
| Archie Aitken  | 21,986                          | 8,076                           | Pension 56                | 6                   | 62                        |
|  |                                 |                                 | Lump Sum 75               | 4                   | 79                        |
| Ken Adamson (Until<br>5 <sup>th</sup> July 24)         | 19,513                          | 1,998                           | Pension 48                | (2)                 | 46                        |
|  |                                 |                                 | Lump Sum 69               | -                   | 69                        |
| Francis Scott (From<br>9 <sup>th</sup> December 24)    | -                               | 2,084                           | Pension -                 | 1                   | 1                         |
|  |                                 |                                 | Lump Sum -                | -                   | -                         |
| <b>Total</b>   | <b>238,744</b>                  | <b>84,271</b>                   | <b>931</b>                | <b>71</b>           | <b>1,002</b>              |

1. Prior year pension contributions are included for all Senior Officers which include prior appointments.
2. The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 make provision for authorities to make discretionary payments to local government employees to pay compensation for premature retirement.

#### c. Pension Benefits of Council's Subsidiary Bodies Senior Employees

| Name           | In-year pension contributions   |                                 | Accrued pension benefits  |                     |                           |
|----------------|---------------------------------|---------------------------------|---------------------------|---------------------|---------------------------|
|                | For year to<br>31 March<br>2024 | For year to<br>31 March<br>2025 | As at<br>31 March<br>2024 | Movement<br>in Year | As at<br>31 March<br>2025 |
|                | £                               | £                               | £000                      | £000                | £000                      |
| Murray Collins | 27,117                          | 28,057                          | Pension -                 | -                   | -                         |
|                |                                 |                                 | Lump Sum -                | -                   | -                         |
| <b>Total</b>   | <b>27,117</b>                   | <b>28,057</b>                   | <b>-</b>                  | <b>-</b>            | <b>-</b>                  |

#### 5. Exit Packages

North Lanarkshire Council terminated the contracts of a number of employees in 2023/24 and 2024/25 as part of a series of workforce change exercises which gave rise to voluntary severance agreements.

Exit package costs in the tables below have been allocated across the following four areas:

- Redundancy Lump Sums, representing the amount that North Lanarkshire Council pays to the individual in a one-off lump sum in accordance with the Council's severance policy and Payments In-lieu of Notice, representing the amount that North Lanarkshire Council pays to an individual for a period of notice that the individual is not required to work.
- Compensated Added Years (CAY) Lump Sum, representing the amount that North Lanarkshire Council pays to the individual in a one-off lump sum, according to the CAY awarded.
- Strain Costs, representing the amount which North Lanarkshire Council is required to pay to the pension fund because the employee has retired before the assumed retirement age which would result in a shortfall in contributions up to the assumed retirement age.

## Annual Accounts 2024/25

### Remuneration Report

- An estimate of the total exit package costs that may potentially be incurred by North Lanarkshire Council up until the age at which the relevant employees are assumed to cease being members of the pension scheme as required by the Local Authority Accounts (Scotland) Regulations 2014:

#### Exit Packages 2024/25

| Banding           | Employees  | Redundancy Lump Sums | CAY Lump Sums | Strain Costs | Estimated CAY Liabilities | Total Exit Package Costs |
|-------------------|------------|----------------------|---------------|--------------|---------------------------|--------------------------|
|                   | No.        | £000                 | £000          | £000         | £000                      | £000                     |
| £0-£20,000        | 34         | 269                  | -             | 14           | -                         | 283                      |
| £20,001-£40,000   | 36         | 860                  | -             | 254          | -                         | 1,114                    |
| £40,001-£60,000   | 17         | 505                  | 3             | 302          | 22                        | 832                      |
| £60,001-£80,000   | 16         | 571                  | 9             | 431          | 62                        | 1,073                    |
| £80,001-£100,000  | 7          | 192                  | 12            | 319          | 82                        | 605                      |
| £100,001-£150,000 | 7          | 243                  | 12            | 463          | 183                       | 901                      |
| £150,001-£200,000 | 9          | 279                  | 52            | 771          | 448                       | 1,550                    |
| £200,001-£250,000 | 3          | 86                   | 28            | 396          | 199                       | 709                      |
| £250,001-£300,000 | 3          | 170                  | 31            | 419          | 221                       | 841                      |
| £400,001-£450,000 | 1          | 153                  | -             | 266          | -                         | 419                      |
| £550,001-£600,000 | 1          | -                    | 31            | 319          | 212                       | 562                      |
|                   | <b>134</b> | <b>3,328</b>         | <b>178</b>    | <b>3,954</b> | <b>1,429</b>              | <b>8,889</b>             |

#### Comparative Exit Packages 2023/24

| Banding           | Employees  | Redundancy Lump Sums | CAY Lump Sums | Strain Costs | Estimated CAY Liabilities | Total Exit Package Costs |
|-------------------|------------|----------------------|---------------|--------------|---------------------------|--------------------------|
|                   | No.        | £000                 | £000          | £000         | £000                      | £000                     |
| £0-£20,000        | 46         | 573                  | -             | 4            | -                         | 577                      |
| £20,001-£40,000   | 72         | 1,938                | -             | 149          | -                         | 2,087                    |
| £40,001-£60,000   | 37         | 1,429                | -             | 306          | -                         | 1,735                    |
| £60,001-£80,000   | 20         | 739                  | 13            | 530          | 102                       | 1,384                    |
| £80,001-£100,000  | 22         | 576                  | 38            | 976          | 391                       | 1,981                    |
| £100,001-£150,000 | 38         | 1,061                | 129           | 2,175        | 1,298                     | 4,663                    |
| £150,001-£200,000 | 20         | 564                  | 74            | 1,711        | 1,059                     | 3,408                    |
| £200,001-£250,000 | 6          | 107                  | 35            | 643          | 560                       | 1,345                    |
| £250,001-£300,000 | 1          | 30                   | 12            | 136          | 104                       | 282                      |
|                   | <b>262</b> | <b>7,017</b>         | <b>301</b>    | <b>6,630</b> | <b>3,514</b>              | <b>17,462</b>            |

*Des Murray*

**Des Murray**  
Chief Executive  
25 September 2025

*James Logue*

**Councillor James Logue**  
Council Leader  
25 September 2025

## **Annual Accounts 2024/25**

### **Statement of Responsibilities**

#### **The Authority's Responsibilities**

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Chief Officer (Finance and Technology) has been designated as that officer within North Lanarkshire Council
- 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

Signed on behalf of North Lanarkshire Council



**Councillor James Logue**

**Council Leader**

25 September 2025

#### **The Chief Officer (Finance and Technology) Responsibilities**

The Chief Officer (Finance and Technology) is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts the Chief Officer (Finance and Technology) has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with legislation
- complied with the Code of Practice on Local Authority Accounting in the United Kingdom (in so far as it is compatible with legislation)

The Chief Officer (Finance and Technology) has also:

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

#### **Statement of Accounts**

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



**Greg Telfer, CPFA**

**Chief Officer (Finance and Technology)**

25 September 2025

# Annual Accounts 2024/25

## Annual Governance Statement

### 1. Purpose.

1.1 The council is required to produce an Annual Governance Statement in line with the Local Authority Accounts (Scotland) Regulations 2014:

- Regulation 5(2) requires an authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control.
- Regulation 5(3) states that the findings from the review at 5(2) *“must be considered at a meeting either of the local authority or of a committee of the local authority whose remit includes audit or governance functions”*.
- Regulation 5(4) requires that for a local authority in Scotland the statement is an annual governance statement.
- Regulation 5(5) states that the annual governance statement must be signed by the Chief Executive and Leader of the Council.

1.2 The Annual Governance Statement is required to outline the council’s governance arrangements for the last financial year and demonstrate how the council complies with the principles of good governance. The principles of good governance in the public sector are defined by the International Framework: Good Governance in the Public Sector which was jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC). The International Framework offers the definition that:

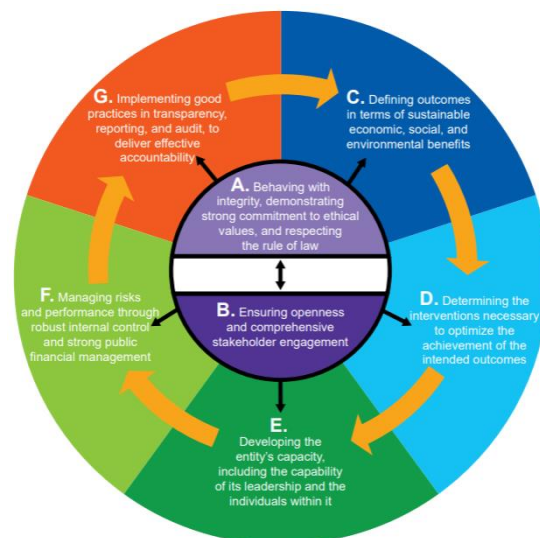
*“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”*

1.3 The fundamental function of good governance is to ensure that governing bodies (and individuals working for public sector entities) achieve their intended outcomes while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders, and requires:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.

In addition to the overarching requirements for acting in the public interest (as noted in principles A. and B. above), achieving good governance also requires effective arrangements for:

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good principles in transparency, reporting, and audit, to deliver effective accountability.



1.4 The principles in the International Framework have been interpreted for the local government environment. This is set out in the Delivering Good Governance in Local Government: Framework (2016) and accompanying Guidance Notes for Scottish Local Authorities (2016) which was published by CIPFA in association with the Society of Local Authority Chief Executives (SOLACE):

- The Delivering Good Governance in Local Government: Framework details the 7 principles within the International Framework along with a set of 21 supporting sub-principles and 91 examples of behaviours and actions which CIPFA consider demonstrate good governance.

1.5 In practice, governance comprises the combination of structures, strategies, policies, plans, frameworks, systems, processes, rules, codes, procedures, cultures, and values that are used to direct, control, and manage a local authority’s operations and activities. This includes political, economic, social, environmental, legal, and administrative structures and processes, and other arrangements, as

## Annual Accounts 2024/25

### Annual Governance Statement

encapsulated in the principles defined in the Delivering Good Governance in Local Government: Framework. These define roles and responsibilities and accountabilities and establish mechanisms to enable a local authority to pursue its vision effectively and ensure that the vision is underpinned with control and the management of risk. The list of items referred to in this paragraph are hereinafter referred to as elements and mechanisms. Through these elements and mechanisms the overall aim is for the council to ensure:

- Resources are directed in accordance with agreed policy and according to priorities, and in line with corporate project management procedures.
- There is sound and inclusive decision making.
- There is clear accountability for the use of those resources in achieving defined outcomes for service users and local communities.

1.6 The purpose of the Annual Governance Statement is therefore to report publicly on the extent to which the council's arrangements are consistent with the principles in the Delivering Good Governance in Local Government: Framework. This includes how the effectiveness of the governance arrangements have been monitored and evaluated over the previous year, and any planned changes for the year ahead.

1.7 The Annual Governance Statement in this document therefore comprises the following sections:

- Section 2: Scope of responsibility - to ensure that there is a sound system of governance in place.
- Section 3: The local context - which takes into account the economic, societal and environmental aspects within which the council operates, and the improvements made in this respect to drive forward achievement of the organisation's strategic objectives.
- Section 4: Annual review - to assess the effectiveness of the council's governance arrangements and system of internal control through evidence gathered from 11 sources of assurance that incorporate improvements from current and previous years issues.
- Section 5: Certification of assurance - on the level of assurance that the governance arrangements provide.

## **2. Scope of responsibility - to ensure that there is a sound system of governance in place.**

2.1 North Lanarkshire Council is committed to ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

2.2 As such, the council has adopted the principles and requirements of the Delivering Good Governance in Local Government: Framework (2016) and accompanying Guidance Notes for Scottish Local Authorities (2016) in order to ensure its governance arrangements remain sound and the highest standards continue to be met.

2.3 The council is required, in line with the Delivering Good Governance in Local Government: Framework, to test its governance arrangements (local code) against these principles by:

- Maintaining an up-to-date local code of governance that takes into account the environment within which it operates and includes arrangements for ensuring ongoing effectiveness.
- Reviewing existing governance arrangements once a year to ensure that the local code operates effectively in practice.
- Reporting publicly on compliance on an annual basis, including how the governance arrangements have been monitored for effectiveness in the year and identifying planned changes.

2.4 As such, the council has:

- a) Set out its local code of governance in the Strategic Governance Framework. The Strategic Governance Framework was initially approved by the Audit and Scrutiny Panel in February 2020 and has been subject to a review and refresh process annually thereafter. The Strategic Governance Framework sets out the elements and mechanisms which form the council's local code of governance, and which demonstrate North Lanarkshire Council's commitment to the principles of good governance.

## Annual Accounts 2024/25

### Annual Governance Statement

- b) A well-established assessment process which reviews the council's governance arrangements and systems of internal controls on an annual basis. This assessment - which provides evidence that informs the Annual Governance Statement - aims to:
    - Ensure the council can demonstrate ongoing compliance with the principles in the Delivering Good Governance in Local Government: Framework and that the governance arrangements operate effectively in practice.
    - Identify any improvement actions and/or future planned developments required in relation to the council's key governance arrangements and continuous improvement activity.
  - c) A well-established annual process that enables Chief Officers and Elected Members to discharge their duties through their specific responsibilities for determining and implementing the council's governance arrangements, ensuring the local code (the Strategic Governance Framework) is reviewed and assessed on an annual basis, identifying any improvement actions and/or future planned developments required in relation to key governance arrangements to ensure continuous improvement, and ensuring that the outputs from the annual assessment are reported publicly (to the Audit and Scrutiny Panel and through the council's [website](#)).
- 2.5 The council also has a duty under the Local Government in Scotland Act 2003 to demonstrate Best Value by securing continuous improvement in performance. Good governance is central to meeting Best Value obligations as effective governance and accountability arrangements, with openness and transparency in decision-making, schemes of delegation, and effective reporting of performance essential for taking informed decisions and ensuring effective scrutiny of performance and stewardship of resources.
- 2.6 As the council has a controlling interest in a number of companies and a minority interest in joint ventures, the Code of Practice on Local Authority Accounting requires (where significant) the summary Group Accounts to be included within the Annual Accounts, showing the financial position of the council and its subsidiaries plus the investments in associates and interests in joint ventures as a single economic entity. As such, the Annual Governance Statement also covers the organisations consolidated in the council's Group Accounts.
- 3. The local context - which takes into account the economic, societal, and environmental aspects within which the council operates and the improvements in this respect to drive forward achievement of the organisation's strategic objectives.**
- 3.1 [The Plan for North Lanarkshire](#) was established in 2019 with a very clear vision - inclusive growth and prosperity for all - to bring equal benefits and a fairer distribution of wealth to all North Lanarkshire's people and communities.
- Founded on a place-based ambition, The Plan for North Lanarkshire has at its core an ambition to transform the physical environment of North Lanarkshire in a way that recognises the intrinsic value - and economic, social, and health benefits - gained in doing so.
  - This ambition recognises that implementing a place-based approach originates from the need to address spatial concentrations of disadvantage which, in recent years, have become further exacerbated by a growing complexity of problems being presented in terms of economical, health, and social issues. As such, a place-based approach aims to target an entire community and tackle issues that exist at the neighbourhood level (such as employment, education, skills, economic stability, housing, and health), and address fragmented service provision that leads to gaps or duplication of effort.
  - Investing in a place-based approach and focusing on the physical environment of local communities, and on better integrated and more accessible service systems therein, underpins the holistic approach (that crosses public sectors and service silos) being delivered through the Programme of Work. This approach aims to make The Plan for North Lanarkshire real for people, and North Lanarkshire a place which individuals can identify with - a place to live, learn, work, invest, and visit.
- 3.2 Prior to The Plan for North Lanarkshire being formally established in 2019, the shared ambition for inclusive growth and prosperity was set out in a [report](#) approved at committee in September 2018. This shared ambition was based on evidence through an original dataset which later evolved into the 28 health check indicators. This report outlined the future direction for North Lanarkshire to be a place where everyone is given equality of opportunity and where individuals are supported, encouraged, and cared for at each key stage of their life. The Plan for North Lanarkshire is deliberately one plan for one place as partners from the North Lanarkshire Community Planning Partnership endorsed this approach from the outset and signed up to the shared ambition therein for the North Lanarkshire area.



## Annual Accounts 2024/25

### Annual Governance Statement

- When The Plan for North Lanarkshire was established, the area's demographic, social, and economic profile at the time showed a positive picture in terms of economic growth, inward investment, employment, and educational attainment, but still unacceptably high levels of deprivation and child poverty and clear areas of inequity and inequality. This meant that not all North Lanarkshire's people were sharing equally in the improving picture, and there was an element of social exclusion across some towns and communities.
- Since The Plan for North Lanarkshire was established, the 28 health check indicators have continued to provide a robust, consistent, and independent way of collectively providing the context for North Lanarkshire as a place as well as assessing change over time. The most [recent results](#), reviewed by the Policy and Strategy Committee in March 2025, indicate that 50% of the indicators show improvement over the period of The Plan for North Lanarkshire.
- In 2023, the trends in the 28 health check indicators (which showed that challenges remain) were key to reframing a new five-year Programme of Work (and its fifth iteration). This was considered crucial to ensure a heightened and more strategic focus on not only sustaining the economic and community aspects, but also on ensuring a more targeted approach to improving social conditions and outcomes.
- The health check indicators have continued to play a key role in the council's approach to strategic planning and informing delivery of the Programme of Work to 2028 to ensure that the stubborn scale of deprivation in areas that are hardest to reach is targeted through policy developments that are focused on tackling unstable trends. This is a critical aspect to assessing impact and ensuring the success of the place-based ambition of The Plan for North Lanarkshire, as both place-based regeneration and person-based policies need to cross policy sectors and be developed and implemented in tandem - as well as integrated with wider investment and poverty reduction strategies - if transformational change is to truly make a difference. As such, a mid-term review of the five-year Programme of Work is underway that is informed by the latest results for the 28 health check indicators as well as supplementary evidence and context. A broad [overview of this review](#) is set out in a report to the Policy and Strategy Committee in March 2025.

3.3 As the Programme of Work is the delivery vehicle that is making The Plan for North Lanarkshire real, it has been instrumental since its implementation in 2019 in stabilising the strategic direction of the council (including work in partnership) in the face of a fast paced, rapidly changing, and relentlessly uncertain future local government environment, while allowing for appropriate flexibility in the operational delivery of many complex inter-connected programmes, projects, activities, and plans to ensure a dedicated focus on transformational change that improves the lives of local people.

- The [five-year Programme of Work to 2028](#) approved in March 2023 was followed by a supporting [single integrated one council Delivery Plan](#) reported to the Policy and Strategy Committee in March 2024. This is underpinned by a governance framework which sets out, inter alia, roles and responsibilities, alignment across other corporate processes, and the corresponding monitoring, reporting, risk management, internal controls, and quality assurance arrangements.
- Programme of Work achievements to date (reported to the Policy and Strategy Committee in March each year) highlight developments that are key to creating the economic, social, and community conditions that will enable local people and communities (and the place that is North Lanarkshire) to thrive. These focus on the investment made to establish the solid foundations required to support the place-based ambition and show how the one place one plan one council approach and ongoing leadership and commitment to the Programme of Work are making a difference. Recent highlights, [reported in March 2025](#), include the following:
  - Good progress being made in terms of five new community hubs being built at various sites across North Lanarkshire.
  - The 65<sup>th</sup> new supply development starting on site to deliver more new homes for social rent and increase the new supply programme to further support the regeneration of local communities and town centres, create jobs, and boost the local economy.
  - The 800<sup>th</sup> property purchased under the open market purchase scheme to increase the supply of affordable homes for rent, address housing needs, and support the regeneration of local communities.
  - Creating 17.2 km of active travel routes to help establish a network of safe, accessible walking / wheeling / cycling routes to help people access employment, education, and leisure opportunities, improve health and well-being, and reduce carbon emissions.
  - Developing a new heritage and countryside trail, designed to showcase North Lanarkshire's rich history through engaging stories and interactive experiences. Set across 10 locations, this has been developed to attract tourists and locals to explore the area as well as promote active lifestyles and health and wellbeing.

## Annual Accounts 2024/25

### Annual Governance Statement

- Conducting the first trials of new materials designed to reduce carbon in the roads industry through a partnership with Transport for West Midlands, Amey, and Colas, as part of ADEPT Live Labs 2 (a three-year UK-wide programme funded by the Department for Transport aimed at decarbonising the local road network).
- Establishing the Invest Here website ( <https://www.investinnorthlanarkshire.co.uk/> ) to capitalise on North Lanarkshire's position at the heart of Scotland with excellent transport links to support inward investment and show the range of opportunities available to support new businesses and key industry sectors to plant roots, grow, and support the local economy. This is supported by the new Invest in North Lanarkshire advisory service to provide bespoke advice to help streamline and accelerate the statutory consent process for developers.
- Being the first council in Scotland to achieve the Breastfeeding Friendly Scotland Local Authority Award at the gold standard.
- Delivering a range of technological developments to further support connectivity and digital inclusion across North Lanarkshire, including a chat bot functionality on the council's website to enable residents to receive automated responses or chat to an advisor, extension of public wi-fi, three more immersive experience facilities, expansion of the inter-generational project that encourages older residents to use technology to enrich their lives and support social inclusion through one-to-one training with young people from local schools, smart lighting and Internet of Things pilots deployed to Palacerigg and Strathclyde Country Parks, and more processes / services becoming available for public interaction through the council website.
- Various public and stakeholder feedback events on many significant local developments to allow residents to provide their views and shape the next steps, including in relation to Cumbernauld Town Centre, the Local Transport Strategy, the Local Development Plan, East Airdrie Link Road, new digital zones, and the Rediscovering Airdrie project.
- Further developing the use of the three new hubs already built and in operation over the period of The Plan for North Lanarkshire. These hubs are now seeing delivery of integrated and inclusive whole family support accessible at the heart of local communities. Activities being delivered from hubs also includes partnership working in relation to employment pathways, community learning and development, and health improvement.
- Growing the council tax income base by adding 4,853 housing properties over the duration of The Plan for North Lanarkshire, with 346 properties to the non-domestic rates income base over the same period.
- Achieving a successful Best Value audit for the second year as part of the national approach. The 2024 audit focussed on workforce innovation and recognised that the council's workforce planning approach is integrated with The Plan for North Lanarkshire, has a focus on developing the workforce of the wider North Lanarkshire area, and is supported by robust service workforce plans. The audit also noted that the council is proactive in developing its workforce as well as that of the wider North Lanarkshire area and works across a range of partnerships to deliver services for communities.
- Delivering many community benefits which have been derived through Programme of Work activities - such as providing jobs and training through the new supply programme, creating opportunities for local businesses and supply chains through large scale regeneration programmes, targeted training and recruitment for pupils with additional support needs, and summer placement programmes for young people about to leave school. Financial benefits have also been gained, such as donations from various groups to build beds for disabled plot holders and to work with young people living in deprived areas, with non-financial support received from contractors in relation to donating training, time, and excess materials for local projects.

3.4 These achievements are further supported by the council's commitment made in 2022 - for itself and the area of North Lanarkshire - in respect of achieving net zero through the Action on Climate Together Plan. This aims to further support delivery of the place-based ambition and an update in this respect was [reported](#) to the Environment and Climate Change Committee in February 2025. This also highlights some of the council's climate activity and actions which contribute to reducing North Lanarkshire's emissions as well as encouraging more sustainable practices within the area, and provides an update on the implementation of the national adaptation plan.

3.5 The transformation of North Lanarkshire to date has been able to be realised through decisions made by the council's committees that have been unwavering in their support to not just deliver the Programme of Work, but to ensure it is delivered with a greater focus on scale and purpose that escalates positive changes in a way that improves the lives of the people and communities of North Lanarkshire.

3.6 These decisions have been consistently underpinned by various Policy and Strategy Committee

## Annual Accounts 2024/25

### Annual Governance Statement

approvals, for example of the Medium-Term Financial Plan 2025/26 to 2029/30, the Strategic Capital Investment Programme for 2024/25 to 2028/29 (bolstered by the Community Investment Fund), and the One Workforce Plan. This supports the one place, one plan, one council approach to the transformation of North Lanarkshire for progress that is made at pace and scale in order to improve the lives of local people through activities that are underpinned by sound financial management, risk management, and corporate governance controls to ensure the council remains financially sustainable.

- Six monthly Programme of Work progress reports have continued to support the role of the Policy and Strategy Committee in maintaining their strategic oversight role of the overall Programme of Work to 2028 (in line with the [Scheme of Administration](#)). This role relates to the “*development, co-ordination, and monitoring of The Plan for North Lanarkshire*” and to keeping under review such “*programmes as the Committee considers necessary to achieve the council’s long-term aims and objectives*”.

3.7 Sitting alongside the Programme of Work - as a key aspect of the council’s strategic planning framework - is the Strategic Policy Framework. This specifies the hierarchy of strategies, policies, and plans which underpin delivery of the vision set out in The Plan for North Lanarkshire and ensures that strategy and policy remain connected to delivery in order to collectively facilitate a co-ordinated approach to identifying the resources and working practices needed to support delivery of the long-term vision. Through a structured approach, the Strategic Policy Framework aims to ensure that strategies, policies, and plans are formulated, developed, implemented, monitored, and reviewed in a consistent and transparent manner across the council.

- The latest [Strategic Policy Framework](#) was approved by the Policy and Strategy Committee in March 2024. The supporting review programme ensures each of the strategies, policies, and plans are up to date, reviewed and updated at an appropriate interval, and reported to the relevant committee. A guidance document supports the development and monitoring processes for strategies, policies, and plans, and ensures ongoing openness and engagement through stakeholder consultation.
- An improvement implemented during 2024/25 was a lite touch assessment of all strategies, policies, and plans updated during the year to ascertain compliance with the Strategic Policy Framework guidance. The outputs from this assessment were reported in the [annual position statement update](#) to the Audit and Scrutiny Panel in October 2024. This also supported implementation of the improvement action previously identified by Audit Scotland in their Best Value thematic work which stated that “*the council should look to improve its existing processes for engaging Elected Members on the overall strategic planning process*”.

3.8 Key to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work (while ensuring each stage of delivery towards achieving the overall vision is appropriately aligned, planned, guided, implemented, monitored, and governed) are six inter-related corporate frameworks that aim to maintain a corporate one council approach across the organisation:

- Strategic Policy Framework
- Strategic Governance Framework
- Strategic Performance Framework
- Strategic Self-Evaluation Framework
- Project Management Framework
- Framework for Demonstrating Improved Outcomes for Communities

3.9 To ensure these frameworks remain aligned to The Plan for North Lanarkshire and Programme of Work, all are on a regular review and refresh programme. This also helps the council to ensure it is proactive in responding to social, economic, and environmental trends and changes in legislation and governance, as well as the broad range of national policy changes and new developments. Updates in respect of these frameworks are captured in the Strategic Governance Framework review programme each year and a summary is provided below.

#### *Strategic Self-Evaluation Framework*

- Aligned to the seven themes in the national Best Value guidance, the council’s Strategic Self-Evaluation Framework is supported by a rolling review programme. This Framework provides a regular mechanism to assess the council’s functions and activities and identify areas for improvement through a single strategy for improvement that (a) is in line with the Best Value duty to secure continuous improvement, and (b) ensures self-evaluation is undertaken within the context of fulfilling the vision set out in The Plan for North Lanarkshire.
- The update to the Strategic Self-Evaluation Framework in October 2022 introduced a corporate

## Annual Accounts 2024/25

### Annual Governance Statement

approach to Options Appraisal. While the use of options appraisal was already widespread across the council, the approach was formalised to ensure that the outcomes from such exercises continue to provide assurances that service provision is efficient and effective and represent value for money, and that decisions made remain consistent with the strategic direction for the council, as set out in The Plan for North Lanarkshire.

- Minor changes to the latest update to the [Strategic Self-Evaluation Framework](#) in February 2024 ensured ongoing alignment with the national approach to auditing Best Value through thematic audit work, as well as ongoing compliance with Best Value guidance in terms of the importance of the council continuing to use self-evaluation to identify areas for improvement.
- Since the Strategic Self-Evaluation Framework and rolling review programme was formally established (and approved by the Audit and Scrutiny Panel), ten self-evaluation exercises have been undertaken. A summary of each exercise has been included in previous year's Annual Governance Statements and an annual monitoring process is in place to capture the status of implementing the improvement actions arising from each self-evaluation exercise:
  - The ten self-evaluation exercises resulted in areas for improvement being identified and captured in supporting improvement plans. In general, these aimed to further strengthen existing arrangements, rather than address any significant issue in terms of effectiveness.
  - Implementation of the improvement actions arising from the 2023 self-evaluation of the Audit and Scrutiny Panel ([reported](#) to the Panel in September 2023), and how effectively it was discharging its role, were completed during 2024/25. A follow up self-evaluation is scheduled to be undertaken during 2025/26.
  - The remaining improvement actions from the Data Governance Board self-evaluation undertaken in 2021 were integrated within the [senior information risk owner annual performance and assurance process](#) for which the latest update was reported to the Finance and Resources Committee in February 2025.
  - A self-evaluation was undertaken in early 2025 in relation to the council's compliance with the CIPFA Financial Management (FM) Code; this followed on from the initial evaluation undertaken in 2022. The 2025 self-evaluation concluded that the council's financial management practices comply with all aspects of the CIPFA FM Code with an average overall rating of 99.6% from the assessment team in terms of *strongly agreeing* or *agreeing* the extent of compliance across all the 17 financial management standards. This is an improvement from 98% in the initial assessment in 2022. There were no *disagree* or *strongly disagree* assessments assigned by the assessment team in the 2025 survey - this is an improvement from 2% *disagreeing* in the initial assessment in 2022. This suggests the assessment team considered there were no areas where the council did not comply across all 17 financial management standards in the 2025 self-evaluation and was supported by the accompanying qualitative feedback from the assessment team. The corresponding discussions in the consensus session focused on areas where the assessment team considered the council could improve / further strengthen existing arrangements, rather than a need to address any significant issue in relation to non-compliance. As such, an improvement plan is in place focussing on strengthening existing arrangements around three of the CIPFA FM Code principles.

#### *Project Management Framework*

- A review and refresh of the council's project management model in 2022 was supported by a self-evaluation exercise. This was required to ensure the council's arrangements remained fit for purpose and able to effectively support delivery of The Plan for North Lanarkshire, and followed recommendations arising from Internal Audit reports on managing strategic change and the governance of capital projects. The review was also considered necessary in light of the changes in the council's operating environment since the implementation of the model in 2018. These changes had led to a rapid evolution of programmes and projects across the council, as well as increasing complexities in the delivery of many of these, and a growing need for good governance and good project management to set up and deliver a wider range of projects at pace and scale, and ensure these are well-directed, delivered to time, cost, and quality targets, and provide the expected benefits and improved local outcomes.
- Following a successful pilot, Project Management training was rolled out across the organisation from February 2023 and has continued into 2024/25. This comprises a programme of half and full day training sessions for which Chief Officers identified the employees who had to undergo the training. Feedback from these sessions was very positive and a refresher programme has been developed and rolled out for 2025/26.
- During 2024, the Project Management Framework was subject to a light touch review to ensure it continued to remain fit for purpose. This refresh took account of key feedback arising from the aforementioned training programme, reiterated the requirement to undertake a post project evaluation, incorporated the gateway check process from the Invest in North Lanarkshire Programme



## Annual Accounts 2024/25

### Annual Governance Statement

of Work, reiterated the importance of Data Protection Impact Assessments (DPIAs) being given due consideration at the beginning of a project, and raised awareness that project management and change management need to complement each other and work in tandem to support delivery of the Programme of Work to 2028.

- Quality assurance arrangements have been established and aligned to the governance supporting the Programme of Work to 2028 to ensure the council can (a) demonstrate compliance with the Project Management Framework, and (b) monitor delivery of projects and activities supporting the Programme of Work in line with the dimensions within which a project requires to be delivered, i.e. scope, quality, time, cost, resources, risk, and completed status. Quality Assurance results are subject to regular audits by Internal Audit and also to review and strategic oversight by the Audit and Scrutiny Panel (in [February 2024](#) and [February 2025](#)).

#### *Strategic Performance Framework*

- The Strategic Performance Framework is supported by a Performance Reporting Schedule which sets out the performance reporting, monitoring, review, and scrutiny arrangements for The Plan for North Lanarkshire by way of a reporting schedule and set of non-negotiable standards. During 2024/25, information regarding items on the Performance Reporting Schedule (i.e. Chief Officers' six monthly performance reviews at service committees and service specific reporting to meet business and/or statutory obligations) was made available to the Audit and Scrutiny Panel through quarterly performance assurance reports in order to support the Panel's scrutiny and strategic oversight role.
- Since its implementation the Performance Reporting Schedule has been regularly reviewed and updated. An update to the reporting schedule is expected to be submitted to the Audit and Scrutiny Panel in cycle 3 of 2025; this will include due consideration of the impact of the newly published Accounts Commission [Statutory Direction](#) for 2025/26 to 2027/28.
- During 2024/25 there were 58 performance reports produced in line with the Performance Reporting Schedule. A small number of reports did not make the scheduled reporting cycle, but clear explanations were provided that were found to be logical and sensible, and an agreement was reached on an appropriate subsequent reporting cycle. It should be noted that as the Reporting Schedule is developed only once a year as at a moment in time, it is expected that national changes or changes in local operating contexts and priorities may have an impact on subsequent reporting requirements and dates.
- During 2024/25, Chief Officers' six-monthly reports in line with the Strategic Performance Framework followed the standard template. This ensured that all reports consistently (a) set out the current context within which the service is operating, (b) highlighted areas of good performance that could be evidenced in the accompanying data, (c) provided a summary of areas of performance requiring improvement along with narrative that gives an explanation for the level of performance achieved and summarises the remedial action implemented (or to be implemented) to bring performance back on track, and (d) demonstrated that the loop has been closed in terms of implementation and monitoring of both improvement actions and subsequent performance levels.
- Previously, the extent of the action undertaken by each audience when reviewing and scrutinising the performance information before them has been varied. The ask of the audience reading the report is now specifically (and appropriately) referenced in performance reports to service committees. This practice was already in place for Audit and Scrutiny Panel reports for the scrutiny function of the Panel. Specific training was held in 2024 in relation to the scrutiny of performance; this aimed to further complement awareness raising and roles and responsibilities (as identified through the aforementioned Audit and Scrutiny Panel's self-evaluation exercise in 2023).
- Reporting of the Local Government Benchmarking Framework (LGBF) measures are integrated into the Strategic Performance Framework alongside the wider suite of measures within each Chief Officers' area of responsibility. This approach ensures that reports contain a suite of all relevant performance indicators in order to provide a complete picture of performance. The council's website hosts a new dashboard for LGBF measures which was launched by the Improvement Service in 2023. This provides an easy way to view a live picture of the most up to date performance for a benchmarking measure as at a point in time. It also enables North Lanarkshire's performance to be compared with other local authorities and the national average. The use of this [dashboard](#) is signposted in performance reports to service committees.

#### **4. Annual review - to assess the effectiveness of the council's governance arrangements and system of internal control through evidence gathered from 11 sources of assurance that incorporate improvements from current and previous years issues.**

##### Sources of assurance

- 4.1 As noted in paragraph 2.3 above, the annual review process is an important aspect of the work undertaken

## Annual Accounts 2024/25

### Annual Governance Statement

each year to assess the effectiveness of the council's governance arrangements and systems of internal control and establish the evidence base to inform the Annual Governance Statement. As such, various elements and mechanisms, and roles and responsibilities, are key to this process. These sources of assurance are listed below:

- 1) Compliance with the CIPFA Position Statement: Audit Committees in Local Authorities (2018).
- 2) Compliance with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2019).
- 3) Compliance with the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2016).
- 4) Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).
- 5) Compliance with the Public Sector Internal Audit Standards (PSIAS).
- 6) Chief Officers year-end good governance assurance certificates and checklists.
- 7) Arm's length external organisations (ALEOs) year-end good governance assurance certificates and checklists.
- 8) Annual review and update of the local code of governance review programme (i.e. the Strategic Governance Framework).
- 9) The Annual Audit Report (AAR) process undertaken by the external auditors, together with the national approach to auditing Best Value through thematic audit work.
- 10) Findings from other audit, scrutiny, or inspection bodies in relation to service specific assessments.
- 11) The role of the council's senior management team structure of meetings in respect of good governance, assurance, and continuous improvement.

#### Assessment of assurance

- 4.2 Each of the assurance sources listed in paragraph 4.1 has undergone a review and assessment process to ensure the information reported in the Annual Governance Statement reflects the most up to date position and provides the relevant assurances in respect of the council's governance arrangements and system of internal control. A summary of these assurance assessments is noted in paragraph 4.3 below at points (1) to (11).
- 4.3 While individually each of these 11 sources of assurance are supported by separate processes and arrangements, collectively they provide an evidence base that is aligned in support of the one council approach that underpins implementation of The Plan for North Lanarkshire. As such, where improvements have been made during the year, or found to be required moving forward, these are highlighted within each item.
- 1) **Compliance with the CIPFA Position Statement: Audit Committees in Local Authorities (2018).** In this respect the activities and functions of the council's Audit and Scrutiny Panel are required to reflect the standards set out in the CIPFA Statement.

The Strategic Governance Framework sets out the evidence in this respect and confirms that during 2024/25 the purpose of the Audit and Scrutiny Panel, as set out in the [Scheme of Administration](#) (December 2024), reflects the standards set out in the CIPFA Statement in that its role is to *"provide independent assurance to the council and those charged with governance on the adequacy of the council's risk management framework and internal control environment"*.

The Scheme of Administration confirms that the Audit and Scrutiny Panel is responsible for *"providing an independent review of the council's governance, risk management, performance, and control frameworks, and overseeing the financial reporting and annual governance processes. It oversees the council's internal and external audit arrangements, helping to ensure efficient and effective assurance arrangements are in place. It also undertakes the scrutiny function within the council's governance framework and undertakes in-depth examination of particular areas of policy and/or service delivery with a view to making recommendations for improvement."*

The Scheme of Administration also sets out the Audit and Scrutiny Panel's specific duties in relation to the Annual Governance Statement which is to *"review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control."*

During 2024/25, the Audit and Scrutiny Panel held its meetings as scheduled once every cycle, with a special meeting held at the end of June 2024 and the end of October 2024 to support the council in

## Annual Accounts 2024/25

### Annual Governance Statement

discharging its duties in respect of the year-end Annual Accounts. A summary of agenda items considered by the Audit and Scrutiny Panel during the year is contained in the extract below.

#### Summary of Audit and Scrutiny Panel agenda items during 2024/25

- **Internal Audit** - four progress reports covering 17 audit assignments undertaken from the audit plan which resulted in 38 recommendations, four follow up reports of actions previously agreed by management in response to audit recommendations, two follow up in-depth reports from Chief Officers in relation to audits (on school fund compliance and duplicate payments), two reports on the National Fraud Initiative, the Internal Audit Strategy, Internal Audit Charter, Internal Audit annual plan, and Internal Audit annual report and audit opinion.
- **Risk management** - four risk management updates in respect of the Corporate Risk Register, with one report providing the updated Corporate Risk Register for 2024/25. Two of these reports provided an updated summary of key risks from service risk registers to enable Elected Members to have sight of those risks with the highest residual risk scores.
- **Financial management** - one report in relation to the unaudited Annual Accounts for 2023/24 and one in relation to the audited Annual Accounts for 2023/24.
- **External audit** - with reports in relation to the Audit Scotland annual audit plan, the council's Annual Audit Report (AAR) and accompanying year-end statements, and an outcome report from the Best Value thematic audit.
- **Scrutiny** - five reports arising from Panel member led scrutiny (in relation to the Community Boards, digital broadband, corporate insurance, the Scottish Housing Quality Standard (SHQS) / Energy Efficiency Standards for Social Housing (EESH), and school IT assets age and maintenance), four quarterly performance assurance review reports providing a composite summary of all performance reports considered by the council committees in the previous cycle, an annual update in relation to the scrutiny work programme, an update on the new national approach to auditing Best Value, three reports providing an update in relation to aspects of the frameworks supporting The Plan for North Lanarkshire and Programme of Work (i.e. the Strategic Governance Framework, Quality Assurance annual review, and the corresponding Annual Position Statement for the frameworks), and the Annual Governance Statement for 2023/24.

A self-evaluation of the Audit and Scrutiny Panel was undertaken in 2023 and the resultant [outcome report and improvement plan](#) was approved by the Panel in November 2023. This followed an Internal Audit review in 2021 which recommended that the Audit and Scrutiny Panel should, in line with good practice, periodically undertake a self-evaluation of how effectively it is discharging its role.

The improvement plan set out two areas for improvement which have been implemented during 2024/25. The improvement plan also noted that the Audit and Scrutiny Panel agreed to continue to evaluate the effectiveness of the Panel in discharging its duties - in line with the principles set out in CIPFAs Position Statement: Audit Committees in Local Authorities (2018), the supporting Audit Committees Practical Guidance for Local Authorities (2018) document, and the Best Value Guidance (2020). As such, a follow up self-evaluation is scheduled to be undertaken during 2025/26.

In December 2023, the Council meeting formally agreed one of the improvement actions (arising from the self-evaluation) in respect of amending the governance arrangements and removing the scope for substitute members to attend Audit and Scrutiny Panel meetings given the importance of Panel members having appropriate training, knowledge, and understanding and recognising the role that consistency of involvement has in terms of ensuring ongoing Panel effectiveness. This improvement action aims to ensure that Members attending Panel meetings have appropriate training, knowledge, and understanding of the work of the Panel and that this is enhanced over time through ongoing and consistent involvement in the Panel's business.

#### 2) **Compliance with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2019).**

To enable the Chief Officer (Audit and Risk) to fulfil the role in this respect, the council's senior management team is required to ensure they "*set out how the framework of assurance supports the Annual Governance Statement and identify internal audit's role within it*". This assurance is provided through the Strategic Governance Framework which sets out the role of Internal Audit and depicts in a diagram the steps in the annual review process which informs the content of the Annual Governance Statement. The Strategic Governance Framework undergoes a review and refresh exercise each year to ensure it remains up to date in reflecting the council's governance arrangements and it is reviewed and endorsed annually by the

## Annual Accounts 2024/25

### Annual Governance Statement

council's senior management team.

In line with the CIPFA statement, the Chief Officer (Audit and Risk) has also provided an annual opinion for 2024/25 on the “*overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control*” through the Internal Audit annual report. In line with the Public Sector Internal Audit Standards (PSIAS), and the council's Internal Audit Charter, the council's senior management team (through both the Business Management Team and Corporate Management Team) considered and noted the Internal Audit annual report and opinion for 2024/25 from the Chief Officer (Audit and Risk) on 5<sup>th</sup> June 2025 and 13<sup>th</sup> June 2025 respectively. This presented an independent and objective assurance as to the adequacy and effectiveness of governance, internal control, and risk management arrangements within the council and stated:

- “*The annual opinion is unqualified and states that reasonable assurance can be placed on the council's governance, risk management, and internal control arrangements*” for 2024/25.
- “*There is generally an overall sound system of governance, risk management and internal control in place. While some issues, non-compliance or scope for improvement were identified, individually these do not significantly impair the council's system of internal control.*”

The CIPFA Statement considers the annual opinion from Internal Audit to be the most important output and one of the main sources of objective assurance that the Chief Executive and the council's senior management team has to support the Annual Governance Statement. The annual Internal Audit opinion is set out in more detail in paragraph 4.3 (5) below.

During 2023/24, an External Quality Assurance Review (EQAR) of the council's Internal Audit function assessed compliance with the Public Sector Internal Audit Standards (PSIAS). An important element of the PSIAS is a requirement for an independent EQAR to be conducted at least once every five years and reported to key stakeholders including senior management and an audit committee; the results of the latest [EQAR](#) were reported to the Audit and Scrutiny Panel in May 2024. This includes an action plan with findings, responses, and planned actions that have been agreed by Internal Audit management for implementation during 2024/25 - the annual Internal Audit report for 2024/25 provides an update on progress in this respect.

#### 3) **Compliance with the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2016).** It is specified in this CIPFA Statement that the Annual Governance Statement is required to “*address the authority's arrangements for financial and internal control and for managing risk*”.

This is addressed through the external auditors' annual audit of the financial statements which is undertaken as part of the audit of the Annual Accounts.

The extent of the council's compliance in this respect (and the role of the Chief Financial Officer therein) is further demonstrated through the self-evaluation exercise undertaken in early 2025 (noted in paragraph 3.9) which concluded that the council's financial management practices comply with all aspects of the CIPFA Financial Management Code. The self-evaluation also confirmed that the council's Chief Financial Officer operates in a way that is consistent with the CIPFA Statement.

In addition, the external auditors Annual Audit Report (AAR) in October 2024 has continued to report positively on the council's approach to [financial management and financial sustainability](#).

#### 4) **Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).** This statement looks for compliance in terms of developing a strategy and identifying the risks.

The Strategic Governance Framework sets out the evidence in this respect and shows that the council has a number of policies and procedures in place which are kept under review and regularly updated as required. The key policies and procedures are listed below:

- Counter Fraud Policy - following a review of the council's anti-fraud arrangements, an updated [Counter Fraud Policy](#) was approved by the Policy and Strategy Committee in September 2023. This sets out the council's expectations (that extend to all individuals and organisations with whom it deals) in terms of acting honestly and with integrity and in safeguarding public resources.
- Whistleblowing Procedure - an annual review process is in place in respect of the use of the procedure and to identify any amendments required to the procedure. An updated [Whistleblowing Procedure](#) was approved by the Policy and Strategy Committee in March 2024, and the outcome of the latest annual review is scheduled to be reported to committee later in 2025.



## Annual Accounts 2024/25

### Annual Governance Statement

- Gifts and Hospitality and Conflicts of Interest procedures for employees - guidance in this respect was first incorporated into the Employee Code of Conduct in 2018 and updates to this document have continued to reiterate employee responsibilities in this respect; this includes the most recent update to the [Employee Code of Conduct](#) in February 2025. The year-end review process is well established whereby Chief Officers are required to submit their up to date Service Registers annually (as part of the Chief Officer's Assurance Certificate and Checklist process) for independent review and reporting to the council's senior management team. The 2024/25 review of Registers found no significant trends or issues of concern that required to be reported to the senior management team.
- Code of Conduct for Chief Officers - the latest update in this respect was approved by the Policy and Strategy Committee in June 2024. The [Code of Conduct for Chief Officers](#) provides a framework within which Chief Officers of the council are expected to undertake their duties in a manner which meets the required standards for good governance.
- Councillors Code of Conduct - this is approved by the Scottish Parliament and issued by Scottish Ministers. The Standards Commission for Scotland is responsible for the enforcement of the code of conduct. It also has responsibility for issuing guidance to assist local authorities and councillors about the code of conduct and also for hearing complaints about a councillor. The latest code and relevant guidance was published in December 2021 and was shared with new and returning Elected Members following the local government elections in May 2022 with training provided on the content; this Code of Conduct is available from the [council's website](#).
- Information Security Policy - the latest update in this respect was approved by the Policy and Strategy Committee in [June 2023](#). A review was undertaken on this policy in March 2025 and the updated policy now incorporates both information security and cyber security to reflect the importance of cyber security in the council's daily operations and strategic approach to service delivery as defined in both the Digital and IT Strategy and The Plan for North Lanarkshire. As the council takes a digital by default approach to service delivery and much information is now in a digital format, this incorporates cyber threats that must be mitigated and managed to protect the council's information and IT assets. An updated Information and Cyber Security Policy was considered by the Data Governance Board in March 2025, with the updated policy scheduled to be submitted to committee in cycle 3 of 2025.
- Cyber security - a joint review and assessment was undertaken in 2022/23 (between Internal Audit and Business and Digital) using a structured format (with templates and guidance created by the National Audit Office, National Cyber Security Centre (NCSC), and the Scottish Government). This assessment - categorised as *reasonable assurance* - determined the council has robust and effective information governance arrangements, duly recognises the risks associated with cyber security threats, and operates arrangements commensurate with the good practice recommended by bodies such as the National Audit Office. The [outcome from this review](#) was reported to the Audit and Scrutiny Panel in February 2023.
- Risk Management - the identification of risks is carried out in line with the council's [Risk Management Strategy](#) (which was updated in March 2023) and through the risk for serious organised crime, fraud, and corruption which sits within the Corporate Risk Register. The Chief Officer (Legal and Democratic) - the council's Monitoring Officer - is the identified lead for this specific risk.

In addition, the council actively seeks to detect fraudulent activity through participating in the National Fraud Initiative (NFI). This is a comprehensive data matching exercise between public bodies to highlight potential frauds and errors. Internal Audit plan and co-ordinate the submission of data and investigation of matches identified. The latest reports in respect of the progress made in the follow up of matches were reported to the Audit and Scrutiny Panel in [May 2024](#) and [October 2024](#).

The CIPFA statement also requires responsibility to be acknowledged. In this respect the Internal Audit annual report 2024/25 from the Chief Officer (Audit and Risk) specifies that Internal Audit *"has responsibility for investigating alleged frauds and irregularities brought to our attention in accordance with the Council's Counter Fraud Policy. Where detailed work is carried out, the findings are reported to the Chief Executive and the relevant Chief Officer, with details of the work presented to the [Audit and Scrutiny] Panel in line with the Internal Audit Charter."*

The Internal Audit annual report 2024/25 from the Chief Officer (Audit and Risk) has confirmed that *"One fraud investigation was undertaken during 2024-25. This ... related to school funds and involved a report of missing monies. During the investigation, a member of staff confessed to taking funds on several occasions for personal use, and the audit work concluded that there was clear evidence that fraud had been committed. Appropriate action was taken under the Council's Discipline Policy and the member of staff involved resigned prior to the disciplinary hearing. In line with the Council's Corporate Fraud Policy, this matter was referred to Police Scotland for further consideration, and details of the fraud were also reported to Audit Scotland."*

## Annual Accounts 2024/25

### Annual Governance Statement

As reported in the Internal Audit annual report 2024/25 from the Chief Officer (Audit and Risk), reviews of the council's (a) anti-fraud arrangements and (b) information governance arrangements were scheduled for 2024/25 but were deferred to 2025/26 due to resource pressures.

#### 5) **Compliance with the Public Sector Internal Audit Standards (PSIAS).**

As reported in the Internal Audit annual report for 2024/25, since their introduction in 2013, the Public Sector Internal Audit Standards (PSIAS) have been mandatory for Internal Audit functions. To ensure compliance with the PSIAS, the Chief Officer (Audit and Risk) is required to develop and maintain a Quality Assurance and Improvement Programme (QAIP) which includes periodic internal assessments, and an independent External Quality Assessment (EQA) to be undertaken at least every five years.

During 2024/25, internal monitoring and assessment confirmed that Internal Audit continued to operate in accordance with the PSIAS. The most recent independent EQA was undertaken by Stirling Council in 2024 and confirmed that Internal Audit fully conformed with the PSIAS. This was reported to the Audit and Scrutiny Panel in [May 2024](#). Both the self-assessment and EQA highlighted some areas for improvement and consideration, and these are highlighted in the QAIP action plan in the 2024/25 Internal Audit annual report.

From April 2025, the PSIAS was replaced by the Global Internal Audit Standards (GIAS). The introduction of the GIAS will require a revision to the current internal audit methodology and working practices, and a gap analysis exercise is currently being undertaken to determine the actions to be taken to ensure compliance. Similar to the PSIAS, compliance with the GIAS will also be subject to ongoing internal review and periodic self-assessment. The GIAS also require an EQA on a five-yearly basis, with the next assessment due to be undertaken in 2028/29.

As reported in the Internal Audit annual report for 2024/25, Internal Audit is an independent, objective assurance and advisory function designed to add value and improve the council's operations. It helps the council accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the council's risk management, internal control, and governance processes.

- The purpose, mandate, authority and responsibilities of the council's Internal Audit function are outlined in the [Internal Audit Charter](#), the most recent version of which was approved by the Audit and Scrutiny Panel in May 2025. Internal Audit reports its outputs regularly throughout the year to the Panel in accordance with the Internal Audit Charter. The Panel also approves Internal Audit's annual audit plan and monitors the performance of the function.
- Internal Audit aims to provide a high quality and customer focused service which is responsive and flexible, consistent with best professional practice, focuses on areas that matter, uses resources efficiently and effectively, and is seen by stakeholders as adding value and making a vibrant and relevant contribution to the council.
- Internal Audit's primary objectives are:
  - To examine and evaluate internal control systems and governance arrangements within the council.
  - To provide assurance to Elected Members and senior officers on the adequacy and robustness of these systems.
  - To assist the Audit and Scrutiny Panel, Elected Members, and officers of the council in the effective discharge of their responsibilities.
- It should be noted that the presence of an effective Internal Audit function contributes towards, but is not a substitute for, effective control. It is primarily the responsibility of management to establish internal controls so that the council's activities are conducted in an efficient and well-ordered manner, to ensure that management policies and directives are adhered to, and that assets and records are safeguarded.
- The council's internal audit arrangements are consistent with the CIPFA Statement on the role of the Head of Internal Audit in public service organisations (2019).

Internal Audit activity is planned to enable the Chief Officer (Audit and Risk) to provide an independent annual opinion on the adequacy and effectiveness of internal controls within the authority, including the systems designed to achieve the corporate objectives of the council and those that manage the material risks faced by the authority.

- In the Internal Audit annual report for 2024/25, the Chief Officer (Audit and Risk) provides an overview of the activities of the Internal Audit section for the year 2024/25. This includes highlights of issues arising from Internal Audit activity during the year and an extract in this respect is set out in the table below.

## Annual Accounts 2024/25

### Annual Governance Statement

#### Extract from the Internal Audit annual report for 2024/25, June 2025

In the Internal Audit annual report for 2024/25, presented to the Chief Executive and both the Business Management Team and Corporate Management Team in June 2025, the Chief Officer (Audit and Risk) provides an overview of Internal Audit activity against the 2024/25 Annual Plan and includes details of when each assignment was reported to the Audit and Scrutiny Panel (where not yet formally reported, status and expected dates are given). Key issues arising from Internal Audit outputs are highlighted in the Internal Audit Progress report presented to each meeting of the Panel.

In the Internal Audit annual report for 2024/25, the Chief Officer (Audit and Risk) also highlights issues arising from Internal Audit activity during the year; an extract from this report is noted below.

#### *Audit issues 2024/25*

The nature of audit assignments is such that most Internal Audit reports identify some weaknesses or areas where scope for improvement exists, and during 2024/25, a number of recommendations were made to address such areas identified from the audit work undertaken.

The vast majority of audits undertaken during the year received opinions of either Reasonable or Substantial Assurance, and there are no issues arising from these audits which require to be highlighted. However, there are issues (listed below) that while they could be significant to the control environment in the individual system or areas audited, they are considered not material enough to have a significant impact on the Chief Officer (Audit and Risk) overall opinion on the adequacy of the council's control environment.

- The 2023/24 annual report discussed reports on the Housing and Corporate Property Maintenance Contract and the whistleblowing allegations received by Audit Scotland, which resulted in a number of high priority recommendations for management to address. Audit work during 2024/25 concluded that significant progress had been made in implementing the recommendations in both reports, with some aspects being fully implemented. Internal Audit will continue to monitor progress with the remaining recommendations, and further substantive audit work on the operation of the new contract arrangements is planned for 2025/26.
- One audit during 2024/25 provided Limited Assurance, and this was in relation to arrangements for managing school funds. The control environment around school funds has been subject to repeated audit activity regarding anomalies and discrepancies, and this audit highlighted that previously agreed control measures had not been fully implemented. Following this audit, an unplanned review was undertaken to review a potential school fund discrepancy. Although on this occasion, no financial loss or misappropriation was discovered, the audit highlighted a number of weaknesses in the recording, reconciling, and banking of school fund income and expenditure.
- In response to this work, Education senior management presented a report to the Audit and Scrutiny Panel in February 2025, detailing actions taken to address the weaknesses identified and additional measures to further enhance the control environment. Progress with these actions will be monitored by Internal Audit.
- One fraud investigation was undertaken during 2024/25. This also related to school funds and involved a report of missing monies. During the investigation, a member of staff confessed to taking funds on several occasions for personal use, and the audit work concluded that there was clear evidence that fraud had been committed. Appropriate action was taken under the council's Discipline Policy and the member of staff involved resigned prior to the disciplinary hearing. In line with the council's Corporate Fraud Policy, this matter was referred to Police Scotland for further consideration, and details of the fraud were also reported to Audit Scotland.

Traditionally, the Annual Governance Statement outlined issues identified during the Internal Audit programme of work for the previous year and included an update providing details of the actions taken to address each issue. In the annual opinion provided by the Chief Officer (Audit and Risk) for 2023/24, there were no issues that required the Chief Officer to qualify their opinion. A small number of areas were highlighted which were noted would continue to be the focus of future audit coverage during 2023/24. As such, the extract above from the Internal Audit annual report for 2024/25 sets out the latest position in this respect.

## Annual Accounts 2024/25

### Annual Governance Statement

- 6) **Chief Officers year-end good governance assurance certificates and checklists.** This requires Chief Officers to review various aspects within their service areas and advise of any specific issues which require to be identified in the Annual Governance Statement.

Through this process Chief Officers have reviewed the effectiveness of governance arrangements during the year within their area of responsibility by completing a Certificate of Assurance and updating a Checklist to support the preparation of the council's statements on corporate governance and internal financial control for the year ending 31 March 2025.

Following a review of the 14 certificates and checklists completed for 2024/25, Chief Officers have confirmed corporate governance arrangements and financial controls in their area of responsibility have been, and are, working well and there are (in their opinion) no significant matters arising which would require to be raised specifically in the Annual Governance Statement.

- 7) **Arm's length external organisations (ALEOs) year-end good governance assurance certificates and checklists.** This requires the Chief Executive or Senior Representative of each ALEO to review various aspects within their service areas and advise of any specific issues which require to be identified in the Annual Governance Statement.

Through this process the council's three arm's length external organisations (ALEOs) have also reviewed the effectiveness of governance arrangements during the year within their organisation by completing a Certificate of Assurance and updating a Checklist to support the preparation of the council's statements on corporate governance and internal financial control for the year ending 31 March 2025.

In this respect, the Chief Executive or Senior Representative for each ALEO has confirmed corporate governance arrangements and financial controls in their organisation have been, and are, working well and there are (in their opinion) no significant matters arising which would require to be raised specifically in the council's Annual Governance Statement.

In setting its budget on 15<sup>th</sup> February 2024, the Council requested that the remaining ALEOs (Fusion Assets Limited, Routes to Work Limited, and North Lanarkshire Properties LLP) be formally reviewed, with their contributions to the council's strategic priorities and The Plan for North Lanarkshire, both now and in the future, assessed. This review was undertaken during 2024/25 with the [outcome](#) and next steps reported to the Policy and Strategy Committee in March 2025.

- 8) **Annual review and update of the local code of governance review programme (i.e. the Strategic Governance Framework).**

The council's local code of governance brings the principles of good governance together with legislative requirements and management processes by which the council is directed and controlled and through which it is accountable to, engages with, and leads the local community. Taking into account the local environment within which the council operates, this aims to ensure the council is able to effectively pursue the long-term ambition set out in The Plan for North Lanarkshire, while ensuring this is underpinned with control and the management of risk, and:

- Resources are directed in accordance with agreed policies and according to priorities and in line with corporate project management procedures.
- There is sound and inclusive decision making.
- There is clear accountability for the use of those resources in achieving defined outcomes for service users and local communities.

The council's local code of governance is set out in the Strategic Governance Framework which is one of inter-related strategic frameworks that aim to maintain a corporate one place one plan one council approach. These frameworks are key to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work, while ensuring each stage of delivery towards achieving the overall vision is appropriately aligned, planned, guided, implemented, monitored, and governed.

As such, the Strategic Governance Framework:

- Gathers together all existing governance arrangements into a list of elements and mechanisms that demonstrates the council's compliance with the 7 principles, 21 sub-principles, and 91 behaviours and actions contained within the CIPFA Framework. By collating all existing elements and mechanisms

## Annual Accounts 2024/25

### Annual Governance Statement

(produced by the respective Chief Officer) into the one local code for annual review, assessment, assurance, and reporting purposes, the Strategic Governance Framework and its Review Programme provides an efficient mechanism through which the annual review can be undertaken. This also ensures appropriate oversight and governance of The Plan for North Lanarkshire and supporting Programme of Work and enables the council to monitor the delivery of its ambitions while ensuring arrangements for corporate governance, risk management, and internal financial controls are sound. A summary of the current position regarding the elements and mechanisms in the Strategic Governance Framework review programme is set out in the table below.

- Sets out the role of the Chief Officers and the council's senior management team and its structure of meetings, Elected Members, and the Audit and Scrutiny Panel who are responsible for determining and implementing the council's governance arrangements, ensuring the local code is assessed on an annual basis to ensure ongoing effectiveness and compliance, and identifying any improvement actions and/or future planned developments required in relation to the council's key governance arrangements and continuous improvement activity.
- Comprises a diagram that depicts the steps in the annual review process which ensures that the council's governance arrangements are regularly assessed for ongoing effectiveness within the context of The Plan for North Lanarkshire and provides evidence to inform the content of the Annual Governance Statement.
- Remains under review through the annual review process whereby each of the elements and mechanisms in the review programme are examined and updated as required to reflect the relevant documentation and hyperlinks, as well as the review timeframe and date of next update.
- Is supported by an annual assessment of the current position of the elements and mechanisms in the review programme to ensure they remain timely and effective in supporting delivery of The Plan for North Lanarkshire. This involves assigning a corresponding RAG status to provide a method by which to identify and prioritise items requiring to be reviewed and updated further. The latest position following the 2024/25 year-end review identified no Red elements or mechanisms, one Amber, and the rest were Green. For the one assessed as Amber (i.e. employee engagement and wellbeing), there is a commitment by the respective Chief Officer to ensure an update is undertaken during 2025/26.

#### Summary of the latest position regarding the elements and mechanisms in the Strategic Governance Framework review programme

- The council's long-term strategic ambition and priorities in The Plan for North Lanarkshire and ensuring the vision therein - for inclusive growth and prosperity for all (to bring equal benefits and a fairer distribution of wealth to all North Lanarkshire's people and communities) - is embedded throughout policy statements agreed by the council, as well as strategic and financial decision making, strategy and policy development, everyday service delivery activities, and corporate governance approaches across the organisation.
- Six inter-related strategic frameworks (Policy, Governance, Performance, Self-Evaluation, Project Management, and Demonstrating Improved Outcomes for Communities) ensure a one council corporate approach to evaluating the success of The Plan for North Lanarkshire and assessing delivery of the Programme of Work (while ensuring each stage of delivery towards achieving the overall ambitions is appropriately aligned, planned, guided, implemented, monitored, and governed). To ensure these frameworks remain fit for purpose, and aligned to The Plan for North Lanarkshire and Programme of Work, all are on a regular review and refresh programme.
- A strategic planning process is in place through the Programme of Work which is framed within the context of the local demographic, social, and economic profile that shaped The Plan for North Lanarkshire. While stabilising the strategic direction of the council, the Programme of Work allows for appropriate flexibility in the operational delivery of many complex inter-connected programmes, projects, and plans to ensure a dedicated focus on transformational change, and delivering services that improve the lives of local people. A supporting governance framework and annual review process enables a recurring, dynamic, and cohesive approach to the ongoing development of the Programme of Work and ensures it remains current, relevant, and deliverable.
- A Strategic Policy Framework sits beside the Programme of Work in the strategic planning process to ensure that strategy and policy remain connected to delivery in order to collectively facilitate a co-ordinated approach to identifying the resources and working practices needed to support delivery of the long-term vision.
- Standing Orders allow the council to delegate decision making to committees, sub-committees, or officers and which set out the rules that apply to the running and operation of

council and committee meetings.

- A Scheme of Administration sets out functions, terms of reference, and powers of the council and its committees and sub-committees which is aligned to the organisational structure to facilitate decision making in line with the council's strategy.
- A Scheme of Delegation to Officers sets out the functions delegated to the Chief Officers of the council, including making reference to any Officer listed as being provided with a delegation is, de facto, deemed to hold a politically restricted post (in accordance with legislation).
- Financial Regulations and a Scheme of Financial Delegation in place, as an integral part of the council's framework of internal financial controls, are designed to ensure effective stewardship of council funds. Compliance with these regulations ensures that public money is safeguarded and properly accounted for, and all financial transactions are undertaken in a manner which demonstrates openness, transparency, and integrity. The Financial Regulations form a key part of the overarching Financial Strategy and the corporate governance arrangements of the council.
- The well-established Financial Strategy provides the overarching framework that establishes the financial strategies and policies to ensure effective financial governance, planning, and management and, as such, sets out the responsibility for safeguarding public funds within the council. It also sets out the role and responsibilities of the Chief Financial Officer, in line with the corresponding CIPFA Statement (2016). The strategies and policies covered by the Financial Strategy include the Capital Strategy, Treasury Management Strategy, Revenue Budget Strategy, the Medium-Term Financial Plan, and the Financial Regulations and Scheme of Financial Delegation.
- The Risk Management Strategy sets out a clear direction for how the council will identify, assess, and manage the risks faced in providing high quality public services and delivering The Plan for North Lanarkshire. The strategy is intended to ensure that the council is risk aware rather than risk averse and that the management of risk is embedded in the council's policies, procedures, culture, and practices. It is designed to ensure that key decisions are taken with an understanding of risks and their effective control.
- Risk management arrangements are well established and form an important element of good corporate governance. These are designed to ensure that the council operates systematic and logical processes for managing risks within a comprehensive framework, ensuring that identified risks are managed consistently, effectively, efficiently, and coherently across the organisation. These arrangements include maintenance of a Corporate Risk Register, Service Risk Registers, Project Risk Registers, and regular oversight of the council's risk management arrangements and management of key corporate risks by the Audit and Scrutiny Panel and Corporate Management Team, and other governing bodies as required. A Programme Uncertainty Level Status Evaluation (PULSE) assessment process was introduced during 2024 to support the risk management arrangements for delivery of the Programme of Work.
- Codes of Conduct for Elected Members, Chief Officers, and Employees provide frameworks within which individuals are expected to undertake their duties in a manner which meets the required standards for good governance. This includes ensuring declarations of interests, and declarations for conflicts of interest and gifts and hospitality, are appropriately (and regularly) made and published.
- Ensuring legislative obligations are fulfilled through the statutory officer roles, i.e. the posts of head of paid service, monitoring officer, chief financial officer (section 95 officer), and the chief social work officer.
- The Counter Fraud Policy sets out the council's expectations (that extends to all individuals and organisations with whom it deals) in terms of acting honestly and with integrity and in safeguarding public resources.
- The Whistleblowing Procedure (Public Interests Disclosure) provides a mechanism for employees of the council, and other workers within the council, to report a concern about serious wrongdoing within the council and to do so with security and in confidence.
- The senior management team structure comprises a Business Management Team (to monitor the efficient and effective operation of the council and ensure pursuit of the long-term vision set out in The Plan for North Lanarkshire is underpinned with the relevant assurances and controls in terms of corporate governance, risk management, and financial management), and a Corporate Management Team (to ensure strategic oversight, direction, and a one council approach in terms of delivery of the vision through the Programme of Work). This is supported by a meetings structure comprising service Senior Management Teams focussing on the operational delivery of service remits, and an Operational Management Team to cascade the context, deliverables, and accountabilities and ensure consistency of message in terms of the



long-term vision and day to day delivery through the Programme of Work. All Chief Officers are members of the Corporate Management Team; this includes those Chief Officers who hold a statutory officer role.

- The activities and functions of the council's Audit and Scrutiny Panel comply with the standards set out in CIPFAs Position Statement: Audit Committees in Local Authorities (2018). The Panel's purpose is to provide independent assurance to the council and those charged with governance on the adequacy of the council's risk management framework and internal control environment.
- The Strategic Performance Framework sets out performance measurement at three levels in order to collectively provide an overview of performance (over time and compared to targets) to help understand the impact of council activities on improving services and outcomes for the people and communities of North Lanarkshire. These measures also allow for day-to-day activities, and progress towards achieving the long-term vision set out in The Plan for North Lanarkshire, to be regularly monitored, reported, assessed, and scrutinised.
- Formal reporting arrangements are in place through an annual Performance Reporting Schedule that comprises Chief Officer reviews at service committees and service specific reporting to meet both business and statutory obligations; this is underpinned by five non-negotiable standards that support regular performance assurance reviews.
- Comprehensive revenue budget and capital expenditure guidelines along with well-established processes and systems ensure regular monitoring and reporting, as well as oversight and scrutiny through the council's senior management team structure of meetings and Elected Members at committee.
- A range of programme and project Boards and working groups are aligned to the delivery and governance requirements for specific Programme of Work items, e.g. Strategic Capital Delivery Group, six Strategic Programme of Work Boards, and Hub Delivery Programme Board.
- The Data Governance Board maintains strategic oversight and implementation of the council's approach to data governance to secure relevant assurances that effective arrangements are in place for the safe and secure collection, storage, use, and sharing of data. This includes safeguarding personal data and promoting data quality in accordance with legislative, regulatory, and corporate governance requirements. Responsibilities also include developing and overseeing the implementation of data strategies, policies, procedures, and standards (including the Data Protection Policy, Information and Cyber Security Policy, Payment Card Industry Data Security Policy, Records and Information Management Policy, and the Acceptable Use of ICT Policy), as well as directing continuous improvement in data governance and compliance, overseeing the work and progress of the Data Management and Compliance Group, and ensuring appropriate monitoring and assurance arrangements are in place across the council and its arm's length external organisations.
- The Information and Cyber Security Policy includes cyber security and aims to protect the council's information systems and physical assets including supporting processes, networks, and equipment. This is essential to ensure the council can continue to operate and successfully deliver its functions, while finding the right balance between the benefits and risks to the processing of information.
- Publicly available complaints and freedom of information procedures are in place with management, monitoring, and performance reporting arrangements.
- A range of employment and other policies, and associated guidance documents and forms, promote and support ethical behaviour and standards of conduct by employees.
- An employee Performance Review and Development (PRD) process is in place and access to a range of training and development programmes and opportunities is available through LearnNL for both employees and Elected Members.
- Strategic Workforce Plans, supported by service specific workforce plans, identify the actions required to address workforce gaps and set out detailed service level actions to address the risks and issues facing the current workforce and identify the gaps in terms of fulfilling service provision and delivering on priorities and the long-term vision now and in the future.
- Independent and objective assurances are provided by Internal Audit whose function is designed to add value and improve the council's operations. The Internal Audit function operates within the Public Sector Internal Audit Standards (PSIAS) and the council's Internal Audit Charter. The service undertakes an annual programme of work approved by the Audit and Scrutiny Panel which is based on the Internal Audit Annual Plan. This plan is risk based and is periodically updated to reflect evolving issues and changes.
- Independent and objective assurances are provided by the external auditors through the Annual Audit Report (AAR) process and other audit, inspection, and regulatory bodies.

## Annual Accounts 2024/25

### Annual Governance Statement

The annual review and update of the Strategic Governance Framework is reviewed and endorsed each year by the council's senior management team (through both the Business Management Team and Corporate Management Team) in line with their respective governance, strategic oversight, assurance, and continuous improvement roles in respect of the council's governance arrangements and delivery of The Plan for North Lanarkshire.

The Strategic Governance Framework, and its accompanying review programme, have been recognised as an area of good practice in the latest three annual Internal Audits on Corporate Governance. As reported to the Audit and Scrutiny Panel in [August 2024](#), the most recent Internal Audit considered that the "*council's corporate governance arrangements in relation to self-assessment are adequate and operating effectively*" and therefore this audit was assessed as providing "*substantial assurance*".

#### 9) The Annual Audit Report (AAR) process undertaken by the external auditors, together with the national approach to auditing Best Value through thematic audit work.

Published in May 2019, the North Lanarkshire Best Value Assurance Report (BVAR) comprised eight recommendations for action by the council. Various updates have been provided to committee since, and the external auditors Annual Audit Report (AAR) has provided updates every year in terms of completed recommendations. The [Annual Audit Report \(AAR\)](#) in October 2023 reported that all eight recommendations had been fully implemented and were now complete.

As reported to the Audit and Scrutiny Panel, a new national approach to auditing Best Value came into effect as part of the external auditor appointments for the five-year term from 2022/23. This approach is twofold and means that:

- Auditing Best Value is integrated within the wider scope of the external auditor's annual audit work which is reported in their Annual Audit Report (AAR). This includes risk-based and follow up audit work on Best Value related recommendations from previous audit reports as well as reflecting on council reporting against priorities and in terms of the use of the [Local Government Benchmarking Framework](#) (LGBF).
- Thematic Best Value audit work is undertaken each year by the external auditor as per the Accounts Commission's requirements to provide assurance on areas of risk / interest across councils as at a defined point in time, thus enabling comparisons across Scotland. This means that each year the council undergoes an assessment of particular aspects of Best Value in order to provide the Accounts Commission with the relevant assurances in terms of performance and the quality of services to the public.

Since the new approach was implemented, the various outcome reports (listed below) have been able to be viewed through the Policy and Strategy Committee and/or the Audit and Scrutiny Panel:

##### *Annual Audit Report (AAR)*

- 2022/23 [report](#) to Audit and Scrutiny Panel in October 2023.
- 2023/24 [report](#) to Audit and Scrutiny Panel in October 2024.

##### *Thematic report*

- The council's 2022/23 [outcome report](#) on the theme in respect of the *leadership of the development of new strategic priorities* was presented to the Audit and Scrutiny Panel in October 2023 and the Policy and Strategy Committee in December 2023. The report for the council in this respect identified three areas for improvement which have since been implemented and signed off by the external auditors, these focussed on strategic planning feedback, community engagement, and Elected Members training and development.
- The council's 2023/24 [outcome report](#) on the theme for *workforce innovation (specifically how the council is responding to current workforce challenges through building capacity, increasing productivity, and innovation)* was presented to the Audit and Scrutiny Panel in August 2024 and the Policy and Strategy Committee in September 2024. The report for the council in this respect identified three areas for improvement which are being progressed during 2025/26, these focussed on acting on staff feedback, flexible and hybrid working policies, and data in respect of the temporary workforce.

The external auditors latest [Annual Audit Report \(AAR\)](#), reported to the Audit and Scrutiny Panel in October 2024, presented key matters arising from each of the main areas of work undertaken by the external auditor. This included the audit of the financial statements and issues relating to the council's financial management



## Annual Accounts 2024/25

### Annual Governance Statement

and financial sustainability, vision leadership and governance, best value arrangements, and the use of resources to improve outcomes. The report contained the external auditor's audit opinion on the 2023/24 financial statements as well as a number of issues where action was required during the audit process and/or scope for further improvement existed. The report also contained a small number of audit recommendations (summarised below) and management responses, including planned actions, responsible officers, and timescales - which are all scheduled to be implemented by March 2026. Progress in terms of implementing these actions is monitored by Internal Audit and reported to the Audit and Scrutiny Panel.

#### *2023/24 Annual Audit Report (AAR) recommendations*

- Management of assets - management should establish a process to ensure assets replaced are appropriately removed from the asset register and accounted for as a disposal appropriately.
- Statutory override - the council should proactively work with CIPFA and the wider local government sector to arrive at appropriate solution for the implementation of accounting for infrastructure assets.
- Reinforced autoclave aerated concrete (RAAC) - for those properties where RAAC has been identified, the council should determine a more accurate measure of the level of impairment in line with the requirement of accounting standards.
- Continuity and security of IT operations - the council should ensure there is appropriate oversight of its continuity and security of IT operations and ensure the necessary assurances are obtained for externally hosted systems.
- Public performance reporting - the council should improve its public performance reporting to provide its citizens and communities with a clear summary of performance.

#### *2023/24 recommendations from the BV thematic report*

- Acting on staff feedback - as the council develops its staff engagement approach, it should ensure that as well as providing information to staff on council decisions, it also incorporates the views of staff and trade unions to support transparent decision making, and evidence how it is acting on findings from the Summer 2024 roadshow sessions.
- Hybrid working policy - the council should continue to monitor the impact of its hybrid working approach. It should continually assess the impact of increasing the number of office days, in terms of performance, staff wellbeing, and recruitment and retention.
- Temporary workforce - the council should include data reporting on its temporary workforce as part of published workforce data, and once available it should include data on agency workers.

A key area of improvement implemented by the council during 2024/25 was to ensure ongoing best value in terms of managing risk and ensuring business continuity plans (including civil contingencies and emergency plans) are in place to allow an effective and appropriate response to planned and unplanned events and circumstances. This followed an Internal Audit [review](#) undertaken on Business Continuity Planning in September 2022 which identified a number of recommendations for action. A subsequent Internal Audit was undertaken on Business Continuity Planning which was reported to the Audit and Scrutiny Panel in May 2025 which included an [update on the progress](#) made in implementing the previous audit's recommendations and made new recommendations, including the need to better align business continuity and disaster recovery which is scheduled to be implemented during 2025/26. This aligns to the review of the council's arrangements in respect of Business Continuity and ICT Disaster Recovery which was included in the external auditors [Annual Audit Report](#) for 2023/24 (reported to the Audit and Scrutiny Panel in October 2024).

#### **10) Findings from other audit, scrutiny, or inspection bodies in relation to service specific assessments.**

A dedicated page on the council's [website](#) provides a central location for reporting on findings and recommendations from all national audits and inspections. This continues to be kept up to date as and when new reports become available nationally. Inspection reports published during 2024/25 include the following:

- Scottish Housing Regulator [annual assurance statement 2023/24](#) - August 2024.
- Scottish Housing Regulator [annual landlord report 2023/24](#) - November 2024.

#### **11) The role of the council's senior management team structure of meetings in respect of good governance, assurance, and continuous improvement.**

The council recognises that a crucial aspect in delivering good governance is the way in which it is applied as the ethos of good governance cannot be achieved by structures, rules, and procedures alone. Effectively, good governance needs to be embedded within the council and its culture and the need for, and

## Annual Accounts 2024/25

### Annual Governance Statement

value of, good governance must be explicit. As such, any references that require to be made to any one of the frameworks supporting The Plan for North Lanarkshire does so in a consistent manner to ensure completeness and to continue to raise awareness of the role of good governance in delivering the strategic ambition.

The role of, and need for, good governance is also reiterated in the Guidance accompanying the Report Template which requires to be used for all council internal reporting purposes.

Following implementation of a single integrated corporate forum for all Chief Officers in April 2021, a subsequent self-evaluation exercise in 2022 to review the effectiveness of the revised arrangements led to new arrangements in respect of the council's senior management team and its supporting structure of meetings being developed and implemented from January 2023. This comprises four aspects, as follows:

- (a) A Business Management Team whose role is *"To monitor the efficient and effective operation of the council"* and to secure the relevant assurances that *"the council is able to effectively pursue the long-term ambition set out in The Plan for North Lanarkshire by ensuring this is underpinned with the relevant assurances and controls in terms of corporate governance [including performance, legal, and HR matters], risk management, and financial management."* This means the Business Management Team role is that of assurance, not directing or monitoring delivery unless the ongoing assessment of assurance requires improvement in this respect. A four weekly Business Management Team meeting is held which comprises standing agenda items for finance, governance, risk, performance, and human resources and further demonstrates the ongoing commitment to ensuring corporate governance arrangements are in place and remain effective.

Reflecting the changes to the council's senior management team structure as outlined in the [annual governance update report](#) to committee in September 2024, the Chief Executive, Depute Chief Executive, Section 95 Officer, and Monitoring Officer are members of the Business Management Team as well as the Chief Officers of Audit and Risk, People Resources, and Strategy and Engagement.

- (b) A Corporate Management Team whose role is *"To consider the strategic context and environment within which the council is operating, understand the position of the organisation, and consider the future direction. To consider the implementation of strategic decisions at a council wide level and the impact on the delivery of The Plan for North Lanarkshire and Programme of Work. To agree the one council approach required in order to deliver on the council's priorities (in partnership where required) in line with the strategic direction and monitor the delivery of the Programme of Work."* This means the Corporate Management Team role has a focus on improvement over time in delivering the council's strategic priorities through the Programme of Work.

The Chief Executive, Depute Chief Executive, and all other Chief Officers are members of the Corporate Management Team.

Both the Business Management Team and the Corporate Management Team input to the annual Strategic Governance Framework review process and to the review of the evidence that informs the Annual Governance Statement - with a view to ensuring the council's governance arrangements and systems of internal controls remain effective and to identify any improvement activity or future developments required to support continuous improvement. This ongoing commitment from the Business Management Team and the Corporate Management Team ensures that good governance is supported from the top of the organisation.

- (c) Four Service Management Teams (SMTs) - the [annual governance update report](#) in September 2024 reiterated the four service groupings which were originally established in September 2018, and which have continued to operate effectively since, i.e. Chief Executive's services, Enterprise and Communities, Education and Families, and Adult Health and Social Care.

The focus for these four SMTs is to manage the operational delivery of service remits. They are also required to consider the implementation of strategic and corporate decisions at a service and/or service grouping level and to consider the context within which the service / service grouping is operating and ensure decisions made in terms of operational delivery are in line with good governance and support the successful delivery of the Programme of Work and The Plan for North Lanarkshire.

- (d) Operational Management Team (OMT) - formally established in April 2021, this forum comprises all senior managers and head teachers across the council. It operates under the principles of engage,

## **Annual Accounts 2024/25**

### **Annual Governance Statement**

develop, support, and inform to connect managers and enable them to strengthen and support their teams to deliver on the Programme of Work in line with The Plan for North Lanarkshire. The OMT aims to provide a collaborative forum for discussions on the practical aspects of delivering the Programme of Work. This group is not a decision making body; it is an information sharing forum. Its focus is on providing opportunities to share and discuss significant strategic and corporate developments, and potential integrations and opportunities, with the wider operational management team environment across the council.

#### **5. Certification of assurance - on the level of assurance that the governance arrangements provide.**

- 5.1 In compliance with the Delivering Good Governance in Local Government: Framework (2016) the council has systems in place to review and improve the governance and internal control environment throughout the year. Issues for action have been identified and implementation will be monitored and reported as part of the next annual review.
- 5.2 It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of North Lanarkshire Council and its Group systems of governance. The annual review process has demonstrated sufficient evidence that the council's corporate governance arrangements have operated effectively, and the council and its group companies comply with the relevant corporate governance principles in all significant respects.
- 5.3 Having considered all the principles; I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

*Des Murray*

**Chief Executive**

25 September 2025

*James Logue*

**Leader of the Council**

25 September 2025

## **Annual Accounts 2024/25**

### **Independent Auditor's Report**

#### **Independent auditor's report to the members of North Lanarkshire Council and the Accounts Commission**

#### **Reporting on the audit of the financial statements**

##### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of North Lanarkshire Council and its group for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council only Comprehensive Income and Expenditure Statements, the group and council only Balance Sheets, the group and council only Movement in Reserves Statements, the group and council only Cash Flow Statements, the council only Housing Revenue Account, the Council Tax Income Statement, the Non Domestic Rates Income Statement, the Sundry Accounts Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2025 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Conclusions relating to going concern basis of accounting**

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

##### **Risks of material misstatement**

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

##### **Responsibilities of the Chief Officer (Finance and Technology) and Audit and Scrutiny Panel for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Officer (Finance and Technology) is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Officer (Finance and Technology) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Officer (Finance and Technology) is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going

## **Annual Accounts 2024/25**

### **Independent Auditor's Report**

concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

The Audit and Scrutiny Panel is responsible for overseeing the financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Chief Officer (Finance and Technology) as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Chief Officer (Finance and Technology) concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

#### **Reporting on other requirements**

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

#### **Other information**

The Chief Officer (Finance and Technology) is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited parts of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

**Annual Accounts 2024/25**  
**Independent Auditor's Report**

**Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement**

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

**Matters on which I required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

**Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



John Boyd FCPFA  
Audit Director  
Audit Scotland  
4<sup>th</sup> Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT  
25 September 2025



## **Annual Accounts 2024/25**

### **Glossary of Terms**

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

#### **Accruals**

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

#### **Actuarial Gains and Losses (Pensions)**

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

#### **Asset Ceiling Adjustment (Pensions)**

This limits the Pension Surplus recognised in the Annual Accounts to comply with relevant Accounting Standards

#### **Associates**

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

#### **Capital Adjustment Account**

The Capital Adjustment Account represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

#### **Capital Expenditure**

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

#### **Capital Financing**

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

#### **Capital Receipt**

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

#### **Capital Receipts Reserve**

The Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years after setting aside the statutory amounts for the repayment of external loans.

#### **Community Assets**

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

#### **Contingent Liability**

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

#### **Corporate and Democratic Core**

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

#### **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.

## **Annual Accounts 2024/25**

### **Glossary of Terms**

#### **Depreciation**

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

#### **Exceptional Items**

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

#### **Extinguishment**

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

#### **Fair Value**

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

#### **Finance Lease**

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

#### **Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and lending. This account is a technical accounting presentation and is not available for distribution.

#### **Heritage Asset**

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

#### **Impairment**

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

#### **Infrastructure Assets**

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

#### **Intangible Asset**

Non-current asset belonging to the Council which lacks physical substance. Examples include computer software, licensing agreements, patents and copyrights.

#### **Inventories**

Items of raw materials and stores a 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

#### **Joint Venture**

An entity in which the Council has an interest on a long-term basis and is jointly controlled by the Council and one or more entities under a contractual or other binding agreement.

#### **Liability**

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

#### **Non Distributed Costs**

These are overheads for which no user now benefits and as such are not apportioned to services.

#### **National Non Domestic Rates Pool**

All non domestic rates collected by local authorities are remitted to the national pool and thereafter distributed to Councils by the Scottish Government.

#### **Operating Lease**

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



## **Annual Accounts 2024/25**

### **Glossary of Terms**

#### **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.

#### **Pension Reserve**

This represents the difference between accounting for pension costs in line with UK Accounting Standards and the funding of pension costs from taxation in line with statutory requirements and is equal to the change in the pension liability, i.e. the commitment to provide retirement benefits.

#### **Provision**

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

#### **Public Works Loan Board (PWLb)**

A Central Government Agency, which provides loans for one year and above to Councils at interest rates only marginally higher than those at which the Government can borrow itself.

#### **Rateable Value**

The annual assumed rental of a hereditament, which is used for national non-domestic rates purposes.

#### **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 money value of any other benefits received other than in cash.

#### **Reserves**

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

#### **Right of Use Asset**

An asset that represents the lessee's right to use an underlying asset for the lease term.

#### **Subsidiary**

An entity which the Council wholly or partly controls.

#### **Trust Funds**

Funds administered by the Council for such purposes as prizes, charities and specific projects.





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