

2024/25

UNAUDITED ANNUAL ACCOUNTS

The City of Edinburgh Council

Annual Accounts

Year to 31 March 2025

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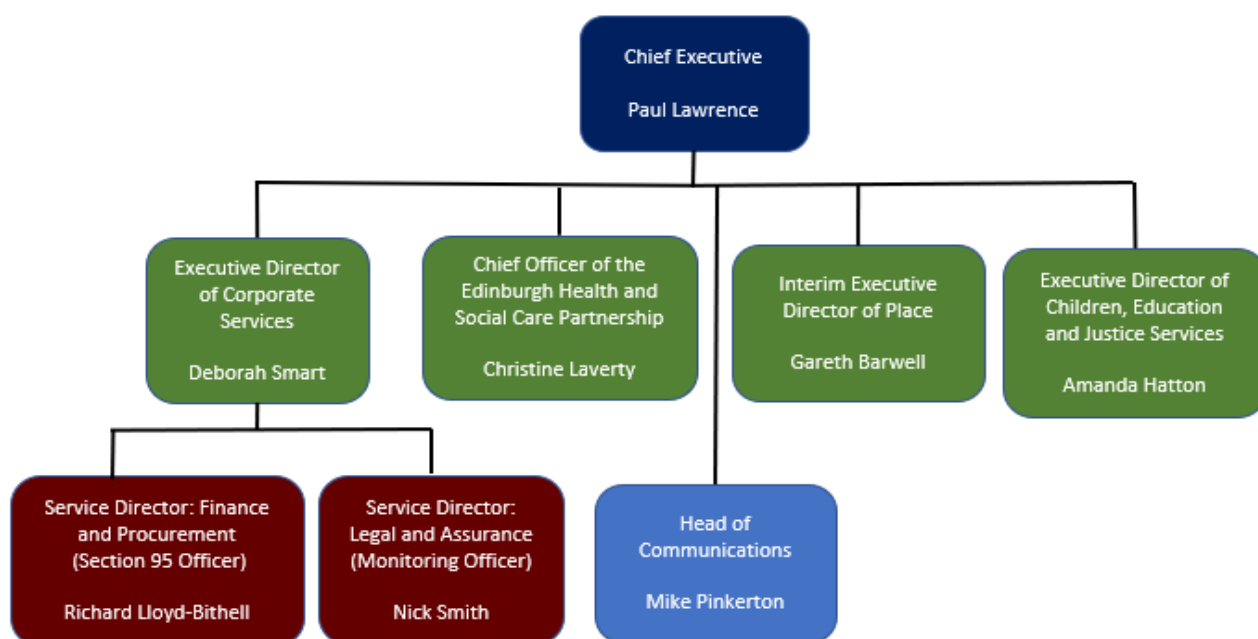
MANAGEMENT COMMENTARY

Introduction

The Unaudited Annual Accounts present the financial position and performance of the Council, together with the wider Council Group, for the year to 31 March 2025. They have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 using the Council's management structure as a reporting basis, as in the previous year.

The City of Edinburgh Council was constituted under the Local Government, etc. (Scotland) Act 1994 and became the unitary local authority to Scotland's capital city in April 1996. The Council brought together most of the services delivered by the previous regional and district councils, with its primary current frontline functions being the provision of education to school-age children within the city, social care services, economic development, a range of community-based services such as roads maintenance, street lighting and refuse collection and quality of life functions such as libraries, culture, recreation and parks. Services are delivered to some 540,000 citizens across the 102 square mile Council area. As of March 2025, the Council employed 15,559 FTE staff, compared to 15,588 FTE as of March 2024.

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



Paul Lawrence was appointed as Chief Executive in June 2024 following the retirement of Andrew Kerr. Christine Laverty was appointed as Chief Officer of the Edinburgh Health and Social Care Partnership in December 2024.

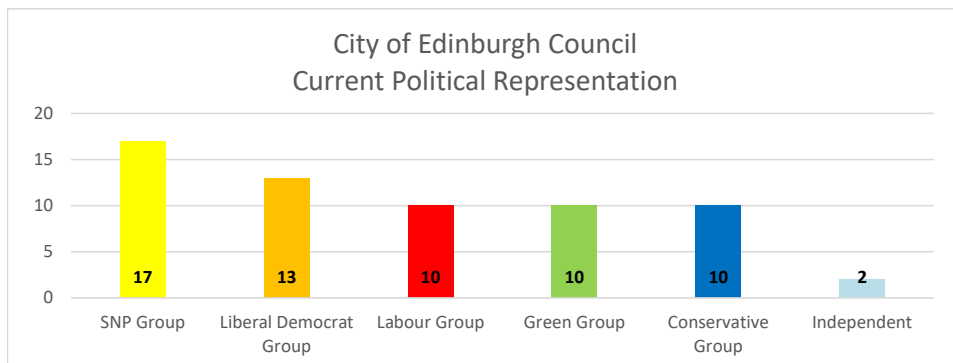
Corporate Services including Chief Executive's Office	Health and Social Care	Place
Customer and Digital Services	Edinburgh Integration Joint Board	Environment (incl. waste and parks)
Finance and Procurement	Older people's services	Transport (incl. parking)
Legal and Assurance	Learning and Physical disabilities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

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

MANAGEMENT COMMENTARY

There was a **Local Government Election on 5 May 2022** which resulted in a change in political representation for the Council, with a new minority Labour administration formed. Following subsequent resignations, local by-elections were held on 9 March 2023, 14 November 2024 and 23 January 2025.

The Council currently has **62 Councillors** representing 17 wards within the city, with one position vacant following the sad passing of Councillor Val Walker in April. A by election will be held on 26 June 2025.



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

Details of the senior councillors' remuneration and committee roles, for those in office during the financial year, are disclosed in the Remuneration Report from page 136 of these financial statements.

The Council in 2024/25

In November 2023, due to significant pressures on the city's housing market, including homelessness rates and housing costs, Edinburgh was the first local authority in Scotland to declare a housing emergency. Although a range of proactive measures were taken during 2024/25 to increase supply, including the bringing back into use of almost 700 "void" properties (alongside temporary changes to housing allocations policy), additional property acquisitions and variations to existing contracts, as of April 2025, almost 5,500 households remained in temporary accommodation. Tackling this crisis will therefore remain a key priority in the year ahead.

In March 2025, the first tenants moved into net-zero ready affordable homes in Western Villages at the Granton Waterfront - one of the most ambitious and sustainable regeneration projects taking place in the UK - while feasibility work is ongoing towards a new heat network so that the Council can prepare for a cleaner, greener approach to heating its homes.

In January 2025, the Council became the first region in Scotland to agree a visitor levy scheme, with planned implementation in Summer 2026. Enactment of this power is anticipated to help the city raise over £50m annually for reinvestment in the city and the sustainable management of tourism, benefitting those who live and work here as well as visitors.

Demographic Trends

Edinburgh continues to see significant population growth, with an 8.4% increase in the ten years to 2023, compared to a national rise of 3.2% over the same period, and further projected growth of around 9% by 2043. The main driver of this growth continues to be net overseas migration and a continuing increase in the number of residents aged 65 and over. This will place further demands on a range of frontline services and as a result, the Council's and Edinburgh Integration Joint Board's (EIJB) budget frameworks continue to provide additional annual sums in respect of growing numbers of at-risk children, older people and those with physical and/or learning disabilities. Following several years of increases, it is now projected that by 2034 the number of pupils in our schools will decrease by 2.6% as a result of falling birth rates, however the number of secondary school pupils is expected to grow by 3.2%.

The **Scottish Index of Multiple Deprivation (SIMD)** is one of the key tools for identifying concentrations of deprivation in Scotland. The most recent data set in 2020 showed that Edinburgh's share of the most deprived areas in Scotland decreased from 5.7% in 2016 to 5.0% in 2020. Edinburgh's share of the population of Scotland is 9.5%.

City of Edinburgh Council's Corporate Strategy and Vision

The priorities and outcomes for 2023 to 2027 and the actions being taken to achieve these are set out in the Council's **Business Plan** which was refreshed in 2025. The three main priorities that the Council is focussing on are:

1. Creating good places to live and work in Edinburgh;
2. Taking all the local actions needed to end poverty in Edinburgh; and
3. Tackling the twin climate and nature crises by 2030.

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

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

MANAGEMENT COMMENTARY

A Medium-Term Financial Plan has been developed alongside the Business Plan to ensure that the actions committed to are affordable and deliverable, with regular updates on developments considered by the Finance and Resources Committee.

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

The Business Plan describes the approach being taken by the Council to deliver its priorities in the form of 10 outcomes.

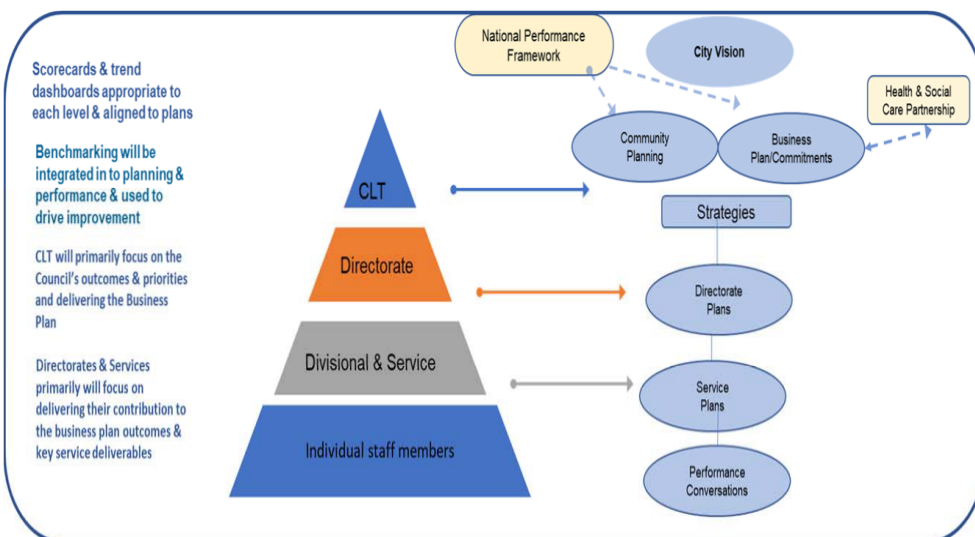
The actions identified in the Business Plan will ensure that:

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

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

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

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



Scrutiny and Oversight

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

Risks and Uncertainty

A report to the Governance, Risk and Best Value Committee on 27 March 2025 set out the Council's **risk profile**, the most significant risks facing it and the key actions being taken in response to those risks. The Council's risks are assessed against a framework of fourteen enterprise risk categories. As of February 2025, twelve specific areas had been highlighted as high risk with reference to their likelihood of occurrence and consequent impact.

MANAGEMENT COMMENTARY

Risks and Uncertainty - continued

The six enterprise risks with the highest "current risk" scores as of April 2025 were as follows:

Regulatory and Legislative Compliance - Housing	The Council is facing acute housing-related pressures due to high housing costs and homelessness rates, with over 5,500 households in temporary accommodation as of April 2025. If demand continues to outstrip supply, it may be unable to provide accommodation or deliver the service required, with the failure to accommodate rate of households presenting as homeless increasing to almost 66% in April 2025. This risk has legal, financial and reputational impacts.
Regulatory and Legislative Compliance - Child Protection	There is a risk of a child or adult protection failure resulting from inadequate implementation of required practice, with consequent legal, reputational and financial impacts for the Council.
Service resilience	A lack of resilience preparedness, clarity of appropriate response or multi-agency arrangements could result in an inadequate response to a major incident, "Black Swan" (i.e. unforeseen) incident or response to concurrent incidents. This risk could have legal, financial, reputational and/or service delivery impacts to the Council. These incidents could include industrial action, severe weather events, building issues or a pandemic. As Scotland's capital city, Edinburgh may be more vulnerable to some categories of such incidents.
Technology and Information - cyber threats, including power loss, impacting IT services with resultant significant disruption	If adequate cyber arrangements are not in place, both technically (from a resilience/preparedness perspective) as well as culturally (employees understanding their roles and responsibilities in terms of prevention), an attack could occur that the Council is unprepared to respond to adequately, adversely impacting the delivery of essential services. This risk could have legal, service delivery, financial and/or reputational impacts for the Council.
Financial and Budget Management - Organisational financial sustainability, including transformation	While the Council has set a balanced overall budget for 2025/26, due to the continuing gap between projected service expenditure and available income, current planning assumptions identify significant incremental funding gaps exist in subsequent years, with a cumulative gap of almost £100m by 2029/30. In addition, overall balance in 2024/25 was only achieved through reprioritisation of significant levels of reserves, including application of 2023/24's underspend. There is a consequent risk that the Council does not have medium-term revenue and capital financial plans consistent with sustainable service plans. This may result in sustainable aspirations, including service transformation, being unobtainable. The Finance service must therefore enable Directorates to create sustainable plans and proposals to deliver services within an affordable financial envelope. This re-emphasises the importance of developing a financial plan to deliver the annual budget and integrate key processes into the budget development such as the Medium-Term Financial Plan (MTFP) and planning performance framework.
Financial and Budget Management - financial control	Finance staff must provide reports and effective challenge to hold service managers to account to ensure services do not overspend their agreed budgets, including Council-delegated services through the Edinburgh Integration Joint Board. If suitable control is not exercised, there is a likelihood of service overspend, with consequent financial, reputational and legal impacts, meaning that the Council does not optimise use of available resources.

Risk Management Activity

The Corporate Risk Management Team supports colleagues in the management of risk through risk workshops, meetings and training. Support is based on the implementation of risk tools included within the Council's Risk Management Framework. The team works on a continuous basis with services in terms of embedding and developing Risk Management. Risk Champion posts will be created within services for a defined period and this role will support risk areas such as Resilience. The Risk Champion roles will increase organisational competency and capacity for Risk Management.

Mitigating Actions include the following:

Regulatory and Legislative Compliance - Housing	Housing new-build programmes; Housing teams' expertise in supporting within localities; Regular face-to-face "scenario sessions" with teams; Homelessness prevention activity; Regular liaison with Scottish Government in respect of funding and risks within the Edinburgh context.
Regulatory and Legislative Compliance - Child Protection	Council's Implementation of National Guidance; Continuous Child and Adult Protection training for employees as appropriate; Social Worker Scottish Social Services Council (SSSC) registration for required posts; Protecting Vulnerable Group checks (where required); Duty of candour; Multi-Agency service user Protection Committees reporting to Chief Officers' Group.
Service resilience	Corporate Resilience arrangements including the Business Impact Assessment Process; Council and Directorate Contingency Arrangements; Council and Directorate training and scenario testing; Call trees - strategic and operational; LRP/ RRP Arrangement/Procedures; mapping of existing contingency arrangements and gap analysis of what further actions may be required.
Technology and Information - cyber threats, including power loss, impacting IT services with resultant significant disruption	Technological support and controls (CGI/Digital Learning); CGI/Council Collaboration - Distributed Denial-of-Service Protection; Intrusion Detection/Prevention Systems; Firewalls; Vulnerability/Patch Management; Access Controls, Penetration Testing; Security Operations Centre Monitoring; Incident Management; Security Assurance Activities.
Financial and Budget Management - Organisational financial sustainability, including transformation, and wider financial control	Budget strategy and Medium-Term Financial Plan developed; prevention- and zero-based budgeting workstreams underway to improve alignment of available resources to Business Plan priorities; scenario planning conducted at strategic level for the organisation; Finance standing item on CLT agenda weekly to ensure focus and transparency of progress and emerging risks; Finance representation at Service SMT meetings to capture and advise on immediate and future financial risks; Council's Transformation Programme Strategic Programme Board and elected member Strategic Budget Working Group set up.

MANAGEMENT COMMENTARY

Risks and Uncertainty - continued

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

Once approved by the Committee, the Policy is shared and communicated across the Council, with the refreshed version published on the policy register maintained on the Council's website. The most recent Risk Management Policy was approved on 22 October 2024 along with the Risk Appetite and Tolerance Statement, which sets out the Council's attitude and approach to risk and the amount of risk that it is prepared to take in pursuit of its objectives.

Other Risks, Challenges and Uncertainties

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

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

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

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

Performance Overview

The latest in-year **Public Performance Scorecard** report was considered by the Governance, Risk and Best Value Committee on 27 March 2025. This provides information to enable Elected Members to scrutinise performance in a structured way, following the approach set out in the updated Planning and Performance Framework (PPF) which was approved on 21 March 2023.

Council Performance and Best Value

The scorecard is structured around 72 Key Performance Indicators (KPIs) split into six themes: Adult Social Care; Children, Families and Communities; Climate Change; Corporate Services; Environmental Services; and Housing. The indicators cover services used by a large proportion of the residents of Edinburgh or where there is a high level of public interest.

For 61 of the 72 KPIs, the Public Performance Scorecard includes a direction of travel compared to the previous year with the latest report showing 28 indicators improving, 14 maintaining and 19 declining.

The report gives an overview of performance across a range of Council services and for each KPI, it provides the latest data available, the current target where available, performance for the previous year and a pre-pandemic comparison where available. The latest report shows that of the 72 indicators:

- 42 KPIs have been assigned a red, amber or green (RAG) status based on performance (28 on or ahead of target, 8 just behind target and 6 behind target by more than 5%)
- 6 KPIs are awaiting end of year figures against target for 2024/25 and so have been assigned a blue RAG status
- 24 KPIs are for monitoring purposes only, or are awaiting a target and have been assigned a grey RAG status

Indicators where performance met, or exceeded, target were primarily in areas including adult social care, community justice, planning and building standards, refuse collection, street lighting, road repairs and customer contact.

The KPIs assessed as being behind target were:

- Children's Services - percentage of cases that are allocated and percentage of children with three or more placements in a year
- Community libraries and leisure - number of active library users and visits to school leisure facilities
- Customer Transactions - days to process Discretionary Housing Payments claims
- Finance - percentage of business rates collected
- HR and Information Compliance - sickness absence percentage and percentage of Freedom of Information requests completed within timescale
- Waste - percentage of waste recycled
- Homelessness - average case length; percentage of advice-only presentations, number of households in temporary accommodation and unsuitable accommodation
- Housing management - average time to complete emergency repairs

MANAGEMENT COMMENTARY

Council Performance and Best Value - continued

The next Public Performance Scorecard will be the **Annual Report**, covering the full year from April 2024 to March 2025, which will be considered by members in September 2025 and a summary incorporated within the audited accounts.

Local Government Benchmarking Framework (LGBF) 2023/24

An analysis of the **LGBF dataset for 2023/24** was reported to the Governance, Risk and Best Value Committee on 12 June 2025, providing an overview of the 2023/24 benchmarking data which allows comparison over time and comparison with other local authorities.

The latest figures show that overall, Edinburgh's relative position is in the top two quartiles (so above the national average) for 60% of the indicators (58 out of 96) and only 11% sit in the bottom quartile (11 indicators). In terms of performance, compared to 2022/23, Edinburgh has shown an improvement in 62 of the indicators (65%). However, performance has declined in 32 of the indicators and maintained for two.

The LGBF 2023/24 data analysis will be used to inform Senior Management Team discussions and the Council Planning and Performance Framework.

A suite of detailed analysis reports covering the eight LGBF themes are submitted to the relevant executive committee for scrutiny. Edinburgh is performing relatively well in Children's Services, Corporate Services, Culture & Leisure, Economic Development and Tackling Climate Change. Performance is above average in Adult Social Care and improvement is required in Housing, Environmental Services and Financial Sustainability.

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

Ending Poverty in Edinburgh

We continue to act in line with our End Poverty in Edinburgh Delivery Plan and details of progress can be found in our fourth **Annual Report**, which was considered by the Policy and Sustainability Committee in October 2024. The report provides an overview of actions taken by the Council and partners over the twelve months to September 2024 which include:

- Promote the real Living Wage, with the number of accredited employers in the city rising to 756 at a rate of increase well ahead of annual targets
- Launch partner engagement on a new city-wide Edinburgh Fair Work Charter for employers and workers
- Support 4,948 people into work and learning, including over 1,284 young people through Council funded employability programmes
- Provide targeted employability support for people from child poverty priority groups, including 1,900 people from ethnically diverse backgrounds and 1,500 people from families with a disabled child or adult
- Continue to deliver and develop the Discover! programme for families with children at risk of poverty, including new term time programmes in addition to school holiday support
- Agree a £10m package of investment for organisations supporting vulnerable and disadvantaged young people and their families right across Edinburgh through the Connected Communities Fund

The Controller of Audit's findings on Best Value within the Council were considered in October 2024 by the Accounts Commission who endorsed his recommendations.

The Controller of Audit's report was based on evidence collected in the 2022/23 and 2023/24 annual audits of the Council, alongside thematic Best Value work undertaken on a national basis, specifically (i) councils' leadership of the development of new local strategic priorities and (ii) workforce innovation.

The report noted the significant progress made since publication of the Council's previous Best Value Assurance Report in 2020, in particular the actions completed on performance reporting and medium-term financial planning. However, given the Council's ambitious strategic priorities and financial challenges, the report emphasised that work must be concluded as soon as possible on the actions to embed community engagement in service improvement and delivery, and to implement the Edinburgh Partnership's new governance arrangements and progress reporting.

Following the Accounts Commission's publication of these findings, they were then considered by the Policy and Sustainability Committee on 10 December 2024 and thereafter by Council on 19 December 2024. **A progress update in implementing the Commission's recommendations**, including legacy actions from the previous Best Value Assurance Review, was considered by members on 27 May 2025, with three of the five actions (on development of medium- and long-term financial plans and detailed workplace plans, a strategic approach to self-evaluation and continuous improvement and integrating community engagement within service improvement and delivery) recommended for closure by officers but the remaining two, closely linked to the Council's continuing work with the Edinburgh Partnership, noted as on-going.

MANAGEMENT COMMENTARY

Council Performance and Best Value - continued

Our **People Strategy** supports the Council Business Plan 2023-27 and sets out an overarching vision on how the Council will achieve its future workforce requirements.

The People Strategy is underpinned by a **Strategic Workforce Plan 2024-27** which was approved by Policy and Sustainability Committee on 22 August 2024 with service level workforce plans going live across the council in January 2025.

Reinforced Autoclaved Aerated Concrete

Reinforced Autoclaved Aerated Concrete (RAAC) panels are a form of lightweight concrete plank commonly used in roofs, walls, cladding, floors and eaves in the 1960s to 1980s with local authorities using them in a variety of buildings, including many schools. Safety concerns began to be raised in June 2023 as to the strength of these panels, initiating an urgent inspection process, with the initial focus being on the learning estate and then all operational properties. An **update report** considered by the Finance and Resources Committee in January 2024 provided details of works required and the estimated financial impact, with initial remedial costs estimated at £15.838m.

RAAC-related revenue expenditure of £0.489m was incurred during 2024/25 for relevant property surveys, remedial and decant costs and capital expenditure of £4.249m across four affected primary schools. Funding for Blackhall Library and Fox Covert Primary School is included in the approved Capital Budget 2025/35. An **update on other buildings** affected is available on the Council's website.

Low Emissions Zone (LEZ)

Enforcement of a Low Emission Zone began in June 2024 in order to reduce levels of harmful vehicle emissions in the city centre and help the Council achieve its ambitious targets, including net zero emissions by 2030. All vehicles entering the city centre zone area must now meet the less-polluting emission standards or face a penalty charge. Further details are included in Note 42. LEZ surplus income will be allocated in line with the approach set out in the **LEZ Summer Update report** presented to the Council's Transport and Environment Committee in August 2024. Information on that spend will be included in the LEZ Annual Evaluation report which will be published later this year.

Visitor Levy

The Visitor Levy (Scotland) Bill was passed on 28 May 2024 by the Scottish Parliament and became an Act on 5 July 2024, giving Local Authorities the legal power to introduce a Visitor Levy. On 22 August 2024, **Policy and Sustainability Committee** approved the recommended 5% Visitor Levy (VL) for Edinburgh pending the results of consultation on the draft scheme. Final member approval of the scheme, including decisions on the broad allocation of funds generated, was confirmed on 25 January 2025, thereby initiating the eighteen-month implementation period prior to go-live in Summer 2026.

An independent chairperson of the Visitor Levy Forum was agreed by Council in May 2025 and recommendations on the detailed allocation of funds under each of the VL themes of (i) city operations and infrastructure, (ii) mitigation of tourism on housing availability, (iii) culture, heritage and events and (iv) destination and visitor management will be considered by elected members in the coming months.

Following the devolution of relevant powers in April 2023, on 1 April 2024, significant changes to the Council's **Non-Domestic Rates Empty Property Relief (EPR)** came into effect. These changes removed open-ended exemptions and reliefs for most empty properties and instead placed a 12-month limit on such awards, with these timescales applying from the last time the property was occupied, regardless of the current owner/occupier. In April 2024, there were approximately 1,700 empty non-domestic properties in Edinburgh, with the revised policy's key aim being to promote the bringing back into active use of these properties, delivering economic, social and cityscape benefits. In 2024/25, £9.4m of additional income is reflected in the unaudited accounts, with 206 fewer properties being unoccupied at the year-end, consistent with the policy intent.

In April 2024, the Council also began to apply a **100% Council Tax surcharge to second homes in Edinburgh**. Application of this change is intended to help address the challenging housing market within Edinburgh by encouraging owners to bring properties back into active use as permanent homes. Collection of additional income from second homes during the year was £2.7m against an annual target of £2.25m. Over time, the amount of additional income raised through application of the premium may reduce significantly, consistent with the policy intent. In this regard, the number of properties noted as second homes moved from 1,504 in April 2024 to 1,452 in March 2025.

MANAGEMENT COMMENTARY

Performance Overview - continued

A refreshed **Medium Term Financial Plan** was brought to Finance and Resources Committee and Council for approval in February 2025 as part of setting the revenue and capital budgets, and was integrated into the Council's "Sustain and Reform" Budget Strategy. A further update on progress in implementing, in particular, the preventative and zero-based budgeting aspects of this strategy will be considered by the Finance and Resources Committee on 24 June 2025.

As part of its annual work on Best Value, Audit Scotland conducts thematic reviews as directed by the Accounts Commission. In 2023/24, the thematic review across the sector was on **workforce innovation** and considered how councils are responding to the current workforce challenge through building capacity, increasing productivity and innovation. The findings from the review were reported to the Governance, Risk and Best Value Committee on 17 September 2024. The equivalent review for 2024/25 has considered councils' transformational change capability and is expected to be presented to the Governance, Risk and Best Value Committee in September 2025.

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

Financial Performance

Revenue - General Fund

The Council's financial performance is presented in the Comprehensive Income and Expenditure Statement, which can be seen on page 25. This statement has been prepared as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. To show the net position of the Council, it is necessary to adjust the Comprehensive Income and Expenditure Statement for statutory items that require to be taken into account in determining the position on the General Fund and Housing Revenue Account for the year. These are summarised in the Movement in Reserves Statement (page 22).

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

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

	Revised Budget 2024/25 £000	Actual 2024/25 £000	(Under) / Over Spend £000
General Fund services	1,273,246	1,292,182	18,936
Non-service specific areas			
Loans charges / interest on revenue balances	87,042	86,645	(397)
Other non-service specific costs	28,281	24,535	(3,746)
Council Tax Reduction Scheme	27,382	27,395	13
Empty Property Relief Non-Domestic Rates	8,329	5,954	(2,375)
Net Cost of Benefits	(127)	(657)	(530)
Non-service specific areas total	150,907	143,872	(7,035)
Movements in Reserves			
Net contribution to / (from) earmarked portion of the General Fund	(27,308)	(40,197)	(12,889)
Contribution to / (from) Capital Fund	(4,070)	(4,070)	0
Movements in Reserves total	(31,378)	(44,267)	(12,889)
Sources of funding			
General Revenue Grant	(629,278)	(629,278)	0
Distribution from Non-Domestic Rate pool	(407,645)	(407,645)	0
Council Tax *	(355,852)	(357,583)	(1,731)
Sources of funding total	(1,392,775)	(1,394,506)	(1,731)
Transfer (to) / from earmarked portion of the General Fund	0	(2,719)	(2,719)

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

* Council Tax (excluding Council Tax Reduction Scheme)

MANAGEMENT COMMENTARY

Financial Performance - continued

Revenue - General Fund - continued

On 22 February 2024, the Council set a **balanced budget** for 2024/25 but with the delivery of approved savings and the prompt identification and management of underlying or emerging pressures key to maintaining financial stability in the year. In total, the approved budget was predicated on the delivery of some £28.5m of directorate-specific and corporate savings and additional income. In addition to full delivery of these savings and additional income, a number of other risks required to be managed during the year, the most material of which were delivery of almost £48m of approved savings within the EIJB, including challenging measures around the management of new and existing demand, and demand-led pressures across several other areas, particularly in homelessness and adult care services.

The revenue budget outturn for the year shows an overall underspend of £2.719m, albeit this position comprises three distinct elements:

	£m
Overspends before corporate mitigations within Directorates and Edinburgh Integration Joint Board	18.936
Application of reserves, including 2023/24 underspend previously set aside	(12.889)
Net savings/additional income in corporate budgets	(8.766)
Outturn for year	(2.719)

As in recent years, significant demand-led pressures resulted in net pressures within Directorates of £18.9m, the majority of which related to Council-delegated health and social care services within the Edinburgh Integration Joint Board. These pressures were offset by savings in a number of corporate budgets, including additional Council Tax income and reductions in the level of (devolved) Non-Domestic Rates Empty Property Relief granted, as well as application of the previous year's underspend and a number of reprioritised reserves. Taken together, these resulted in an overall underspend of £2.719m.

In overall terms, 84% of approved savings were delivered during the year, compared with equivalent figures for 2023/24 (84%), 2022/23 (98%).

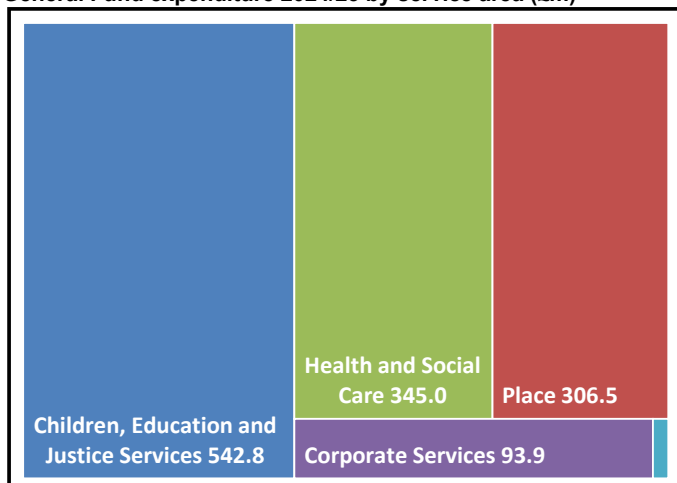
Although the majority of savings were delivered, delays in implementation across a number of approved savings resulted in only partial in-year delivery. Delivery of approved contract and procurement savings of £1.4m are pending fully developed business cases and in the meantime, a one-off corporate mitigation was identified.

Principal Sources of Funding - General Fund

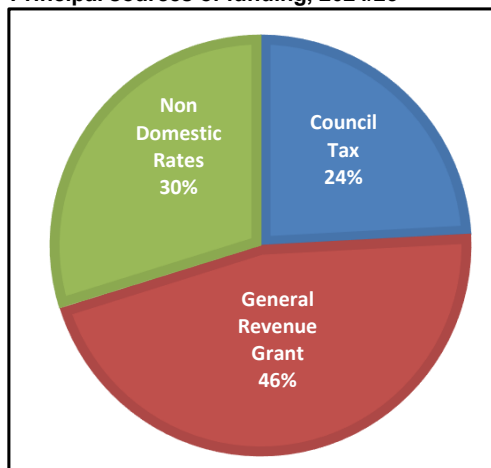
The principal sources of funding used by the Council during the year were:

	£000
Council Tax, net of Council Tax Reduction Scheme (CTRS) (<i>property-related tax from households</i>)	330,188
General Revenue Grant (<i>Government revenue grant funding based on city's relative needs assessment</i>)	629,278
Distribution from Non-Domestic Rates pool (<i>property-related tax primarily from businesses</i>)	407,645
Total	1,367,111

General Fund expenditure 2024/25 by service area (£m)*



Principal sources of funding, 2024/25



* - The turquoise-shaded box on the expenditure diagram represents the Council's requisition for the Lothian Valuation Joint Board of £4.1m.

MANAGEMENT COMMENTARY

Financial Performance - continued

Reserves

General Fund

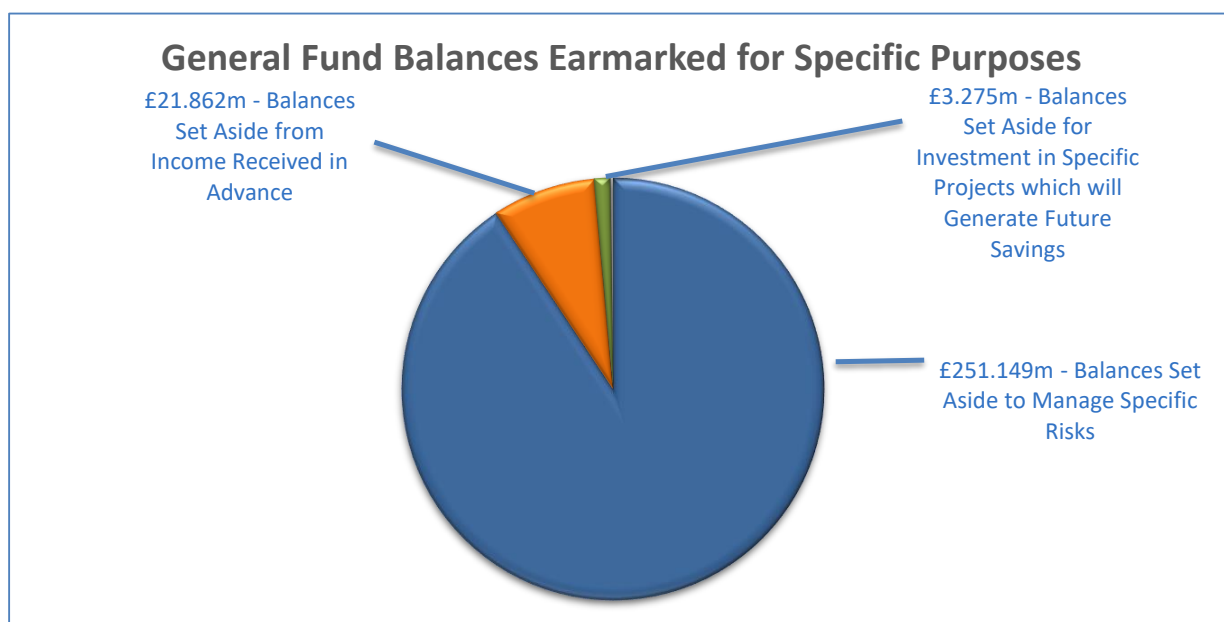
The Council's General Fund reserves comprise two elements:

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

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

The **latest review** was in February 2025, as part of the 2025/26 budget-setting process. The unallocated General Fund balance at 31 March 2025 was £25.603m, which equates to 1.88% of annual budgeted net expenditure. Council approved on 20 February 2025, a £2m increase to unallocated reserves to address risks going forward, which increases this to an equivalent of 2.02%.

In addition, the Council has a further £275.714m (2023/24 £327.485m) of balances earmarked for specific purposes. As sums requiring to be drawn down under the Devolved School Management scheme exceeded the opening balance available, this resulted in a combined overall debit balance of £0.572m (2023/24 £0.465m) at the year end. Details can be seen in note 12 to the Financial Statements. The chart below highlights the split of these balances.



- Balances set aside for specific financial risks which are likely to arise in the medium-term future. Examples include monies earmarked for staff release costs, dilapidations and other related contractual commitments and the insurance fund. The sums shown above include £70.6m of service concession flexibility monies and £7.8m of non-service specific legacy COVID-related funding to be applied against expenditure and income losses in future years;
- Balances set aside from income received in advance are primarily from grant income, due to timing differences between the receipt of the grant income and the planned expenditure thereof. The sums above include £0.785m of service-specific COVID-related funding carried forward to be offset against expenditure in 2025/26;
- Balances set aside to enable the Council to undertake investment in specific projects which will deliver savings in future years, such as Spend to Save. These savings are used, initially, to replenish the earmarked balances; and
- Balances held under the Devolved School Management scheme (DSM) and Pupil Equity Fund (PEF), which permits balances on individual school budgets to be carried forward to the following financial year and academic years (see note 12.2).

Other Reserves

The Council holds other usable reserves; these are the Capital Grants Unapplied Account with a balance of £17.345m, the Capital Fund with a balance of £18.640m and the Renewal and Repairs Fund with a balance of £39.296m, including £13.705m of monies for schools prepaid under PPP arrangements. These sums are used to support capital investment across the Council's property estate.

MANAGEMENT COMMENTARY

Financial Performance - continued

Financial Ratios

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

Council Tax	2024/25	2023/24	Notes on interpretation of ratios
In-year collection rate	96.30%	96.24%	This shows the % of Council Tax collected during the financial year that relates to bills issued for that year. It does not include collection of sums billed relating to previous financial years. The collection rate is stated on a line-by-line basis, adjusted for the impact of water-only debt in the joint collection of Council Tax and water charges. The indicator shows that the in-year collection levels have increased from levels achieved in prior year.
Council Tax income as a percentage of overall funding	24.15%	25.78%	This shows the proportion of total funding that is derived from Council Tax, net of Council Tax Reduction Scheme (CTRS) support. While Council Tax rates were frozen in 2024/25, the proportion was lower to previous years.
Debt and Borrowing - Prudence		Notes on interpretation of ratios	
Capital Financing Requirement	£2,448.4m	£2,207.1m	The capital financing requirement represents the underlying need to borrow to fund expenditure on assets and shows an increase of around 11% during the year. Financing costs are provided for within the Council's Long-Term Financial Plan. Further details of the capital financing requirement can be seen in note 37 to the Financial Statements and in the Capital Strategy section on the next page.
External debt levels	£1,955.5m	£1,731.7m	<p>External debt levels include long-term commitments in respect of finance leases (mainly schools provided through PPP schemes) together with borrowing undertaken to finance capital expenditure. (Excludes Donated and Right of Use Assets)</p> <p>External debt levels are lower than the capital financing requirement as the Council has adopted a position of under borrowing, as set out in the Treasury Strategy.</p>
Debt and Borrowing - Affordability		Notes on interpretation of ratios	
Financing costs to net revenue stream - General Fund	7.27%	8.00%	These ratios show the proportion of total revenue funding that is used to meet financing costs. High interest rates have increased the relative financing costs for the HRA.
Financing costs to net revenue stream - HRA	34.34%	32.40%	
Impact of capital investment on Council Tax	-0.23%	4.32%	These ratios show incremental impact of financing costs, the increase or (decrease) in financing costs from the previous financial year, as a percentage of Council Tax, in respect of costs payable through the General Fund and house rents for the HRA. The ratios for 2024/25 reflect the combined effect of increased capital expenditure and higher interest rates in the HRA.
Impact of capital investment on house rents	6.95%	1.29%	

Treasury Management Strategy

The Annual Treasury Management Strategy 2025/26 was approved on 20 March 2025. The key points are:

- the Council's total capital expenditure was forecast to be £3.163 billion between 2024/25 and 2029/30;
- the Council's underlying need to borrow at 31 March 2030 is forecast to be £3.189 billion;
- the Council had reached the limit in resources for funding its Capital Financing Requirement from temporary investment balances and required to undertake significant external borrowing.

MANAGEMENT COMMENTARY

Financial Performance - continued

Capital Strategy

The Sustainable Capital Strategy 2025-35 - Annual Report was approved at Full Council on 20 March 2025.

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

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

The Council received £47.043m of general capital grant during 2024/25, £5.0m of which has been transferred to the Capital Fund, and subsequently drawn down to revenue, primarily as the Scottish Governments mechanism for funding the Pay Award. The support provided through general capital grant enables the Council to direct resources to its own priorities.

Capital expenditure for the year totalled £304.244m. Major capital projects undertaken during the year included:

- Creation and expansion of educational properties - £95.263m;
- Roads, carriageways and other transport infrastructure - £72.810m;
- Social housing through the housing development fund - £51.797m;
- Asset Management Works at operational properties - £19.181m; and
- Environmental services programmes including Waste, Parks and Greenspace and Fleet - £34.108m
- Providing funding for homes for mid-market rent through the Edinburgh Living MMR LLP - £5.471m.

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

	Budget 2024/25 £000	Actual 2024/25 £000	(Slippage) / Acceleration £000
Capital expenditure			
General Fund services	381,654	304,244	(77,410)
Housing Revenue Account	216,300	222,160	5,860
Total capital expenditure	<u>597,954</u>	<u>526,404</u>	<u>(71,550)</u>
Capital receipts and other contributions			
- General Fund services	(36,982)	(23,711)	13,271
- Housing Revenue Account	(31,801)	(28,973)	2,828
Government and other grants			
- General Fund services	(118,207)	(117,547)	660
- Housing Revenue Account	<u>(25,303)</u>	<u>(24,052)</u>	<u>1,251</u>
Total capital income	<u>(212,293)</u>	<u>(194,283)</u>	<u>18,010</u>
Balance to be funded through borrowing			
- General Fund services	(226,466)	(162,987)	63,479
- Housing Revenue Account	<u>(159,195)</u>	<u>(169,134)</u>	<u>(9,939)</u>
Total advances from loans fund	<u>(385,661)</u>	<u>(332,121)</u>	<u>53,539</u>

General Fund Services Capital Outturn

The General Fund Capital Programme has seen significant slippage in 2024-25 whereby £77.4m of expenditure that was anticipated at budget setting has not occurred within the year.

The biggest driver of this comes from the Learning Estate Investment Programme (£42.0m) with delays to the start of construction of the new St Catherines Primary School (£11.0m) and the extension to Frogston Primary School (£4.6m); the new Liberton High School (£14.7m) due to unforeseen site conditions and the need to mitigate the impact of the NHS now leasing a unit instead of contributing to the construction cost; the new Currie High School (£6.5m) with the demolition of the existing school and contract close out moved to 2025-26; and other small variances totalling £5.1m.

Other delays relate to the Fleet Replacement Programme (£10.7m) which has longer-than-expected delivery lead times, the Millerhill Heat Offtake Unit (£7.9m) having not started due to legal issues and Road and Transport Infrastructure (£7.8m) which has seen capital grants for Active Travel and Road Safety received early in the respective programmes allowing Council budgets to be used in later years. There have also been delays to Building Improvement and Reinforced Aerated Autoclaved Concrete (RAAC) remediation (£4.2m), the Swift Replacement project in the Health and Social Care Partnership (£3.1m) and Parks and Greenspace

Delays in expenditure noted above and the application of associated ringfenced funding has therefore lowered the requirement for loans fund advances by £63.5m when compared to budget.

MANAGEMENT COMMENTARY

Financial Performance - continued

Housing Revenue Account Capital Outturn

The 2024-25 HRA Capital Programme has seen a net expenditure of £5.9m more than budget, acceleration of spend in the work on existing homes whilst suffering some delays in the New Homes programme.

In the Housebuilding Programme, delays in expenditure have occurred at Greendykes K&L (£6.7m), Murrayburn Gate (£5.0m), Granton Waterfront (£1.9m) and at Powderhall sites (£1.9m) whilst expenditure has accelerated at Silverlea (£4.1m) and Western Villages (£3.3m). Further delays in expenditure of £2.2m across the rest of the Housebuilding programme bring the total to £10.3m. These deviations from budget relate to changes in timings of multi-year projects and have minimal impact on the HRA Business Plan.

There have also been some delays in the planned acquisition of completed homes (£7.2m) approved by Council throughout 2024-25. Purchases of these units are upon completion of construction by developers as part of private schemes so timing is out of the immediate control of the Council. Conversely, the Council extended the HRA Acquisitions and Disposals programme (£4.6m) acquiring additional homes to be used and funded by the General Fund for temporary accommodation. Therefore, this is cost neutral to the HRA.

The Improvements to Existing Homes programme saw £18.8m more expenditure than anticipated at budget setting. £7.0m of this was capital works on void properties reflecting the change in strategy to boost the usable housing stock to combat the Housing Emergency. This will ultimately lead to more rental income once the homes are occupied. The Council was also able to deliver more Mixed Tenure (£5.9m), Fire Safety (£2.8m) and Energy Efficiency (£2.2m) improvement works than was expected at budget setting. A net £0.9m of further increases were realised across other areas of the programme.

The HRA has received £4.1m less income than was budgeted reflecting fewer receipts and grants realised within the year. The decision to pause the disposals part of the Acquisitions and Disposals programme (£0.8m) is likely to continue into 2025-26 to boost the housing stock, which will affect the HRA business plan with increased income and borrowing costs. Land receipts from Pennywell (£2m) are now expected in 2025-26 but a reduced amount of Energy Efficiency grant being applied to capital (£1.3m) is unlikely to be recovered. With the expenditure in the programme totalling £5.9m (including the £4.6m Acquisitions noted above funded from the General Fund Homelessness budget) more than budget and receiving £4.1m less income, the borrowing requirement was almost £10m more than budget.

Housing Revenue Account

The Council has a statutory obligation to maintain a housing revenue account (HRA) which records all income and expenditure for the management of, and investment in, Council social homes. The HRA is entirely self-financing and receives no funding from the general Council budget. All expenditure is funded through tenants' rent, related service charges and interests gained through HRA assets. The HRA has, however, made a number of acquisitions of homes on behalf of the General Fund for use as temporary accommodation to address homelessness. These purchases and any subsequent costs will be entirely funded by the General Fund.

The HRA revenue outturn was £2.6m less favourable than budget. This resulted in a drawdown of £0.4m being required from the HRA reserve compared to a budgeted contribution of £2.2m. The variance related primarily to additional costs for responsive repairs. The impact of this variance on the 10-year business plan will be assessed and considered through the 2026/27 budget process.

The Council Housebuilding Programme delivered 203 new homes in 2024/25 at Granton D1, Western Villages and Pennywell. This included 146 social rented homes, 37 mid-market rented homes that were purchased by Edinburgh Living MMR LLP and 20 homes for market sale. The delivery pipeline for new homes remains strong. There were around 820 affordable homes under construction (as of the end of March 2025), and a further c.4,000 in the design or pre-construction stage.

Since November 2023, the Council has approved purchases of 538 "off the shelf" homes from private developers, of which, 279 homes have been completed and handed over to the Council in 2024/25 and 39 will not be pursued. The remaining 220 homes are expected to be settled in 2025/26. In addition, the Acquisition and Disposals programme, which helps to increase supply and consolidate block ownership, purchased 156 homes and disposed of 45 homes during 2024/25.

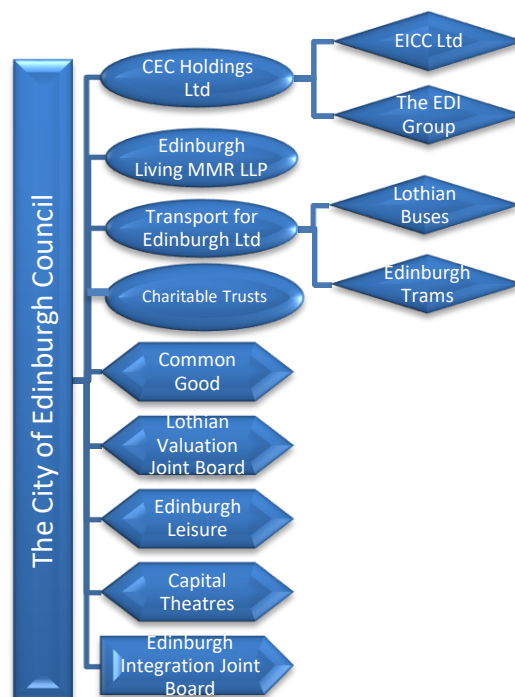
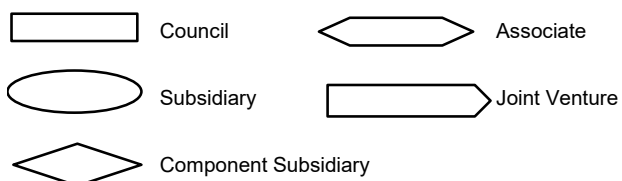
The Mixed Tenure Improvement Service (MTIS) Programme completed its three-year pilot at Murrayburn, Hailesland and Dumbryden in 2024/25, retrofitting 1,314 flats in 175 blocks in the area. There has been significant design and development work progressed throughout 2024/25 to transition towards a holistic area-based and Whole House Retrofit (WHR) approach on improving existing homes and estates, with work started on site at Magdalene, Bingham and the Christians area. For Restalrig/Lochend area, eight phases have now been awarded to contractors for delivery in 2025/26. In addition, final stages of detailed design are being progressed at Craigmillar/Peffermill Court, with the main works programme due to start on site late in 2025.

MANAGEMENT COMMENTARY

Financial Performance - continued Group Accounts

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, Group Accounts have been prepared, which consolidate the financial interests the Council has in subsidiaries, associates and joint ventures, where the interest is considered material. Note 9 details the interests the Council holds and further financial details about the entities. The adjacent chart shows the components in the structure of the Group. Information on the Common Good can be found on page 121.

Key:



CEC Holdings Ltd

EDI Group Ltd (subsidiary of CEC Holdings Ltd)

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

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

For the year ended 31 December 2024, the EDI Group Ltd reported a net loss of £0.114m which was mainly due a low level of activity within the company, resulting in minimal trading revenue and other income to offset costs.

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

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

The Conference Centre held 164 events in 2024, which was down on the previous year however the events held in the year were longer in duration and attracted significantly more delegates which drove additional revenues and generated greater economic impact. These events varied enormously in their size, duration, diversity and profitability. As well as holding conferences, meetings and exhibitions, the Conference Centre hosted, amongst other things: national inquiries; awards dinners; graduations; a number of dance competitions; children's entertainment performances; comedy shows; tech exhibitions; food and drink fairs; and university examinations.

The year to December 2024 saw the Company produce operating profits of £1.200m which was due to the sales team securing the required business for the year. This was achieved despite the depressed economic outlook, high levels of inflation, some localised problems and increased competition within the UK and from across the world and aggressive price competition.

MANAGEMENT COMMENTARY

Financial Performance - Group Accounts - continued

Edinburgh Living MMR LLP

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

Edinburgh Living MMR LLP and MR LLP (dormant) are financed under a Facility Agreement with the Council to borrow up to £248m along with access to funding via the Council to various Scottish Government grants and Council Tax Discount Fund monies to support property acquisitions. Edinburgh Living bought its first homes in January 2019 and owned 594 homes across the city by the end of 2024, including the acquisition of 20 homes in

The results for the year show a net profit before tax of £7.741m, which includes the gain from property valuation increases of £6.124m, the underlying operating profit being £3.521m.

Transport for Edinburgh Ltd

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

During 2020, it was agreed that Lothian Buses be reconstituted to be responsible for the management of all Council-owned public transport models in the city whilst retaining the brands and services of each of the transport companies. A Transport Project Board was established in early 2023 to focus on establishing the scope and methodology for due diligence. The Board presented a reform report and as part of the recommendations, in April 2024 it was confirmed that TfE will close as an operational company but will continue as a company for the purposes of holding shares in Lothian Buses and Edinburgh Trams.

The Group retained a substantial share of the local public transport market in Edinburgh and the Lothians in 2024. Revenue has increased by 9.3% from the previous year to £226.7m, while there was a loss after tax of £6.5m. The results for the year were in line with expectations, with patronage improving despite changing travel patterns. Edinburgh Trams has continued to develop its responsibility for tram network maintenance and renewals and is paying a higher access fee for the use of assets including the tramway, trams and tram depot. Up to 31 March 2024, Transport for Edinburgh continued to receive some funding support from Scottish Government via Transport Scotland's Network Support Grant.

Lothian Valuation Joint Board (LVJB)

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

During 2024/25, the significant resources allocated to the disposal of the outstanding Revaluation 2017 appeals and adapting to the new proposals and appeals process for Revaluation 2023 influenced the Board's performance. The principal of these show that 75.20% of all properties were inserted onto the Council Tax List within three months following occupation. During 2024/25, 5,681 dwellings were inserted onto the Council Tax list while 2,044 amendments were made to the Valuation Roll. The Electoral Register was maintained throughout 2024, including during the period of the UK Parliamentary election, which was held on 4 July 2024. A new register was published in December 2024, with 78,638 electors added and 48,306 electors removed from the register during this year.

The Board reported expenditure of £6.555m for 2024/25. This enabled a net contribution of £0.103m to the Board's reserves. The Board retains a General reserve of £0.887m. £0.200m is retained to meet the Board's commitment to a minimum level of Reserve of 3%.

Edinburgh Leisure

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

For Edinburgh Leisure, some highlights for 2024/25 were the introduction of new products, including Evolve (Hyrox) and the new bouldering experience at the Climbing Arena together with the launch of the new membership offer which resulted in a marked increase in membership numbers. Edinburgh Leisure continued to work with the Council and other stakeholders on a range of projects during the year, including the Active Communities Programme which supports around 10,000 people a year to get active to improve their health and wellbeing.

Edinburgh Leisure reported an underlying surplus of £0.199m for the year to March 2025 following a very strong final quarter. This translated into a healthier than expected cash position going into 2025/26 which will allow the charity to invest in assets which will continue to improve their long-term sustainability.

Capital Theatres

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

MANAGEMENT COMMENTARY

Financial Performance - Group Accounts - continued

Capital Theatres - continued

2024/25 was a strong year for Capital Theatres, offering a programme of extraordinary live experiences for everyone including the sell-out run of Hamilton at the start of the financial year, Disney's magical Mary Poppins and a moving revival of A Chorus Line. All these shows contributed to the selling of 392,067 tickets, attracting 39,768 new bookers, and reaching a 77% occupancy rate across the year. The charity earned a spot as the 10th best company to work for in Scotland as well as being shortlisted for the Best Improver at the 2024 Best Companies Awards. Further focus was also placed on audience accessibility with the launch of the new Access Scheme which enabled online booking for accessible performances – resulting in over 13,600 tickets sold and 812 memberships.

The results of the 2024/25 financial year show an operating surplus of £11.156m including a revenue grant of £0.585m from the City of Edinburgh Council. £10.160m of this surplus is committed to restricted funds which cover the construction and fitting out of the The Studio at Potterow and the redevelopment project of the King's Theatre.

Edinburgh Integration Joint Board

The Edinburgh Integration Joint Board (EIJB) was formally delegated the functions and resources of the Council's Health and Social Care Service and NHS Lothian's Community Health Partnership, with effect from 1 April 2016. In view of the basis of level of control being fifty percent, Board representation, and wider materiality levels, this Joint Venture has been consolidated into the Group accounts for the year to 31 March 2025, see note 9.4.

In June 2025, the Edinburgh Integration Joint Board is expected to agree its draft strategic plan for the period to 2028. The plan will reiterate the EIJB's commitment to provide the best possible health and social care services for the people of Edinburgh with the resources available. This means working to make Edinburgh a caring, healthier and safer place to live for everybody. The strategic plan provides a clear and realistic indication of what can be achieved in each area of the EIJB's responsibility over the next three years and how this will be done. It outlines the many complex challenges facing Edinburgh's health and social care system and how the EIJB plans to use the resources available to address them.

For the year to 31 March 2025, the EIJB reported an in-year surplus of £1.5m in the annual accounts. This purely reflects timing differences, with income received in this financial year being carried forward to offset committed costs for 2025/26.

The City of Edinburgh Charitable Trusts

Due to the City of Edinburgh Council acting as sole trustee for the City of Edinburgh Charitable Trusts, they have been consolidated into the Group accounts as a subsidiary for the year to 31 March 2025.

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

The funds are:

Scottish

Registered Charities

Lauriston Castle

Jean F. Watson

Edinburgh Education Trust

Nelson Halls

The Royal Scots Trust

Boyd Anderson (Charitable Funds)

On the 20th June 2023, the Finance and Resources Committee approved, subject to onward ratification from Council subsequently received on 31st August 2023, to apply to the Court of Session to use its exceptional power – the nobile officium – to wind up Lauriston Castle Trust and transfer ownership of the property to the Council. Legal advisors have been appointed to progress this on the Trust's behalf and lodging of the associated petition is anticipated by the end of June 2025.

For the year ending 31 March 2025, the Trusts reported a net deficit of £0.042m and the total support funding received in year from the City of Edinburgh Council was £0.423m.

Group Summary

Net assets for 2024/25 include a combined group pension liability of £7.784m (2023/24 asset £3.742m), as shown in note 41.9. This reflects the inclusion of pension liabilities relating to the Council, other employees (including subsidiary companies) and the incorporation of Lothian and Borders Valuation Joint Board as an associate within the group. It should be noted that this is a snapshot of the position at 31 March 2025. The actuarial valuation, which takes a longer term view, will consider the appropriate employers' contribution rates and these, together with employee contributions and revenues generated from fund investments, will be utilised to meet the financing of these liabilities. It is therefore appropriate to adopt a going concern basis for the preparation of the group financial statements.

MANAGEMENT COMMENTARY

Financial Performance - continued

Benchmarking and Consultation

A report to the Finance and Resources Committee on 13 March 2025 provided a summary of the main issues and themes identified within the **Accounts Commission's Financial Bulletin 2023/24** published on 28 January 2025. While the Accounts Commission themes were identified at a national level, the report sought to consider these within the local context.

In May 2025, the Accounts Commission published a further briefing on **Local Government budgets 2025/26**. A report on the applicability of the report's findings and recommendations to the Council will be considered by the Finance and Resources Committee in June 2025. The national report notes improvements in both (i) the extent of direct engagement on spending priorities and specific savings proposals and (ii) depth and coverage of equalities-related considerations. As noted below, an extensive budget engagement process was put in place in Edinburgh during the year and, working with the Scottish Women's Budget Group, Integrated Impact Assessments prepared for all relevant budget proposals, alongside explicit consideration of relevant impacts arising from increases in Council Tax levels.

A **budget engagement programme** has been introduced, which seeks to embed Integrated Impact Assessment-related considerations at all stages of budget development. The Council's engagement approach was revised in response to a previous external audit review and sought to consult more explicitly with stakeholders on both Council priorities and the impacts of specific savings proposals.

On 4 February 2025, the Finance and Resources Committee considered a report on the **Consultation on Officer Budget Proposals**, which summarised the response to proposals for financial year 2025/26 and the response from colleague budget engagement. The report set out next steps for budget communication, further engagement, investigating money-saving ideas, and reporting.

Climate Change and Sustainability

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

Following public consultation, a draft **Climate Ready Edinburgh (CRE) Plan 2024-2030** was approved by Policy and Sustainability Committee on 22 August 2024. The plan outlines the strategic approach and actions that will need to be taken to adapt Edinburgh to the impacts of a changing climate. It was developed by the Edinburgh Adaptation and Nature partnership, which is a sub-group of the Net Zero Edinburgh Leadership Board that reports to the Edinburgh Partnership.

The **CRE Implementation Plan 2024-2026** was subsequently approved by Committee on 11 March 2025 following the development of delivery milestones, KPIs and high level costings. The plan's aims in the first two years are to:

- Support climate adaptation, nature restoration and enhancement of the city through policy development and project delivery through partnership working;
- Reduce flooding through ongoing maintenance and operation of flood prevention schemes, mapping and implementation of projects to deal with surface water flooding using nature-based solutions where appropriate;
- Complete the first stage of a coastal change adaptation plan to protect our coastline and communities in the future;
- Support climate adaptation and build the resilience of our transport system, economy and cultural sector;
- Protect and build up the resilience and wellbeing of our citizens and communities through direct action by working with partners, including the health sector and third sector; and
- Prioritise communications through delivery of a partnership communications campaign to support all sectors and enable people to make informed decisions about their homes and businesses.

The **Capital Strategy 2025-2035** sets out priorities for £1.782bn of Council capital investment, in alignment with the Council Business Plan and its core priorities, including the ambition to end poverty in Edinburgh. The equality and poverty impact of individual projects within the Council's capital programme is considered as part of the business cases for those projects. A climate assessment has been carried out for capital spending proposals with 37% assessed as very favourable or favourable under conditions, 59% neutral or undefined and 4% unfavourable. The strategy will be updated on an annual basis, with a zero-based budgeting exercise being carried out as part of the 2026-7 budget process to ensure the strategy is fully aligned with Council priorities. Funding assumptions will be kept under review, and capital expenditure plans remain contingent on the strategy continuing to be affordable. There is a continuing need to assess, based on best-available expenditure and income projections for the projects concerned, the adequacy of sums provided within the budget framework in respect of known commitments and emerging pressures.

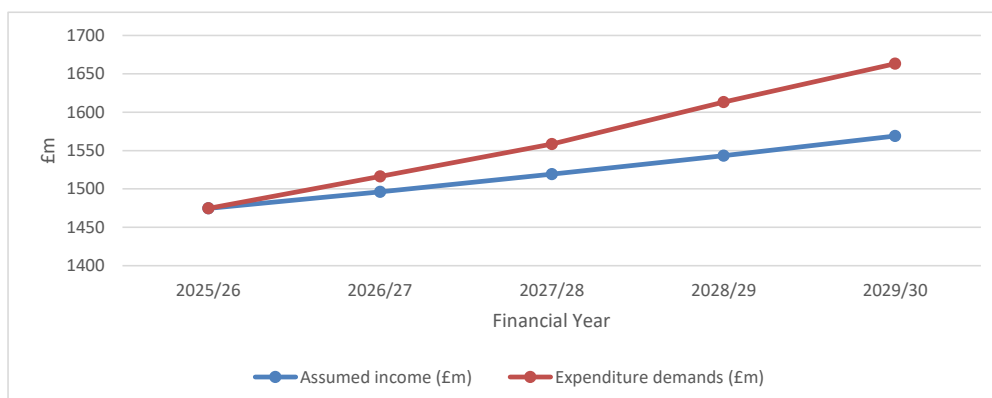
MANAGEMENT COMMENTARY

Medium-term financial planning

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

A series of assessments of the financial position has been reported to elected members. The most recent of these was considered by the Finance and Resources Committee on 4 February 2025.

While the Council has approved a balanced budget for 2025/26, it faces significant financial challenges going forward. Current projections indicate a need to deliver at least £19.9m of recurring savings in 2026/27, increasing to £94.2m over the four-year period to 2029/30 as shown in the chart below:



The position presented assumes robust management of all residual service pressures and full delivery of all approved savings. It is aligned to the officer proposals in the **Revenue Budget and Medium-Term Financial Plan** reported to the Finance and Resources Committee on 4 February 2025.

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

CIPFA Financial Management Code (FM Code)

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

Focus has been maintained to embed improvements introduced through the 2021/22 to 2024/25 budget processes including:

- Maintaining an increased level of unallocated general reserve;
- Incorporating explicit revenue budget provision for underlying service pressures;
- Savings options being considered through the relevant executive committee;
- Establishing a Cross-Party Strategic Budget Working Group to progress budget development in collaboration with all political parties;
- Bringing forward the deadline for budget motions to allow more time for consideration ahead of final budget decision-making;
- Continuing the five-year Housing rent strategy aligned to the 10-year Housing Capital Investment Programme.

Improvements introduced for the 2025/26 process include the following:

- Continuing progress in the identification of revenue budget savings with £43m of savings, additional income and mitigation of service pressures approved across Service Directorates in setting a balanced revenue budget for 2025/26;
- Explicit revenue budget provision for underlying service pressures including homelessness, adult social care, home to school transport and early years agreed alongside a programme of actions and savings initiatives to bring expenditure back to budgeted levels.
- A risk contingency of £15m has been earmarked to provide an appropriate balance between providing relative stability to overspending service areas and encouraging the necessary service redesign through a programme of savings initiatives.
- Work on further development and implementation of the Budget Strategy has been accelerated, with an updated version approved by Council in February 2025. The updated Budget Strategy informed budget setting for 2025/26, as well as medium-term financial planning for the next five years, and the Council's wider strategic direction;

MANAGEMENT COMMENTARY

Medium-term financial planning - continued

- Recruitment to a new Financial Strategy and Best Value Team during 2024/25 brought additional capacity to support the acceleration of the Budget Strategy. Immediate priorities for the team include delivery of existing approved savings and generating new ideas that will drive both immediate financial stability, the 2026/27 budget and the medium-term financial strategy;
- Alignment of capital investment decisions to Council priorities and wider financial strategy with £320m of additional approved investment aligned to Economic Growth; Prevention and Early Intervention; Climate Adaptation and Net Zero; Organisational Transformation; and Statutory Requirements including Health and Safety; and
- Recognising the increasing risks within the Housing Revenue Account (HRA) Budget Strategy, a separate report by the Council's Section 95 Officer was introduced for 2025/26 budget setting, setting out the main risks inherent in the HRA budget framework and the range of measures and provisions established to mitigate these.

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

- **Finance and Assurance Board:** an officer group, chaired by the S95 Officer, is being established to strengthen financial governance and assurance.
- **Budget Accountability.** Each Executive Director will be assigned a cash limit and sign a budget accountability letter. Accessing the risk contingency in the case of overspend will be required to obtain formal approval, with performance in managing pressures regularly considered by the Finance and Assurance Board; and
- **Zero-Based Budgeting.** To address the extent of financial pressures faced, and to enable a shift in the Council's operating model to increase investment in preventative services, a zero-based budget approach will be implemented on a phased basis from 2026/27.

Change Strategy and Business Plan

In 2023, a new Business Plan was approved for 2023 - 2027, and this continues to meet the BVAR recommendations on aligning the Council's strategic direction. Regular progress update reports are considered by the Policy and Sustainability Committee and a **refreshed Business Plan** setting out a new delivery plan for 2025/26 and 206/27 was approved on 27 May 2025.

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

- **2030 Climate Strategy**
- **End Poverty in Edinburgh Delivery Plan**
- **Local Housing Strategy**
- **Edinburgh Learns For Life**
- **Our People Strategy**
- **Digital and Smart City Strategy**
- **Sustainable Procurement Strategy**
- **Equality, Diversity and Inclusion Strategy**
- **City Plan 2030**
- **City Mobility Plan**
- **Corporate Property Strategy**

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

The Authority's Responsibilities

The Authority is required:

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

The Section 95 Officer's responsibilities

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

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

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

The Section 95 Officer has also:

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

Annual Accounts

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

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

Date:

MOVEMENT IN RESERVES STATEMENT

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

Council 2024/25	General Fund Balance £000	Housing Revenue Account Balance £000	Renewal and Repairs Fund £000	Capital Grants Unapplied Account £000	Capital Fund £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
2024/25								
Balance at 31 March 2024	353,238	0	35,880	20,404	19,851	429,373	3,494,683	3,924,056
Movement during 2024/25								
Total Comprehensive Income and Expenditure	(155,530)	(43,830)	0	0	0	(199,360)	205,963	6,603
Adjustments to Usable Reserves permitted by accounting standards	85,628	1,732	0	0	0	87,360	(87,360)	0
Adjustments between accounting basis and funding basis under regulations (Note 11)	26,867	36,628	0	(3,059)	(1,211)	59,225	(59,225)	0
Net increase / (decrease) before transfers to statutory reserves	(43,035)	(5,470)	0	(3,059)	(1,211)	(52,775)	59,378	6,603
Transfer (to) / from other statutory reserves (Note 12.3)	(8,886)	5,470	3,416	0	0	0	0	0
Increase / (decrease) in year	(51,921)	0	3,416	(3,059)	(1,211)	(52,775)	59,378	6,603
Balance at 31 March 2025	301,317	0	39,296	17,345	18,640	376,598	3,554,061	3,930,659

Group - 2024/25	Total Usable Reserves £000	Total Unusable Reserves £000	Council Total Reserves £000	Group Reserves £000	Minority Interest £000	Total Reserves £000
2024/25						
Balance at 31 March 2024	429,373	3,494,683	3,924,056	208,965	13,850	4,146,871
Movement during 2024/25						
Total Comprehensive Income and Expenditure	(199,360)	205,963	6,603	(460)	0	6,143
Adjustments to Usable Reserves permitted by accounting standards	87,360	(87,360)	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	59,225	(59,225)	0	0	0	0
Net increase / (decrease) before transfers to statutory reserves	(52,775)	59,378	6,603	(460)	0	6,143
Transfer (to) / from other statutory reserves	0	0	0	0	0	0
Minority interest and other consolidation adjustments	0	0	0	(6,857)	(876)	(7,733)
Increase / (decrease) in year	(52,775)	59,378	6,603	(7,317)	(876)	(1,590)
Balance at 31 March 2025	376,598	3,554,061	3,930,659	201,648	12,974	4,145,281

MOVEMENT IN RESERVES STATEMENT

Re-stated Council	General Fund Balance £000	Housing Revenue Account Balance £000	Renewal and Repairs Fund £000	Capital Grants Unapplied Account £000	Capital Fund £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
2023/24 Comparative Data								
Balance at 31 March 2023	266,306	0	37,430	31,189	42,194	377,119	3,683,325	4,060,444
Movement during 2023/24								
Total Comprehensive Income and Expenditure	(44,395)	(110,968)	0	0	0	(155,363)	18,975	(136,388)
Adjustments to Usable Reserves permitted by accounting standards	86,050	5,815	0	0	0	91,865	(91,865)	0
Adjustments between accounting basis and funding basis under regulations (Note 11)	51,725	97,155	0	(10,785)	(22,343)	115,752	(115,752)	0
Net increase / (decrease) before transfers to statutory reserves	93,380	(7,998)	0	(10,785)	(22,343)	52,254	(188,642)	(136,388)
Transfer (to) / from other statutory reserves (Note 12.3)	(6,448)	7,998	(1,550)	0	0	0	0	0
Increase / (decrease) in year	86,932	0	(1,550)	(10,785)	(22,343)	52,254	(188,642)	(136,388)
Balance at 31 March 2024	353,238	0	35,880	20,404	19,851	429,373	3,494,683	3,924,056

Re-stated Group - 2023/24	Total Usable Reserves £000	Total Unusable Reserves £000	Council Total Reserves £000	Group Reserves £000	Minority Interest £000	Total Reserves £000
Balance at 31 March 2023	377,119	3,683,325	4,060,444	178,550	11,807	4,250,801
Movement during 2023/24						
Total Comprehensive Income and Expenditure	(155,363)	18,975	(136,388)	43,933	0	(92,455)
Adjustments to Usable Reserves permitted by accounting standards	91,865	(91,865)	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	115,752	(115,752)	0	0	0	0
Net increase / (decrease) before transfers to statutory reserves	52,254	(188,642)	(136,388)	43,933	0	(92,455)
Transfer (to) / from other statutory reserves	0	0	0	0	0	0
Minority interest and other consolidation adjustments	0	0	0	(13,518)	2,043	(11,475)
Increase / (decrease) in year	52,254	(188,642)	(136,388)	30,415	2,043	(103,930)
Balance at 31 March 2024	429,373	3,494,683	3,924,056	208,965	13,850	4,146,871

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

for the year ended 31 March 2025

Re-stated 2023/24 £000		Notes	Gross Expend. £000	Income £000	Net Expend. £000
	SERVICES				
484,101	Children, Education and Justice Services		599,117	(47,693)	551,424
462,442	Place		879,009	(353,213)	525,796
124,033	Housing Revenue Account		185,889	(134,414)	51,475
315,548	Health and Social Care		824,783	(477,401)	347,382
90,324	Corporate Services		121,356	(23,777)	97,579
3,774	Lothian Valuation Joint Board		4,063	0	4,063
(689)	Net cost of benefits		171,403	(172,060)	(657)
5,111	Other non-service specific costs		(9,066)	(352)	(9,418)
(8,058)	Subsidiary Companies		248,231	(240,638)	7,593
1,476,586	COST OF SERVICES		<u>3,024,785</u>	<u>(1,449,548)</u>	1,575,237
(4,278)	Gains on disposal of non-current assets				(5,767)
58,453	Financing and Investment Income and Exp.	13.			81,271
(1,391,781)	Taxation and Non-Specific Grant Income	14.			(1,455,869)
138,980	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES				194,872
6,421	Associates and Joint Ventures Accounted for on an Equity Basis				(3,096)
881	Taxation of Group entities	14.			2,070
<u>146,282</u>	GROUP (SURPLUS) / DEFICIT				<u>193,846</u>
(36,864)	Surplus on Revaluation of Non-Current Assets			(186,505)	
(50,301)	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp			230,711	
36,998	Changes in Financial and Demographic Assumptions / Other Experience			(232,176)	
(3,660)	Other Unrealised (Gains) / Losses			<u>(12,019)</u>	
(53,827)	Other Comprehensive Income				(199,989)
<u>92,455</u>	TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE				<u>(6,143)</u>

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

for the year ended 31 March 2025					
Re-stated 2023/24			Gross Expend.	Income	Net Expend.
£000	SERVICES	Notes	£000	£000	£000
484,101	Children, Education and Justice Services		599,117	(47,693)	551,424
462,442	Place		879,009	(353,213)	525,796
124,033	Housing Revenue Account		185,889	(134,414)	51,475
315,548	Health and Social Care		824,783	(477,401)	347,382
90,324	Corporate Services		121,356	(23,777)	97,579
3,774	Lothian Valuation Joint Board		4,063	0	4,063
(689)	Net cost of benefits		171,403	(172,060)	(657)
1,111	Other non-service specific costs		(9,066)	2,148	(6,918)
1,480,644	COST OF SERVICES		<u>2,776,554</u>	<u>(1,206,410)</u>	1,570,144
(3,943)	Gains on disposal of non-current assets				(5,656)
70,443	Financing and Investment Income and Exp.	13.			90,741
(1,391,781)	Taxation and Non-Specific Grant Income	14.			(1,455,869)
155,363	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES				199,360
(26,488)	Surplus on Revaluation of Non-Current Assets			(185,929)	
(50,301)	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp			230,711	
57,814	Changes in Financial and Demographic Assumptions / Other Experience			(250,745)	
(18,975)	Other Comprehensive Income				(205,963)
136,388	TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE				<u>(6,603)</u>
RECONCILIATION OF THE COUNCIL'S POSITION TO THE GROUP POSITION					
£000					£000
136,388	Total Comprehensive (Income) / Expenditure on the Council's Comprehensive Income and Expenditure Statement (CIES)				(6,603)
(7,582)	Subsidiary and associate transactions included in the Council's CIES				(6,301)
(41,693)	(Surplus) / deficit arising from other entities included in the Group Accounts Subsidiaries				10,794
5,342	Associates and Joint Ventures				(4,033)
92,455	Group total Comprehensive (Income) / Expenditure for the year				<u>(6,143)</u>

BALANCE SHEET

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

Re-stated 31 March 2024				31 March 2025	
Group	Council		Notes	Group	Council
£000	£000			£000	£000
3,994	3,994	Intangible Assets	17.	8,515	8,029
5,890,364	5,725,103	Property, Plant and Equipment	15.	6,182,310	6,017,418
145,022	24,961	Investment Properties	16.	153,729	25,145
53,351	31,403	Heritage Assets	18.	53,587	31,025
0	0	Assets Held for Sale	23.	0	0
51,699	0	Other Long-Term Assets (Pension)	41	32,951	0
619	18,494	Long-Term Investments	22.1	619	18,400
41,484	0	Investments in Associates and Joint Ventures		45,317	0
66,540	184,414	Long-Term Debtors	20.	44,262	171,079
6,253,073	5,988,369	Long-Term Assets		6,521,290	6,271,096
13,613	10,857	Short-Term Investments	22.2	13,484	10,849
1,772	1,772	Assets Held for Sale	23.	4,197	4,197
23,350	23,350	Financial Assets	43.	13,227	13,227
9,605	4,248	Inventories	19.	10,652	4,962
216,623	207,603	Short-Term Debtors	20.	241,108	228,651
104,118	36,699	Cash and Cash Equivalents	21.	44,202	(12,659)
369,081	284,529	Current Assets		326,870	249,227
(62,099)	(62,099)	Short-Term Borrowing	43.	(114,648)	(114,648)
(326,990)	(276,892)	Short-Term Creditors	24.	(336,203)	(285,487)
(11,250)	(9,251)	Provisions	25.	(13,866)	(11,504)
(400,339)	(348,242)	Current Liabilities		(464,717)	(411,639)
(1,476,135)	(1,476,135)	Long-Term Borrowing	43.	(1,658,700)	(1,658,700)
(427,997)	(377,112)	Other Long-Term Liabilities	38.1	(401,724)	(362,710)
(21,649)	(21,649)	Long-Term Provisions	25.	(19,283)	(19,283)
(22,159)	0	Deferred Tax		(20,846)	0
(77,983)	(76,966)	Deferred Liability	43.	(96,132)	(95,937)
(283)	0	Liabilities in Associates and Joint Ventures		(82)	0
(48,738)	(48,738)	Other Long-Term Liabilities (Pensions)	27.5	(41,395)	(41,395)
(2,074,944)	(2,000,600)	Long-Term Liabilities		(2,238,162)	(2,178,025)
4,146,871	3,924,056	Net Assets		4,145,281	3,930,659
3,646,963	3,494,683	Unusable Reserves	27.	3,715,613	3,554,061
499,908	429,373	Usable Reserves	12.	429,668	376,598
4,146,871	3,924,056	Total Reserves		4,145,281	3,930,659

The unaudited financial statements were issued on 10 June 2025.

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

CASH FLOW STATEMENT

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

Re-stated					
Year to 31 March 2024				Year to 31 March 2025	
Group	Council		Notes	Group	Council
£000	£000			£000	£000
Operating Activities					
138,980	155,363	(Surplus) / Deficit on the Provision of Services		194,872	199,360
881	0	Adjustment to (Surplus) / Deficit for Taxation of Group entities		2,070	0
(394,771)	(368,295)	Adjustments to (Surplus) / Deficit on the Provision of Services for non-cash movements	29.	(354,198)	(328,739)
140,678	128,688	Adjustments for items included in the (Surplus) / Deficit on the Provision of Services that are investing or Financing Activities	29.	94,040	84,570
(114,232)	(84,244)	Net cash flows from operating activities	28.	(63,216)	(44,809)
Investing Activities					
212,615	196,944	Net cash flows from investing activities	30.	395,874	371,644
Financing Activities					
(14,914)	(9,763)	Net cash flows from financing activities	31.	(272,742)	(277,477)
83,469	102,937	Net decrease / (increase) in cash and cash equivalents		59,916	49,358
(187,587)	(139,636)	Total Cash and cash equivalents at 1 April		(104,118)	(36,699)
(104,118)	(36,699)	Cash and cash equivalents at 31 March	21.	(44,202)	12,659
83,469	102,937	Net decrease / (increase) in cash and cash equivalents		59,916	49,358

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The Annual Accounts summarise the authority's and the authority's group transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The authority is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that these accounts be prepared in accordance with proper accounting practices. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) and supported by International Financial Reporting Standards (IFRS).

1.1 Material Items

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

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

1.2 Recognition of Income and Expenditure

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

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

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

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet.
- Provision has been made in the relevant accounts for bad and doubtful debts.
- Revenue from Council Tax and Non Domestic Rates is recognised when it is probable that the economic benefits will flow and the amount of revenue can be measured reliably. Revenue is measured at the full amount receivable (net of any bad debt provision) as they are non-contractual, non-exchange transactions.

1.3 Value Added Tax

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

1.4 Overheads

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

1.5 Going Concern

The Council's Statement of Accounts for 2024/25 has been prepared on a going concern basis. The concept of a going concern assumes that the Council's functions and services will continue in operational existence for the foreseeable future. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. In accordance with the CIPFA Code of Local Government Accounting (2024/25), the Council is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.6 Events after the balance sheet date

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

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

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

1.7 Prior period adjustments, changes in accounting policies and estimates

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by proper accounting practice or to provide more reliable or relevant information on the Council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied. Changes in accounting estimation techniques are applied in the current and future years and do not give rise to a prior period adjustment.

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

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

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

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

- fair value of the services received during the year - debited to services in the Comprehensive Income and Expenditure Statement.
- finance cost - an interest charge of 8.968% (PPP1 scheme), 5.895% (PPP2 scheme), 8.197% (James Gillespie's High School), 6.301% (Queensferry High School) and 6.84% (Millerhill Residual Waste Facility) on the outstanding balance sheet liability - debited to 'financing and investment income and expenditure' in the Comprehensive Income and Expenditure Statement.
- contingent rent - increases in the amount to be paid for the property arising during the contract - debited to 'financing and investment income and expenditure' in the Comprehensive Income and Expenditure Statement.
- payment towards liability - applied to write down the value of the finance lease on the Balance Sheet.
- lifecycle replacement costs - recognised as non-current assets on the Balance Sheet.

Service Concession Agreements are accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. The Standard recognises that the Council is in control of services provided under the PPP scheme. As ownership of the long-term assets will pass to the Council at the end of the contract for no additional charge, the Council carries the assets on the Balance Sheet. With effect from 1 April 2023, IFRS 16 (Leases) also applies to service concession arrangements. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase balance sheet assets by £7.528m (2023/24 £88.947m), with an equal increase in finance lease liabilities as at 31 March 2025.

1.9 Right of Use Assets

The Council adopted IFRS 16 (Leases) with effect from 1 April 2022, having elected not to take the option of further deferring implementation. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2022. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short-term leases i.e. existing leases that expire on or before 31 March 2026, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.10 Fair Value measurement - surplus assets and investment properties

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

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

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

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

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

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

1.11 Property, Plant and Equipment

• Categories of Assets

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

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

• Recognition

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

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

• Measurement

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

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

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

• Components

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.11 Property, Plant and Equipment - continued

- **Depreciation**

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

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

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

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

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

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

The Council is not required to raise Council Tax to cover depreciation or impairment losses. Depreciation and impairment losses are therefore a reconciling item in the Movement in Reserves Statement for the General Fund and Housing Revenue Account by way of an adjusting transaction with the capital adjustment account.

- **Revaluations**

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

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

- **De-recognition**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies - continued

1.11 Property, Plant and Equipment - continued

• De-recognition - continued

Statutory Override 2

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

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

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

1.12 Revenue Expenditure Funded from Capital Under Statute

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

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

1.13 Group Account Consolidation

Group accounts have been prepared on the following basis:

- Accounting policies for group members have been aligned unless highlighted below.
- The following methods of consolidation have been used:
 - Subsidiaries - line-by-line basis;
 - Associates and Joint Ventures - equity method.
- Transport for Edinburgh Limited's, CEC Holdings Limited's and Edinburgh Living MMR LLP's reporting periods are to 31 December. As this is within three months of the Council's reporting period (to 31 March) a review was undertaken to establish the potential impact of the different reporting periods on the financial position of the companies. An adjustment has been made for the B Shares issue of Transport for Edinburgh, as a result of this review, but no other consolidation adjustments have been assessed as being required.
- Edinburgh Living MMR LLP accounts for government grants for acquisition of properties on a deferred income basis, which is not aligned to the Council's income recognition policy requirements. Adjustments have been made for this on consolidation.
- In 2023, Transport for Edinburgh Limited's balance sheet was held at the recoverable value due to a change in year-on-year impairment, related to its ongoing investment in Edinburgh Trams Ltd. Following a recent revision of the City of Edinburgh's Transport companies Arm's Length External Organisation (ALEO) reform, Transport for Edinburgh Limited is expected to be retained as a shareholding shell company to maintain shareholdings in Edinburgh Trams Ltd and Lothian Buses Group Ltd. Under these conditions, the company is considered a going concern.
- Inter-company transactions have been eliminated on consolidation.
- Group members' financial statements have been prepared on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting Standards that have been issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2025/26 Code:

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

- IAS21 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)
- IFRS 17 Insurance Contracts
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

3. Judgements Made in Applying Accounting Policies

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

3.1 Provision of School Buildings and Waste Facility

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

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

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

The accounting policies for public private partnerships have been applied to these arrangements and the schools and waste facility (valued at net book value of £789.155m and £112.839m respectively at 31 March 2025) are recognised as Property, Plant and Equipment on the Council's Balance Sheet.

3.2 Group Membership

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

3.3 Materiality

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

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

Group	Council	HRA
£m	£m	£m
30.248	27.766	1.859

3.4 Agency Arrangements

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

		Effect if Actual Results Differ from Assumptions				
Item	Uncertainty					
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. A reduction in spending on repairs and maintenance would bring into doubt the useful lives assigned to the assets. The Council has used data available on repairs and maintenance to improve the identification of impairments as part of the valuation process. A formal procedure has been put in place in accordance with that procedure and included within the Checklist for Asset Valuation Process. The valuation process also includes a material changes spreadsheet which includes both impairments from unexpected events, the scrutiny of the repairs and maintenance data and the condition score data, as well as changes from capital expenditure on assets, demolitions, etc. No estimations and assumptions about the estimated cost of dismantling, removing or restoring items of property, plant and equipment have been included in the Capital Expenditure in the Accounts. The Council has reviewed the potential for indexation of the Other, Land and Buildings within our asset base and it was deemed by our senior surveyors and external advisors that in their professional judgement, an indexation of 3% should be applied to build cost components of Other Land and Buildings that are not revalued in the year, to reflect the conditions in the external market. Council dwellings are valued using the Beacon Method under which the values of groups of similar properties are calculated by assessing the capital value of one of them (a beacon) then extrapolating the value across the rest of the group. The beacon discount factor is determined by comparing levels of private rent with social rent for each beacon property and calculating the average to apply across the whole portfolio to take account of the difference between private stock (the source of the comparable sales data) and social rented stock. This methodology takes account of regional variations in capital values, stock condition, rent arrears and voids. The discount factor applied in the 2024-25 revaluations is 70%, reflecting the application of 30% multiplier to the market value.	<p>If the useful life of assets is reduced, depreciation increases and the carrying value of the assets falls. It is estimated that the annual depreciation charge would increase and the carrying value would fall by £3.022m for each year that useful lives were reduced.</p>				
	Per Accounting Policy 1.11, the building component of an asset is separated into further components primarily to those with a carrying value of over £5 million. This policy is also applied to buildings with a carrying value of less than £5 million where enhancement expenditure is considered significant in relation to the overall carrying value of the building component. In any given financial year, we also calculate useful lives for each property we revalue. This is used as the basis for the useful life of the building component. The Council uses the table below as the basis for its standard apportionments of components;	<p>If the discount factor is increased by 1%, this would lead to a corresponding reduction in the total value of council dwellings of £32.882m.</p>				
Standard Apportionments						
Type	B - Structural	D - Finishes	F - Fittings	R – Non-Traditional Roof	S – Services	This table and the relevant splits will be reviewed annually by the valuer.
High School	38%	17%	3%	6%	36%	
Primary School	38%	17%	3%	6%	36%	
Care Home	36%	19%	4%	3%	38%	
Sport Centre	39%	17%	4%	6%	34%	
Waverley Court	43%	16%	2%	3%	36%	
City Chambers	46%	16%	2%	0%	36%	
Offices, Galleries and Other	44%	16%	2%	2%	36%	
Millerhill Residual Waste	38%	16%	4%	5%	37%	
Est. Useful Life	Various	25 Years	15 Years	35 Years	20 Years	

NOTES TO THE FINANCIAL STATEMENTS

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

Uncertainty - continued

Pensions Liability	<p>Estimation of the net asset / liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p> <p>The interim solution to avoid inequalities between men and women's benefits following the introduction of the Single Status Pension in 2016 has resulted in a recalculation of pension liabilities related to the estimated impact of Guaranteed minimum pension (GMP) indexation changes.</p> <p>Accounting Standards impose a limit on the maximum amount of pension surplus recognised on the Balance Sheet Note 41 provides further information</p> <p>A further ruling on GMP has been made, in relation to historic transfers.</p> <p>Legislation requires the Local Government Pension Scheme (LGPS) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. The costs management process has been paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) were age discriminatory. These cases could have knock on implications for the LGPS (potentially increasing the liabilities).</p> <p>The Goodwin case judgement, in respect of deemed discrimination in spousal transfer on death of a member, may also result in the potential increasing of the pension liabilities.</p> <p>The Walker and O'Brien cases may impact LGPS benefits in the future, in respect of retrospective discrimination in spousal transfer of benefits for same sex couples.</p>	<p>The effects on the net pensions asset / liability of changes in individual assumptions can be measured.</p> <p>Note 41.6 provides further information on the Council's pension asset / liability.</p> <p>The increased liability has been reflected in the pension liability as a past service cost.</p> <p>The Council's actuary has provided a basis of restriction calculation.</p> <p>The Council's actuary has not included any allowance for this as they deem it unlikely to have a significant impact on the pension obligations of a typical Employer.</p> <p>The Council's actuary has included an estimate within the pension asset / liability as a past service cost.</p> <p>The Council's actuary has not included an estimate of the impact of the Goodwin case in the valuation due to the uncertainty of the final outcome. The estimated impact on the Employer's future obligations may be around 0.1% higher.</p> <p>The Council's actuary has not included an estimated of the impact of these cases as they are unlikely to result in a significant impact on the pension obligations.</p>
Arrears	At 31 March, the Council had a balance of sundry debtors of £24.509m. A review of significant balances suggested that an impairment of doubtful debts of £4.241m (17.3%) was appropriate. In the current economic climate it is not certain that this will be sufficient.	If collection rates were to deteriorate, a 5% increase in the rate of the impairment of doubtful debts would require an additional £1.225m to be set aside as an allowance.
House Rent Arrears	At 31 March, the Council had a balance of housing rent arrears of £12.952m. A review of significant balances suggested that an impairment of doubtful debts of £11.310m (87.3%) was appropriate. In the current economic climate it is not certain that this will be sufficient.	There is a relatively high level of arrears and the impairment set aside should help protect against potential loss of income to the Council arising from welfare reforms such as Universal Credit and the reduction in the benefits cap which will potentially impact on the level of rent arrears.

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

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the authority (i.e. government and other grants, rents, fees and charges, Council Tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on Page 25.

2024/25	Net Expend. Chargeable to the General Fund and HRA Balances £000	Adjustments £000	Net Expenditure in the CIES £000
Children, Education and Justice Services	542,761	8,663	551,424
Place	306,483	219,313	525,796
Housing Revenue Account	0	51,475	51,475
Health and Social Care	344,959	2,423	347,382
Corporate Services	93,916	3,663	97,579
Lothian Valuation Joint Board	4,063	0	4,063
Cost of Services	1,292,182	285,537	1,577,719
Other income and expenditure			
Net cost of benefits	(657)	0	(657)
Other non-service specific costs	30,489	(37,407)	(6,918)
Net income and changes in relation to investment properties and changes in their fair value	0	(2,367)	(2,367)
Interest and investment income	(12,756)	(2,930)	(15,686)
Interest payable and similar charges (<i>loan charges in management reporting</i>)	99,401	6,817	106,218
Net pension interest income	0	2,610	2,610
Gains on disposal of assets	0	(5,656)	(5,656)
Gains on derecognition or revaluation of financial assets	0	(34)	(34)
Contribution from Capital Fund	(4,070)	4,070	0
Contribution from General Fund	(40,197)	40,197	0
Income from Council Tax	(330,188)	0	(330,188)
Government Grants	(629,278)	0	(629,278)
Distribution from NDRI pool	(407,645)	0	(407,645)
Movement in donated assets	0	(4,189)	(4,189)
Capital grants and contributions	0	(84,569)	(84,569)
(Surplus) / Deficit on the provision of services	(2,719)	202,079	199,360
Opening General Fund and HRA Balance	353,238		
Contributions to / (from) reserves, including those within services (<i>see notes 12.1 and 12.3 for detail</i>)	(54,640)		
Surplus on the provision of services	2,719		
Closing General Fund and HRA Balance at 31 March	301,317		

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

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued

2023/24 Comparative Data	Net Expend. Chargeable to the General Fund and HRA		Net Expenditure in the CIES
	Balances £000	Adjustments £000	£000
Children, Education and Justice Services	481,227	2,874	484,101
Place	292,341	170,101	462,442
Housing Revenue Account	0	124,033	124,033
Health and Social Care	317,547	(1,999)	315,548
Corporate Services	88,290	2,034	90,324
Lothian Valuation Joint Board	3,774	0	3,774
Cost of Services	1,183,179	297,043	1,480,222
Other income and expenditure			
Net cost of benefits	(689)	0	(689)
Other non-service specific costs	26,368	(25,257)	1,111
Net income and changes in relation to investment properties and changes in their fair value	0	(5,457)	(5,457)
Interest and investment income	(22,892)	(2,137)	(25,029)
Interest payable and similar charges (<i>loan charges in management reporting</i>)	100,213	(1,329)	98,884
Net pension interest cost	0	2,049	2,049
Gains on disposal of assets	0	(3,943)	(3,943)
Gains on derecognition or revaluation of financial assets	0	(4)	(4)
Contribution from Capital Fund	(13,747)	13,747	0
Contribution from General Fund	(22,533)	22,533	0
Income from Council tax	(322,785)	0	(322,785)
Government Grants	(552,075)	0	(552,075)
Distribution from NDRI pool	(377,317)	0	(377,317)
Movement in donated assets	0	(10,916)	(10,916)
Capital grants and contributions	0	(128,688)	(128,688)
(Surplus) / Deficit on the provision of services	(2,278)	157,641	155,363
Opening General Fund and HRA Balance	266,306		
Contributions to / (from) reserves, including those within services (<i>see notes 12.1 and 12.3 for detail</i>)	84,654		
Deficit on the provision of services	2,278		
Closing General Fund and HRA Balance at 31 March	353,238		

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

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council

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

Statement amounts

	Adjusts. For Capital Purposes	Net Change for Pensions Adjusts.	Other Differences	Total Statutory Adjusts.
2024/25	£000	£000	£000	£000
Children, Education and Justice Services Place	313	4,724	950	5,987
Housing Revenue Account	214,250	4,914	1,492	220,656
Health and Social Care	46,545	186	(726)	46,005
Corporate Services	1	2,473	398	2,872
	603	1,898	646	3,147
Cost of Services	261,712	14,195	2,760	278,667
Other income and expenditure				
Other non-service specific costs	5,942	(4,115)	(20,220)	(18,393)
Net income and changes in relation to investment properties and changes in their fair value	0	0	(184)	(184)
Interest and investment income	(1,495)	0	0	(1,495)
Interest payable and similar charges	(26,439)	0	(2,091)	(28,530)
Net pension interest income	0	2,610	0	2,610
Gains on disposal of assets	(5,656)	0	0	(5,656)
Capital grants and contributions	(84,569)	0	0	(84,569)
Income from donated assets	(4,189)	0	0	(4,189)
Total Adjustments	145,306	12,690	(19,735)	138,261

Notes -

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued

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

2024/25	Total Statutory Adjusts. b/fwd £000	Presentation Adjusts. £000	Use of Reserves £000	Total Adjusts. £000
Children, Education and Justice Services Place	5,987	(27)	2,703	8,663
Housing Revenue Account	220,656	(18,283)	16,940	219,313
Health and Social Care	46,005	0	5,470	51,475
Corporate Services	2,872	(449)	0	2,423
	3,147	0	516	3,663
Cost of Services	278,667	(18,759)	25,629	285,537
Other income and expenditure				
Other non-service specific costs	(18,393)	(13,611)	(5,403)	(37,407)
Net income and changes in relation to investment properties and changes in their fair value	(184)	(2,183)	0	(2,367)
Interest and investment income	(1,495)	(760)	(675)	(2,930)
Interest payable and similar charges	(28,530)	35,347	0	6,817
Net pension interest income	2,610	0	0	2,610
Gains on disposal of assets	(5,656)	0	0	(5,656)
Gains on derecognition or revaluation of financial assets	0	(34)	0	(34)
Use of reserves	0	0	44,267	44,267
Capital grants and contributions	(84,569)	0	0	(84,569)
Income from donated assets	(4,189)	0	0	(4,189)
Total Adjustments	138,261	0	63,818	202,079

Notes -

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

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued

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

Re-stated

	Adjusts. For Capital Purposes	Net Change for Pensions Adjusts.	Other Differences	Total Statutory Adjusts.
2023/24 Comparative Data	£000	£000	£000	£000
Children, Education and Justice Services Place	1,696	(2,557)	1,796	935
Housing Revenue Account	203,515	(2,678)	(259)	200,578
Health and Social Care	117,576	(448)	(1,093)	116,035
Corporate Services	(56)	(1,370)	(133)	(1,559)
	(851)	(986)	(107)	(1,944)
Cost of Services	321,880	(8,039)	204	314,045
Other income and expenditure				
Net cost of benefits	0	0	0	0
Other non-service specific costs	14,882	(3,882)	(19,469)	(8,469)
Net income and changes in relation to investment properties and changes in their fair value	0	0	(3,336)	(3,336)
Interest and investment income	(1,317)	0	0	(1,317)
Interest payable and similar charges	(31,797)	0	(2,623)	(34,420)
Net pension interest cost	0	2,049	0	2,049
Gains on disposal of assets	(3,943)	0	0	(3,943)
Gains on derecognition or revaluation of financial assets	0	0	0	0
Capital grants and contributions	(128,688)	0	0	(128,688)
Income from donated assets	(10,916)	0	0	(10,916)
Total Adjustments	160,101	(9,872)	(25,224)	125,005

Notes -

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued

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

Re-stated

	Total Statutory Adjusts. b/fwd	Presentation Adjusts.	Use of Reserves	Total Adjusts.
2023/24 Comparative Data	£000	£000	£000	£000
Children, Education and Justice Services Place	935	(16)	1,955	2,874
Housing Revenue Account	200,578	(18,308)	(12,169)	170,101
Health and Social Care	116,035	0	7,998	124,033
Corporate Services	(1,559)	(440)	0	(1,999)
	(1,944)	0	3,978	2,034
Cost of Services	314,045	(18,764)	1,762	297,043
Other income and expenditure				
Net cost of benefits	0	0	0	0
Other non-service specific costs	(8,469)	(12,018)	(4,770)	(25,257)
Net income and changes in relation to investment properties and changes in their fair value	(3,336)	(2,121)	0	(5,457)
Interest and investment income	(1,317)	(184)	(636)	(2,137)
Interest payable and similar charges	(34,420)	33,091	0	(1,329)
Net pension interest cost	2,049	0	0	2,049
Gains on disposal of assets	(3,943)	0	0	(3,943)
Gains on derecognition or revaluation of financial assets	0	(4)	0	(4)
Use of reserves	0	0	36,280	36,280
Capital grants and contributions	(128,688)	0	0	(128,688)
Income from donated assets	(10,916)	0	0	(10,916)
Total Adjustments	125,005	0	32,636	157,641

Notes -

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

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council

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

	Children, Education and Justice Services	Place	Housing Revenue Account	Health and Social Care
2024/25				
Expenditure	£000	£000	£000	£000
Employee expenses	445,586	181,513	13,085	102,737
Other service expenses	150,396	525,903	70,890	355,313
Support service recharges	0	3,497	8,802	0
Interest payments	28	21,222	23,013	0
Debt repayments (<i>HRA only</i>)	0	0	28,324	0
Total Expenditure	596,010	732,135	144,114	458,050
Income				
Revenues from external customers	(4,676)	(298,999)	(121,747)	(25,794)
Income from recharges for services	(11)	(8,462)	(545)	0
Government grants and other contribs.	(48,562)	(118,191)	(20,327)	(87,297)
Interest and investment income	0	0	(1,495)	0
Total Income	(53,249)	(425,652)	(144,114)	(113,091)
Cost of Services	542,761	306,483	0	344,959

	Corporate Services	Lothian Valuation Joint Board	Council Total
Expenditure	£000	£000	£000
Employee expenses	71,007	0	813,928
Other service expenses	56,933	4,063	1,163,498
Support service recharges	(1,088)	0	11,211
Interest payments	0	0	44,263
Debt repayments (<i>HRA only</i>)	0	0	28,324
Total Expenditure	126,852	4,063	2,061,224
Income			
Revenues from external customers	(7,089)	0	(458,305)
Income from recharges for services	(12,764)	0	(21,782)
Government grants and other contribs.	(13,083)	0	(287,460)
Interest and investment income	0	0	(1,495)
Total Income	(32,936)	0	(769,042)
Cost of Services	93,916	4,063	1,292,182

	Subsidiaries	Associates and Joint Ventures	Group Total
Expenditure	£000	£000	£000
Employee expenses	128,399	0	942,327
Other service expenses	138,869	0	1,302,367
Support service recharges	0	0	11,211
Depreciation, amortisation and impairment	(19,037)	0	(19,037)
Interest payments	0	0	44,263
Debt repayments (<i>HRA only</i>)	0	0	28,324
Net expend from Associates and Joint Ventures	0	0	0
Total Expenditure	248,231	0	2,309,455
Income			
Revenues from external customers	(300,287)	0	(758,592)
Income from recharges for services	0	0	(21,782)
Government grants and other contribs.	59,649	0	(227,811)
Interest and investment income	0	0	(1,495)
Net income from Associates and Joint Ventures	0	(3,096)	(3,096)
Total Income	(240,638)	(3,096)	(1,012,776)
Cost of Services	7,593	(3,096)	1,296,679

NOTES TO THE FINANCIAL STATEMENTS

5. Expenditure and Funding Analysis - Council - continued

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

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

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

	Subsidiaries	Associates and Joint Ventures	Group Total
	£000	£000	£000
Expenditure			
Employee expenses	113,353	0	896,943
Other service expenses	116,976	0	1,201,446
Support service recharges	0	0	11,546
Depreciation, amortisation and impairment	(19,020)	0	(19,020)
Interest payments	0	0	38,072
Debt repayments (<i>HRA only</i>)	0	0	26,872
Net expend from Associates and Joint Ventures	0	8,611	8,611
Total Expenditure	211,309	8,611	2,164,470
Income			
Revenues from external customers	(279,016)	0	(702,754)
Income from recharges for services	0	0	(22,062)
Government grants and other contribs.	59,649	0	(254,605)
Interest and investment income	0	0	(1,317)
Net income from Associates and Joint Ventures	0	(2,190)	(2,190)
Total Income	(219,367)	(2,190)	(982,928)
Cost of Services	(8,058)	6,421	1,181,542

NOTES TO THE FINANCIAL STATEMENTS

6. Expenditure and Income Analysed by Nature Group

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

	2024/25	Re-stated 2023/24
	£000	£000
Expenditure		
Employee expenses	961,671	891,842
Other service expenses	140,939	117,857
Premises	137,753	141,688
Transport	49,346	49,113
Supplies and Services	126,069	114,550
Third Party Payments	761,452	711,119
Transfer Payments	181,735	180,480
Support service recharges	12,299	12,555
Depreciation, amortisation and impairment	341,155	475,115
Interest payments	130,455	22,606
Net Interest in the (profit) / loss of associates and joint ventures	(3,096)	6,422
Total Expenditure	2,839,778	2,723,347
Income		
Fees, charges and other service income	(885,868)	(836,672)
Gain on the disposal of assets	(5,767)	(4,278)
(Gain) / Loss on revaluation of financial instruments	(34)	(5)
(Gain) / Loss on revaluation of investment properties	(6,308)	(9,900)
Movement on donated assets	(4,189)	(10,916)
Interest and investment income	(40,054)	(50,936)
Income from Council Tax and Non-Domestic Rates	(737,833)	(700,102)
Government grants and other contributions	(881,310)	(835,568)
Recognised capital income	(84,569)	(128,688)
Total Income	(2,645,932)	(2,577,065)
Group (Surplus) / Deficit	193,846	146,282

Council

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

	2024/25	Re-stated 2023/24
	£000	£000
Expenditure		
Employee expenses	833,272	778,490
Premises	137,753	141,688
Transport	49,346	49,113
Supplies and Services	126,069	114,550
Third Party Payments	761,452	711,119
Transfer Payments	181,735	180,480
Support service recharges	12,299	12,555
Depreciation, amortisation and impairment	360,192	395,253
Interest payments	108,674	100,823
Total Expenditure	2,570,792	2,484,071
Income		
Fees, charges and other service income	(583,081)	(561,657)
(Gain) / Loss on the disposal of assets	(5,656)	(3,943)
(Gain) / Loss on revaluation of financial instruments	(34)	(4)
(Gain) / Loss on revaluation of investment properties	(184)	(3,336)
Interest and investment income	(14,927)	(24,845)
Income from Council Tax and Non-Domestic Rates	(737,833)	(700,102)
Government grants and other contributions	(940,959)	(895,217)
Recognised capital income	(84,569)	(128,688)
Donated asset income	(4,189)	(10,916)
Total Income	(2,371,432)	(2,328,708)
(Surplus) / Deficit on the Provision of Services	199,360	155,363

NOTES TO THE FINANCIAL STATEMENTS

7. Material Items of Income and Expense

There are no material items of Income and Expenditure that require to be highlighted in this disclosure.

8. Events After the Balance Sheet Date

There have been no material events to disclose after the Balance Sheet date.

9. Subsidiaries and Associates

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

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

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

Subsidiaries:	Shareholding	
• CEC Holdings Limited	100.00%	
• Transport for Edinburgh Limited	100.00%	
• Edinburgh Living MMR LLP	99.999%	
• City of Edinburgh Charitable Trusts	Sole Trustee	
Associates:	Interest	
• Edinburgh Leisure	33.33%	Board representation
• Capital Theatres	16.67%	Board representation
• Lothian Valuation Joint Board	61.02%	Funding percentage
• Common Good	100.00%	
Joint Venture	Interest	
• Edinburgh Integration Joint Board	50.00%	Board representation

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

	Shareholding	
• Capital City Partnership Limited	100.00%	
• CEC Recovery Limited (formerly tie Limited)	100.00%	
• Energy for Edinburgh Limited	100.00%	
• Edinburgh Living MR LLP	99.00%	(dormant to 31.12.24)
• Telford NHT LLP	> 75% controlling interest	

In January 2019 the Council bought out the developer's share in Telford NHT LLP and held majority control of this associate during the financial year, in conjunction with the Scottish Futures Trust. The properties held were sold on 4 May 2021, however the controlling interest was retained. Winding up of the NHT by a Members voluntary liquidation, commenced on 22 September 2023 and was formally dissolved on 16 November 2024.

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

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

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

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

Attributable shares of income and expenditure	Authority	Minority Interest	Total
2024/25	£000	£000	£000
(Surplus) or Deficit on the Provision of Services	192,964	883	193,847
Other Comprehensive Income and Expenditure	(199,983)	(7)	(199,990)
	<u>(7,019)</u>	<u>876</u>	<u>(6,143)</u>
Re-stated			
2023/24	£000	£000	£000
(Surplus) or Deficit on the Provision of Services	148,319	(2,036)	146,283
Other Comprehensive Income and Expenditure	(53,821)	(7)	(53,828)
	<u>94,498</u>	<u>(2,043)</u>	<u>92,455</u>

9.2 Subsidiary Companies

• C.E.C. Holdings Limited

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

The most recent unaudited results of the company are as follows:	31.12.24	31.12.23
	£000	£000
Net assets	16,310	14,565
Net (profit) / loss before taxation	(1,136)	(1,137)
Retained loss carried forward	(55,077)	(56,224)

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

• Transport for Edinburgh Limited

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

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

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

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

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

	31.12.24	31.12.23
	£000	£000
Transport for Edinburgh Limited (Consolidated Group)		
Net assets	136,247	150,803
Net (profit) / loss before taxation	4,440	(4,739)
Retained earnings	(19,042)	3,496
Dividend paid in March 2024 and March 2023	2,912	0

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

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.2 Subsidiary Companies - continued

- **Edinburgh Living MMR LLP**

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

The most recent unaudited results of the partnership are as follows:	31.12.24	31.12.23
	£000	£000
Net assets	113,351	104,668
Net profit before taxation (including revaluation gains)	(7,741)	(8,347)
Retained profit carried forward	(5,835)	(4,237)

- **The City of Edinburgh Charitable Trusts**

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

The most recent unaudited results of the trusts are as follows:	31.03.25	Re-stated 31.03.24
	£000	£000
Net assets	25,086	25,129
Net (profit) / loss before taxation	42	(276)

9.3 Associates

- **Edinburgh Leisure**

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

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

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

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

The most recent unaudited results of the company are as follows:	31.03.25	31.03.24
	£000	£000
Net assets	15,267	14,707
Net operating surplus	560	1,190
Earnings carried forward	15,267	14,707

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

- **Capital Theatres**

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

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

The most recent unaudited results of the company are as follows:	31.03.25	31.03.24
	£000	£000
Net assets	33,467	22,311
Net operational profit	(11,148)	(10,768)
Fund balances carried forward	33,467	22,311

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

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.3 Associates - continued

- **Lothian Valuation Joint Board**

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

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

The most recent unaudited results of the Board are as follows:	31.03.25	31.03.24
	£000	£000
(Surplus) / Deficit for the year	(11)	738
Net Assets	(134)	(460)
Usable reserves	887	784
Unusable reserves	(1,021)	(1,244)
Total reserves	<u>(134)</u>	<u>(460)</u>

9.4 Joint Ventures

- **Edinburgh Integration Joint Board**

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

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

The most recent unaudited results of the Board are as follows:	31.03.25	31.03.24
	£000	£000
Gross expenditure	1,026,197	989,086
(Surplus) / Deficit for the year	(1,548)	16,013
Usable reserves	9,568	8,020

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

Notable transactions between EIJB and the Council are as follows:	31.03.25	31.03.24
	£000	£000
Contribution made to the IJB	(343,613)	(312,780)
Commissioning income received from the IJB	368,958	341,579
Corporate Services payments made to the IJB	(203)	(261)
Services in Kind contributions to the IJB	(344)	(343)
Amounts the EIJB is due to/(from) the Council	(750)	(1,771)
Share of Net Assets	4,829	4,010
Share of (Surplus) / Deficit for the year	(774)	8,007

9.5 Audit Opinions noted on the Accounts of the Companies

Unless otherwise indicated, the companies' accounts are unaudited.

NOTES TO THE FINANCIAL STATEMENTS

9. Subsidiaries and Associates - continued

9.6 Shareholder Support to Council Companies

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

9.7 Financial Impact of Consolidation

The effect of inclusion of subsidiaries and associates on the Group Balance Sheet is to increase both reserves and net assets by £214.622m (2023/24 £222.815m) representing the Council's share of the realisable surpluses or deficits in these companies.

10. Contingent Liabilities

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

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

The work of the Scottish Child Abuse Inquiry, which began in 2015, is continuing under Lady Smith and the Council is contributing in the form of requests for information (Section 21 notices). As the Redress scheme for survivors of historical child abuse and Qualified One-Way Costs Shifting (QOCS) have now both been introduced, there are increased avenues for survivors to seek compensation for alleged abuse which took place whilst in the care of an organisation. The Scottish Government is also considering extending the Redress scheme beyond the intended 5 year period. The Council's project team continues to support the inquiry, review historic records and respond to requests from the Inquiry for information. Local authorities across Scotland have been and will continue to be presented with claims, however the extent of the exposure remains unknown in May 2025 as there is no time bar on the presentation of claims. The introduction of the Prescription (Scotland) Act 2018 may also have an impact on claims in coming years, together with additional criminal proceedings relating to historic offences.

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

NOTES TO THE FINANCIAL STATEMENTS

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

2024/25	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	177,674	93,774	0
Movements in the market value of investment properties	(184)	0	0
Amortisation and impairment of intangible assets	1,199	0	0
Capital grants and contributions applied	(59,775)	(24,794)	0
Capital funded from revenue	(26,918)	(5,062)	0
Donated assets	(4,189)	0	0
Capital fund used to finance new capital expenditure	0	0	0
Revenue expenditure funded from capital under statute	62,244	0	0
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	(79,541)	(23,262)	0
Capital expenditure charged against General Fund and HRA balances	(62,244)	0	0
Adjustments to the statutory repayment of debt for service concession arrangements - permitted flexibility	6,869	0	0
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
Adjustments primarily involving the Capital Receipts Reserve			
Net (gain) / loss on sale of property, plant and equipment and assets held for sale	(2,093)	(3,563)	16,852
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(16,852)
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(2,091)	(881)	0
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	84,533	2,212	0
Employer's pension contributions and direct payments to pensioners payable in the year	(72,104)	(1,950)	0
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	3,487	154	0
Total Adjustments	26,867	36,628	0

NOTES TO THE FINANCIAL STATEMENTS

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

	Usable Reserves		
	Capital Grants Unapplied Account £000	Capital Fund £000	Movement in Unusable Reserves £000
2024/25			
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	0	0	(271,448)
Movements in the market value of investment properties	0	0	184
Amortisation of intangible assets	0	0	(1,199)
Capital grants and contributions applied	22	5,005	79,542
Capital funded from revenue	0	0	31,980
Donated assets	0	0	4,189
Capital fund used to finance new capital expenditure	0	(492)	492
Revenue expenditure funded from capital under statute	0	0	(62,244)
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	0	(5,724)	108,527
Capital expenditure charged against General Fund and HRA balances	0	0	62,244
Adjustments to the statutory repayment of debt for service concession arrangements - permitted flexibility	0	0	(6,869)
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	(3,081)	0	3,081
Adjustments primarily involving the Capital Receipts Reserve			
Net gain / (loss) on sale of property, plant and equipment and assets held for sale	0	0	(11,196)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	16,852
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	2,972
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(86,745)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	74,054
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(3,641)
Total Adjustments	(3,059)	(1,211)	(59,225)

NOTES TO THE FINANCIAL STATEMENTS

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

Re-stated 2023/24 Comparative Data	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	145,793	153,692	0
Movements in the market value of investment properties	(3,336)	0	0
Amortisation of intangible assets	567	0	0
Capital grants and contributions applied	(103,201)	(25,487)	0
Capital funded from revenue	(1,905)	(6,300)	0
Donated assets	(10,916)	0	0
Capital fund used to finance new capital expenditure	0	0	0
Revenue expenditure funded from capital under statute	70,425	0	0
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	(63,366)	(20,572)	0
Capital expenditure charged against General Fund and HRA balances	(70,425)	0	0
Adjustments to the statutory repayment of debt for service concession arrangements - permitted flexibility	101,841	0	0
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
Adjustments primarily involving the Capital Receipts Reserve			
Net loss / (gain) on sale of property, plant and equipment and assets held for sale	(2,929)	(2,691)	22,651
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(22,651)
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(2,621)	(1,072)	0
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	76,844	2,079	0
Employer's pension contributions and direct payments to pensioners payable in the year	(86,323)	(2,473)	0
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	1,277	(21)	0
Total Adjustments	51,725	97,155	0

NOTES TO THE FINANCIAL STATEMENTS

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

Re-stated 2023/24 Comparative Data	Usable Reserves		Movement in Usable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)			
Charges for depreciation and impairment of non-current assets	0	0	(299,485)
Movements in the market value of investment properties	0	0	3,336
Amortisation of intangible assets	0	0	(567)
Capital grants and contributions applied	596	15,334	112,758
Capital funded from revenue	0	0	8,205
Donated assets	0	0	10,916
Capital fund used to finance new capital expenditure	0	(23,777)	23,777
Revenue expenditure funded from capital under statute	0	0	(70,425)
Insertion of items not debited or credited to the CIES			
Statutory provision for the financing of capital investment	0	(13,900)	97,838
Capital expenditure charged against General Fund and HRA balances	0	0	70,425
Adjustments to the statutory repayment of debt for service concession arrangements - permitted flexibility	0	0	(101,841)
Adjustments primarily involving the Capital Grant Unapplied Account			
Application of grants to capital financing transferred to the Capital Adjustment Account	(11,381)	0	11,381
Adjustments primarily involving the Capital Receipts Reserve			
Net (loss) / gain on sale of property, plant and equipment and assets held for sale	0	0	(17,031)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	22,651
Adjustments primarily involving the Financial Instruments Adjustment Account			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	3,693
Adjustments primarily involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(78,923)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	88,796
Adjustments primarily involving the Employee Statutory Adjustment Account			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(1,256)
Total Adjustments	(10,785)	(22,343)	(115,752)

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves

12.1 Transfers to and from Usable Reserves

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

	Balance at 01.04.24 £000	Net Transfers Out 2024/25 £000	Net Transfers In 2024/25 £000	Balance at 31.03.25 £000
Group Reserves				
Subsidiaries				
CEC Holdings Limited				
Revenue reserves	(56,224)	0	1,147	(55,077)
Capital grants unapplied account	1,012	(49)	0	963
Transport for Edinburgh Limited				
Revenue reserves	63,425	(22,538)	0	40,887
Minority interests	13,849	(883)	0	12,966
Edinburgh Living MMR LLP				
Revenue reserves	20,887	0	1,616	22,503
The City of Edinburgh Council Charitable Trusts				
Revenue reserve	11,865	0	93	11,958
Total Usable Reserves - Subsidiaries	54,814	(23,470)	2,856	34,200
Associates and Joint Ventures				
Common Good Fund - Reserves	2,610	0	269	2,879
Edinburgh Leisure - Reserves	4,902	0	186	5,088
Capital Theatres - Reserves	3,719	0	1,859	5,578
Lothian Valuation Joint Board - Reserves	480	0	61	541
Edinburgh Integration Joint Board - Reserves	4,010	0	774	4,784
Total Usable Reserves - Associates and Joint Ventures	15,721	0	3,149	18,870
Total Usable Reserves - Subsidiaries, Associates and Joint Ventures	70,535	(23,470)	6,005	53,070

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

Re-stated	Balance at 01.04.23 £000	Net Transfers Out 2023/24 £000	Net Transfers In 2023/24 £000	Balance at 31.03.24 £000
Group Reserves				
Subsidiaries				
CEC Holdings Limited				
Revenue reserves	(57,097)	0	873	(56,224)
Capital grants unapplied account	1,061	(49)	0	1,012
Transport for Edinburgh				
Revenue reserves	47,609	0	15,816	63,425
Minority interests	11,813	0	2,036	13,849
Edinburgh Living MMR LLP				
Revenue reserves	18,945	0	1,942	20,887
The City of Edinburgh Council Charitable Trusts				
Revenue reserve	1,489	0	10,376	11,865
Total Usable Reserves - Subsidiaries	23,820	(49)	31,043	54,814
Associates and Joint Ventures				
Common Good Fund - Reserves	2,762	(152)	0	2,610
Edinburgh Leisure - Reserves	3,696	0	1,206	4,902
Capital Theatres - Reserves	1,925	0	1,794	3,719
Lothian Valuation Joint Board - Reserves	795	(315)	0	480
Edinburgh Integration Joint Board - Reserves	12,017	(8,007)	0	4,010
Total Usable Reserves - Associates and Joint Ventures	21,195	(8,474)	3,000	15,721
Total Usable Reserves - Subsidiaries, Associates and Joint Ventures	45,015	(8,523)	34,043	70,535

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.24 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31.03.25 £000
Council's Usable Reserves				
General Fund				
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	142,514	(57,628)	37,708	122,594
Council Priorities Fund	11,790	(11,778)	2,719	2,731
Contingency funding, Workforce Transformation	17,471	0	2,414	19,885
Dilapidations Fund	614	0	0	614
Insurance Funds*	24,990	(610)	1,707	26,087
Service Concessions - permitted flexibility	82,800	(19,041)	6,869	70,628
Covid Funds	19,017	(11,200)	0	7,817
Low Emission Zone Fund*	0	0	793	793
	<u>299,196</u>	<u>(100,257)</u>	<u>52,210</u>	<u>251,149</u>
Balances Set Aside from Income Received in Advance				
Licensing Income*	5,865	(1,998)	992	4,859
Revenue grants and contributions received in advance of planned expenditure	10,660	(2,633)	1,853	9,880
Council Tax Discount Fund*	5,791	(4,853)	4,827	5,765
Other earmarked balances	240	0	6	246
City Strategic Investment Fund	1,227	(1,045)	145	327
Covid service-specific advance funding	785	0	0	785
	<u>24,568</u>	<u>(10,529)</u>	<u>7,823</u>	<u>21,862</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy Efficiency Fund	282	(16)	13	279
Spend to Save Fund and similar projects	3,904	(2,952)	2,044	2,996
	<u>4,186</u>	<u>(2,968)</u>	<u>2,057</u>	<u>3,275</u>
Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)*	(465)	465	(572)	(572)
Unallocated General Fund	<u>25,753</u>	<u>(150)</u>	<u>0</u>	<u>25,603</u>
Total General Fund	<u>353,238</u>	<u>(113,439)</u>	<u>61,518</u>	<u>301,317</u>
Housing Revenue Account Balance	0	0	0	0
Renewal and Repairs Fund	35,880	(4,292)	7,708	39,296
Capital Fund	19,851	(2,152)	941	18,640
Capital Receipts Reserve	0	(16,852)	16,852	0
Capital Grants Unapplied Account	20,404	(3,081)	22	17,345
Total Usable Reserves - Council	<u>429,373</u>	<u>(139,816)</u>	<u>87,041</u>	<u>376,598</u>
Total Usable Reserves - Group	<u>499,908</u>	<u>(163,286)</u>	<u>93,046</u>	<u>429,668</u>

* - mandatory earmarked General Fund balances

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.23 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31.03.24 £000
General Fund				
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	115,346	(15,226)	42,394	142,514
Council Priorities Fund	13,638	(13,638)	11,790	11,790
Contingency funding, Workforce Transformation	13,597	(1,352)	5,226	17,471
Dilapidations Fund	4,257	(3,808)	165	614
Insurance Funds*	22,726	(571)	2,835	24,990
Service Concessions - permitted flexibility	0	(19,041)	101,841	82,800
Covid Funds	33,317	(14,300)	0	19,017
	<u>202,881</u>	<u>(67,936)</u>	<u>164,251</u>	<u>299,196</u>
Balances Set Aside from Income Received in Advance				
Licensing Income*	5,503	(302)	664	5,865
Revenue grants and contributions received in advance of planned expenditure	12,674	(4,856)	2,842	10,660
Council Tax Discount Fund*	5,250	(3,406)	3,947	5,791
Other earmarked balances	179	0	61	240
City Strategic Investment Fund	1,082	0	145	1,227
Covid service-specific advance funding	4,381	(3,596)	0	785
	<u>29,069</u>	<u>(12,160)</u>	<u>7,659</u>	<u>24,568</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy Efficiency Fund	269	0	13	282
Spend to Save Fund and similar projects	4,233	(958)	629	3,904
	<u>4,502</u>	<u>(958)</u>	<u>642</u>	<u>4,186</u>
Balances Set Aside under Devolved School Management Scheme				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)*	4,023	(4,488)	0	(465)
Surplus on Housing Revenue Account transferred to Renewal and Repairs Fund	0	0	0	0
Unallocated General Fund	<u>25,831</u>	<u>(78)</u>	<u>0</u>	<u>25,753</u>
Total General Fund	<u>266,306</u>	<u>(85,620)</u>	<u>172,552</u>	<u>353,238</u>
Housing Revenue Account Balance	0	0	0	0
Renewal and Repairs Fund	37,430	(8,814)	7,264	35,880
Capital Fund	42,194	(24,400)	2,057	19,851
Capital Receipts Reserve	0	(22,651)	22,651	0
Capital Grants Unapplied Account	31,189	(11,381)	596	20,404
Total Usable Reserves - Council	<u>377,119</u>	<u>(152,866)</u>	<u>205,120</u>	<u>429,373</u>
Total Usable Reserves - Group	<u>422,134</u>	<u>(161,389)</u>	<u>239,163</u>	<u>499,908</u>

* - mandatory earmarked General Fund balances

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

12.2 Devolved School Management and Pupil Equity Funding

In 2023/24, the in-year underspend on the Pupil Equity Fund was used to fund an element of the Scottish Government's contribution to support the agreed pay award for the year, this is due to be repaid in 2026/27. In 2023/24 sums requiring to be drawn down under the DSM scheme exceeded the opening balance available, which recurred in 2024/25, this resulted in a combined overall debit balance of £0.572m as of the year end.

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

2024/25

	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out	(113,439)	0	(4,292)	(16,852)
Transfers in	61,518	0	7,708	16,852
Total movements in fund	<u>(51,921)</u>	<u>0</u>	<u>3,416</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement	(43,035)	(5,470)	0	0
Transfers to other earmarked reserves	(8,886)	5,470	3,416	0
Total movements in fund	<u>(51,921)</u>	<u>0</u>	<u>3,416</u>	<u>0</u>
	Capital Grants Unapplied £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out	(3,081)	(2,152)	(23,470)	(163,286)
Transfers in	22	941	6,005	93,046
Total movements in fund	<u>(3,059)</u>	<u>(1,211)</u>	<u>(17,465)</u>	<u>(70,240)</u>
Recognised in Comprehensive Income and Expenditure Statement	(3,059)	(1,211)	(14,829)	(67,604)
Transfers to other earmarked reserves	0	0	0	0
Group account adjustments unusable reserves	0	0	(2,636)	(2,636)
Total movements in fund	<u>(3,059)</u>	<u>(1,211)</u>	<u>(17,465)</u>	<u>(70,240)</u>

2023/24 Comparative Data

	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out	(85,620)	0	(8,814)	(22,651)
Transfers in	172,552	0	7,264	22,651
Total movements in fund	<u>86,932</u>	<u>0</u>	<u>(1,550)</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement	93,380	(7,998)	0	0
Transfers to other earmarked reserves	(6,448)	7,998	(1,550)	0
Total movements in fund	<u>86,932</u>	<u>0</u>	<u>(1,550)</u>	<u>0</u>

NOTES TO THE FINANCIAL STATEMENTS

12. Usable Reserves - continued

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

Re-stated

2023/24 Comparative Data

	Capital Grants Unapplied £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out	(11,381)	(24,400)	(8,523)	(161,389)
Transfers in	596	2,057	34,043	239,163
Total movements in fund	<u>(10,785)</u>	<u>(22,343)</u>	<u>25,520</u>	<u>77,774</u>
Recognised in Comprehensive Income and Expenditure Statement	(10,785)	(22,343)	15,966	68,220
Transfers to other earmarked reserves	0	0	9,554	9,554
Total movements in fund	<u>(10,785)</u>	<u>(22,343)</u>	<u>25,520</u>	<u>77,774</u>

13. Financing and Investment Income and Expenditure

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Interest payable and similar charges	109,714	106,218	102,770	98,884
Interest cost on defined benefit obligation	204,893	186,607	193,491	176,712
Interest receivable and similar income	(17,504)	(15,686)	(26,493)	(25,029)
Interest income on plan assets	(207,307)	(183,997)	(199,290)	(174,663)
Net income in relation to investment properties and changes in their fair value	(8,491)	(2,367)	(12,021)	(5,457)
Net income in relation to financial assets derecognised or revalued	(34)	(34)	(4)	(4)
	<u>81,271</u>	<u>90,741</u>	<u>58,453</u>	<u>70,443</u>

14. Taxation and Non-Specific Grant Income

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Council Tax income	(330,188)	(330,188)	(322,785)	(322,785)
Non-domestic rates	(407,645)	(407,645)	(377,317)	(377,317)
Non-ring fenced government grants	(629,278)	(629,278)	(552,075)	(552,075)
Capital grants and contributions	(84,569)	(84,569)	(128,688)	(128,688)
Movement on donated assets	(4,189)	(4,189)	(10,916)	(10,916)
Taxation expenses / (refund)	2,070	0	881	0
	<u>(1,453,799)</u>	<u>(1,455,869)</u>	<u>(1,390,900)</u>	<u>(1,391,781)</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment

15.1 Depreciation

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

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

15.2 Capital Commitments

At 31 March 2025, the Council had entered into a number of contracts for the construction or enhancement of property, plant and equipment. These are budgeted to cost £401.439m. A number of these amounts relate to contract retentions, as projects are now complete. Similar commitments at 31 March 2024 were £372.881m.

	£000	Expected Completion Date
Liberton High School	41,277	26/27
Wester Hailes High School Phase 1b	55,297	26/27
Wester Hailes High School Phase 2	36,942	27/28
Currie High School	5,836	25/26
Dean Park Primary School Extension	4,235	25/26
Trinity Academy	4,190	28/29
Council House Building - Western Villages	3,164	26/27
Council House Building - Castlebrae	1,396	27/28
Council House Building - Silverlea	26,942	27/28
Council House Building - Greendykes	26,926	28/29
Council House Building - Murrayburn Gate	16,356	26/27
Carriageway and Footways	14,124	25/26
North Bridge Refurbishment	6,909	25/26
Fleet Replacement Programme	15,181	25/26
Energy Efficiency in Social Housing	2,828	25/26
Leith Connections	2,728	26/27
Tram Lifecycle	3,421	26/27
HRA Other	70,190	25/26
Millerhill Offtake Unit	7,900	25/26
General Fund - Asset Management Works Programme	20,779	25/26
General Fund - Asset Management Works RAAC Works	5,937	25/26
General Fund - Asset Management Works Retrofit Works	28,878	25/26
	401,439	

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.3 Movements on Balances - Group Movements in 2024/25

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000
Cost or Valuation				
At 1 April 2024	886,771	3,671,609	308,096	9,314
On Acquisition of a Subsidiary	0	425	3,790	0
Additions	180,530	30,879	48,142	830
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(23,274)	62,356	0	(1,446)
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(73,890)	(16,358)	(9)	(2,103)
Derecognition - disposals	(3,190)	(1,570)	(398)	0
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	0
Other increases / (decreases) in cost or valuation	20,217	54,574	(17,001)	20,037
At 31 March 2025	987,164	3,801,915	342,620	26,632
Accumulated Depreciation and Impairment				
At 1 April 2024	(52)	(93,455)	(163,646)	0
On Acquisition of a Subsidiary	0	0	(2,281)	0
Depreciation charge	(19,462)	(136,884)	(21,312)	0
Depreciation charge written out to Revaluation Reserve	19,425	6,161	0	0
Depreciation written out to the Surplus on the Provision of Services	0	122,672	0	0
Derecognition - disposals	64	32	316	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0
Other increases / (decreases) in cost or valuation	2	240	17,001	0
At 31 March 2025	(23)	(101,234)	(169,922)	0
Net book value				
At 31 March 2025	987,141	3,700,681	172,698	26,632
At 31 March 2024	886,719	3,578,154	144,450	9,314

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.3 Movements on Balances - Group Movements in 2024/25

	Surplus Assets £000	Assets Under Construction £000	Right of Use Asset £000	Total Property Plant and Equipment £000
Cost or Valuation				
At 1 April 2024	1,880	297,397	89,865	5,264,932
On Acquisition of a Subsidiary	0	0	0	4,215
Additions	1	145,707	13,403	419,492
Revaluation increases / (decreases) recognised in the Revaluation Reserve	224	0	0	37,860
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	44	0	0	(92,316)
Derecognition - disposals	(980)	(4,957)	0	(11,095)
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	0
Other increases / (decreases) in cost or valuation	0	(97,005)	0	(19,178)
At 31 March 2025	<u>1,169</u>	<u>341,142</u>	<u>103,268</u>	<u>5,603,910</u>
Accumulated Depreciation and Impairment				
At 1 April 2024	(50)	0	(34,800)	(292,003)
On Acquisition of a Subsidiary	0	0	0	(2,281)
Depreciation charge	(71)	0	(18,191)	(195,920)
Depreciation charge written out to Revaluation Reserve	115	0	0	25,701
Depreciation written out to the Surplus on the Provision of Services	0	0	0	122,672
Derecognition - disposals	0	0	0	412
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0
Other increases / (decreases) in cost or valuation	0	0	0	17,243
At 31 March 2025	<u>(6)</u>	<u>0</u>	<u>(52,991)</u>	<u>(324,176)</u>
Net book value				
At 31 March 2025	<u>1,163</u>	<u>341,142</u>	<u>50,277</u>	<u>5,279,734</u>
At 31 March 2024	<u>1,830</u>	<u>297,397</u>	<u>55,065</u>	<u>4,972,929</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.4 Movements on Balances - Group Accounts 2023/24 Comparative Data

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000
Re-stated Cost or Valuation				
Restated At 1 April 2023	1,114,503	3,532,772	309,276	8,789
Recognition of Right of Use Assets	0	0	0	0
Additions	58,157	120,633	13,809	133
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(167,551)	15,541	0	357
Revaluation decreases recognised in the Surplus on the Provision of Services	(133,455)	10,869	0	35
Derecognition - disposals	(5,395)	(5,112)	(4,915)	0
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	260	0	0
Other increases / (decreases) in cost or valuation	20,512	(3,354)	(10,074)	0
At 31 March 2024	886,771	3,671,609	308,096	9,314
Accumulated Depreciation and Impairment				
Restated At 1 April 2023	(28)	(98,865)	(156,191)	0
Recognition of Right of Use Assets	0	0	0	0
Depreciation charge	(23,857)	(137,381)	(21,865)	0
Depreciation charge written out to Revaluation Reserve	23,713	140,388	0	0
Depreciation written out to the Surplus on the Provision of Services	0	0	0	0
Derecognition - disposals	120	2,323	4,336	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	80	0	0
Other movements in cost or valuation	0	0	10,074	0
At 31 March 2024	(52)	(93,455)	(163,646)	0
Net book value				
At 31 March 2024	886,719	3,578,154	144,450	9,314
At 31 March 2023	1,114,475	3,433,907	153,085	8,789

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.4 Movements on Balances - Group 2023/24 Comparative Data

Re-stated Cost or Valuation	Surplus Assets £000	Assets Under Construction £000	Right of Use Asset £000	Total Property Plant and Equipment £000
Restated At 1 April 2023	1,299	169,195	70,625	5,206,459
Recognition of Right of Use Assets	0	0	0	0
Additions	0	154,632	7,268	354,632
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	(151,653)
Revaluation decreases recognised in the Surplus on the Provision of Services	0	0	0	(122,551)
Derecognition - disposals	0	(8,690)	(48)	(24,160)
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	260
Other increases / (decreases) in cost or valuation	581	(17,740)	12,020	1,945
At 31 March 2024	<u>1,880</u>	<u>297,397</u>	<u>89,865</u>	<u>5,264,932</u>
Accumulated Depreciation and Impairment				
Restated At 1 April 2023	(50)	0	(19,022)	(274,156)
Recognition of Right of Use Assets	0	0	0	0
Depreciation charge	0	0	(18,654)	(201,757)
Depreciation charge written out to Revaluation Reserve	0	0	0	164,101
Depreciation written out to the Surplus on the Provision of Services	0	0	0	0
Derecognition - disposals	0	0	0	6,779
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	80
Other movements in cost or valuation	0	0	2,876	12,950
At 31 March 2024	<u>(50)</u>	<u>0</u>	<u>(34,800)</u>	<u>(292,003)</u>
Net book value				
At 31 March 2024	<u>1,830</u>	<u>297,397</u>	<u>55,065</u>	<u>4,972,929</u>
At 31 March 2023	<u>1,249</u>	<u>169,195</u>	<u>51,603</u>	<u>4,932,303</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.5 Movements on Balances - Council

Movements in 2024/25

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000
Cost or Valuation				
At 1 April 2024	886,771	3,511,664	126,599	9,314
Additions	180,530	31,199	31,266	830
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(23,274)	61,173	0	(1,446)
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(73,890)	(16,358)	(9)	(2,103)
Derecognition - disposals	(3,190)	(1,570)	0	0
Derecognition - other	0	0	0	0
Assets declassified (to) / from held for sale	0	0	0	0
Other increases / (decreases) in cost or valuation	20,217	54,524	(17,001)	20,037
At 31 March 2025	987,164	3,640,632	140,855	26,632
Accumulated Depreciation and Impairment				
At 1 April 2024	(53)	(21,918)	(58,380)	0
Depreciation charge	(19,462)	(128,811)	(9,386)	0
Depreciation charge written out to Revaluation Reserve	19,425	6,161	0	0
Depreciation written out to the Surplus on the Provision of Services	0	122,672	0	0
Derecognition - disposals	64	32	0	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0
Other increases / (decreases) in cost or valuation	2	240	17,001	0
At 31 March 2025	(24)	(21,624)	(50,765)	0
Net book value				
At 31 March 2025	987,140	3,619,008	90,090	26,632
At 31 March 2024	886,718	3,489,746	68,219	9,314

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.5 Movements on Balances - Council

Movements in 2024/25

Cost or Valuation	Surplus Assets £000	Assets Under Construction £000	Right of Use Assets £000	Total Property Plant and Equipment £000	PPP and similar Assets £000
At 1 April 2024	1,880	297,397	88,675	4,922,300	893,613
Additions	1	145,708	13,268	402,802	793
Revaluation increases / (decreases) recognised in the Revaluation Reserve	224	0	0	36,677	11,448
Revaluation decreases recognised in the Surplus on the Provision of Services	44	0	0	(92,316)	(1,987)
Derecognition - disposals	(980)	(4,957)	0	(10,697)	0
Derecognition - other	0	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	0	0
Other increases / (decreases) in cost or valuation	0	(97,004)	0	(19,227)	0
At 31 March 2025	<u>1,169</u>	<u>341,144</u>	<u>101,943</u>	<u>5,239,539</u>	<u>903,867</u>
Accumulated Depreciation and Impairment					
At 1 April 2024	(50)	0	(34,232)	(114,633)	(1,794)
Depreciation charge	(71)	0	(18,046)	(175,776)	(28,632)
Depreciation charge written out to Revaluation Reserve	115	0	0	25,701	28,553
Depreciation written out to the Surplus on the Provision of Services	0	0	0	122,672	0
Derecognition - disposals	0	0	0	96	0
Derecognition - other	0	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	0	0
Other increases / (decreases) in cost or valuation	0	0	0	17,243	0
At 31 March 2025	<u>(6)</u>	<u>0</u>	<u>(52,278)</u>	<u>(124,697)</u>	<u>(1,873)</u>
Net book value					
At 31 March 2025	<u>1,163</u>	<u>341,144</u>	<u>49,665</u>	<u>5,114,842</u>	<u>901,994</u>
At 31 March 2024	<u>1,830</u>	<u>297,397</u>	<u>54,443</u>	<u>4,807,667</u>	<u>891,819</u>

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

The IFRS16 adjustment of £95m relating to PPP ROU Assets is included in 'Other Land and Buildings', however is considered as part of the valuation of the overall asset and therefore does not necessarily correspond to the net change in asset value.

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.6 Movements on Balances - Council

2023/24 Comparative Data

			Vehicles, Plant, Furniture and Equipment	Community Assets
Re-stated Cost or Valuation	Council Dwellings £000	Other Land and Buildings £000	£000	£000
Restated 1 April 2023	1,114,503	3,373,073	130,794	8,789
Additions	58,157	120,387	6,438	133
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(167,551)	15,541	0	357
Revaluation decreases recognised in the Surplus on the Provision of Services	(133,455)	10,869	0	35
Derecognition - disposals	(5,395)	(5,112)	(559)	0
Derecognition - Other	0	0	0	0
Assets reclassified (to) / from held for sale	0	260	0	0
Other increases / (decreases) in cost or valuation	20,512	(3,354)	(10,074)	0
At 31 March 2024	886,771	3,511,664	126,599	9,314
Accumulated Depreciation and Impairment				
Restated 1 April 2023	(28)	(35,333)	(58,933)	0
Depreciation charge	(23,857)	(129,376)	(9,893)	0
Depreciation charge written out to Revaluation Reserve	23,713	140,388	0	0
Depreciation written out to the Surplus on the Provision of Services	0	0	0	0
Derecognition - disposals	120	2,323	372	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	80	0	0
Other movements in cost or valuation	0	0	10,074	0
At 31 March 2024	(52)	(21,918)	(58,380)	0
Net book value				
At 31 March 2024	886,719	3,489,746	68,219	9,314
At 31 March 2023	1,114,475	3,337,740	71,861	8,789

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.6 Movements on Balances - Council

2023/24 Comparative Data

	Surplus Assets £000	Total Assets Under Construction £000	Right of Use Assets £000	Total Property Plant and Equipment £000	Re-stated PPP and similar Assets £000
Re-stated Cost or Valuation					
Restated At 1 April 2023	1,299	169,195	69,434	4,867,087	802,776
Additions	0	154,632	7,221	346,968	5,312
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	(151,653)	79,775
Revaluation decreases recognised in the Surplus on the Provision of Services	0	0	0	(122,551)	5,750
Derecognition - disposals	0	(8,690)	0	(19,756)	0
Derecognition - other	0	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	260	0
Other increases / (decreases) in cost or valuation	581	(17,740)	12,020	1,945	0
At 31 March 2024	<u>1,880</u>	<u>297,397</u>	<u>88,675</u>	<u>4,922,300</u>	<u>893,613</u>
Accumulated Depreciation and Impairment					
Restated At 1 April 2023	(50)	0	(18,541)	(112,885)	(1,516)
Depreciation charge	0	0	(18,529)	(181,655)	(27,166)
Depreciation charge written out to Revaluation Reserve	0	0	0	164,101	26,888
Depreciation written out to the Surplus on the Provision of Services	0	0	0	0	0
Derecognition - disposals	0	0	0	2,815	0
Derecognition - other	0	0	0	0	0
Impairment losses recognised in in the Surplus on the Provision of Services	0	0	0	80	0
Other movements in cost or valuation	0	0	2,838	12,912	0
At 31 March 2024	<u>(50)</u>	<u>0</u>	<u>(34,232)</u>	<u>(114,632)</u>	<u>(1,794)</u>
Net book value					
At 31 March 2024	<u>1,830</u>	<u>297,397</u>	<u>54,443</u>	<u>4,807,668</u>	<u>891,819</u>
At 31 March 2023	<u>1,249</u>	<u>169,195</u>	<u>50,893</u>	<u>4,754,202</u>	<u>801,260</u>

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

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.7 Infrastructure Assets

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

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

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

Movements in Year	2024/25		2023/24 Restated	
	Group £000	Council £000	Group £000	Council £000
Net Book Value				
At 1 April	917,435	917,435	907,308	907,308
Additions	72,877	72,877	96,912	96,912
Depreciation	(87,736)	(87,736)	(86,785)	(86,785)
At 31 March	902,576	902,576	917,435	917,435
Reconciliation of Property, Plant and Equipment				
	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Infrastructure Assets	902,576	902,576	917,435	917,435
Other Property, Plant and Equipment Assets	5,279,734	5,114,842	4,972,929	4,807,668
Total Property Plant and Equipment	6,182,310	6,017,418	5,890,364	5,725,103

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.8 Council Dwellings, Other Land and Buildings and Investment Properties

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

In 2021/22 the Council first applied an indexation, per audit recommendation, to those Land and Building assets valued at depreciated replacement cost that were not revalued during the year. The indexation was applied only to the building element. These assets were not revalued but they were treated as such for accounting purposes. This policy has continued in 2024/25.

The significant assumptions applied in estimating fair value are:

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

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

Council assets	Council Dwellings £000	Other Land and Buildings £000	Total £000
Carried at historical cost	26	4,599	4,625
Valued at fair value as at:			
31 March 2025	986,455	600,529	1,586,984
31 March 2024	180	870,215	870,395
31 March 2023	90	1,070,901	1,070,991
31 March 2022	410	740,982	741,392
31 March 2021	3	353,406	353,409
Total cost or valuation	987,164	3,640,632	4,627,796

NOTES TO THE FINANCIAL STATEMENTS

15. Property, Plant and Equipment - continued

15.9 Surplus Assets and Investment Properties - Fair Value Disclosure

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair Value as at 31 March 2025
	£000	£000	£000	£000
Recurring fair value measurements using:				
Surplus assets	0	1,170	0	1,170
Investment properties - advertising hoardings	0	25,145	0	25,145
Total cost or valuation	0	26,315	0	26,315

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

16. Investment Properties Policy

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

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

Investment properties are revalued annually.

Investment properties held at fair value are not depreciated.

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

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

Note

16.1 Income and Expenses on Investment Properties

Income of £2.183m (£2.121m 2023/24) and expense £Nil (£Nil 2023/24) have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

NOTES TO THE FINANCIAL STATEMENTS

16. Investment Properties - continued

16.2 Movement in Fair Value - continued

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

	2024/25		2023/24	
			Restated	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	145,022	24,961	126,026	21,658
Additions	2,399	0	9,129	0
Disposals	0	0	0	0
Net (loss) / gain from fair value adjustments	6,308	184	9,867	3,303
Other increases / (decreases) in cost or valuation	0	0	0	0
	<u>153,729</u>	<u>25,145</u>	<u>145,022</u>	<u>24,961</u>
Value at 31 March				

17. Intangible Assets

Policy

Intangible fixed assets represent software licences purchased by the Council.

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

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

Note

The carrying value of intangible assets of the Group and the Council is £8.029m in 2024/25 (Restated £3.994m in 2023/24).

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.199m in 2024/25 (Restated 2023/24 £0.567m) was charged to Corporate Services.

18. Heritage Assets

Policy

Heritage assets comprise the following:

Monuments and statues

Civic regalia and artefacts

Archival collections

Libraries' special collections

Museum and gallery collections

Intangible heritage assets represent three private vehicle registration plates.

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

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

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

Heritage assets classed as Monuments or Statues are valued at Historical Cost where it can be determined. Where historical cost cannot be accurately determined, the asset is valued at a notional £1,000.

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

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

Reconciliation of the Carrying Value of Heritage Assets Note

Movements in 2024/25

	Monuments and Statues £000	Civic Regalia and Artefacts £000	Archival Collections £000
Cost or Valuation			
At 1 April 2024	942	2,047	6,796
Additions	2,639	0	0
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	(3,017)	0	0
At 31 March 2025	564	2,047	6,796
Net book value			
At 31 March 2025	564	2,047	6,796
At 31 March 2024	942	2,047	6,796

	Libraries' Special Collections £000	Museum and Gallery Collections £000	Total Council Heritage Assets £000
Cost or Valuation			
At 1 April 2024	1,975	19,643	31,403
Additions	0	0	2,639
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	0	(3,017)
At 31 March 2025	1,975	19,643	31,025
Net book value			
At 31 March 2025	1,975	19,643	31,025
At 31 March 2024	1,975	19,643	31,403

	City of Edinburgh Council Charitable Trusts £000	Total Group Heritage Assets £000
Cost or Valuation		
At 1 April 2024	21,947	53,350
Additions	615	3,254
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	(3,017)
At 31 March 2025	22,562	53,587
Net book value		
At 31 March 2025	22,562	53,587
At 31 March 2024	21,947	53,350

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

18.1 Reconciliation of the Carrying Value of Heritage Assets - continued 2023/24 Comparative Data

Re-stated	Monuments and Statues £000	Civic Regalia and Artefacts £000	Archival Collections £000
Cost or Valuation			
Restated At 1 April 2023	942	2,047	6,796
Additions	1,809	0	0
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	(1,809)	0	0
At 31 March 2024	<u>942</u>	<u>2,047</u>	<u>6,796</u>
Net book value			
At 31 March 2024	<u>942</u>	<u>2,047</u>	<u>6,796</u>
At 31 March 2023	<u>942</u>	<u>2,047</u>	<u>6,796</u>
	Libraries' Special Collections £000	Museum and Gallery Collections £000	Total Council Heritage Assets £000
Cost or Valuation			
Restated At 1 April 2023	1,975	19,643	31,403
Additions	0	0	1,809
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	0	(1,809)
At 31 March 2024	<u>1,975</u>	<u>19,643</u>	<u>31,403</u>
Net book value			
At 31 March 2024	<u>1,975</u>	<u>19,643</u>	<u>31,403</u>
At 31 March 2023	<u>1,975</u>	<u>19,643</u>	<u>31,403</u>
	City of Edinburgh Council Charitable Trusts £000	Total Group Heritage Assets £000	
Cost or Valuation			
Restated At 1 April 2023	11,492	42,895	
Additions	81	1,890	
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	10,374	8,565	
At 31 March 2024	<u>21,947</u>	<u>53,350</u>	
Net book value			
At 31 March 2024	<u>21,947</u>	<u>53,350</u>	
At 31 March 2023	<u>11,492</u>	<u>42,895</u>	

NOTES TO THE FINANCIAL STATEMENTS

18. Heritage Assets - continued

18.2 Details of Heritage Assets

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

19. Inventories

Policy

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

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

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

Note	2024/25		2023/24	
	Group	Council	Group	Council
Total	£000	£000	£000	£000
Balance at 1 April	9,605	4,248	9,241	3,982
Purchases	19,510	19,110	19,176	19,064
Held by a third party	0	0	206	206
Recognised as an expense in the year	(18,420)	(18,353)	(19,005)	(18,991)
Stock written off	(43)	(43)	(13)	(13)
Balance at 31 March	10,652	4,962	9,605	4,248

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

NOTES TO THE FINANCIAL STATEMENTS

20. Debtors

20.1 Long-term Debtors

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Council Tax	123,358	123,358	120,082	120,082
Trade Debtors	44,380	44,380	47,566	47,566
Other Debtors	26,816	153,633	48,367	166,241
Total long-term debtors before provision for impairment	194,554	321,371	216,015	333,889
Less: Provision for impairment	(150,292)	(150,292)	(149,475)	(149,475)
Total net long-term debtors	44,262	171,079	66,540	184,414

Long-term debtors include £7.799m (2023/24 £8.355m) for sums recoverable from Police Scotland. These sums relate to monies advanced to the former joint board for capital expenditure.

20.2 Short-term Debtors

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Council Tax	124,512	124,512	118,940	118,940
Trade Debtors	99,090	95,964	63,325	60,811
Prepayments	29,228	26,315	18,152	15,860
Other Debtors	109,242	102,824	133,599	129,385
Total current debtors before provision for impairment	362,072	349,615	334,016	324,996
Less: Provision for impairment	(120,964)	(120,964)	(117,393)	(117,393)
Total net current debtors	241,108	228,651	216,623	207,603

20.3 Provision for Impairment

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Long-term provision for impairment				
Council Tax	(112,668)	(112,668)	(109,843)	(109,843)
Trade Debtors	(29,039)	(29,039)	(30,805)	(30,805)
Other Debtors	(8,585)	(8,585)	(8,827)	(8,827)
Total long-term provision for impairment	(150,292)	(150,292)	(149,475)	(149,475)
Current provision for impairment				
Council Tax	(110,884)	(110,884)	(106,046)	(106,046)
Trade Debtors	(8,954)	(8,954)	(10,038)	(10,038)
Other Debtors	(1,126)	(1,126)	(1,309)	(1,309)
Total current provision for impairment	(120,964)	(120,964)	(117,393)	(117,393)

21. Cash and Cash Equivalents

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

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Cash held	346	346	345	345
Bank current accounts	25,560	(31,301)	54,099	(13,320)
Short-term deposits:				
With banks or building societies	944	944	940	940
With other local authorities	15,743	15,743	37,574	37,574
UK Debt Management Office	1,609	1,609	11,160	11,160
	44,202	(12,659)	104,118	36,699

NOTES TO THE FINANCIAL STATEMENTS

22. Investments

22.1 Long-Term Investments

	2024/25		2023/24	
	Group	Council	Group	Council
	£000	£000	£000	£000
Transport for Edinburgh	0	5,824	0	5,824
Tudor Trust	350	350	350	350
CEC Recovery	1	1	1	1
CEC Holdings	268	12,225	268	12,319
	<u>619</u>	<u>18,400</u>	<u>619</u>	<u>18,494</u>

22.2 Short-Term Investments

	2024/25		2023/24	
	Group	Council	Group	Council
	£000	£000	£000	£000
Local Authority Loans	10,849	10,849	10,857	10,857
Other short-term investments	2,635	0	2,756	0
	<u>13,484</u>	<u>10,849</u>	<u>13,613</u>	<u>10,857</u>

23. Assets Held for Sale Policy

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

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

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

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

Note

	2024/25		2023/24	
	Group	Council	Group	Council
	£000	£000	£000	£000
23.1 Non-Current Assets - Held for Sale				
Balance at 1 April	0	0	117	117
Additions	0	0	0	0
Revaluation gains/(losses) recognised in the revaluation reserve	0	0	(38)	(38)
Revaluation gains/(losses) recognised in Surplus on the Provision of Services	0	0	(6)	(6)
Assets Sold	0	0	0	0
Assets Declassified as held for sale	0	0	0	0
Transfers from non-current to current	0	0	(74)	(74)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance at 31 March	0	0	0	0

23.2 Current Assets - Held for Sale

	2024/25		2023/24	
	Group	Council	Group	Council
	£000	£000	£000	£000
Balance at 1 April	1,772	1,772	4,187	4,187
Additions	123	123	292	292
Revaluation gains/(losses) recognised in the revaluation reserve	908	908	(710)	(710)
Revaluation gains/(losses) recognised in Surplus on the Provision of Services	6	6	(43)	(43)
Assets Sold	(595)	(595)	(1,767)	(1,767)
Assets declassified as held for sale	0	0	(261)	(261)
Assets classified as held for sale	1,984	1,984	0	0
Transfers from non-current to current	0	0	74	74
	<u>4,197</u>	<u>4,197</u>	<u>1,772</u>	<u>1,772</u>
Balance at 31 March	4,197	4,197	1,772	1,772

NOTES TO THE FINANCIAL STATEMENTS

24. Creditors

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Trade Creditors	(137,775)	(133,366)	(161,567)	(157,012)
Council Tax Creditors	(4,967)	(4,967)	(528)	(528)
Other Tax payable	(18,103)	(14,365)	(17,946)	(13,762)
Other Creditors	(129,448)	(99,990)	(104,513)	(76,039)
PPP Creditor (Note 38.1)	(12,674)	(12,674)	(11,729)	(11,729)
Right of Use Asset (Note 38.4)	(32,817)	(19,706)	(30,296)	(17,411)
Finance Leases (non PPP - Note 38.1)	(419)	(419)	(411)	(411)
	<u>(336,203)</u>	<u>(285,487)</u>	<u>(326,990)</u>	<u>(276,892)</u>

25. Provisions

Policy

The value of provisions is based upon the Council's obligations arising from past events, the probability that a transfer of economic benefit will take place and a reasonable estimate of the obligation. An assessment of long and short-term provisions has been made at the 31 March 2025 year end and provisions disclosed separately.

Note	2024/25		2023/24	
Long-Term	Group £000	Council £000	Group £000	Council £000
Balance at 1 April	(21,649)	(21,649)	(24,477)	(24,477)
Transfers	48	48	0	0
Additional provisions made in year	(454)	(454)	(843)	(843)
Amounts used during the year	2,544	2,544	3,671	3,671
Unused amounts reversed during year	228	228	0	0
Balance at 31 March	<u>(19,283)</u>	<u>(19,283)</u>	<u>(21,649)</u>	<u>(21,649)</u>

	2024/25		2023/24	
Short-Term	Group £000	Council £000	Group £000	Council £000
Balance at 1 April	(11,250)	(9,251)	(14,754)	(12,909)
Transfers	(48)	(48)	0	0
Additional provisions made in year	(4,513)	(2,554)	(2,505)	(894)
Amounts used during the year	1,695	99	4,930	3,473
Unused amounts reversed during year	250	250	1,079	1,079
Balance at 31 March	<u>(13,866)</u>	<u>(11,504)</u>	<u>(11,250)</u>	<u>(9,251)</u>

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

26. Reserves

Policy

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

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

Unusable reserves cannot be applied to fund expenditure.

Usable Reserves

The Council operates the following usable reserves:

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

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves

Note

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

Policy

The Council operates the following unusable reserves:

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

27.1 Summary of Unusable Reserves

	Balance as at:	
	31 March 2025 £000	Re-stated 31 March 2024 £000
Revaluation Reserve	2,436,263	2,339,782
Capital Adjustment Account	1,248,373	1,292,150
Financial Instruments Adjustment Account	(70,012)	(72,984)
Pensions Reserve	(41,395)	(48,738)
Employee Statutory Adjustment Account	(19,168)	(15,527)
Total Council Unusable Reserves	3,554,061	3,494,683
Subsidiaries, Associates and Joint Ventures	161,552	152,280
Total Group Unusable Reserves	<u>3,715,613</u>	<u>3,646,963</u>

27.2 Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are: revalued downwards or impaired and the gains are lost; used in the provision of services and the gains are consumed through depreciation; or disposed of and the gains are realised.

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

	2024/25 £000	Re-stated 2023/24 £000
Balance at 1 April	2,339,782	2,410,231
Upward revaluation of assets	268,150	359,731
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(82,222)	(333,243)
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Service	185,928	26,488
Difference between fair value depreciation and historical cost depreciation	(87,360)	(91,864)
Accumulated gains on assets sold written off to the capital adjustment account	(2,087)	(5,073)
Balance at 31 March	<u>2,436,263</u>	<u>2,339,782</u>

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.3 Capital Adjustment Account

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

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

	2024/25 £000	Re-stated 2023/24 £000
Balance at 1 April	1,292,150	1,415,139
<u>Reversal of items relating to capital expenditure debited or credited to the CIES</u>		
Charges for depreciation and impairment of non-current assets	(271,448)	(299,487)
Amortisation and impairment of intangible assets	(1,199)	(567)
Capital funded from revenue	31,980	8,205
Revenue exp. funded from capital under statute	(62,244)	(70,425)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	(11,196)	(18,707)
	<u>(314,106)</u>	<u>(380,981)</u>
Adjusting amounts written out of the revaluation reserve	2,087	5,073
Net written out amount of the costs of non-current assets consumed in the year	(312,019)	(375,908)
<u>Capital financing applied in the year:</u>		
Use of the capital receipts reserve to finance new capital expenditure	16,852	22,651
Donated assets	4,189	10,916
Use of capital fund for new capital expenditure	492	23,777
Capital grants and contributions credited to the CIES that have been applied to capital financing	79,543	112,758
Application of grants from the capital grants unapplied account / capital fund	3,081	11,381
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	108,527	97,839
Capital expenditure charged against the General Fund and HRA balances	62,244	70,425
	<u>274,927</u>	<u>349,747</u>
Movements in the market value of investment properties credited to the CIES	184	3,336
Movements in value of finance leases	0	1,677
Service Concession Flexibility	(6,869)	(101,841)
Balance at 31 March	<u><u>1,248,373</u></u>	<u><u>1,292,150</u></u>

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.4 Financial Instruments Adjustment Account

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

	2024/25	2023/24
	£000	£000
Balance at 1 April	(72,984)	(76,676)
Proportion of premiums incurred in previous financial years to be charged against the General Fund and HRA balances in accordance with statutory requirements	2,907	3,008
Proportion of equivalent interest rate calculation on lender option / borrower option loans (LOBOs)	65	684
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in accordance with statutory requirements	2,972	3,692
Balance at 31 March	<u>(70,012)</u>	<u>(72,984)</u>

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

27.5 Pensions Reserve

The pensions reserve provides a balancing mechanism arising from the different arrangements for accounting for post employment benefits (pension costs) and for funding pensions in accordance with statutory provisions. The Council accounts for pensions in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

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

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.5 Pensions Reserve - continued

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

	2024/25 £000	2023/24 £000
Balance at 1 April	(48,738)	(51,098)
Actuarial gains or (losses) on pension assets and liabilities	20,034	(7,513)
Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	(86,745)	(78,923)
Employer's pension contributions and direct payments to pensioners payable in the year	74,054	88,796
Balance at 31 March	<u>(41,395)</u>	<u>(48,738)</u>

27.6 Employee Statutory Adjustment Account

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

	2024/25 £000	2023/24 £000
Balance at 1 April	(15,527)	(14,271)
Settlement or cancellation of accrual made at the end of the preceding year	15,527	14,271
Amount accrued at the end of the current year	<u>(19,168)</u>	<u>(15,527)</u>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3,641)	(1,256)
Balance at 31 March	<u>(19,168)</u>	<u>(15,527)</u>

NOTES TO THE FINANCIAL STATEMENTS

27. Unusable Reserves - continued

27.7 Unusable Reserves - Group Members

	Balance as at:	
	31 March	Re-stated
	2025	31 March
	£000	2024
		£000
Subsidiaries		
CEC Holdings Limited	61,990	61,032
Transport for Edinburgh	20,516	19,651
Edinburgh Living MMR LLP	38,976	32,851
The City of Edinburgh Council Charitable Trusts	13,705	13,263
Associates and Joint Ventures		
Common Good	26,988	26,244
Lothian Valuation Joint Board	(623)	(761)
Total Unusable Reserves - Subsidiaries, Associates and Joint Ventures	161,552	152,280

28. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2024/25		2023/24	
	Group	Council	Group	Council
	£000	£000	£000	£000
Cash paid to and on behalf of employees	828,957	828,957	813,981	813,981
General Revenue Grant	(629,278)	(629,278)	(552,075)	(552,075)
Non-Domestic Rates receipts from national pool	(407,645)	(407,645)	(377,316)	(377,316)
Other net operating cash payments / (receipts)	163,157	163,157	31,166	31,166
Net cash flows from subsidiary companies	(18,407)	0	(29,988)	0
Net cash flows from operating activities	(63,216)	(44,809)	(114,232)	(84,244)

29. Cash Flow Statement - Operating Activities - continued

The cash flows for operating activities include the following items:

	2024/25		2023/24	
	Group	Council	Group	Council
	£000	£000	£000	£000
Interest received	(17,624)	(15,686)	(23,379)	(22,117)
Interest paid	110,158	107,693	101,308	98,649
Investment income received	0	0	(2,912)	(2,912)

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

Proceeds from short-term and long-term investments	9,470	0	11,990	0
Recognised Capital Income	80,381	80,381	117,772	117,772
Movement in Donated Assets	4,189	4,189	10,916	10,916
	94,040	84,570	140,678	128,688

NOTES TO THE FINANCIAL STATEMENTS

29. Cash Flow Statement - Operating Activities - continued

	2024/25		Re-stated 2023/24	
	Group £000	Council £000	Group £000	Council £000
Depreciation	(286,170)	(264,712)	(287,657)	(267,555)
Impairment	(95,296)	(95,296)	(124,362)	(124,362)
Increase/(decrease) in impairment for bad debts	(5,595)	(5,292)	30	71
Increase/(decrease) in creditors	(16,306)	(15,520)	(8,698)	(3,773)
Increase/(decrease) in debtors	54,850	51,812	(3,625)	(3,136)
Increase/(decrease) in inventories	1,047	714	364	266
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	11,781	5,656	10,507	3,943
Other non-cash items charged to the net surplus or deficit on the provision of services	(18,509)	(6,101)	18,670	26,251
	<u>(354,198)</u>	<u>(328,739)</u>	<u>(394,771)</u>	<u>(368,295)</u>

30. Cash Flow Statement - Investing Activities

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	488,959	469,549	354,034	337,242
Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(17,160)	(16,972)	(26,238)	(25,511)
Net purchase of Short-Term and Long-Term Investments	4,657	1,787	(11,935)	(11,935)
Other receipts from investing activities	<u>(80,582)</u>	<u>(82,720)</u>	<u>(103,246)</u>	<u>(102,852)</u>
Net cash flows from investing activities	<u>395,874</u>	<u>371,644</u>	<u>212,615</u>	<u>196,944</u>

31. Cash Flow Statement - Financing Activities

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Cash Receipts of Short- and Long-Term Borrowing	(299,970)	(290,001)	(145,573)	(125,000)
Other Receipts for Financing Activities	(55,750)	(55,750)	39,828	39,828
Cash Payments for the Reduction of the Outstanding Liability relating to Finance Leases and on-Balance Sheet PPP Contracts	25,858	11,977	25,148	10,642
Repayment of short-term and long-term borrowing	57,120	56,297	65,683	64,767
Net cash flows from financing activities	<u>(272,742)</u>	<u>(277,477)</u>	<u>(14,914)</u>	<u>(9,763)</u>

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Support and Guarantees

32.1 Loans and guarantees

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

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

	2024/25 £000	2023/24 £000
Opening Balance	46	51
New Loans	0	0
Increase in the Discounted Amount	4	4
Fair Value Adjustment	0	0
Loan Repayment	(9)	(9)
Balance Carried Forward	<u>41</u>	<u>46</u>
Nominal Value Carried Forward	<u>54</u>	<u>63</u>

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

Interest is not charged on the loan stock, which has a face value of £11.231m as at 31 December 2024. The loan stock is included in debtors, at a fair value rate, of £5.259m and is repayable within 25 years of issue.

In addition, the Council issued £7.229m of convertible loan stock to EICC Limited for the development of Edinburgh International Conference Centre as at 31 December 2024. Interest is not charged on the loan stock, which is due to be repaid to the Council in 2117. The discounted value of this loan stock is £0.023m.

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

32.2 Guarantees

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Support and Guarantees - continued

32.3 Shared Equity Scheme / Scheme of Assistance

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

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

Purchasers have the option to pay interest annually or accumulate charges on the same terms as the original equity. Sums due to the Council, including accrued interest, where owners have opted to defer interest, are included in long-term debtors, the balance at 31 March 2025 is £0.187m.

The assisted purchase scheme was an initiative administered on behalf of the Council to allow home owners to enter into a lifetime mortgage agreement to finance repairs to their properties. Forty loans were made between 2007 and 2012, with an original loan principal value of £0.762m. These sums are included in long-term debtors, the balance at 31 March 2025 is £0.746m.

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

In June 2018 the Council purchased the interest in a shared equity loan scheme from PARC for £0.512m. The scheme provided assistance to buyers to purchase homes from PARC and twenty two loans remain in the scheme. These sums are included in long-term debtors, the balance at 31 March 2025 is £0.127m.

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

32.4 National Housing Trust

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

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

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

NHT Phase 3 is complete and has delivered 829 homes.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial Support and Guarantees - continued

32.4 National Housing Trust - continued

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

Developer	Development Site	Phase	Total No. of Units	Advanced 2024/25 £000	Repaid 2024/25 £000	Prior Years £000	Total £000
FP Newhaven Ltd	Sandpiper Road	2	96	0	0	11,908	11,908
Cruden Homes	Western Harbour	3	138	0	0	17,284	17,284
Places for People	Shrubhill	3	93	0	0	14,923	14,923
			327	0	0	44,115	44,115

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

33. Agency Income and Expenditure

The Council has entered into agency agreements with other public bodies to provide and receive services, the income and expenditure for which is not included in the Comprehensive Income and Expenditure Statement. The main agency arrangements are detailed below.

During the financial year the Council returned £4.95m of unused Covid-19 related funding streams to the relevant bodies, which had been provided on an agency basis. During the year grants of £nil were paid out (2023/24 £1.278m).

The Council acts as the Billing Authority for a number of Business Improvement Districts (BIDs). The Council collects a levy from the business rate payers on behalf of the BID bodies, Essential Edinburgh and Edinburgh West End. During the year income of £1.071m (2023/24 £1.033m) was collected and £1.124m (2023/24 £1.042m) paid out to BID schemes.

In August 2018 the Edinburgh and South-East Scotland City Region Deal (ESESCR Deal) was signed and committed a total of £600m of funding from both the Scottish and UK Governments, over 15 years. The Council has undertaken, on an agency basis, to act as the accountable body for the management of the Deal. During the year income and expenditure amounted to £41.830m (2023/24 £37.858m).

34. Audit Costs

The fees payable to Audit Scotland in respect of external audit services undertaken in accordance with the Code of Audit Practice are £0.726m (2023/24 £0.713m).

NOTES TO THE FINANCIAL STATEMENTS

35. Grant Income

Policy

• Revenue

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

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

• Capital

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

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

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

Note

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

	2024/25		2023/24	
	£000	£000	£000	£000
Credited to taxation and non-specific grant income				
General revenue funding	(629,278)		(552,075)	
Non-domestic rates	(407,645)		(377,317)	
Capital grants and contributions	<u>(84,569)</u>		<u>(128,688)</u>	
		(1,121,492)		(1,058,080)
Credited to services				
Central Government Bodies	(209,173)		(259,766)	
Other Local Authorities	(2,476)		(4,102)	
NHS bodies	(81,420)		(84,119)	
Other entities and individuals	<u>(24,492)</u>		<u>(49,499)</u>	
		<u>(317,562)</u>		<u>(397,486)</u>
Total		<u><u>(1,439,054)</u></u>		<u><u>(1,455,566)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

36. Related Parties

During the year, the Council entered into a number of transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. The most material of these transactions, including Outstanding Balances where normal terms and conditions apply, are shown below.

	2024/25	2024/25	2024/25	2023/24	2023/24
	Expenditure	Income	Debtor /	Net	Debtor /
	£000	£000	(Creditor)	Expenditure	(Creditor)
			£000	/ (Income)	£000
Subsidiaries and Associates					
Subsidiaries and Associates are independent bodies over which the Council is considered to have control or influence, see Note 9 (page 45) for further details. The following entities have a significant impact on the Council's operations and have been consolidated into the Group Accounts:					
CEC Holdings (incl. EDI Group, EICC)	0	(307)	7,763	(263)	7,550
Edinburgh Charitable Trusts	0	(4)	19	(3)	11
Edinburgh Living MMR LLP	5,471	(7,693)	72,298	3,939	67,625
Transport for Edinburgh (inc. Edinburgh Trams and Lothian Buses)	7,877	(11,259)	(527)	(4,899)	2,349
Capital Theatres	8,141	(129)	0	634	0
Common Good	0	0	98	0	66
Edinburgh Integration Joint Board	344,160	(368,958)	(750)	(28,195)	(1,771)
Edinburgh Leisure Limited	14,804	(246)	333	9,300	363
Lothian Valuation Joint Board	4,063	(420)	(967)	3,216	(804)

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

Capital City Partnership	8,958	(59)	31	9,872	0
CEC Recovery (formerly Tie Limited)	0	0	(260)	0	4

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

Lothian Pension Fund	0	(239)	(5,314)	6,429	(2,209)
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Scottish Government

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

Scottish Government	252	(61,590)	50,394	(66,887)	69,682
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NOTES TO THE FINANCIAL STATEMENTS

36. Related Parties - continued

	2024/25 Expenditure	2024/25 Income	2024/25 Debtor / (Creditor)	2023/24 Net Expenditure / (Income)	2023/24 Debtor / (Creditor)
	£000	£000	£000	£000	£000

Other Public Bodies

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

Business Stream	3,102	0	(427)	2,427	184
Criminal Justice Bodies	519	0	0	506	0
NHS Bodies	5,059	(29,909)	947	(31,001)	(462)
Other Local Authorities	6,287	(2,298)	(212)	(350)	(632)
Police Scotland	0	(1,025)	7,813	(828)	8,519
Scottish Fire and Rescue Service	208	(2)	0	75	(16)
Scottish Police Authority	67	(4)	0	187	0
Scottish Qualifications Authority	1,531	0	0	1,520	0
Scottish Water	1,848	(415)	(3,253)	(11)	(2,842)
Transport Scotland	0	(43)	583	(243)	1,582

Members Interest

Under the Councillors' Code of Conduct, elected members must declare any registered interests in any bodies where the Council itself does not have significant influence over their operations. Each members' Register of Interest is available in the Your Councillors section of the City of Edinburgh Council website. In 2024-25, the Council made payments totalling £8.846m to 43 bodies where Member's hold an interest, ie they held or hold a position where they have significant influence or control. Material payments (in excess of £0.250m) have been detailed below:

Bethany Christian Trust	1,392	(3)	(18)	1,316	(6)
Church of Scotland	375	(77)	0	340	0
Dean and Cauvin Charitable Trust	1,257	0	(60)	1,074	12
Lifecare Edinburgh	550	0	0	588	0
Royal Scottish National Orchestra Society	562	(6)	0	607	0
Scotland Excel	400	0	0	449	0
Sight Scotland (formerly Royal Blind Asylui	800	0	0	497	0
Smilechildcare	395	0	0	283	0
Sweco UK Limited	251	0	0	210	0
The Citadel Youth Centre	328	0	0	310	0

Other Organisations

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

Axiom Education Limited	35,136	0	(84,349)	27,884	(88,342)
Edinburgh International Festival Society	1,931	(232)	176	1,717	0
Edinburgh and Lothians Greenspace Trust	1,035	0	0	1,063	(10)
Edinburgh School Partnership	28,549	0	(37,321)	28,201	(39,540)
Edinburgh Vol. Org. Council	689	0	0	490	(5)
Handicab	718	0	(22)	555	(14)
Hubco	0	0	(26,428)	536	(27,413)
Millerhill	0	0	(246,772)	0	(259,404)
South East of Scotland Transport Partnership	61	(568)	451	55	24
SUSTRANS	293	(9,576)	6,155	(19,530)	9,198
QHS DBFMCO	4,596	0	(32,589)	3,799	(33,600)

NOTES TO THE FINANCIAL STATEMENTS

36. Related Parties - continued

Senior Officers

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

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

37. Capital Expenditure and Capital Financing

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

	2024/25		Restated 2023/24	
	£000	£000	£000	£000
Opening capital financing requirement		2,207,122		2,025,845
Capital Investment				
Property, plant and equipment	454,883		436,659	
Heritage Assets / Common Good Assets	2,639		1,809	
Assets held for sale	123		292	
Intangible assets	5,235		3,164	
Capital Receipts transferred to Capital Fund	5,005		15,930	
Capital Investment applied to debtors	5,471		8,574	
Revenue expenditure funded from capital under statute	62,244		70,425	
Right of Use Asset Recognised in year	13,269		19,373	
PPP Lease Agreements Recognised In-Year	7,528		(52)	
		556,396		556,174
Sources of Finance				
Capital receipts	(16,852)		(22,651)	
Capital Funded from Current Revenue	(31,980)		(8,205)	
Government grants and other contributions	(154,561)		(245,178)	
Write down of EDI Loan Stock	(106)		(79)	
Loans fund / finance lease repayments	(111,656)		(98,784)	
		(315,155)		(374,897)
Closing capital financing requirement		<u>2,448,363</u>		<u>2,207,122</u>
Explanation of movements in year				
(Decrease) / increase in underlying need to borrow or fund from credit arrangements		233,714		181,329
Assets acquired under finance leases		7,528		(52)
(Decrease) / Increase in capital financing requirement		<u>241,241</u>		<u>181,277</u>

NOTES TO THE FINANCIAL STATEMENTS

38. Leases

38.1 PPP, Finance Lease and Other Liabilities

Policy

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

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

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

Note

The Council has acquired a waste treatment facility under finance leases. The assets classified under this lease are included in property, plant and equipment in the Balance Sheet.

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

		2024/25		2023/24	
		Group	Council	Group	Council
	Note	£000	£000	£000	£000
Short Term Creditors					
PPP Residual Waste	39.2	2,620	2,620	2,594	2,594
PPP Education	39.3	10,054	10,054	9,135	9,135
Finance Leases	38.2	419	419	411	411
Right of Use Assets	38.4	32,817	19,706	30,296	17,411
		<u>45,910</u>	<u>32,799</u>	<u>42,436</u>	<u>29,551</u>
Other Long-Term Liabilities					
PPP Residual Waste	39.2	22,739	22,739	23,067	23,067
PPP Residual Waste Donated Asset	39.2	43,572	43,572	45,864	45,864
PPP Education	39.3	169,594	169,594	179,649	179,649
Finance Leases	38.2	3,107	3,107	3,527	3,527
Right of Use Assets	38.4	162,089	123,698	175,603	125,005
Group other liabilities		623	0	287	0
		<u>401,724</u>	<u>362,710</u>	<u>427,997</u>	<u>377,112</u>

38.2 Assets Leased in - Finance Leases

	2024/25		2023/24	
	Group	Council	Group	Council
	£000	£000	£000	£000
Value at 1 April	3,938	3,938	4,341	4,341
Adjustment for Right of Use Assets	0	0	0	0
Additions during the year	0	0	0	0
Depreciation charge for the year	(411)	(411)	(403)	(403)
Derecognition	0	0	0	0
Value at 31 March	<u>3,527</u>	<u>3,527</u>	<u>3,938</u>	<u>3,938</u>
Vehicles, plant, equipment and furniture	<u>3,527</u>	<u>3,527</u>	<u>3,938</u>	<u>3,938</u>
Value at 31 March	<u>3,527</u>	<u>3,527</u>	<u>3,938</u>	<u>3,938</u>
Analysed by:	£000	£000	£000	£000
Current	419	419	411	411
Non-Current	3,107	3,107	3,527	3,527
Finance costs payable in future years	306	306	381	381
	<u>3,832</u>	<u>3,832</u>	<u>4,319</u>	<u>4,319</u>
Finance Lease Liabilities	£000	£000	£000	£000
Within one year	486	486	486	486
Between 2 and 5 years	1,943	1,943	1,943	1,943
Over 5 years	1,403	1,403	1,890	1,890
Total liabilities	<u>3,832</u>	<u>3,832</u>	<u>4,319</u>	<u>4,319</u>

NOTES TO THE FINANCIAL STATEMENTS

38. Leases - continued

38.2 Assets Leased in - Operating Leases

Policy

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

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

Note

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

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

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

	2024/25		2023/24	
	Group	Council	Group	Council
Future Repayment Period	£000	£000	£000	£000
Not later than one year	422	422	129	129
Later than one year and not later than five years	130	130	130	130
Later than five years	1	1	1	1
	553	553	260	260
Value at 31 March				
Other land and buildings	336	336	2	2
Vehicles, plant, equipment and furniture	217	217	258	258
	553	553	260	260
Recognised as an expense during the year	446	446	130	130

38.3 Assets Leased Out by the Council - Operating Leases

Policy

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

Note

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

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

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

	2024/25	2023/24
	£000	£000
Not later than one year	23,138	22,576
Later than one year and not later than five years	84,766	81,267
Later than five years	301,344	300,875
Total liabilities	409,248	404,718

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

NOTES TO THE FINANCIAL STATEMENTS

38. Leases - continued

38.4 Right of Use Assets

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

The main impact of the new requirements is that, for arrangements previously accounted for as service concessions, a right-of-use asset and a lease liability are now on the balance sheet at 1 April 2023. The contractual arrangements continue to be disclosed in Note 39. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from IFRS 16 disclosure requirements.

A weighted average incremental borrowing rate of 4.46% has been applied to lease liabilities as at 1 April 2024.

As a lessee, the Council has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases.

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

	2024/25		2023/24	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	210,314	142,416	149,723	51,429
Additions during the year	21,794	20,796	108,648	108,355
Disposals	0	0	(20,485)	0
Principal repaid in year	(30,127)	(19,809)	(27,572)	(17,368)
Value at 31 March	201,981	143,403	210,314	142,416
Other land and buildings	57,645	49,721	61,316	53,755
Other land and buildings (PPP)	93,163	93,163	87,765	87,765
Vehicles, plant, equipment and furniture	51,173	519	61,233	896
Value at 31 March	201,981	143,403	210,314	142,416
Analysed by:	£000	£000	£000	£000
Current	32,817	19,706	30,296	17,411
Non-Current	162,089	123,697	175,603	125,005
	194,906	143,403	205,899	142,416
Finance Lease Liabilities	£000	£000	£000	£000
Within one year	33,967	19,706	31,623	17,411
Between 2 and 5 years	80,734	45,909	90,580	45,972
Over 5 years	83,882	77,788	88,620	79,033
Total liabilities	198,583	143,403	210,823	142,416

Amount charged to the Council Comprehensive Income and Expenditure amounted to £10.4m in 2024/25 (2023/24 £8.2m), related to interest expense on the lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

39. Public Private Partnerships and Similar Contracts

39.1 PPP - Financial Flexibilities

Under the guidance issued by the Scottish Government, councils had the option to account for payment for the assets over their usual life, rather than over their contractual period. Other education building funded through the capital programme have an asset life of 50 years, and therefore it was considered appropriate to apply a similar asset life to the assets acquired through these service concession arrangements.

Furthermore, had these assets been provided through the capital programme at the time of construction, the debt repayments would have been calculated on an annuity basis. For consistency purposes, it is also proposed to adopt an annuity repayment method for these assets.

The Council decided not to change the asset life for the waste facility at Millerhill due to this being an operational asset subject to technology and legislative risk but has, on a consistent accounting basis, to adopt the annuity repayment method.

Prior to adopting these changes, as at 1 April 2023, the Council had paid £115.565m to the service concession providers, however, by adopting the financial flexibilities, this reduced to £20.358m, a reduction of £95.207m, with a further reduction of £6.869m in the 2024/25 repayments (2023/24 £6.634m).

39.2 PPP - Residual Waste

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

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

	Payment for Services £000	Reimburse. of Capital Expenditure £000	Interest £000	Total £000	Donated Asset £000
Payable in 2025/26	5,388	327	3,548	9,263	2,293
Within two to five years	23,231	1,362	13,690	38,283	9,173
Within six to ten years	31,867	3,575	15,417	50,859	11,466
Within eleven to fifteen years	36,023	7,030	11,555	54,608	11,466
Within sixteen to twenty years	32,991	10,772	4,130	47,893	11,467
Within twenty one to twenty five years	0	0	0	0	0
	129,500	23,066	48,340	200,906	45,865

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

	2025/26	2026/27 onwards
Payable	2.91%	2.50%

39.3 PPP - Education Projects

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

39. Public Private Partnerships and Similar Contracts - continued

39.3 PPP - Education Projects - continued

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

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

	Payment for Services £000	Reimburse. of Capital Expenditure £000	Interest £000	Total £000
Payable in 2025/26	28,241	10,054	20,701	58,996
Payable within two to five years	118,613	44,987	78,787	242,387
Payable within six to ten years	158,597	62,677	84,102	305,376
Payable within eleven to fifteen years	92,666	45,392	48,895	186,953
Payable within sixteen to twenty years	6,823	16,538	5,630	28,991
Payable within twenty one to twenty five years	588	0	673	1,261
	<u>405,528</u>	<u>179,648</u>	<u>238,788</u>	<u>823,964</u>

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

	2025/26 onwards
PPP1	1.11%
PPP2	1.67%
James Gillespie's High School	2.50%
Queensferry High School	2.50%

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

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

	2024/25 £000	2023/24 £000
Balance at 1 April	188,784	197,557
PPP unitary charge restatement adjustment	0	(55)
Repayments during the year	<u>(9,136)</u>	<u>(8,718)</u>
Balance at 31 March	<u>179,648</u>	<u>188,784</u>

NOTES TO THE FINANCIAL STATEMENTS

39. Public Private Partnerships and Similar Contracts - continued

39.4 Provision of Information Technology services

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

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

Future Repayment	Inflationary
Period	£000 Uplift
2025/26	22,916 2.5%
2026/27 - 2028/29	71,432 2.5%
	<u>94,348</u>

39.5 Provision of Parking Enforcement

The Council entered into a five year contract with NSL for the provision of parking enforcement on 1 October 2014 which ended on 30 September 2019. There was a five year extension clause which was approved with the contract extended to 30 September 2024, with a further one year maximum extension approved in March 2024, to 30 September 2025. The tendering exercise for the new contract is nearing completion and will be awarded shortly.

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

Future Repayment
Period
2025/26
<u>4,542</u>
<u>4,542</u>

39.6 Other Rolling Contracts

The Council has entered into a number of rolling contracts to provide services, which are mainly care orientated through 'Supporting People'. The annual value of these contracts is £38.529m.

40. Pension schemes accounted for as defined contribution schemes

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

	2024/25		2023/24	
	£000	%	£000	%
Amount paid to Scottish Government in respect of teachers' pension costs	51,198		46,182	
As a percentage of teachers' pensionable pay		26.00		23.00
Amount paid in respect of added years	0		0	
As a percentage of teachers' pensionable pay		0.00		0.00
Capitalised value of discretionary awards	8,869		10,635	

At 31 March 2025, creditors include £5.997m (2023/24 £5.261m) in respect of teachers' superannuation.

41. Defined Benefit Pension Schemes

41.1 Participation in Pension Scheme

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.1 Participation in Pension Scheme - continued

In terms of this scheme, in 2024/25 the Council paid an employer's contribution into the Lothian Pension Fund, representing 17.6% (2023/24 22.7%) of pensionable pay. Contribution rates are determined by the Fund's Actuary based on triennial actuarial valuations of the pension fund. The data is based on the valuations as at March 2023, at which point the funding level (i.e. the percentage of assets to past service liabilities) was 157%.

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

41.2 Transactions Relating to Post-Employment Benefits

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

	2024/25		2023/24	
Comprehensive Income and Expenditure Statement	£000	£000	£000	£000
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	83,472		75,897	
Past service costs	663		977	
Effect of Settlements	<u>0</u>		<u>0</u>	
		84,135		76,874
<i>Financing and investment income:</i>				
Net interest (income) / expense		<u>2,610</u>		<u>2,049</u>
Total post employee benefit charged to the surplus on the provision of services		86,745		78,923
<i>Other post-employment benefits charges to the Comprehensive Income / Expenditure Statement</i>				
Re-measurement of the net defined liability, comprising:				
Return on plan assets, excluding the amount incl. in the net interest expense above.	230,711		(50,301)	
Actuarial (gains) and losses arising on changes in financial assumptions	(438,884)		(96,344)	
Restrictions in pension assets	223,211		(80,164)	
Actuarial (gains) and losses arising on changes in demographic assumptions	(4,817)		(48,628)	
Other experience	<u>(30,255)</u>		<u>282,950</u>	
		<u>(20,034)</u>		<u>7,513</u>
Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement		<u>66,711</u>		<u>86,436</u>
Movement in Reserves Statement				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		<u>(86,745)</u>		<u>(78,923)</u>
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to the scheme		68,982		83,764
Contributions in respect of unfunded benefits		<u>5,072</u>		<u>5,032</u>
		<u>74,054</u>		<u>88,796</u>

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.3 Pension Assets and Liabilities Recognised in the Balance Sheet

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

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

The actuaries' valuation of the pension fund at 31 March 2025 was a net asset of £1,227.5m, however IAS19 limits the measurement of a net defined benefit scheme. In accordance with IAS19 and IFRIC 14 an asset ceiling has been calculated, bringing the value of funded obligations to £nil and the net value represents the unfunded liabilities.

	2024/25 £000	2023/24 £000
Fair value of employer assets	3,779,747	3,845,230
Present value of funded liabilities	(2,510,833)	(2,847,422)
Present value of unfunded liabilities	(41,395)	(48,738)
Other movements in the liability/ asset	(1,268,914)	(997,808)
Net asset / (liability) arising from defined benefit obligation	<u>(41,395)</u>	<u>(48,738)</u>

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

	2024/25 £000	2023/24 £000
Opening fair value of scheme assets	3,845,230	3,676,015
Effect of settlements	0	0
Interest income	183,997	174,663
Re-measurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	(230,711)	50,301
Contributions from employer	68,982	83,764
Contributions from employees into the scheme	23,536	22,129
Contributions in respect of unfunded benefits	5,072	5,032
Other Experience	0	(42,369)
Benefits paid	(111,287)	(119,273)
Unfunded benefits paid	<u>(5,072)</u>	<u>(5,032)</u>
Closing fair value of scheme assets	<u>3,779,747</u>	<u>3,845,230</u>

Reconciliation of Present Value of the Scheme Liabilities

	2024/25 £000	2023/24 £000
Present value of funded liabilities	(2,847,422)	(2,646,925)
Present value of unfunded liabilities	(48,738)	(51,098)
Other movements in the liability/asset	<u>(997,808)</u>	<u>(1,029,090)</u>
Opening balance at 1 April	(3,893,968)	(3,727,113)
Current service cost	(83,472)	(75,897)
Interest cost	(186,607)	(176,712)
Contributions from employees into the scheme	(23,536)	(22,129)
Re-measurement gain / (loss):		
Change in financial assumptions	438,884	96,344
Restriction in pension asset	(223,211)	80,164
Change in demographic assumptions	4,817	48,628
Other experience	30,255	(240,581)
Past service (cost) / gain	(663)	(977)
Effects of settlements	0	0
Benefits paid	111,287	119,273
Unfunded benefits paid	<u>5,072</u>	<u>5,032</u>
Closing balance at 31 March	<u>(3,821,142)</u>	<u>(3,893,968)</u>

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.5 Fair Value of Employer Assets

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

	2024/25 £000	%	2023/24 £000	%
Consumer *	446,841.0	12	454,161.5	12
Manufacturing *	473,186.5	13	528,080.5	14
Energy and Utilities *	187,960.8	5	208,890.8	5
Financial Institutions *	216,041.6	6	226,394.2	6
Health and Care *	229,668.8	6	248,480.1	6
Information technology *	141,026.7	4	190,639.6	5
Information technology	111.7	0	0.0	0
Other *	252,193.0	7	235,860.6	6
Other	808.7	0	0.0	0
Sub-total Equity Securities	<u>1,947,838.8</u>		<u>2,092,507.3</u>	
Debt Securities:				
UK Government *	651,502.1	17	516,919.4	13
Corporate Bonds (investment grade) *	0.0	0	62,063.8	2
Other *	60,941.0	2	66,571.6	2
Sub-total Debt Securities	<u>712,443.1</u>		<u>645,554.8</u>	
Private Equity				
All *	5,636.5	0	19,658.8	1
All	<u>643,883.0</u>	17	<u>15,655.1</u>	0
Sub-total Private Equity	<u>649,519.5</u>		<u>35,313.9</u>	
Real Estate:				
UK Property *	23,285.6	1	0.0	0
UK Property	143,667.8	4	196,492.3	5
Overseas Property *	8,052.8	0	13,017.4	0
Overseas Property	<u>14,943.3</u>	0	<u>35.0</u>	0
Sub-total Real Estate	<u>189,949.5</u>		<u>209,544.7</u>	
Investment Funds and Unit Trusts:				
Bonds *	47,878.5	0	0.0	0
Bonds	69,257.5	2	97,807.9	3
Commodities	0.0	0	42,609.4	1
Infrastructure*	0.0	0	8,706.4	0
Infrastructure	<u>0.0</u>	0	<u>570,999.9</u>	15
Sub-total Investment Funds and Unit Trusts	<u>117,136.0</u>		<u>720,123.6</u>	
Derivatives:				
Foreign Exchange *	<u>2,387.2</u>	0	<u>(610.3)</u>	0
Sub-total Derivatives	<u>2,387.2</u>		<u>(610.3)</u>	
Cash and Cash Equivalents				
All *	<u>160,472.9</u>	4	<u>142,796.2</u>	4
Sub-total Cash and Cash Equivalents	<u>160,472.9</u>		<u>142,796.2</u>	
Total Fair Value of Employer Assets	<u>3,779,747</u>	<u>100</u>	<u>3,845,230</u>	<u>100</u>

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

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.6 Basis for Estimating Assets and Liabilities

Hymans Robertson, the independent actuaries to Lothian Pension Fund, have advised that the financial assumptions used to calculate the components of the pension expense for the year ended 31 March 2025 were those from the beginning of the year (i.e. 31 March 2024) and have not been changed during the year. The main assumptions in the calculations are:

Investment returns

Actual return for period from 1 April 2024 to 28 February 2025	3.80%
Total return for period from 1 April 2024 to 31 March 2025	-1.20%

Average future life expectancies at age 65:

		31.03.25	31.03.24
Current pensioners	male	20.2 years	20.3 years
Current pensioners	female	23.0 years	23.1 years
Future pensioners	male	20.9 years	21.0 years
Future pensioners	female	24.6 years	24.6 years
Period ended		31.03.25	31.03.24
Pension increase rate		2.80%	2.80%
Salary Increase rate		3.50%	3.50%
Discount rate		5.80%	4.80%

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

Estimation of defined benefit obligations is sensitive to the actuarial assumptions set out above. In order to quantify the impact of a change in the financial assumptions used, the Actuary has calculated and compared the value of the scheme liabilities as at 31 March 2025 on varying bases. The approach taken by the Actuary is consistent with that adopted to derive the IAS19 figures.

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

Change in assumptions at 31 March 2025	Approximate % Increase to Employer	Approximate Monetary Amount £000
0.1% decrease in Real Discount Rate	2%	41,746
1 year increase in member life expectancy	4%	102,089
0.1% increase in the Salary Increase Rate	0%	2,480
0.1% increase in the Pension Increase Rate	2%	40,392

41.7 Impact on the Council's Cash Flows

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

41.8 Information about the defined benefit obligation

	£000	%
Active members	1,041,006	41.4%
Deferred members	297,739	11.9%
Pensioner members	1,172,088	46.7%
Total	2,510,833	100.0%

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.8 Information about the defined benefit obligation - continued

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

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

The unfunded pensioner liability at 31 March 2025 comprises approximately £32.526m (2023/24 £38.103m) in respect of LGPS unfunded pensions and £8.869m (2023/24 £10.635m) in respect of teachers' unfunded pensions. For unfunded liabilities as at 31 March 2024, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension between 37.5% and 50% of the member's pension as at the date of the member's death.

41.9 Pension Reserves - Group Position

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

	2024/25 Pension Reserve £000	2023/24 Pension Reserve £000
Unusable Reserves		
Council	(41,395)	(48,738)
Lothian Valuation Joint Board	660	781
	<u>(40,735)</u>	<u>(47,957)</u>
	2024/25 £000	2023/24 £000
Usable Reserves		
Transport for Edinburgh Ltd	32,951	51,699
	<u>32,951</u>	<u>51,699</u>
Net Pension Reserves	<u>(7,784)</u>	<u>3,742</u>

41.10 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2026

	Assets £000	Obligations £000	Net (liability) / asset £000	% of pay
Current service cost	0	(62,126)	(62,126)	(16.1%)
Past service cost including curtailments	0	0	0	0.0%
Effect of settlements	0	0	0	0.0%
Total Service Cost	0	(62,126)	(62,126)	(16.1%)
Interest income on plan assets	218,694	0	218,694	
Interest cost on defined benefit obligation	0	(147,182)	(147,182)	
Total Net Interest Cost	218,694	(147,182)	71,512	
Total included in Profit or Loss	218,694	(209,308)	9,386	

The Council's estimated contribution to Lothian Pension Fund for 2025/26 is £68.014m.

NOTES TO THE FINANCIAL STATEMENTS

41. Defined Pension Schemes - continued

41.11 Strain on the Pension Fund

Lothian Pension Fund has the right to require the Council to make additional payments to the pension fund to reflect the extra cost to the pension fund of immediate payment of benefits to employees who retire early on efficiency, redundancy or voluntary grounds. This amounted to £0.415m, including accrued payments (2023/24 £0.615m).

41.12 Further Information

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

42. Low Emission Zone - Statement of Account

A Low Emission Zone (LEZ) is an area where only certain vehicles are allowed to enter based on their emissions standards. Low emission zones have now been introduced to the four biggest cities in Scotland - Edinburgh, Glasgow, Aberdeen and Dundee, in line with The Low Emission Zones (Scotland) Regulations 2021.

The City of Edinburgh Council received approval from the Scottish Government for the introduction of a Low Emission Zone in the city centre in 2022. Enforcement of the LEZ started on 1 June 2024, with penalty notices being issued under the regulations noted above. All costs prior to 2024/25 were incurred as a result of planning, designing and implementing the LEZ and were primarily funded by grants provided by the Scottish Government.

The aims of the LEZ are to:

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

	2023/24 £000	2024/25 £000
Expenditure		
Planning, promotion and maintenance (revenue)	214	0
Infrastructure (capital)	897	909
Administration costs	0	553
Total Expenditure	1,111	1,462
Income		
Transport Scotland LEZ Grant (revenue)	(201)	(295)
Revenue from fines and charges	0	(1,051)
LEZ Grant (capital) - note 1	(897)	(909)
Total Income	(1,098)	(2,255)
Total (Surplus)* / Deficit	13	(793)

Note 1 - Capital grants received amounting to £0.092m (2023/24 £0.82m) have been set aside to cover further implementation costs.

* The 2024/25 surplus from the first year of implementation has been set aside in an earmarked reserve

NOTES TO THE FINANCIAL STATEMENTS

43. Financial Instruments

Policy

Classifications

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

Financial Liabilities

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

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

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

Financial Assets

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

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

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

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

- money market funds

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

NOTES TO THE FINANCIAL STATEMENTS

43. Financial Instruments - continued

43.1 Categories of Financial Instruments

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

	2024/25		2023/24	
	Long-Term	Current	Long-Term	Current
	£000	£000	£000	£000
Assets				
At amortised cost				
- Bank Call Accounts (Note 21)	0	944	0	940
- Local Authority Loans - S-T (Notes 21 and 22.2)	0	26,592	0	48,431
- Sovereign / Supranational debt	0	1,609	0	11,160
		<u>29,145</u>		<u>60,531</u>
At fair value through profit and loss				
- Money Market Funds	0	13,227	0	23,350
Total Financial Instruments - Assets	<u>0</u>	<u>42,372</u>	<u>0</u>	<u>83,881</u>
The Investment total does not include £18.5m (2023/24 £18.5m) in unquoted equity in subsidiary companies which are not deemed to be Financial Instruments.				
Debtors				
At amortised cost	<u>161,598</u>	<u>99,424</u>	<u>174,250</u>	<u>131,916</u>
Total debtors	161,598	99,424	174,250	131,916
Borrowings				
- Public Works Loans Board	(1,385,006)	(109,135)	(1,200,447)	(56,605)
- Salix	(48)	(13)	(61)	(13)
- Market debt	<u>(273,646)</u>	<u>(5,500)</u>	<u>(275,627)</u>	<u>(5,481)</u>
Total borrowings	<u>(1,658,700)</u>	<u>(114,648)</u>	<u>(1,476,135)</u>	<u>(62,099)</u>
Other Liabilities				
Financial liabilities at amortised cost	0	(47,353)	0	(48,655)
PPP and finance lease liabilities	(319,137)	(30,506)	(331,248)	(27,257)
PPP and finance lease liabilities (donated assets)	(43,572)	(2,293)	(45,865)	(2,293)
Deferred liability	<u>(95,937)</u>	<u>0</u>	<u>(76,965)</u>	<u>0</u>
Total other long-term liabilities	<u>(458,646)</u>	<u>(80,152)</u>	<u>(454,078)</u>	<u>(78,205)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

43. Financial Instruments - continued

43.1 Categories of Financial Instruments - continued

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

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

43.2 Income, Expenses, Gains and Losses

	Financial Liabilities: Measured at Amortised Cost £000	Financial Assets: Measured at Amortised Cost £000	Fair Value through Profit / Loss £000	Total £000
Interest expense	63,866	0	0	63,866
Interest on leases	24,407	0	0	24,407
Total expense in Surplus on the Provision of Services	88,273	0	0	88,273
Interest income	0	(6,289)	(3,118)	(9,407)
Total Interest and investment income	0	(6,289)	(3,118)	(9,407)
Net (gain) / loss for the year	88,273	(6,289)	(3,118)	78,866

In addition to the above interest expense, £2.907m (2023/24 £3.008m) was charged to the loans pool from the financial instruments adjustment account during the year, but not reflected in the Comprehensive Income and Expenditure Statement. It also excludes £0.298m (2023/24 £0.246m) of loans fund expenses charged to the Council.

Dividend income of £nil (2023/24 £2.9m) was accrued from a subsidiary council company.

43.3 Fair Value of Assets and Liabilities

The Council has adopted IFRS 13 for the calculation of fair values. Financial assets classified as available for sale are carried in the Balance Sheet at fair value. For Treasury Bills and shares in Money Market Funds, the fair value is taken from the market price. Financial assets classified as loans and receivables and all financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 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 value of "Lender's Option Borrower's Option" (LOBO) loans has been increased by the value of the embedded options.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.

NOTES TO THE FINANCIAL STATEMENTS

43. Financial Instruments - continued

43.3 Fair Value of Assets and Liabilities - continued

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

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

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

The fair values are calculated as follows:

	Fair Value Level	2024/25		2023/24	
		Principal Outstanding £000	Carrying Amount £000	Fair Value £000	Carrying Amount £000
Public Works Loans Board	2	(1,481,507)	(1,494,141)	(1,210,753)	(1,257,052)
Salix	2	(63)	(61)	(57)	(74)
Market debt	2	(267,714)	(279,146)	(267,598)	(281,108)
Borrowings		(1,749,284)	(1,773,348)	(1,478,408)	(1,538,234)
Other long-term liabilities	n/a	(95,937)	(95,937)	(95,937)	(76,965)
Trade creditors	n/a	(47,353)	(47,353)	(47,353)	(48,655)
PPP	3	(252,107)	(252,107)	0	(264,247)
Total		(2,144,681)	(2,168,745)	(1,621,698)	(1,928,101)
Lease Payables *		(143,403)	(143,403)	0	(142,416)
Total Financial liabilities		(2,288,084)	(2,312,148)	(1,621,698)	(2,070,517)

* Liabilities for which fair value is not disclosed

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

		2024/25		Re-stated 2023/24	
	Fair Value Level	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Investments held at Fair Value through Profit and Loss					
Money Market Funds	1	13,227	13,227	23,350	23,350
		13,227	13,227	23,350	23,350
Investment held at Amortised Cost					
Bank Call Accounts	n/a	944	944	940	940
Local Authority Loans	2	26,592	26,606	48,431	48,431
Sovereign / Supranational debt	1 / 2	1,609	1,609	11,160	11,160
		29,145	29,159	60,531	60,531
Debtors					
Loan Stock	n/a	7,650	7,650	7,465	7,465
Soft Loans	3	39	39	44	44
Other trade debtors	n/a	261,022	261,022	307,036	307,036
		268,711	268,711	314,545	314,545
Total Investments		311,083	311,097	398,426	398,426

There was no unrealised gain on the available for sale financial assets (2023/24 £nil).

NOTES TO THE FINANCIAL STATEMENTS

44. Nature and Extent of Risks Arising from Financial Instruments

44.1 Overall Procedures for Managing Risk

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

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

The annual treasury management strategy which incorporates the prudential indicators was approved by the Council on 20 March 2025 and is available on the Council website. The key issues within the strategy are:

- The authorised limit for 2025/26 has been set at £3.652bn. This is the maximum limit for external borrowings and other short and long term liabilities.
- The operational boundary for 2025/26 has been set at £3.602bn. This is the expected upper level of borrowing and other short and long term liabilities during the year.

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

44.2 Key Risks

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

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

44.3 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are with banks, building societies, and other institutions in line with the Council's prevailing counterparty limits as set out in the Council's treasury policy statement.

Investment decisions are considered daily as part of the daily cash flow management by the Council's Treasury Team who can, and do, restrict the list further in light of market conditions.

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

NOTES TO THE FINANCIAL STATEMENTS

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

44.3 Credit Risk - continued

As well as lending monies to other local authorities, the Council purchases UK Government Treasury Bills, short dated UK Government Gilts and short dated EIB and other commercial Paper. At 31 March 2025, the Council had £10.85m in short term investments, all of which were loans to other Local Authorities. Of the net Cash and Cash Equivalents, 50% were loans to other local authorities, a further 42% was held in three AAA rated Money Market Funds, 5% was on deposit with the DMADF, leaving only 3% with banks. All of the monies held on deposit with banks at 31 March 2025 were in call accounts.

The principal outstanding on monies held by the Council under its treasury management arrangements at 31 March 2025 was £41.6m (31 March 2024: £83.2m). This was held with the following institutions:

	Standard and Poor's Rating	Principal Outstanding 31.03.25 £000	Carry Value 31.03.25 £000	Fair Value 31.03.25 £000	Carry Value 31.03.24 £000
Summary					
Money Market Funds					
Deutsche Bank AG, London	AAAm	6,576	6,604	6,604	11,661
Goldman Sachs	AAAm	2	17	17	24
Standard Life	AAAm	6,578	6,607	6,607	11,665
Bank Call Accounts					
Bank of Scotland	A+	6	6	6	10
Royal Bank of Scotland	A+	889	889	889	855
Santander UK	A	12	12	12	19
Barclays Bank	A+	6	7	7	10
Handelsbanken	AA-	24	24	24	37
HSBC Bank Plc 31 dn	A+	2	2	2	3
HSBC Bank Plc	A+	4	4	4	6
UK Pseudo-Sovereign Risk Instruments					
Local Authorities (see below)	n/a	25,931	26,592	26,606	48,431
DMADF	AAu	1,609	1,609	1,609	11,160
UK Government Treasury Bills/Gilts	AAu	0	0	0	0
Total		41,639	42,373	42,387	83,881

Local Authorities are generally assumed to have a pseudo-sovereign credit rating (which in the UK at 31 March 2025 would have been 'AA' from S&P) due to their tax raising powers and the perceived government support. Very few have their own credit rating.

The Council's maximum exposure to credit risk in relation to its direct investments in banks and building societies of £4.29m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but the Council takes a low risk approach to investment. There was no evidence at 31 March 2025 that this risk was likely to crystallise.

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

NOTES TO THE FINANCIAL STATEMENTS

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

44.3 Credit Risk - continued

In line with the Investment Regulations governing local authorities introduced in 2010, the Council approved an annual investment strategy and treasury policy statement for both the Council and the Cash Fund at its March 2024 meeting. The papers are available on the Council's website. A full list of the deposits outstanding at 31 March 2025 is contained in the Treasury Cash Fund Investment Report for Quarter 1 2025. This is available on request from corporate.finance2@edinburgh.gov.uk, marked for the attention of Treasury.

All Council invoices become due for payment on issue. Trade debtors past due date can be analysed by age as follows:

	2024/25 £000	2023/24 £000
Less than two months	7,941	11,191
Two to four months	3,015	1,306
Four to six months	1,170	1,627
Six months to one year	4,274	4,699
More than one year	8,787	10,222
Total	25,187	29,045

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

Credit Risk: Trade Debtors

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

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

		31.03.25 Gross Range Receivable	Loss Allowance
Council Tax	3.5% - 100%	247,870	(223,552)
Non Domestic Rates	1% - 100%	7,029	(6,318)
HRA tenants and other debtors	5% - 95%	12,952	(11,259)
Housing Benefits	75% - 100%	24,768	(21,765)
Trade and Other Debtors	7.5% - 100%	102,624	(8,362)
Total		395,243	(271,256)

44.4 Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

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

44.4 Liquidity risk - continued

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

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

44.5 Re-financing and Maturity Risk

The Council maintains significant debt and investment portfolios. The re-financing risk to the Council relates to managing the exposure to replacing financial instruments as they mature. As shown in the chart in 44.6, the majority of the Council's debt portfolio consists of fixed rate longer term loans, and as such, the Council has a relatively low re-financing risk on its liabilities. However, the Council has market debt which allows the lender the option to ask for a rate increase at set dates and at that point the Council may choose to repay the loan at no additional cost. This gives a potential re-financing risk which the Council monitors and manages.

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

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

	2024/25 £000	2023/24 £000
Less than one year	(109,230)	(77,443)
Between one and two years	(112,017)	(100,536)
Between two and five years	(248,717)	(230,833)
Between five and ten years	(362,783)	(316,130)
More than ten years	<u>(1,122,779)</u>	<u>(1,199,980)</u>
Financial Liabilities	<u><u>(1,955,526)</u></u>	<u><u>(1,924,922)</u></u>

For PPP and Leases, only Finance Lease and PPP elements are included. All trade and other payables are due to be paid in less than one year and trade creditors of £47.353m (2023/24 £48.655m) are not shown in the table above. The above figures show the principal outstanding, therefore, neither accrued interest of £16.218m (2023/24 £14.743m) nor net equivalent interest rate (EIR) adjustments of £7.848m (2023/24 £7.911m) to the carrying amounts of market debt shown in the financial liabilities are included.

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

44.6 Market risk

Interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

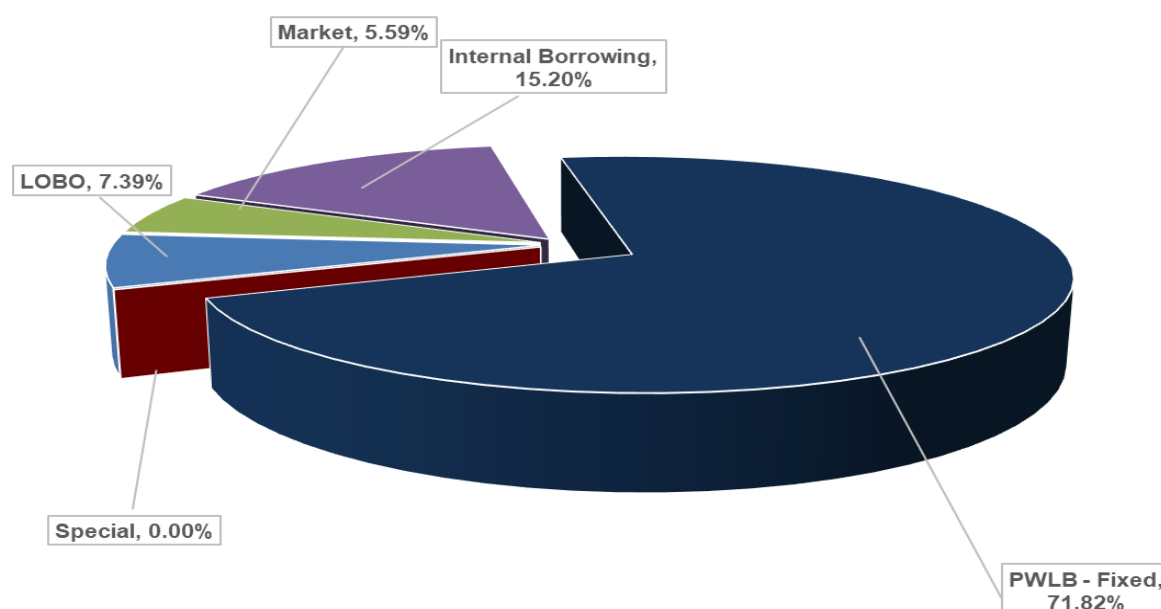
44. Nature and Extent of Risks Arising from Financial Instruments - continued

44.6 Market risk - continued

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

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

The following chart shows the source of the Council's borrowing. Most of the Council's borrowings are from the Government by way of the Public Works Loans Board (PWLB).



Sources of Borrowing 31 March 2025

NOTES TO THE FINANCIAL STATEMENTS

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

44.6 Market risk - continued

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

	£000
Increase in interest receivable on variable rate investments	(255)
Impact on Comprehensive Income and Expenditure Statement	(255)
Decrease in fair value of fixed rate borrowings liabilities	#####

Price Risk

The Council does not generally invest in equity shares but does have shareholdings of £18.494m (2023/24 £18.494m) in a number of Council owned Companies and joint ventures. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares.

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

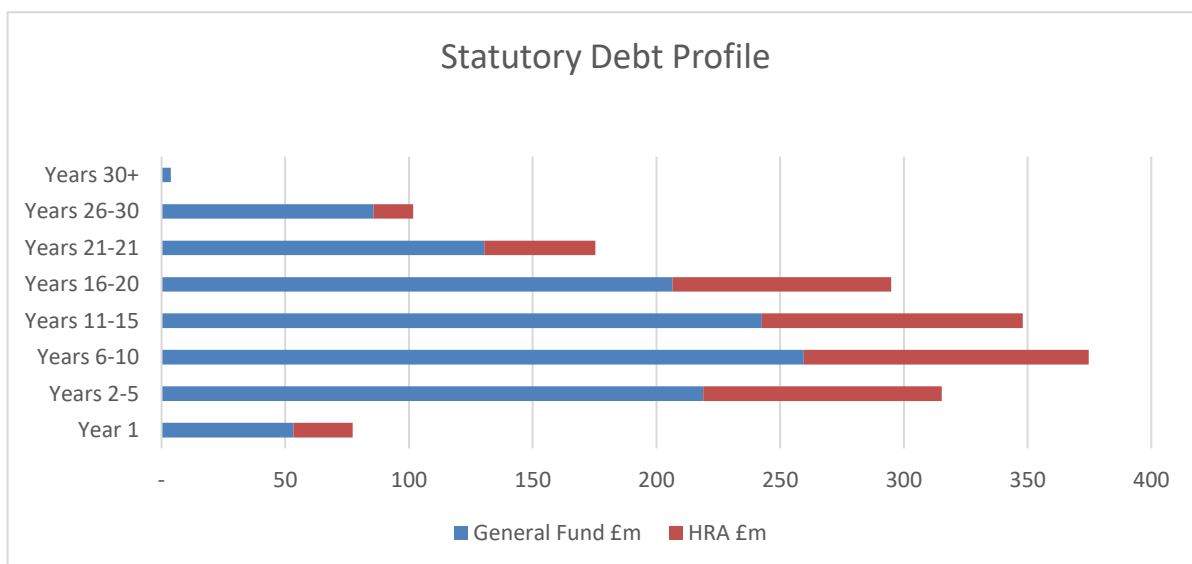
Foreign exchange risk

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

44.7 Repayment Profile

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

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



45. Prior Period Adjustment

Council - Liberton Hospital

A prior year adjustment has been included in the accounts to remove a duplicate asset for the former Liberton Hospital where it was included in Other Land and Buildings and in Assets Under Construction for the HRA.

Council - Non-current Assets

Prior year adjustments have been recognised in the accounts, the main of which is the derecognition of Other Land and Buildings (OLB) that have been determined to be wholly owned by one of The City of Edinburgh Charitable Trusts and Common Good; and some minor amendments for rounding

	2023/24 Statements £000	Liberton Hospital £000	Non- Current Assets £000	2023/24 Re-stated £000
Council Movement in Reserves				
Balance at 31 March 2023	4,077,688	(14,789)	(2,455)	4,060,444
Total Comprehensive Income and Expenditure	(136,691)	303	0	(136,388)
Adjustments to usable Reserves permitted by accounting standards	92,167	(303)	0	91,865
Balance at 31 March 2024	3,940,997	(14,486)	(2,455)	3,924,056
Council Comprehensive Income and Expenditure Statement				
HRA	124,334	(303)	0	124,033
Cost of Service	1,480,947	(303)	0	1,480,644
(Surplus) / Deficit on provision of service	155,666	(303)	0	155,363
Total Comprehensive Income	136,691	(303)	0	136,388
Council Balance Sheet				
Property, Plant and Equipment	5,742,120	(14,486)	(2,533)	5,725,103
Investment Properties	24,835	0	126	24,961
Heritage Assets	31,425	0	(22)	31,403
Assets Held for Sale	1,801	0	(30)	1,772
Net Assets	3,940,997	(14,486)	(2,455)	3,924,056
Unusable Reserves	3,511,624	(14,486)	(2,455)	3,494,683
Total Reserves	3,940,997	(14,486)	(2,455)	3,924,056
Council Cash Flow Statement				
(Surplus) / Deficit on the Provision of Services	155,665	(303)	0	155,363
Adjustments to (Surplus) / Deficit on the Provision of Services for non-cash movements	(368,598)	303	0	(368,295)

NOTES TO THE FINANCIAL STATEMENTS

45. Prior Period Adjustment - continued

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

City of Edinburgh Charitable Trusts - Heritage Assets

Shows the changes in recognition of the Heritage Assets as per the City of Edinburgh Charitable Trusts audited accounts.

CEC Holdings Ltd - Cash on Deposit

Shows a change in the recognition of cash on deposit under Cash and Cash Equivalents.

	2023/24 Statements £000	Council Adj £000	Charitable Trusts £000	CEC Holdings £000	2023/24 Re-stated £000
Group Movement in Reserves					
Balance at 31 March 2023	4,278,899	(17,244)	(10,854)	0	4,250,801
Total Comprehensive Income and Expenditure	(92,985)	303	226	0	(92,455)
Adjustments to usable Reserves permitted by accounting standards	92,167	(303)	0	0	91,865
Balance at 31 March 2024	4,174,441	(16,941)	(10,628)	0	4,146,871
Group Comprehensive Income and Expenditure Statement					
HRA	124,334	(303)	0	0	124,033
Cost of Service	1,476,889	(303)	0	0	1,476,586
(Surplus) / Deficit on provision of service	139,283	(303)	0	0	138,980
Surplus on Revaluation of Non-Current Assets	(36,637)	0	(226)	0	(36,864)
Total Comprehensive Income	92,985	(303)	(226)	0	92,455
Group Balance Sheet					
Property, Plant and Equipment	5,907,380	(17,019)	0	0	5,890,364
Investment Properties	144,896	126	0	0	145,022
Heritage Assets	64,000	(22)	(10,628)	0	53,351
Assets Held for Sale	1,801	(30)	0	0	1,772
Short-Term Investments	18,613	0	0	(5,000)	13,613
Cash and Cash Equivalents	99,118	0	0	5,000	104,118
Net Assets	4,174,441	(16,941)	(10,628)	0	4,146,871
Unusable Reserves	3,674,758	(16,941)	(10,854)	0	3,646,963
Usable Reserves	499,683	0	226	0	499,908
Total Reserves	4,174,441	(16,941)	(10,628)	0	4,146,871
Group Cash Flow Statement					
(Surplus) / Deficit on the Provision of Services	139,283	(303)	0		138,980
Adjustments to (Surplus) / Deficit on the Provision of Services for non-cash movements	(395,074)	303	0		(394,771)

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE STATEMENT for the year ended 31 March 2025

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

Re-stated

2023/24		2024/25	
£000	EXPENDITURE	£000	£000
38,719	Repairs and maintenance	43,800	
25,022	Supervision and management	27,387	
159,507	Depreciation and impairment of non-current assets	95,507	
17,112	Other expenditure	18,594	
348	Impairment of debtors	(545)	
<u>240,708</u>			184,743
	INCOME		
(105,980)	Dwelling rents	(118,015)	
(29)	Non-Dwelling rents (gross)	(64)	
<u>(11,145)</u>	Other income	<u>(16,335)</u>	
<u>(117,154)</u>			<u>(134,414)</u>
123,554	Net (income) / expenditure for HRA Services (as included in the Council's Comprehensive Income and Expenditure Statement)		50,329
613	HRA share of corporate and democratic core		545
	HRA share of other amounts included in the Council's		
<u>(134)</u>	Net Cost of Services but not allocated to specific services		<u>601</u>
124,033	Net income for HRA Services		51,475
	HRA share of other operating expenditure included in the Council's Comprehensive Income and Expenditure Statement		
(2,691)	(Gain) / loss on sale of HRA fixed assets	(3,563)	
16,376	Interest payable and similar charges	22,132	
4,655	Interest cost on defined benefit obligation (<i>pension-related</i>)	5,412	
(1,317)	Interest and investment income	(1,496)	
(4,601)	Interest income on plan assets (<i>pension-related</i>)	(5,336)	
<u>(25,487)</u>	Capital grants and contributions	<u>(24,794)</u>	
<u>(13,065)</u>			<u>(7,645)</u>
<u>110,968</u>	(Surplus) / Deficit for the year on HRA services		<u>43,830</u>

HOUSING REVENUE ACCOUNT

MOVEMENT ON THE HRA STATEMENT

2023/24 £000		2024/25 £000
0	Balance on the HRA at the end of the previous year	0
(110,968)	Surplus for the year on the HRA Income and Exp Account	(43,830)
102,970	Adjustments between accounting basis and funding basis under statute	38,361
(7,998)	Net increase before transfers to reserves	(5,469)
7,998	Contribution (to) / from renewal and repairs fund, via the General Fund	5,469
0	Balance on the HRA at the end of the current year	0

Adjustments Between Accounting Basis and Funding Basis Under Regulations

£000		£000
	Adjustments primarily involving the Capital Adjustment Account	
	Reversal of items debited or credited to the Income and Expenditure Statement	
159,507	Charges for depreciation and impairment of non-current assets	95,507
(25,487)	Capital grants and contributions applied	(24,794)
	Insertion of items not debited or credited to the Income and Expenditure Statement	
(20,572)	Statutory provision for the financing of capital investment	(23,262)
(6,300)	Capital funded from revenue	(5,062)
	Adjustments primarily involving the Capital Receipts Reserve	
(2,691)	Transfer of cash sale proceeds credited as part of the gain / loss on disposal of assets	(3,563)
	Adjustments primarily involving the Financial Instruments Adjustment Account	
(1,072)	Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(881)
	Adjustments primarily involving the Pensions Reserve	
2,079	Reversal of items relating to retirement benefits debited or credited to the Income and Expenditure Statement	2,212
(2,473)	Employer's pension contributions and direct payments to pensioners payable in the year	(1,950)
	Adjustments primarily involving the Employee Statutory Adjustment Account	
(21)	Amount by which officer remuneration charged to the Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	154
102,970		38,361

HOUSING REVENUE ACCOUNT

Notes to the Housing Revenue Account

1. The number and types of dwellings in the authority's housing stock at 31 March 2025 are as follows:

Types of Houses	2025		2024	
	Number	Annual Average Rent (£)	Number	Annual Average Rent (£)
Main provision Council dwellings				
1 Apartment	256	4,537.00	271	4,237.00
2 Apartment	5,762	5,076.00	5,664	4,751.00
3 Apartment	10,641	5,870.00	10,269	5,501.00
4 Apartment	3,754	6,734.00	3,595	6,334.00
5 Apartment	566	7,294.00	548	6,810.00
6 Apartment	14	7,345.00	12	6,878.00
7 Apartment	6	6,979.00	5	6,576.00
8 Apartment	1	7,123.00	1	6,657.00
Mid-market rent dwellings				
2 Apartment	13	6,598.00	14	6,158.00
3 Apartment	59	8,149.00	62	7,605.00
4 Apartment	19	10,264.00	19	9,593.00
	<u>21,091</u>		<u>20,460</u>	

- The stock figure represents all types of residential properties, including furnished tenancies, sheltered housing and homelessness units.
- The amount of rent arrears included as debtors in the Council's Consolidated Balance Sheet was £12.952m (£13.689m 2023/24) against which a provision amounting to £11.310m (£11.855m 2023/24), has been created in respect of non collectable debts.
- The total value of uncollectable void rents for main provision properties was £2.005m (2023/24 £2.062m). This has been netted against rental income.

COUNCIL TAX INCOME ACCOUNT

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

2023/24 £000		2024/25 £000	£000
(435,277)	Gross council tax levied and contributions in lieu		(440,007)
69,672	Less: - Exemptions and other discounts	67,192	
10,936	- Provision for bad debts	11,151	
27,420	- Council Tax Reduction Scheme	27,395	
5,076	- Other reductions	5,269	
<u>113,104</u>			<u>111,007</u>
(322,173)			(329,000)
<u>(611)</u>	Previous years' adjustments		<u>(1,188)</u>
<u>(322,784)</u>	Total transferred to General Fund		<u>(330,188)</u>

Notes to the Council Tax Income Account

The in-year collection rate for Council Tax was 96.3% (2023/24 96.2%).

Each household or occupied dwelling is allocated to a Council Tax band by the Assessor. The charge per Council Tax band is calculated as a proportion of band D - these proportions are determined by legislation. Bands E to H were rebased in 2017/18 by the Scottish Government as per the Council Tax Base table below. There was no increase applied to Council Tax in 2024/25 (2023/24 5%).

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

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

Calculation of the Council Tax Base 2024/25

Band	Number of Properties	Disabled Relief	Exemptions	Discounts	Effective Properties	Ratio to Band D	Band D Equivalents	Charges per Band
A Up to £27,000	24,989	85	(4,452)	(3,340)	17,282	6/9	11,521	£965.13
B £27,001 - £35,000	49,531	70	(4,279)	(6,721)	38,601	7/9	30,023	£1,125.98
C £35,001 - £45,000	46,717	8	(3,037)	(5,415)	38,273	8/9	34,020	£1,286.84
D £45,001 - £58,000	43,559	88	(2,723)	(4,370)	36,554	9/9	36,554	£1,447.69
E £58,001 - £80,000	45,590	(32)	(3,736)	(3,718)	38,104	473/360	50,064	£1,902.10
F £80,001 - £106,000	27,379	(38)	(1,698)	(1,955)	23,688	585/360	38,493	£2,352.50
G £106,001 - £212,000	24,122	(148)	(599)	(1,306)	22,069	705/360	43,218	£2,835.06
H Over £212,000	4,422	(33)	(155)	(204)	4,030	882/360	9,874	£3,546.84
Total							253,767	
Add: Contributions in Lieu							483	
Less: Provision for Non-Payment							<u>(7,628)</u>	
Council Tax Base							<u>246,623</u>	

NON-DOMESTIC RATES INCOME ACCOUNT

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

Re-stated		2024/25	
2023/24		£000	£000
(500,449)	Gross rates levied and contributions in lieu		(527,871)
101,473	Less: - Reliefs and other deductions	94,180	
6,167	- Uncollectable debt written off and provision for impairment	6,863	
<u>107,640</u>			<u>101,043</u>
(392,809)			(426,828)
16,661	Previous years' adjustments		25,970
<u>(376,148)</u>	Non-Domestic Rate Income		<u>(400,858)</u>
Allocated to:			
(393,780)	Contribution to Non-Domestic Rate Pool		(402,779)
17,632	City of Edinburgh Council		1,921
<u>(376,148)</u>			<u>(400,858)</u>

Notes to the Non-Domestic Rates Income Account

Rateable Values as at 1 April 2024	Number	Rateable Value £000
Shops, offices and other commercial subjects	15,374	663,311
Industrial and freight transport	3,134	92,395
Telecommunications	6	25
Public service subjects	349	46,781
Miscellaneous	4,057	189,753
	<u>22,920</u>	<u>992,265</u>

1. The amount distributed to the council from the national non-domestic rate income pool in the year was £407.645m (2023/24 £377.317m).

2. Occupiers of non-domestic property pay rates based on the valuation of the property within the valuation roll for Edinburgh. The non-domestic rate poundage is determined by the Scottish Ministers, and was 49.8p per £ in 2024/25 (2023/24 49.8p per £).

Properties with a rateable value between £51,001 and £100,000 had their rate charges calculated using a rate poundage of 54.5p per £ (2023/24 51.1p per £ for properties between £51,001 and £100,000). Properties with rateable value greater than £100,000 had their rate charges calculated using a rate poundage of 55.9p per £ (2023/24 52.4p for properties greater than £100,000).

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

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

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

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

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

4. The 2023/24 figures have been restated to reflect an audit adjustment of £0.064m identified during the Non-Domestic Rates annual audit which concluded after the Annual Account audit. This adjustment increased the reliefs awarded from the Non-Domestic Rates pool.

COMMON GOOD FUND

Common Good Fund Foreword

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

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

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

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

In 2015/16, £2m of the Common Good Fund was earmarked to be utilised to fund a planned property maintenance programme. £0.123m of this funding has been used to fund Scott Monument lighting work and surveys, £0.033m on surveys and work at the City Observatory, £0.456m on engineering consultancy and repair works at the Queensferry Harbour, £0.013m on surveys and work on the Portobello Municipal Clock, and £0.009m on Civic Regalia repairs.

The balance of the Common Good Fund is £2.879m as at 31 March 2025 (2023/24 £2.610m). This is split £1.513m in the general-purpose fund and £1.366m in the planned property maintenance fund.

During 2024/25, the Common Good account made a surplus of £0.269m (2023/24 £0.153m deficit).

The lease of 329 High Street was completed in January 2020 with a lease premium of £3.036m received in the Common Good. The lease premium is being amortised over the lease term of 125 years. The in-year deficit, as mentioned above, includes a lease premium of £0.024m for 2024/25.

The Common Good Annual Performance Report will be considered by the Finance and Resources Committee in September 2025, along with the Audited Annual Accounts.

COMMON GOOD FUND - INCOME AND EXPENDITURE ACCOUNT

2023/24		2024/25	
£000		£000	£000
Income			
(292)	Investment income	(284)	
(1,315)	Rent Income	(1,883)	
(155)	Capital Funding	(73)	
(24)	Lease Premium	(24)	
(3,309)	Recharges Income	(3,928)	
<u>(5,095)</u>	Total Income		(6,192)
Expenditure			
470	Common Good Fund	38	
4,620	Common Good Property Costs	5,885	
<u>5,090</u>	Total Expenditure		5,923
<u>(5)</u>	(Surplus) / Deficit for the Year		<u>(269)</u>
158	Transfer to Capital Contribution Reserve		0
<u>153</u>	(Surplus) / Deficit for the Year after Transfers to Reserves		<u>(269)</u>

COMMON GOOD FUND - BALANCE SHEET

31 March 2024		31 March 2025	
£000		£000	£000
3,092	Community Assets	3,299	
3,092	Property, Plant and Equipment		3,299
20,099	Long-Term Debtors	20,658	
144	Heritage Assets	145	
20,243	Long-Term Assets		20,803
655	Short-Term Investments	1,403	
9	Debtors	0	
4,855	Cash and Cash Equivalents	4,362	
5,519	Current Assets		5,765
28,854	Net Assets		29,867
26,257	Capital Contribution	27,001	
(13)	Capital Adjustment Account	(13)	
26,244	Unusable Reserves		26,988
1,244	Common Good Fund	1,513	
1,366	Earmarked Portion of the General Fund	1,366	
2,610	Usable Reserves		2,879
28,854	Total Reserves		29,867

The unaudited financial statements were issued on 10 June 2025.

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

COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

1. Property, Plant and Equipment and Heritage Assets

1.1 Movements on Balances

	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	Heritage Assets £000
Cost or Valuation				
At 1 April 2024	3,092	0	3,092	144
Additions	207	0	207	1
Transfer between categories	0	0	0	0
Transfer from General Fund	0	0	0	0
Transfer to long-term debtors	0	0	0	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	0	0	0
Derecognition - disposals / transfers	0	0	0	0
At 31 March 2025	3,299	0	3,299	145
Net Book Value				
At 31 March 2025	3,299	0	3,299	145
At 31 March 2024	3,092	0	3,092	144
Cost or Valuation				
At 1 April 2023	3,093	1,071	4,164	144
Additions	0	0	0	0
Transfer between categories	0	0	0	0
Transfer from General Fund	0	0	0	0
Transfer to long-term debtors	0	(1,071)	(1,071)	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	0	0	0
Derecognition - disposals / transfers	(1)	0	(1)	0
At 31 March 2024	3,092	0	3,092	144
Net Book Value				
At 31 March 2024	3,092	0	3,092	144
At 31 March 2023	3,093	1,071	4,164	144

These asset categories are not depreciated.

1.2 Developing a Common Good Register

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

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

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

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

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

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

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

COMMON GOOD FUND - NOTES TO FINANCIAL STATEMENTS

2. Unusable Reserves

2.1 Capital Contribution

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

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

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

The reserve also contains capital grants used to fund assets.

	2024/25		2023/24	
	£000	£000	£000	£000
Balance at 1 April		26,257		26,100
Movement of assets	0		0	
Transfer from General Fund	744		0	
Transfer from Income and Expenditure Account	0		158	
Upward revaluation of assets	0		0	
Downward revaluation of assets and impairment losses not charged to the Surplus/ Deficit on the Provision of Service	0		0	
Surplus / (Deficit) on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Service		744		158
Derecognition of asset disposals / transfers		0		(1)
Balance at 31 March		27,001		26,257

£0.536m of the 2024/25 transfer from General Fund is included in long-term debtors, £0.207m is included in community assets, and £0.001m is included in heritage assets. The 2023/24 transfer from Income and Expenditure Account is included in long-term debtors.

2.2 Capital Adjustment Account

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

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

	2024/25	2023/24
	£000	£000
Balance at 1 April	(13)	(13)
Movement in Year	0	0
Balance at 31 March	(13)	(13)

ANNUAL GOVERNANCE STATEMENT

Introduction

A continuing environment of growing demands and decreasing budgets, means there remains a significant financial strain on resources increasing the pressures on service delivery and the need for innovative solutions and increased partnership working. The resources available to support that work are reduced and difficult decisions are being made about service provision.

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

The Council's governance has made recent improvements but there remain challenges to overcome and to ensure that the Council has greater controls on its processes.

Scope of Responsibility

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

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

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

Council's Strategy and Vision

In February 2021 the Council approved a new Council Business Plan: Our Future Council, Our Future City which set out the Council's strategic priorities and how the aims set out in the Community Plan would be taken forward over the next 3 years. In June 2022 it was agreed that a refreshed business plan would be submitted for consideration. A revised business plan was agreed by Council in December 2022 and further updated in March 2023 following the budget. An update was provided on the progress of the Plan in September 2024.

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

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

To meet these three strategic priorities, the business plan identifies the specific outcomes, objectives, and actions that Council services will deliver during 2023-27. This includes ten outcomes and 99 milestones. The plan is aligned to the Council Budget, and the strategic priorities in this plan should be used to guide and inform resource allocation, including implementing service reductions in areas of lower impact and strategic priority, and exploring options to deliver all services differently. The plan is also linked to the public performance scorecard which gives an overview of the day-to-day performance of Council services. This covers services in more detail and the services that matter to the public the most.

Decision making structures

Political Governance Arrangements

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

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

The Council also operates a range of other committees, some of which are quasi-judicial, such as the Development Management Sub-Committee and the Licensing Sub-Committee, to consider individual applications. The Licensing Board is also administered by the Council and its members are elected members but it is not part of the Council's governance structure.

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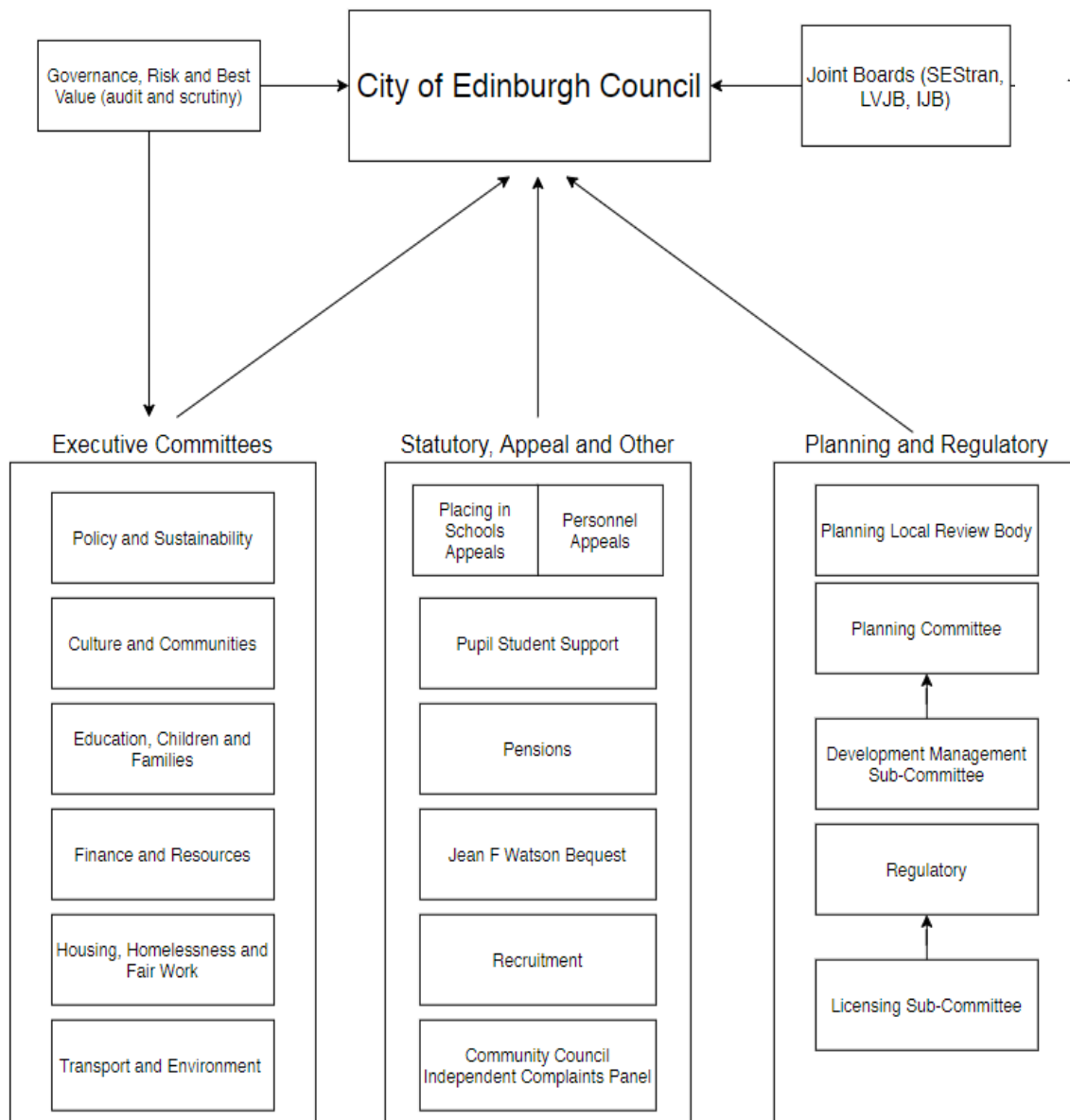


Figure 1.1 Executive Committee Structure

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

Officer Decision Making

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

CLT focuses on four main areas - Public Policy, Finance and Transformation, Workforce and Organisation and Performance and Service Provision. CLT is supported by a range of groups covering key matters such as risk, health and safety and programme management. There is a robust health and safety reporting structure which includes directorate health and safety groups, a quarterly Council health and safety group and a quarterly consultative forum involving the trade unions. Health and safety working groups are in place for key life safety issues including fire; water safety; and asbestos. All directorates have risk and assurance committee meetings at least quarterly and ensure appropriate identification and escalation of risks. The CLT also has a specific risk committee meeting which reviews the corporate risk register on a quarterly basis. Risk is then reported quarterly to the GRBV Committee for assurance and scrutiny.

A key area of governance for the Council is its involvement in national, regional and city-wide bodies. The Chief Executive and relevant members of CLT represent the Council on a number of groups. Examples of these include SOLACE, City Deal Executive, Edinburgh Guarantee and Edinburgh Chamber of Commerce Council. Partnership working increased during the pandemic, building on strong relationships and the need to work together to provide holistic solutions for the city and its region.

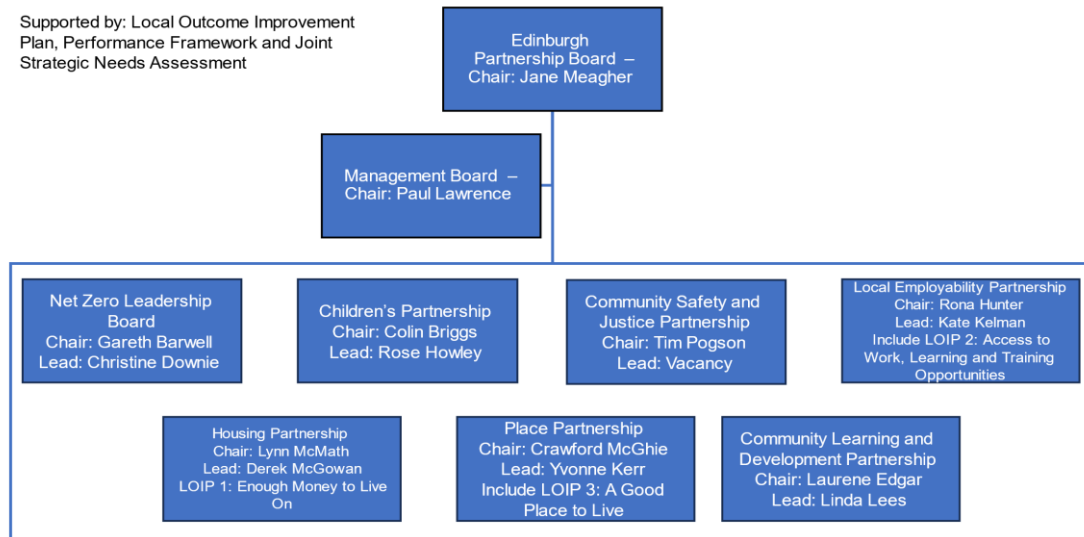
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Officer Decision Making - continued

Arm's Length External Organisations (ALEOs) reporting in terms of the Annual Governance Statement is reported through assurance schedules being submitted to their relevant directorate. The relevant Executive Director then determines whether they feel it is appropriate for any issues highlighted to be included in their assurance schedules and reported in the Annual Governance Statement.

Partnership Working

The Council plays an important role in the Edinburgh Partnership, the Community Planning Partnership in Edinburgh, and its community planning structure. The partnership recently agreed a new framework.



3

The aim is for a community planning model which comprises the Edinburgh Partnership Board to oversee performance and reform through the thematic partnerships set out above. This work must be monitored by a revised Local Outcome Improvement Plan for the city.

The next step is to consider the establishment of stronger local place based working, in particular with the voluntary sector with shared performance and data models (the 'build' piece in the Police model). The Council, NHS Lothian and the Edinburgh Integration Joint Board work closely together in delivering a more caring, healthier and safer Edinburgh. Responsibility for the budget does not sit with the Council but it plays a key role in supporting the processes in place to ensure sound financial management and budget control. The need for this work was strengthened by an Internal Audit in October 2024 which gave limited assurance to the Edinburgh Partnership arrangements stating that the governance framework should be reviewed and updated along with priorities and outcomes within community planning and the Local Outcome Improvement Plan aligned.

Internal Controls

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

Review of Effectiveness

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

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

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

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Review of Effectiveness - continued

Best Value and Performance

The Accounts Commission published a report in October 2024 on Best Value in the Council. The Commission reported good progress since the last Best Value Assurance report in 2020, in particular improvements in performance reporting and medium-term financial planning. However, the Commission did identify that further work required to be concluded to embed community engagement into service improvement and delivery. The Commission also highlighted the need for the transformation and change programme to be accelerated.

An updated Planning and Performance Framework 2023-2027 was agreed in March 2023. This aligned the framework with the new revised business plan. A comprehensive Public Performance Scorecard was submitted to Governance, Risk and Best Value Committee in January 2024 which will allow for clear and effective scrutiny. The updated Planning and Performance Framework 2023 -2027 primarily focuses on:

- our approach to measuring the Business Plan priorities and outcomes and how we will track the actions detailed in the delivery plan;
- the key measures we will use to measure the delivery of the Business Plan; and
- the development of the Public Performance Scorecard measures to further enhance performance reporting and monitoring.

The first Performance Annual Scorecard report was considered in September 2024 and gave a high-level overview of the performance of Council services.

The Accounts Commission in its report in October 2024 highlighted that there was an exciting opportunity for the Council to use its new people strategy, workforce plan and payroll system to ensure that it had the right people with the right skills for future models of service delivery. The Council had agreed a three-year People Strategy in March 2024. The Strategy sets out how the Council can attract and nurture the most talented and public service focussed people and sets out five themes which form the foundations and framework required to deliver the Council's business plan:

- Attract the Best People;
- Develop exceptional leaders;
- Foster a culture of equalities, diversity and inclusion;
- Grow and retain our talent; and
- Nurture a healthy workforce where our people can thrive.

A series of Deep Dive reports have been provided to committee providing activity undertaken on the implementation of the People Strategy. In January 2025 the latest thematic look at attracting the best people was published. It outlined the work undertaken so far and the work to be completed in 2025. It highlighted the need for a review and reinvigoration of the Council's employee value proposition. These deep dive reports as they progress will provide important assurance on the success of the strategy.

The People Strategy was supplemented in August 2024 with a Strategic Workforce Plan 2024-2027. The Strategic Workforce Plan covers all Council services and sets out what the Council will do over the next three years to ensure it can deliver the priorities and actions set out in the Business Plan. The actions committed to within the Strategic Workforce Plan are both strategic and tactical in nature. The Plan aims to ensure the Council addresses gaps to maximise and strengthen opportunities in the current workforce.

Over the last three years, the Council has worked to ensure that the Business Plan, performance framework, people strategy and the budget are interlinked and enable the Council to deliver the priorities set out in the Business Plan.

Decision Making

The majority of the Council's meetings are now physical meetings held in the City Chambers but with a hybrid option to allow members, officers and deputations to appear virtually if this is convenient or necessary. Council and committee meetings are now routinely all-day meetings, and this has an impact on elected member and officer resource.

The political management arrangements of the Council were last reviewed in December 2022 and are not expected to be reviewed again until the next Council. The review concluded that the current committee model had some deficiencies and imbalances, but it was not fundamentally flawed; indeed it was functioning well and facilitated competent and lawful decision-making. However, the review also found that the City of Edinburgh Council model has an extremely high volume of business running through its structure. This volume is significantly greater than other comparable local authorities in Scotland and this has a significant impact on officer resources and on elected member time. As noted above, this is exacerbated by the political balance which requires officers and members to dedicate significant resources to decision making processes. Since the review meetings have continued to consider a high level of business and are now routinely all-day meetings putting even more strain on elected members and officer resources.

As a result, the Council commenced work on streamlining committee business in 2024. It established a working group and split the work of the group up into two phases. The first phase would look at quick improvements which could be agreed relatively quickly and a further phase 2 which would include areas requiring more complex cultural and behavioural change and more research and resources. A report was agreed by the Council in March 2025 which amended Standing Orders, the committee agenda template, running order for committees, deputation requests and referral reports. The second phase commenced in March 2025 and has ambitious plans to report by January 2026.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

Decision Making - continued

The Council has extensive governance in place at officer level to support operational decision making. However, it was considered that arrangements for the Corporate Leadership Team needed to be improved to facilitate greater focus on strategic priorities. An exercise was carried out in 2024 to review CLT arrangements, streamline business and build capacity into CLT meetings. It was agreed that CLT would have a focus every week, with four topics on a rotation whilst still retaining the ability to deal with urgent items, corporate matters and important reports on health and safety and audit among others. The rotated subjects for CLT would be Public Policy, Finance and Transformation, Workforce and Organisation and Performance and Service Provision. The new arrangements for CLT commenced in January 2025 but it is too early to judge if they have been successful yet. Transparency has also been enhanced by the use of a "CLT in brief" output vlog which is circulated Council wide every week to update staff on what the leadership team have been discussing.

A review of the Council's main governance documentation was carried out in May 2024 and again in March 2025. There have been changes to Procedural Standing Orders which aim to improve accessibility to committee papers for both elected members and the public by extending the notice period to six clear days before the meeting. The legislation requires only three clear days. A further review of the Scheme of Delegation and Committee Terms of Reference and Delegated Functions is expected in late 2025.

The Council's Contract Standing Order and Grant Standing Orders were reviewed in March 2025 to ensure that the controls and regulation around the Council's contracts and grant application and award processes were in place and up to date.

Internal Controls

The Internal Audit team operates in accordance with CIPFA's Code of Practice for Internal Audit, and the Public Sector Internal Audit Standards (PSIAS) and work is ongoing taking into account the publication and implementation of the new Global Internal Audit Standards. The team undertakes an annual work programme based on an agreed audit strategy and formal assessments of risk that are reviewed regularly. During the year, the Chief Internal Auditor reported to the Service Director: Legal and Assurance in the structure but had free access to the Chief Executive, all Executive Directors and Elected Members along with direct reporting to the Governance, Risk and Best Value Committee.

Each Executive Director has reviewed the arrangements in their directorate and reported on their assessment of the effectiveness of control arrangements, together with any potential areas requiring improvement, to the Chief Executive. Where improvement actions are identified, an action plan will be developed and will be subject to regular monitoring. In reviewing the overall governance framework, the Council has also considered relevant third-party reviews and recommendations. Assurance has also been taken from each organisation's most recent audited accounts, together with the Council's detailed knowledge of these organisations as a consequence of their continued involvement.

Each directorate's annual assurance schedule is scrutinised by the Governance, Risk and Best Value Committee. The annual assurance process is not wholly effective, and improvements are required to the process and completion of the document to ensure that the Council's Governance, Risk and Best Value Committee, the directorates and the Chief Executive receives full value from the exercise. In 2025/26 the assurance schedules are moving to include quarterly updates which will allow the Council to track progress and ensure issues are highlighted and early.

The Council carries out a review each year of the Corporate Governance Code which is then scrutinised by the Governance, Risk and Best Value Committee. The Corporate Governance Code outlines the Council's internal controls and is aligned with the questions in the annual assurance schedules that are issued to directorates. In addition to the Code, a self-assessment is carried out which scores the design of the controls in place. The aim is to provide a subjective picture of the quality of the design of controls which will inform the full picture when considering whether directorates have implemented the relevant controls. There is also a benefit of senior officers discussing, reflecting and rating the Council's controls. The review of controls identified relatively high assurance on the quality of the controls. However, room for improvement was highlighted in regard to policies and procedures, risk and partnership working.

An investigation in June 2024 found that there were weaknesses in the application of urgent decisions by officers. These are decisions that would normally be taken by committee but because of the need to take a decision more quickly than the next committee, it had to be taken by officers and reported to the next committee. As a result of this investigation, committee agreed that an urgent decisions process should be documented alongside and a register with an annual report to committee. This has been implemented.

The Council agreed in February 2025 to undertake an independent investigation into the handling of allegations of misconduct into an elected member. This is expected to report in summer 2025.

Whistleblowing

In 2021, the Council asked Susanne Tanner QC, supported by the legal firm Pinsent Masons, to conduct an independent review into the Council's whistleblowing and organisational culture. The review findings were considered by the Council in December 2021 with a report from the Chief Executive in February 2022 setting out how the recommendations in the review would be taken forward.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

Whistleblowing - continued

The Council's whistleblowing arrangements continue to operate with oversight from an independent external service provider, with the autonomy to decide who investigates and how investigations are conducted. In February 2023 the Council actioned one of the recommendations of the Tanner Review and created a whistleblowing sub-committee of the Governance, Risk and Best Value Committee (GRBV). The sub-committee receives a quarterly update in private on whistleblowing activity and case management, with a six month and annual report on the GRBV public agenda.

An update on the progress made against the recommendations was considered in September 2024 with significant progress made across all aspects of the Policy Review and Development workstream. There were only 9 recommendations in the plan that had not been fully completed and all were currently underway.

An audit in March 2025 found that reasonable assurance could be given to the whistleblowing process.

A review of structural assurance in June 2024 examined the reporting structures and processes linking whistleblowing, the Council's disciplinary policies and the role of the Monitoring Officer, finding that there were robust arrangements in place.

Finance and Budget

2024/25 marks the fourth year of implementation of the requirements of the CIPFA Financial Management (FM) Code. The Code is designed to support good practice and assist councils in demonstrating their financial sustainability and resilience by setting out expected standards of financial management.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2014) as set out in the Application Note to Delivering Good Governance in Local Government Framework. The Section 95 Officer has confirmed that although reasonable assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal financial control, further improvements are still required. He highlights, in particular, the need for (i) some embedding of actions taken in response to previous audit recommendations and (ii) enhanced managerial accountability for financial performance, including full management of pressures, and the active identification of required savings options within service areas, to address future years' saving gaps.

External Audit concluded in the Annual Accounts for 2022-23 that the governance arrangements at the Council were appropriate but that there was scope to improve decision making, particularly around budget-

The need to initiate a structured medium to longer-term savings programme has been highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21 as well as a need to improve budget decision making. A medium-term financial plan (MTFP) was first implemented for 22/23 and a refreshed MTFP 2025/30 was brought to Committee and Council for approval in February 2025 integrated into the Budget Strategy. The financial plan aims to outline the importance of financial responsibility and best value. The Budget Strategy lays out key criteria for meeting best value and stresses the importance of transparent and accountable governance.

Following elected member and external audit feedback, a number of other improvements have also been introduced within the budget process, including explicit consideration of equalities-related issues within budget proposals through more systematic undertaking of Integrated Impact Assessments (IIAs). A comprehensive programme of budget consultation and engagement was also put in place for the 2025/26 budget-setting process, with positive feedback received and clearer links between the views and priorities expressed by stakeholders and the decisions ultimately approved.

The Section 95 Officer continues to highlight the need for additional savings proposals to be brought forward if the Council's financial sustainability is to be maintained and that given the extent of the financial challenge that difficult decisions will need to be made on the Council's priorities and include consideration of service reductions.

An all-party motion was considered by the Council in November 2023 raising concerns over the relationship and the budgetary processes between the Council and the Edinburgh integration Joint Board (EIJB). Under the leadership of the Chief Officer of the EIJB, a group was set up to look at the budget processes between the two parties, the governance and scrutiny carried out on health and social care partnership services and whether any documentation change was required. Work is ongoing on these actions and is expected to report further in summer/autumn 2025.

In May 2024 an audit highlighted that only limited assurance could be given on the financial sustainability and monitoring of the Health and Social Care Partnership. The audit recognised the difficulty of balancing the increased demand on service and associated rising costs with the need to make savings. However, further work was necessary on looking at the impact of demographic change and stress testing and scenario planning future impacts.

In response to a previous audit, a new Fraud Prevention Policy was agreed in April 2025. This sits alongside a suite of employee related policies and all staff will be required to read and understand its contents.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

Finance and Budget - continued

The Council agreed in January 2025 to adopt a Visitor Levy Scheme in Edinburgh. Additional income had been estimated at approximately £30m in 2026/7 rising to £45-£50m by 2028/29. The Chair of the Visitor Levy Forum was appointed in May 2025 which will discuss and advise on matters related to the Visitor Levy Scheme. Governance has been a key focus of the Scheme and this will continue to be important when decisions are made on how the income is spent.

Social Care

Following a whistleblowing disclosure, an investigation into practices and activities within Edinburgh Secure Services identified significant failings over a lengthy period of time (over 10 years). Given the serious and sustained failings recorded in the investigation outcome report, the Monitoring Officer reported these matters to the Council in terms of section 5 of the Local Government and Housing Act 1989 in March 2022. A Children's Services improvement plan and an Edinburgh Residential Services Improvement Plan have been put in place to address the failings and improvements in the governance arrangements within the service and directorate, by the Executive Director of Children's, Education and Justice Services. This has included the creation of an Improvement Board to oversee the delivery of the plan with external organisations represented on the Board as critical friends. An update was provided in March 2025 which reported progress across all areas and in particular with the development and implementation of the MOSAIC client information system (replacing Swift). 32 of the 90 actions had been completed with only one red action. This is in regard to safe recruitment practice in residential childcare and due to a number of new requirements from the Scottish Social Services Council, this is not yet on target.

A new revised improvement plan for the period June 2025 to June 2026 was considered by committee in June 2025. The aim of this was to build on the actions of the previous three years and ensure that the changes were embedded into business as usual. A new set of targets and actions were set out to improve services and these will be submitted and monitored by the Education, Children and Families Committee in the future.

Edinburgh was inspected in relation to its multi-agency Adult Support and Protection work in the last quarter of 2022 and a report was published in February 2023. The report identified the following areas of weakness:

- Requests for capacity assessments
- Case related chronologies
- Quality of case conferences
- Quality assurance activity
- Social work workforce capacity
- Consistency of support and protection for all people when required

A further report was published in March 2023 on adult social work and social care in Edinburgh which identified the following areas for improvement:

- The design, structure, implementation and oversight of key processes, including the assessment of people's needs and in their case management.
- Approaches to early intervention and prevention, which were uncoordinated and inconsistent.
- Self-directed support, which had not been implemented effectively.
- Insufficient support for unpaid carers.
- Staff being under considerable pressure and sometimes overwhelmed.
- Strategic leadership and management oversight of key processes, meeting legislative requirements, policies, procedures and guidance and to ensure sufficient capacity and capability to deliver safe and effective services for vulnerable people.
- Approaches to self-evaluation for improvement and quality assurance were not well-embedded.
- Social Work governance with strategic decisions being well informed by a social work perspective.

A 3-year improvement plan addressing these weaknesses has been created and is being regularly reported to the Integration Joint Board (IJB) and the Council's Policy and Sustainability Committee. An independent review of progress was published in November 2024. In March 2025 an update was provided on the progress with the improvement plan and the aim to bring about a culture change in both operational practices and strategic commissioning. Four of the seven priority areas had reported that significant progress had been made in ensuring that there was 'consistent, competent, effective adult support and protection practice that keeps adults at risk of harm safe and delivers improvement to their health and wellbeing.' Of the three remaining issues, one relates to multi-agency audits and self-evaluation. Whilst some progress was identified around audit activity, our multi-agency audit programme was relatively new at the point of inspection but has been established. The second outstanding area is in relation to the improvement of chronologies / risk assessments where some progress was identified. Additional training resource has been introduced, and specific training is being rolled out and this should drive further improvements evidenced through these chronologies. The final priority relates to lived experience and work continues to look at ways to ensure people with lived experience are included within our governance arrangement and this is a priority for the Adult, Support and Protection Committee. Having people with lived and living experience as part of ASP Committees is a national challenge. This is being progressed through a newly established practitioner sub-committee of the Adult, Support and Protection Committee.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

Polices, Procedures and Control Frameworks

Internal Audit highlighted a number of key themes from its audits and these showed that roles and responsibilities and policies and procedures were a common weakness identified in service areas. This was non-compliance with procedures or a lack of documented processes and procedures. The audits also showed that roles and responsibilities were not clearly documented, communicated or understood. In their assurance schedules, service areas had identified that compliance or documented and up to date policies and procedures was a weakness in their service and steps were being taken such as appointing a policy officer to resolve the issue.

Internal Audit

The Internal Audit section operates in accordance with the Chartered Institute of Public Finance and Accountancy's United Kingdom Public Sector Internal Audit Standards (PSIAS). The Section undertakes an annual programme based on an agreed audit strategy. The plan is based on formal assessments of risk and audit needs which are reviewed regularly to reflect evolving risks and changes within the Council. During 2024/25, the section reported to the Service Director: Legal and Assurance. It also has, however, unfettered access to the Chief Executive, Executive Directors, Service Directors (including the Service Director: Finance and Procurement) and elected members of the Council when required.

The Head of Internal Audit will present an annual audit opinion on the adequacy and effectiveness of the system of internal control (including financial controls) to the Governance, Risk and Best Value Committee in September 2025.

The Head of Internal Audit regularly reports to the Governance, Risk and Best Value Committee on the progress directorates are making with the closure of open and overdue internal audit actions. This has continued to be a focus for directorates, with additional resource employed to drive delivery of actions, although improvement is still needed in some areas.

Housing

Levels of homelessness have been increasing significantly in the city which resulted in the Council declaring a Housing Emergency in November 2023. A Housing Emergency Action Plan was agreed in February 2024 but recent changes in legislation have had a further impact on the demands on the homelessness service. Pressures have increased on the service and improvements to the service and provision of housing is a priority for the Council. An update was provided to the Housing, Homelessness and Fair Work Committee in June 2025 which stated that Edinburgh had the lowest level of social housing per head of population in Scotland with the number of households assessed as homeless in Edinburgh being 7,866 with a steady increase every year for the last ten years. There were now 5,426 households in temporary accommodation compared to 3,570 in March 2020 and 970 households were in unsuitable temporary accommodation. This meant the council were failing its statutory duty under the Housing Scotland Act 1987 to provide accommodation for every person assessed as homeless.

In September 2024 the Monitoring Officer brought a report to Council identifying that legal obligations, namely the duty to house persons experiencing homelessness and its responsibility as the Licensing Authority for Houses in Multiple Occupancies, were in conflict with each other. This had resulted in the Council potentially breaching its licensing obligations in discharging its duties on homelessness. Simply complying with the licensing duty would have resulted in significant increases in homelessness and risks to the safety of citizens. However, continuing with no action was maladministration and the Council agreed to take action in October 2024 to address the situation.

Information Governance

The Council has statutory obligations under Scotland's freedom of information laws, data protection legislation and complaints legislation. These laws are enforced and promoted by the Scottish Information Commissioner (OSIC), the UK Information Commissioner (ICO), and the Scottish Public Services Ombudsman (SPSO).

While the Council has processes in place to ensure compliance with its statutory obligations, applicants, or complainants, can appeal to the appropriate regulator or ombudsman once they have exhausted the Council's internal review processes. Regulatory and ombudsman decisions are published on their respective websites.

In summary, 14 decisions were issued by OSIC. Five were found for the applicant; five were partially upheld; and four were found for the Council. It should be noted that eight of these decisions relate to requests that were made during 2021 and 2022 as OSIC continues to work through its appeals backlog.

In relation to complaints, three decisions were issued by the SPSO: one was upheld for the complainant; and two partially upheld.

Any required actions following an OSIC or SPSO decision have been met in full, with evidence provided to confirm compliance. Any learning following a decision is communicated to the appropriate service and the Corporate Leadership Team.

The Council was subject to one enforcement decision by the ICO during the reporting period. This was a reprimand notice in relation to responding to requests for personal data (subject access requests) and the Council's backlog of overdue cases. As was highlighted in the previous year's Annual Governance Statement, the volume of subject access requests received by the Council has increased considerably, primarily because of the Scottish Child Abuse Inquiry and the Redress Scheme for Survivors of Historic Child Abuse.

As part of the reprimand notice the Council agreed to a consensual audit by the ICO. The audit found that the Council had high assurance in the areas of Managing Data Protection Requests and Training and Awareness, and reasonable assurance around Governance and Accountability. The audit result is positive evidence of the continued maturing of the Council's data protection arrangements.

ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness - continued

Information Governance - continued

The Council is continuing to report its subject access request performance to the ICO, and has committed further resources to reducing and eliminating its backlog of overdue cases and has evidenced a strong commitment to meeting its information governance duties.

Arm's Length External Organisations including Trusts

The Council's ALEO Governance Framework was presented to the Governance, Risk and Best Value Committee in January 2025 and then Council in March 2025. This aims to improve arrangements within the Council on how it works with ALEOs, clarify the relationship between the Council and its ALEOs and finally ensure there are robust governance arrangements in place within each ALEO.

Arrangements for the reporting of the Council's ALEOs had been set out in previous years. However, it became clear in 2023 that these arrangements are not always strictly followed and the ALEO governance framework outlined how this reporting should be taken forward. The ALEO framework aims to ensure that there is sufficient scrutiny by the Council whilst respecting the Board of the organisation's role and the arms-length nature of the ALEO.

The framework was approved in principle but it was agreed that there should be further consultation with ALEO Boards and trade unions. It is expected that the Council will consider the Framework again in August 2025.

In October 2023 the Council agreed an approach to the integration of Edinburgh Trams and Lothian Buses and the closure of Transport for Edinburgh. While it is now expected that Transport for Edinburgh will be retained in a non-operating capacity, work is ongoing on the implementation of this decision. Work is currently being undertaken on updated Articles of Association and Shareholders Agreements, and these are expected to be finalised in 2025.

Cross-Directorate improvements

The need for the Council to improve its reporting and publication of integrated impact assessments (IIAs) has been highlighted in the previous year's Annual Governance Statement. There is a robust framework in place with detailed guidance, but implementation or compliance with the process was not always as expected. Further comprehensive training has been carried out to guide colleagues on carrying out IIAs. This training provided clear examples which are also published. A review of the IIA process is ongoing and this will aim to tighten the controls around compliance with the guidance. An internal audit published in June 2025 found reasonable assurance but that there was a lack of understanding and adherence to the guidance which may impact on the relevance and accuracy of IIAs.

An audit of community centres in May 2024 found that there were weaknesses in the arrangements for community centres including leases and lease terms being out of date and controls to authorise and maintain oversight of keyholders requiring to be reviewed.

A number of senior management appointments have been made in 2024-25, including recruitment to the post of Chief Officer of the Integration Joint Board. The Chief Executive of the Council, Paul Lawrence, was appointed in May 2024 and commenced his role on 17 June 2024.

Compliance with the subsidy control legislation (Subsidy Control Act 2022) was identified as a key focus for improvement in 2024/25. Extensive work has been carried out which originally focused on communicating the requirements of the Act to service areas but also includes changes to the grant controls in the Council to include subsidy control. Clear guidance has also been provided for service areas on how to carry out the assessment and report any potential subsidies. Further work is needed in 2025/26 to finalise the framework.

Risk and Resilience

The Council's Risk Management Policy describes the Council's overarching risk management approach and is supported by a risk management framework that describes how the policy will be applied by all Council directorates and divisions. A new policy was agreed in October 2023 and reviewed and improved in October 2024. In refreshing the policy good practice was considered and incorporated from a number of sources, including the risk management guidance included in the Scottish Government's Public Finance Manual; CIPFA; the International Organisation for Standardisation's ISO31000 Risk Management Guidelines; the Institute of Risk Management; and other public bodies. The policy aims to create a clear, simple framework that creates a structured and proportionate framework, but the success of the policy will be determined by its implementation across Council directorates.

The Council also has a Risk Appetite Statement, the latest version of which was approved in October 2024. This set out a new approach to using risk appetite within the Council. Risk appetite was defined as being concerned with the pursuit of risk where risk tolerance is about what level of risk the organisation was prepared to accept. A new risk appetite was agreed which set out the scale for the Council across 13 Enterprise risks.

There are established, well exercised, resilience incident management processes and protocols in place to effectively plan for and respond to emergencies. The Council Resilience Group, for example, drives and monitors the Council Resilience Management Programme, reporting to CLT, with the flexibility to convene working groups as required, eg. Brexit planning. In the event of an incident there is a flexible framework, including at directorate and Council-wide levels, that can be stood up as required, reporting to CLT and the appropriate committee(s). The Council feeds into Scotland's resilience structures on a multi-agency basis, through the Lothian and Borders Local Resilience Partnership and East of Scotland Regional Resilience Partnership. The incident management used for Covid-19 is a good example of the effectiveness and agility of these structures.

ANNUAL GOVERNANCE STATEMENT

Risk and Resilience - continued

Departments in the assurance schedules had identified that maintaining up to date Business Impact Assessments was a current weakness in the organisation.

Cyber risk and in particular the growing risks posed to the organisation though a cyber incident is a risk that the Council is currently looking to address. Cyber risk is on the Council Leadership Team risk register and has been highlighted to the Council's Governance, Risk and Best Value Committee. During 2024 exercises were carried out testing the Council's response to a potential attack. Specific issues in relation to Directorates Cyber Incident Preparedness were raised by Internal Audit during June 2024 and a Cyber Resilience Board has been established to develop a consistent approach to addressing these across the Council.

The use of Artificial Intelligence has not been introduced in the Council until a policy on its application is produced and approved.

Partnership working

In September 2024 the Council agreed a new Community Council Scheme which also considered significant boundary changes and new community councils to reflect the changing landscape and demographics of Edinburgh. Elections took place in early 2025 and 40 Community Councils were established in the City. A review will be carried out on the election process and whether improvements could be made.

Partnership working strengthened considerably over the Covid-19 pandemic and though engagement with local communities can often be strong, there is often a perceived disconnect with decision-making. The Council is aware of the need to constantly improve how it empowers communities and is reviewing its locality arrangements, how it engages with communities and how it delivers services locally. It continues to engage with Community Councils and its partners, but further work is needed to improve that relationship.

It should be noted that although there are projects marked as complete below, that is specifically the action in the Annual Governance Statement but does not mean there are not other workstreams and improvements being carried out on the same matter.

The status of the previous year's actions is outlined below. Where actions are incomplete, they will be rolled forward and their progress will be monitored alongside the new actions.

	Action	Action Owner	Status
1	Rollout of governance and assurance framework	Head of Democracy and Governance	Completed
2	Implementation of the recommendations from the Tanner Review	Chief Executive, Service Director; Human Resources and Service Director: Legal and Assurance	Completed
3	Implementation of Corporate ALEO framework	Head of Democracy and Governance	August 2025
4	Review of effectiveness of current arrangements for developing and reporting Integrated Impact Assessments	Head of Strategy and Partnerships	April 2026
5	Review of effectiveness of current scrutiny arrangements for services delegated to Edinburgh Integration Joint Board, particularly as these interact with the Council's committee governance structures	Head of Democracy and Governance	Completed
6	Review of effectiveness of current officer-level governance structures and procedures	Head of Democracy and Governance	Completed
7	Implementation of agreed improvement actions resulting from investigation into practices and activities within Edinburgh Secure Services	Executive Director of Children's, Education and Justice Services	Ongoing – Progress outlined in Statement
8	Review of Prevent Single Point of Contact	Service Director: Legal and Assurance	Completed
9	Review of supervision procedures and template for social work services	Executive Director of Children's, Education and Justice Services	April 2026
10	Corporate Workforce Plan	Service Director: HR	Completed
11	Review of EIJB and Council budgeting	Chief Officer Health and Social Care Partnership	Completed

ANNUAL GOVERNANCE STATEMENT

Partnership working - continued

Following the review of effectiveness and the assurance statements from directorates and ALEOs, the following actions have been identified to improve the Council's governance arrangements:

	Action	Action Owner	Action Deadline
1	Continue with completion of the Subsidy Control framework	Head of Democracy and Governance	April 2026
2	Review of Community Council election processes	Head of Democracy and Governance	December 2025
3	Edinburgh Partnership Review	Head of Strategy and Partnerships	December 2025
4	Streamlining Council Business	Head of Democracy and Governance	December 2025
5	Annual Assurance Review	Head of Democracy and Governance	January 2026

Conclusion

In conclusion, the Council's governance and control framework provides a satisfactory level of assurance. There is a need to increase the maturity of the organisation in regard to Governance. The organisation continues to make progress but there are always gaps in an organisation of the size of the Council. There is a strong commitment from the Council's leadership, with elected members, the Chief Executive and senior directors all having a strong understanding of the value of good governance in the organisation. The Council understands its areas for improvement and there are robust arrangements to deal with issues when they do arise. Resource issues and challenging budgets do remain, and this continues to put pressure on staff and services and as a result governance and processes generally.

Certification

It is our opinion that, in light of the foregoing, assurance can be placed upon the adequacy and effectiveness of City of Edinburgh Council and its Group's systems of governance. The annual review demonstrates sufficient evidence that the Code is operated effectively, and the Council and its Group comply with the Local Code of Corporate Governance in all significant respects.

REMUNERATION REPORT

The Council is required under statute to provide information on the remuneration of each senior officer and each senior elected member, together with any other officer not otherwise included whose remuneration was over £150,000 during the year covered by these accounts. In addition, the Council is required to provide information for the most senior employee within each of its subsidiary companies, together with all other employees whose remuneration exceeds £150,000 in that year.

The information disclosed in the tables Remuneration Paid and Members' Salaries and Expenses on pages 137 to 139, Number of Employees by Pay Band and Exit Packages on page 140 and Pension Rights on pages 141 to 144 in this remuneration report will be audited by Audit Scotland. The other sections of the remuneration report will be reviewed by Audit Scotland to ensure that they are consistent with the Financial Statements.

Remuneration Arrangements Councillors

For 2024/25, the remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183) as amended by the Local Governance (Scotland) Act 2004 (Remuneration and Severance Payments) Amendment Regulations 2017. The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Civic Head (the Lord Provost), senior councillors or councillors. The Leader of the Council and the Civic Head cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of Councillors' remuneration, Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC's recommendations were first implemented for councillors elected in the local government elections in May 2007. In 2023, SLARC reconvened to undertake a review on Councillors' remuneration with the final report, including recommendations, being published in February 2024. The Scottish Government accepted the pay and banding related changes recommended in the report, which will take effect from 1 April 2025.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2024/25, the remuneration for the Leader of the City of Edinburgh Council was £64,043. The Regulations permit the Council to remunerate one Civic Head. The Regulations set out the maximum remuneration that may be paid to the Civic Head (currently the Lord Provost). For 2024/25 this was £48,032. The Council's policy is to pay the Civic Head at the national maximum.

The Regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have (24 for the City of Edinburgh Council). The maximum yearly amount that may be paid to a Senior Councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all Senior Councillors shall not exceed £832,527. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their remuneration within these maximum limits. The Council's policy during 2024/25 is summarised below:

	No. of Posts	% of amount payable to Leader of the Council
Depute Leader of the Council	1	75%
Depute Convener	1	50%
Conveners of Culture and Communities, Education, Children and Families, Finance and Resources, Governance, Risk and Best Value, Housing, Homelessness and Fair Work, Transport and Environment, Development Management Sub-Committee, Licensing Board, Licensing Sub-Committee, Planning, Regulatory and Integration Joint Board Committees	12	62.5%
Vice-Convener of Education, Children and Families and Licensing Board	2	50%
Opposition Group Leaders - Conservative, Green, Liberal Democrat, Scottish National Party Groups	4	62.5%

In addition, the Council has an arrangement with the Joint Boards to reimburse the Council for any additional costs for councillors that arise from their being a Convener or Vice Convener of the Joint Boards.

REMUNERATION REPORT

Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for Chief Officials of Scottish local authorities. Circular 11-24 set the amount of salary for the Chief Executive of the City of Edinburgh Council for the period April 2024 to March 2025.

There is no formal percentage relationship for salaries between the Chief Executive and other chief officers. The national salary points to be applied to Executive Directors and Service Directors posts are determined using the Hay job evaluation method. The decision on whether there is to be an annual pay increase applied to the national salary points, and at what level, for Chief Executive and Chief Officer posts is made by the SJNC for local authority services and thereafter applied locally by the Council.

The Council has a number of subsidiary bodies, which are governed via their company documents, service agreements and boards of directors. The Council is represented on each of the subsidiary bodies' boards but does not have any direct influence over the remuneration arrangements for the employees of any of these subsidiary bodies. The powers to set remuneration for employees lies solely with the board of each subsidiary body.

The Integration Joint Board Chief Officer is a joint appointment and the terms and conditions, including pay for the post, are set by the Council, who employ the post holder directly. The appropriate costs are then recharged to NHS Lothian and the Integration Joint Board.

Remuneration Paid

The following tables provide details of the remuneration paid to the Council's Senior Councillors, Senior Employees and the remuneration paid to the Chief Executive (or the most senior manager of that body) of each of the Council's subsidiary bodies. Where a Councillor has held more than one post during the year, he/she is only included once within the following table. Salary, fees and allowances represents the total amount received during the year, where the individual was a Senior Councillor for part or all of the year.

	Salary, Fees and Allowances £	Taxable Expenses £	Non-Cash Expenses / Benefits- in-kind £	Total Remun. 2024/25 £	Total Remun. 2023/24 £
Council's Leader, Civic Head and Senior Councillors					
J. Meagher, Leader of the Council and Convener Policy and Sustainability (from 19.12.24) and Convener Housing, Homelessness and Fair Work (to 19.12.24)	46,806	0	216	47,022	37,817
C. Day, Leader of the Council and Convener Policy and Sustainability (to 09.12.2024)	50,843	52	2,128	53,023	61,594
R. Aldridge, Lord Provost	48,032	0	504	48,536	46,276
M. Watt, Deputy Leader of the Council and Convener Finance and Resources	48,032	0	126	48,158	45,365
L. M. Cameron, Depute Convener and Convener Housing, Homelessness and Fair Work (from 19.12.24)	32,481	0	1,478	33,959	29,311
Conveners (FYE £40,027)					
the late V. Walker, Convener Culture and Communities	40,027	0	311	40,338	37,854
J. Griffiths, Convener Education, Children and Families	40,027	0	281	40,308	37,817
S. Jenkinson, Convener Transport and Environment (from 29.08.24)	32,393	0	650	33,043	20,749
S. Arthur, Convener Transport and Environment (to 29.08.24)	20,013	0	0	20,013	37,691
K. Campbell, Convener Governance, Risk and Best Value	38,052	0	776	38,828	33,944
L. Young, Convener Licensing Board	40,027	0	1,357	41,384	38,921
J. Mowat, Convener of Licensing Sub-Committee	40,027	0	776	40,803	38,467
J. Dalgleish, Convener Planning	40,027	0	882	40,909	38,598
N. Ross, Convener Regulatory	40,027	0	126	40,153	37,817
H. Osler, Convener Development Management Sub-Committee	40,027	0	126	40,153	37,817
T. Pogson, Vice-Chair Edinburgh Integration Joint Board	40,027	0	126	40,153	37,817

REMUNERATION REPORT

Remuneration Paid - continued

Council's Leader, Civic Head and Senior Councillors - continued	Salary, Fees and Allowances £	Taxable Expenses £	Non-Cash Expenses / Benefits-in-kind £	Total Remun. 2024/25 £	Total Remun. 2023/24 £
<u>Vice-Conveners (FYE £32,022)</u>					
J. Rust, Vice Convener Licensing Board	32,022	210	1,711	33,943	32,046
M. Graham, Vice Convener Education, Children and Families (from 26.09.24)	27,039	0	126	27,165	20,225
<u>Opposition Group Leaders (FYE £40,027)</u>					
I. Whyte, Conservative Group	40,027	0	650	40,677	38,341
C. Booth, Green Group Co-Convener (Note 1) (from 27.06.24)	28,455	0	784	29,239	27,893
S. Rae, Green Group Co-Convener (Note 1) (from 27.06.24)	28,455	0	972	29,427	31,675
A. Mumford, Green Group Co-Convener (to 27.06.24)	23,576	0	852	24,428	27,893
B. Parker, Green Group Co-Convener (to 27.06.24)	23,576	0	776	24,352	31,675
K. Lang, Liberal Democrat Group	40,027	0	0	40,027	37,886
S. Kumar, Scottish National Party (from 09.05.24)	38,068	0	1,246	39,314	20,875
A. McVey, Scottish National Party (to 30.04.24)	23,304	0	786	24,090	38,500
<u>Councillors</u>					
A. Beal, Vice Convener to the Lothian Valuation Joint Board (Note 2)	25,352	0	776	26,128	24,648

Notes:

1. At the City of Edinburgh Council meeting held on 27 June 2024, it was agreed to pay an equal split of the senior councillor allowance for a full year, from 24 June 2024, for the two co-conveners of the Green Group.
2. The amount recharged to Lothian Valuation Joint Board in 2024/25 was £4,133.77 (2023/24 £3,892.36). Expenses relate to Councillor role.
3. During 2024/25, the overall pay award for Senior Councillors was 6.2%.
4. Non-Cash Expenses / Benefits-in-kind include payments for mobile phones, accommodation, training courses, bus passes and other travel.

Members' Salaries and Expenses

The Council paid the following amounts to members of the Council during the year (these sums include the totals shown above):

	2024/25 £	2023/24 £
Salaries	1,730,980	1,638,143
Expenses		
<i>Claimed by councillors</i>	325	261
<i>Paid directly by the Council</i>	35,151	32,852
Total	<u>1,766,456</u>	<u>1,671,256</u>

REMUNERATION REPORT

Remuneration Paid - continued

Remuneration paid to Senior Officers

	Salary, Fees and Allowances £	Non-Cash Expenses / Benefits- in-kind £	Compensation for Loss of Office £	Total Remun. 2024/25 £	Total Remun. 2023/24 £
Council's Senior Officers					
P. Lawrence, Chief Executive (from 17.06.24) and Executive Director of Place (to 16.06.24) (Note 1)	195,905	1,806	0	197,711	181,255
A. Kerr, Chief Executive (to 30.06.24) (Note 2) (full year equivalent)	53,898 207,839	590	0	54,488	202,466
A. Hatton, Executive Director of Children, Education and Justice Services	186,939	405	0	187,344	181,391
C. Laverty, Chief Officer of Edinburgh Health and Social Care Partnership (from 10.03.25) (Note 3) (full year equivalent)	5,528 93,470	21	0	5,549	n/a
P Togher, Chief Officer of Edinburgh Health and Social Care Partnership (to 11.12.24) (Note 3)	66,687	156	0	66,843	36,486
G. Barwell, Interim Executive Director of Place (from 29.08.24) (full year equivalent)	110,555 186,939	307	0	110,862	n/a
R. Howley, Chief Social Work Officer	124,840	0	0	124,840	70,293
Dr. D. Smart, Executive Director of Corporate Services	186,939	205	0	187,144	180,758
R. Lloyd-Bithell, Service Director - Finance and Procurement	140,396	918	0	141,314	70,141
Total	1,071,686	4,408	0	1,076,094	922,790

Notes:

1. Remuneration shown above excludes any fees payable in respect of returning officer or other election duties. The approved remuneration for P Lawrence for Returning Officer Duties in 2024/25 amounted to £18,650.
2. Remuneration shown above includes payment in lieu of annual leave.
3. The position of Chief Officer of the Integration Joint Board was held by P Togher from Nov 2023 to Dec 2024 and by C Laverty from Mar 2025. The Chief Officer is employed by the City of Edinburgh Council and 50% of their salary costs are recharged to the EIJB and NHS Lothian. The above figures therefore show the Council's share.
4. Non-Cash Expenses / Benefits-in-kind include payments for mobile phones, conferences/workshops, travel and accommodation.

Council Subsidiary Companies

EICC is a subsidiary company of CEC Holdings Limited. Figures shown for this company, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the years ended 31 December 2024 and 2023 respectively.

	Salary, Fees and Allowances £	Bonus £	Other Benefits £	Compensation for Loss of Office £	Total Remun. 2024/25 £	Total Remun. 2023/24 £
Council's Subsidiary Companies						
M. Dallas, Chief Executive, EICC (Note 1)	177,022	22,343	0	0	199,365	220,960
R. Hunter, Chief Executive, Capital City Partnership	93,586	0	0	0	93,586	88,214
<u>Transport for Edinburgh</u>						
G. Lowder, Chief Executive (to 31.08.2024) (full year equivalent)	71,239 169,950	0	2,491	65,050	138,780	161,418
<u>Lothian Buses Ltd.</u>						
S. Boyd, Managing Director	203,116	0	1,688	0	204,804	193,707
J. Benson Finance Director	157,655	0	2,387	0	160,042	n/a
C. Barnes, Engineering Director	152,339	0	2,340	0	154,679	n/a
<u>Edinburgh Trams Ltd.</u>						
L. Harrison, Managing Director	182,265	0	0	0	182,265	177,030
Total	1,037,222	22,343	8,906	65,050	1,133,521	841,329

Notes:

1. Edinburgh Living MMR LLP is a subsidiary of the Council however there are no employees and therefore no remuneration disclosures.

REMUNERATION REPORT

Remuneration Paid - continued

Number of Employees by Pay Band

The total number of Council employees receiving more than £50,000 remuneration for the year (including early retirement / voluntary release costs) is shown below.

	2024/25	2023/24		2024/25	2023/24
£50,000 - £54,999	1,509	1,470	£130,000 - £134,999	0	0
£55,000 - £59,999	298	294	£135,000 - £139,999	3	3
£60,000 - £64,999	413	366	£140,000 - £144,999	3	0
£65,000 - £69,999	186	182	£145,000 - £149,999	0	0
£70,000 - £74,999	170	157	£150,000 - £154,999	0	0
£75,000 - £79,999	82	84	£155,000 - £159,999	0	0
£80,000 - £84,999	65	56	£160,000 - £164,999	0	0
£85,000 - £89,999	31	38	£165,000 - £169,999	1	0
£90,000 - £94,999	20	18	£170,000 - £174,999	0	0
£95,000 - £99,999	28	27	£175,000 - £179,999	0	0
£100,000 - £104,999	4	3	£180,000 - £184,999	0	3
£105,000 - £109,999	6	5	£185,000 - £189,999	2	0
£110,000 - £114,999	0	3	£190,000 - £194,999	0	0
£115,000 - £119,999	1	2	£195,000 - £199,999	1	0
£120,000 - £124,999	1	4	£200,000 - £204,999	0	1
£125,000 - £129,999	3	0	£205,000 - £209,999	0	0
			Total No. of Employees	2,827	2,716

Notes:

- The total number of Council employees in the table above includes the Council's Senior Officers as shown on page 139.

Exit Packages

The number of exit packages provided for by the Council and the Group during the year, together with the total cost of those packages is shown in the table below. The total cost shown includes pension strain costs and the capitalised value of compensatory added years payments.

Exit package cost band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25 £000	2023/24 £000
£0 - £20,000								
- Council	0	0	0	0	0	0	0	0
- Group companies	0	0	1	5	1	5	12	39
£20,001 - £40,000								
- Council	0	0	0	2	0	2	0	58
- Group companies	0	0	1	0	1	0	26	0
£40,001 - £60,000								
- Council	0	0	2	4	2	4	104	215
- Group companies	0	0	0	0	0	0	0	0
£60,001 - £80,000								
- Council	0	0	3	3	3	3	209	200
- Group companies	0	0	1	0	1	0	65	0
£80,001 - £100,000								
- Council	0	0	0	2	0	2	0	166
- Group companies	0	0	0	1	0	1	0	90
£100,001 - £150,000								
- Council	0	0	2	1	2	1	240	104
- Group companies	0	0	0	0	0	0	0	0
£150,001 - £200,000								
- Council	0	0	1	2	1	2	153	336
- Group companies	0	0	0	0	0	0	0	0
£200,001 - £250,000								
- Council	0	0	1	0	1	0	237	0
- Group companies	0	0	0	0	0	0	0	0
£250,001 - £300,000								
- Council	0	0	0	1	0	1	0	268
- Group companies	0	0	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>12</u>	<u>21</u>	<u>12</u>	<u>21</u>	<u>1,046</u>	<u>1,476</u>

REMUNERATION REPORT

Pension Rights

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

Councillors' pension benefits are based on career average pay. For Pre April 2015 benefits, the councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits. The Post April 2015 benefits are calculated in the same way as Local Government employees.

For local government employees the Local Government Pension Scheme (LGPS) became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The scheme's normal retirement age for both councillors and employees is linked to the state pension age (but with a minimum of age 65).

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and members' contribution rates for 2023/24 were as follows:

Whole Time Pay	Contribution rate
On earnings up to and including £27,000 (2023/24 £25,300)	5.50%
On earnings above £27,001 and up to £33,000 (2023/24 £25,301 to £31,000)	7.25%
On earnings above £33,001 and up to £45,300 (2023/24 £31,001 to £42,500)	8.50%
On earnings above £45,301 and up to £60,400 (2023/24 £42,501 to £56,600)	9.50%
On earnings above £60,401 (2023/24 £56,601)	12.00%

From April 2015, when allocating contribution rates to members, pensionable pay means the actual pensionable pay, regardless of hours worked.

There is no automatic entitlement to a lump sum for members who joined the scheme post April 2009. Members may opt to give up (commute) pension for lump sum or bigger lump sum up to the limit set by the Finance Act 2004.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation - assuming that the person left the related employment or service as at 31st March in the year to which the value relates.

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

REMUNERATION REPORT

Pension Rights - continued

Council's Leader, Civic Head and Senior Councillors

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

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.2025	For year to 31.03.2024		As at 31.03.2025	Difference from 31.03.2024
	£	£		£000	£000
<u>Council's Leader and Civic Head</u>					
J. Meagher, Leader of the Council and Convener Policy and Sustainability (from 19.12.24) and Convener Housing, Homelessness and Fair Work (to 19.12.24)	8,238	8,556	Pension	3	2
			Lump Sum	0	0
C. Day, Leader of the Council and Convener Policy and Sustainability (to 09.12.2024)	8,948	13,689	Pension	8	1
			Lump Sum	0	0
R. Aldridge, Lord Provost	8,454	10,267	Pension	11	1
			Lump Sum	3	1
M. Watt, Deputy Leader of the Council and Convener Finance and Resources	8,454	10,267	Pension	6	1
			Lump Sum	0	0
L. M. Cameron, Depute Convener and Convener of Housing, Homelessness and Fair Work (from 19.12.24)	5,743	6,436	Pension	5	1
			Lump Sum	0	0
<u>Conveners</u>					
the late V. Walker, Convener Culture and Communities	0	7,843	Pension	0	0
			Lump Sum	0	0
J. Griffiths, Convener Education, Children and Families	2,613	8,556	Pension	8	1
			Lump Sum	0	0
S. Jenkinson, Convener Transport and Environment (from 29.08.24)	5,701	4,562	Pension	2	n/a
			Lump Sum	0	n/a
S. Arthur, Convener Transport and Environment (to 29.08.24)	3,248	8,556	Pension	4	0
			Lump Sum	0	0
K. Campbell, Convener Governance, Risk and Best Value	6,697	7,529	Pension	6	1
			Lump Sum	0	0
L. Young, Convener Licensing Board	7,045	8,556	Pension	5	1
			Lump Sum	0	0
J. Mowat, Convener of Licensing Sub- Committee	7,045	8,556	Pension	9	2
			Lump Sum	0	0
J. Dalgleish, Convener Planning	7,045	8,556	Pension	2	1
			Lump Sum	0	0
N. Ross, Convener Regulatory	7,045	8,556	Pension	5	1
			Lump Sum	0	0
H. Osler, Convener Development Management Sub-Committee	7,045	8,556	Pension	5	1
			Lump Sum	0	0
T. Pogson, Vice-Chair Edinburgh Integration Joint Board	7,045	8,556	Pension	2	0
			Lump Sum	0	0
<u>Vice Conveners</u>					
M. Graham, Vice Convener Education, Children and Families (from 26.09.24)	4,759	4,562	Pension	1	0
			Lump Sum	0	0
<u>Opposition Group Leaders</u>					
I. Whyte, Conservative Group Leader	7,045	8,556	Pension	12	2
			Lump Sum	3	0
S. Rae, Green Group Co-Convener (from 27.06.24)	5,008	4,562	Pension	4	n/a
			Lump Sum	0	n/a
A. Mumford, Green Group Co-Convener (to 27.06.24)	4,149	6,315	Pension	2	0
			Lump Sum	0	0
B. Parker, Green Group Co-Convener (to 27.06.24)	4,149	6,803	Pension	2	0
			Lump Sum	0	0
K. Lang, Liberal Democrat Group	7,045	8,556	Pension	5	1
			Lump Sum	0	0
S. Kumar, Scottish National Party Group (from 09.05.24)	6,700	4,562	Pension	2	n/a
			Lump Sum	0	n/a
A. McVey, Scottish National Party Group (to 30.04.24)	4,101	8,556	Pension	12	1
			Lump Sum	0	0
<u>Councillors</u>					
A. Beal (including role as Vice Convener of Lothian Valuation Joint Board)	4,462	5,419	Pension	2	0
			Lump Sum	0	0

All senior councillors shown in the above table are members of the Local Government Pension Scheme. Not all senior councillors are members of the Local Government Pension Scheme. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government service, including any service with a Council subsidiary body, and not just their current position.

*The Employee Pension Contribution for Local Government Pension Scheme members reduced from 22.7% to 17.6%, effective from 1st April 2024.

REMUNERATION REPORT

Pension Rights - continued

Senior Employees

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

	In-year pension contribs.			Accrued Pension Benefits	
	For year to 31.03.2025 £	For year to 31.03.2024 £		As at 31.03.2025 £000	Difference from 31.03.2024 £000
P. Lawrence, Chief Executive (from 17.06.24) and Executive Director of Place (to 16.06.24)	34,479	40,961	Pension	55	7
			Lump Sum	0	0
A. Kerr, Chief Executive (to 30.06.24)	n/a	n/a	Pension	9	0
			Lump Sum	0	0
A. Hatton, Executive Director of Children, Education and Justice Services	30,973	39,525	Pension	13	4
			Lump Sum	0	0
C. Lavery, Chief Officer of Edinburgh Health and Social Care Partnership (from 10.03.25) (Note 1)	1,946	0	Pension	n/a	n/a
			Lump Sum	n/a	n/a
P Togher, Chief Officer of Edinburgh Health and Social Care Partnership (to 11.12.24) (Note 1)	22,689	16,495	Pension	4	3
			Lump Sum	0	0
G. Barwell, Interim Executive Director of Place (from 29.08.24)	29,455	31,738	Pension	55	n/a
			Lump Sum	0	n/a
R. Howley, Chief Social Work Officer	21,972	24,248	Pension	6	0
			Lump Sum	0	0
Dr. D. Smart, Executive Director of Corporate Services	30,945	38,002	Pension	8	0
			Lump Sum	0	0
R. Lloyd-Bithell, Service Director - Finance and Procurement	24,710	15,894	Pension	0	0
			Lump Sum	0	0
Total	197,169	206,863			

Notes:

- The position of Chief Officer of the Integration Joint Board was held by P Togher from Nov 2023 to Dec 2024 and by C Lavery from Mar 2025. The Chief Officer is employed by the City of Edinburgh Council and 50% of their salary costs are recharged to the EIJB and NHS Lothian. The above Pension figures show the full contributions but only 50% of these are relevant to the City of Edinburgh Council.
- The Employee Pension Contribution for Local Government Pension Scheme members reduced from 22.7% to 17.6%, effective from 1st April 2024.

The pension figures shown for senior employees relate to the benefits that the person has accrued as consequence of their total local government / public service and not just their current appointment. Accrued pension benefits relate to the position as at 31 March 2025, or the date of leaving, if that is earlier. Employees contribute towards their pensions in accordance with the rates set out on page 141.

There are no accrued pension benefits included in the table above if the employee has been a member of the pension scheme for less than 2 years.

The in-year pension contributions include pension strain costs where applicable.

REMUNERATION REPORT

Pension Rights - continued

Council's Subsidiary Companies

The pension entitlements of senior employees within the Council's subsidiary bodies for the year to 31 March 2025 are shown below, together with the contribution made to each senior employee's pension during the year.

	In-year pension contribs.		Accrued Pension Benefits		
	For year to 31.03.2025 £	For year to 31.03.2024 £		As at 31.03.2025 £000	Difference from 31.03.2024 £000
<u>EICC</u>					
M. Dallas, Chief Executive	20,358	19,441	Pension	n/a	0
			Lump Sum	n/a	0
<u>Lothian Buses Ltd.</u>					
S. Boyd, Managing Director	30,468	25,072	Pension	n/a	0
			Lump Sum	n/a	0
J. Benson Finance Director	23,014	14,914	Pension	n/a	0
			Lump Sum	n/a	0
C. Barnes, Engineering Director	15,234	13,951	Pension	n/a	0
			Lump Sum	n/a	0
<u>Edinburgh Trams Ltd.</u>					
L. Harrison, Managing Director	34,208	26,375	Pension	n/a	0
			Lump Sum	n/a	0
<u>Capital City Partnership</u>					
R. Hunter, Chief Executive	17,594	17,908	Pension	29	3
			Lump Sum	18	1
Total	<u>140,876</u>	<u>117,661</u>			

EICC is a subsidiary company of CEC Holdings Limited. Figures shown for this company, Edinburgh Trams Ltd. and Lothian Buses Ltd. are for the years ended 31 December 2024 and 2023 respectively.

R. Hunter is the only current member of the Local Government Pension Scheme in the above table. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total relevant service and not just their current appointment.

There are no accrued pension benefits included in the table above if the employee has been a member of the pension scheme for less than 2 years and/or if they are not members of the Local Government Pension Scheme.

The in-year pension contributions include pension strain costs where applicable.

Trade Union (Facility Time Publication Requirements) Regulations 2017

The Council is required to report a range of information on facility time made available to its employees who are trade union representatives.

For the reporting year 2024/25, the equivalent of 12.6 FTE (across 23 individuals) of paid facility time was made available, with an associated cost of £0.53m. This sum equates to 0.08% of the Council's overall paybill.

Of the total time made available, ten individuals spent 100% of time during the year on trade union-related activities, seven between 51% and 99%, and the remaining six between 1% and 50%.

Trade Union Officials and Representatives are entitled to reasonable time off for duties and activities. Paid time off will be given for Trade Union Duties and unpaid time off will be given for Trade Union activities.

INDEPENDENT AUDITOR'S REPORT

The Statement of Accounts is subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Audit Scotland
102 West Port
Edinburgh
EH3 9ND