

•EDINBURGH•  
THE CITY OF EDINBURGH COUNCIL

**2025/26**

# **UNAUDITED ANNUAL ACCOUNTS**

•EDINBURGH•  
THE CITY OF EDINBURGH COUNCIL

# The City of Edinburgh Council

## Annual Accounts

Year to 31 March 2026

	Page
Management Commentary	2
Statement of Responsibilities for the Annual Accounts	21
Movement in Reserves Statement	22
Comprehensive Income and Expenditure Statement - Group	24
Comprehensive Income and Expenditure Statement - Council	25
Balance Sheet - Group and Council	26
Cash Flow Statement - Group and Council	27
Notes to the Financial Statements	28
Housing Revenue Account	115
Council Tax Income Account	118
Non-Domestic Rates Income Account	119
Common Good Fund	120
Annual Governance Statement	124
Remuneration Report	132
Independent Auditor's Report	141

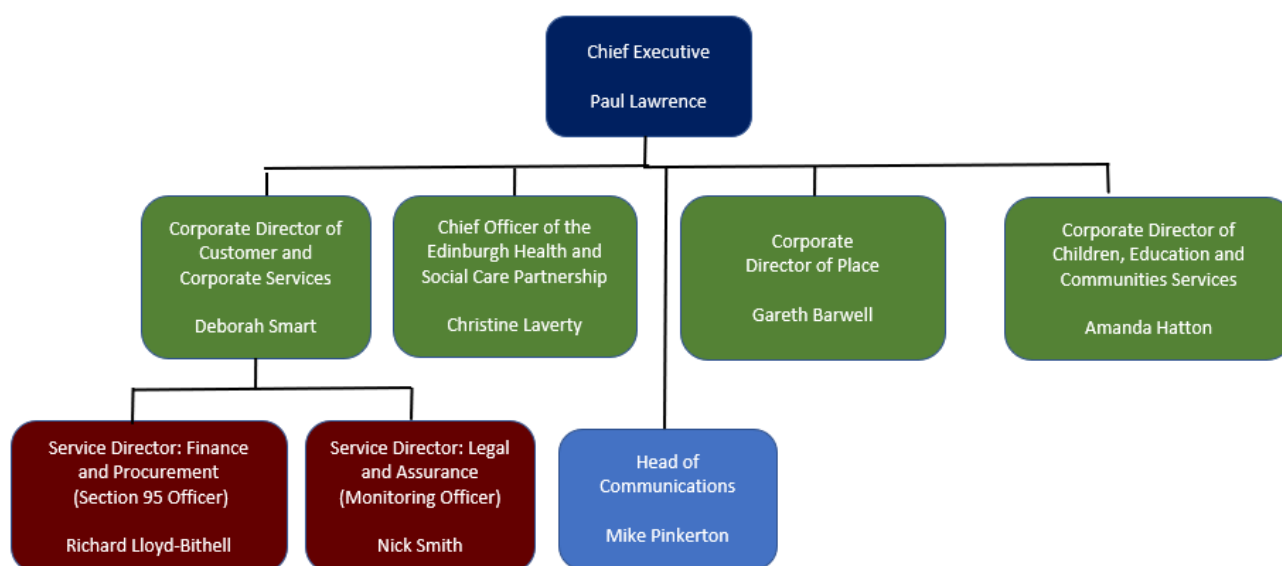
# MANAGEMENT COMMENTARY

## 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 2026. They have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 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 543,000 citizens across the 102 square mile Council area. As of March 2026, the Council employed 15,628 FTE staff, compared to 15,559 FTE as of March 2025.

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.



Gareth Barwell was appointed as Corporate Director of Place in October 2025, having previously held this position on an interim basis, following the appointment of Paul Lawrence as Chief Executive.

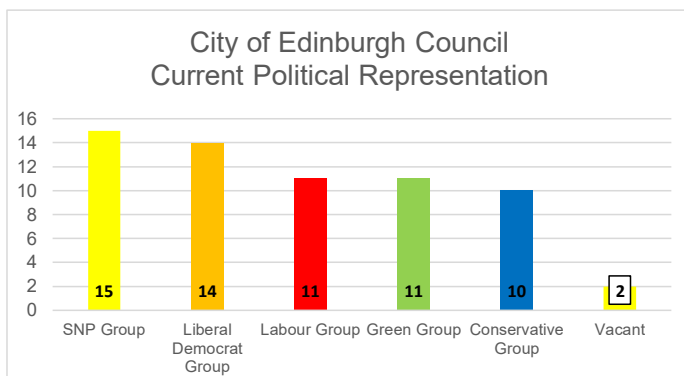
Customer and Corporate Services including Chief Executive's Office	Health and Social Care	Place
Customer and Digital Services	Edinburgh Integration Joint Board	Environment (incl. waste and parks)
Finance and Procurement	Older people's services	Transport (incl. parking)
Legal and Assurance	Learning and Physical disabilities	Roads, bridges and flood prevention
Human Resources	Mental Health	Housing and Regulatory Services
Democratic Services	Substance Misuse	Planning and building standards
Policy and Insight, Communications and City Region Deal	<b>Children, Education and Communities Services</b>	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 and the sad passing of Councillor Val Walker, local by-elections were held on 9 March 2023, 14 November 2024, 23 January 2025 and 26 June 2025.

The Council currently has **63 Councillors** representing 17 wards within the city. Following the resignation of two councillors elected to the Scottish Parliament in May 2026, there are currently two vacancies, with by-elections to be held on 3 September 2026.



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 132 of these financial statements.

### The Council in 2025/26

In January 2025, the Council became the first region in Scotland to agree a visitor levy scheme, which applies to stays taking place from 24 July 2026. Enactment of this power will raise funding for reinvestment in the city and the sustainable management of tourism, benefitting those who live and work here as well as visitors. In February 2026, a package of transformational funding was approved, estimated to be worth in excess of £90 million over the next three years, to sustain and enhance Edinburgh's reputation as one of the most beautiful and enjoyable destinations in the world, with three well-defined investment programmes: City Operations and Infrastructure; Culture, Heritage and Events; and Destination and Visitor Management.

As part of the 2026/27 budget-setting process, the Council's spending plans and budget strategy approved in February 2026 have housing at their core, including a £1.6 billion investment in house-building over the next five years, one of the largest housing interventions by a local authority in modern times.

Ending poverty and protecting vulnerable residents is at the heart of the spending plans, which prioritise homelessness prevention and investment in education, health and social care services and sustaining Edinburgh's third sector partnerships.

### Demographic Trends

Edinburgh continues to see significant population growth, with a 9.4% increase in the ten years to 2024, compared to a national rise of 4% over the same period, and further projected growth of around 9% by 2047. 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. It is projected that by 2035 the number of pupils in our primary schools will increase by 0.8% and in secondary schools by 0.5% with an overall increase of 0.7%. Although birth rates in the city have been declining since 2012 the National Records of Scotland latest population projections (2022) for Edinburgh suggest that an increase in birth rate is imminent.

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

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

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

**Progress Update Reports** provide an overview of the strategic priorities of the Business Plan with detailed updates on the actions progressed under each of the outcomes and the milestones and KPIs that are used to track progress and monitor the impact of these actions over the medium to long term.

## 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.

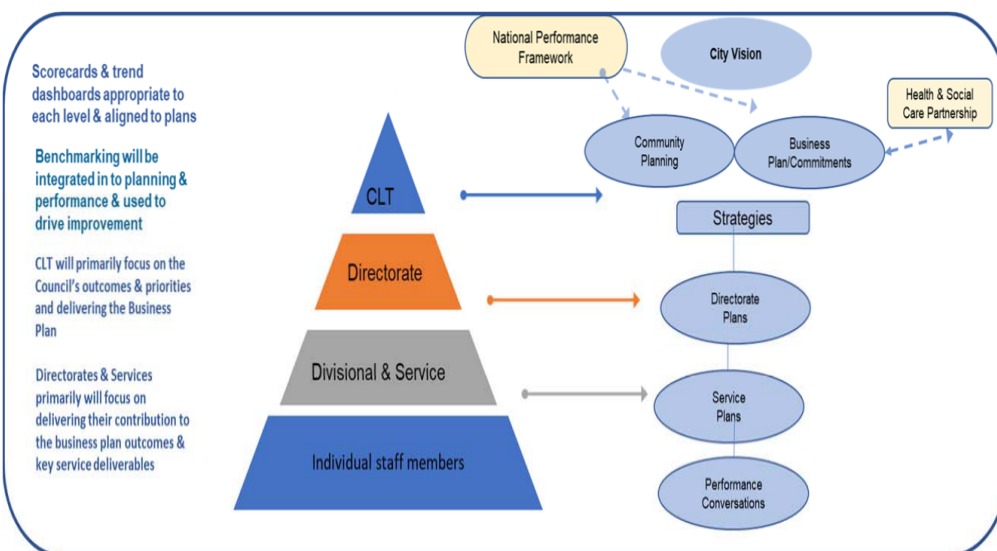
The actions identified in the Business Plan will ensure that:

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

Regular reports to the Governance, Risk and Best Value Committee provide updates on the most significant risks the City of Edinburgh Council has identified and assessed, and the key actions being taken in response to those risks. The Council's risks are assessed against a framework of twenty-one enterprise risk categories.

## MANAGEMENT COMMENTARY

### Risks and Uncertainty - continued

The seven enterprise risks with the highest "current risk" scores as of March 2026 were as follows:

<b>Regulatory and Legislative Compliance - Housing</b>	The Council is facing acute housing-related pressures due to high housing costs and homelessness rates, with over 6,521 households in temporary accommodation as of March 2026. 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 remaining high at around 51.5%. This risk has legal, financial and reputational impacts.
<b>Regulatory and Legislative Compliance - Child Protection, including Serious Organised Crime</b>	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. This includes the risk of a lack of identification and management of Serious Organised Crime resulting in negative impacts to vulnerable people, clients and colleagues of the Council. This risk has financial, reputational and legal impacts.
<b>Technology and Information - cyber threats, including power loss, impacting IT services with resultant significant disruption</b>	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.
<b>Health and Safety</b>	If Health and Safety arrangements are not in place and complied with to ensure the safety of employees and service users, there is risk of a Health and Safety incident with life and limb impacts with resultant reputational, legal, financial and service delivery impact to the Council.
<b>Information Governance, Data Management and Artificial Intelligence (AI)</b>	If Information Governance and Data Management requirements are not managed within the Information Commissioner's requirements and those of the Council's Information Governance Policy, there is a risk that a breach may occur resulting in legal and reputational damage to the Council.
<b>Managing Economic, Social, Governance Risk (Fragility and Unpredictability, globally and nationally)</b>	If the Council is not prepared for the impacts of Economic, Social and Governance risks, there will be resultant inadequacies in service delivery.  The impacts include an inability to decrease poverty and be prepared for global and national impacts of fragility and unpredictability. These could, for example, include economic and health societal impacts.
<b>Policy – Quality and Implementation</b>	If policies are not designed as required and / or not implemented at the right time, there is a risk that the Council might not be compliant/able to respond to regulatory and organisational requirements for example HR governance requirements such as colleague policies.  This risk has reputational, financial and legal implications.

### 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. The Corporate Risk Management Team also works closely with directorate colleagues who help apply the risk management policy and framework across the Council. They ensure that services and teams identify and manage their risks, and that the Council's most significant risks are escalated to risk committees.

### Mitigating Actions include the following:

<b>Regulatory and Legislative Compliance - Housing</b>	Housing new-build programmes (the scale of which was greatly enhanced as part of the 2026/27 approved budget); 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.
<b>Regulatory and Legislative Compliance - Child Protection, including Serious Organised Crime</b>	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; Care Inspectorate inspections; Chief Social Work Officer and Performance, Quality and Improvement Service inspections.
<b>Technology and Information - cyber threats, including power loss, impacting IT services with resultant significant disruption</b>	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; monthly cyber meetings, with key points reported to Senior Leadership Team; service contingency arrangements; all-employee cyber training.
<b>Health and Safety</b>	UK Health and Safety Law; Health and Safety Executive requirements; Scottish Government Fire Safety Law; Council Health and Safety requirements, management arrangements, policy and procedures; Health and Safety employee training; Incident reporting and data analysis; Support of Corporate Health and Safety team; Council Health and Safety Committees/Groups.
<b>Information Governance, Data Management and Artificial Intelligence (AI)</b>	Council Information Governance Policy; expertise and advice of Information Governance team; training including essential learning; AI Controls; data management controls; Meta Compliance training; AI Ethics Board; communications strategy.
<b>Managing Economic, Social, Governance Risk (Fragility and Unpredictability, globally and nationally)</b>	Council's key transformation programmes; resilience arrangements; communications arrangements; risk horizon scanning; financial planning and scenario analysis.
<b>Policy – Quality and Implementation</b>	Council Committee structures and policy approval process; Council Governance supports which identify where new/updated policies are required (Policy Team, Corporate Risk Management, Internal Audit); Essential Learning (signposting to essential policy reading); Internal colleague communications (signposting to essential policy reading).

# 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 21 October 2025 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 fifth **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

Regular update reports on the **Public Performance Scorecard** are considered by the Governance, Risk and Best Value Committee. 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. The Annual Report 2025/26 will build on the regular updates and highlights areas of good performance, areas of concern and some of the actions being progressed in order to improve performance and deliver our Business Plan priorities, and be published in September 2026.

## 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 in March 2026 showing 22 indicators improving, 16 maintaining and 23 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:

- 41 KPIs have been assigned a red, amber or green (RAG) status based on performance (27 on or ahead of target, 6 just behind target and 8 behind target by more than 5%)
- 8 KPIs are awaiting end of year figures against target for 2025/26 and so have been assigned a blue RAG status
- 23 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 Children's Services, Planning and Building Standards, Refuse Collection, Street Lighting, Road Repairs and Customer Contact.

The KPIs assessed as being behind target were:

- Community leisure - number of visits to school leisure facilities
- Customer Transactions - days to process Discretionary Housing Payments claims and Benefit change of circumstances
- Planning and Building Standards - average number of weeks for planning applications to be determined
- Waste - percentage of waste recycled and domestic missed bin requests
- Homelessness - percentage of advice-only presentations
- 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 2025 to March 2026, which will be considered by members in September 2026.

### Local Government Benchmarking Framework (LGBF) 2024/25

An analysis of the **LGBF dataset for 2024/25** was reported to the Governance, Risk and Best Value Committee on 11 June 2026, providing an overview of the 2024/25 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 61% of the indicators (58 out of 94) and only 9% sit in the bottom quartile (8 indicators). In terms of performance, compared to 2023/24, Edinburgh has shown an improvement in 47 of the indicators (50%). However, performance has declined in 44 of the indicators and maintained for three.

The LGBF 2024/25 data analysis will be used to inform Senior Management Team discussions and the Council Planning and Performance Framework.

Business Bulletin reports covering the nine LGBF themes are submitted to the relevant Executive committees for scrutiny. Edinburgh is performing relatively well in Children's 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, Corporate 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 fifth **Annual Report**, which was considered by the Policy and Sustainability Committee in December 2025. The report provides an overview of actions taken by the Council and partners since the last report, which include:

- Promote the real Living Wage, with the number of accredited employers in the city rising to 790, now accounting for around 50% of employers
- Improve literacy, numeracy, and attainment levels for pupils in the most deprived areas of Edinburgh
- Support 5,100 people into work and learning, including over 1,600 young people through Council funded employability programmes
- Provide targeted employability support for people from child poverty priority groups, including 700 people from ethnically diverse backgrounds and 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
- Delivered early intervention support to prevent 1,735 households from homelessness and supported 579 households to move on from temporary accommodation

Following the Accounts Commission's publication of the main findings of the Council's Best Value review in October 2024, 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) closed. The remaining two actions, closely linked to the Council's continuing work with the Edinburgh Partnership, are recommended for closure by officers and this will go to Policy and Sustainability Committee for approval.

# 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.

A report to Finance and Resources Committee in April 2026 provided an **update on progress made** during year two of the strategy, with the main themes being attracting the best people; developing exceptional leaders; fostering a culture of equalities, diversity and inclusion; growing and retaining our talent; and nurturing a healthy workplace where our people can thrive. Work on a refreshed People Strategy, covering the period from 2027 onwards will commence later this year.

### 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 capital expenditure of £4.928m was incurred during 2025/26 across five affected primary schools and Blackhall Library. Funding of £13.2m for Blackhall Library and £32m for Fox Covert Primary School is included in the approved Capital Budget 2026/36. An update on affected **housing** is available on the Council's website.

### Edinburgh 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. Final member approval of the scheme, including decisions on the broad allocation of funds generated, was confirmed on 25 January 2025 and the levy will apply to stays taking place from 24 July 2026.

A report to Finance and Resources Committee on 3 February 2026 sets out the process for the development of **recommended investment programmes** and the allocation of a package of transformational funding estimated to be worth in excess £90 million over the next three years, with investment programmes for City Operations and Infrastructure; Culture, Heritage and Events; Housing and Tourism Mitigation; and Destination and Visitor Management.

A refreshed **Budget Strategy and Medium Term Financial Plan** was brought to Finance and Resources Committee and Council for approval in February 2026 as part of setting the revenue and capital budgets, and was integrated into the Council's "Sustain and Reform" Budget Strategy. Further updates on progress in implementing the strategy will be considered by the Finance and Resources Committee.

In January 2026, members approved a revision to the **Council's Loans Fund policy**, with revised repayment periods that more effectively align the financing of capital investment with the period over which corresponding benefits accrue, supporting improved intergenerational equity. The review also resulted in additional financial headroom which enabled the Council to support a step change in its response to the housing emergency, as part of its 2026/27 budget.

For the majority of 2025/26, corporate risks around Financial Sustainability and Financial Control were red-rated. The Council has, however, now set a balanced budget for 2026/27 as part of a longer-term programme of reform encapsulated within its updated Budget Strategy and Medium-Term Financial Plan. This programme includes a focus on prevention and early intervention, strategic resource allocation through zero-based budgeting and improved governance to address projected budget gaps in future years. These themes build upon a foundation of additional baselined service investment reflected within the 2025/26 budget, allowing all Directorates to maintain expenditure within budgeted levels during the year, moves towards enhanced Directorate accountability and frameworks to support improved financial grip and control. Taken together, these actions have resulted in a revision of the risk assessment for the newly created Financial and Budget Management risk category from red to amber.

# MANAGEMENT COMMENTARY

## Performance Overview - continued

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 equivalent review for 2024/25 considered councils' **transformational change capability** and was presented to the Governance, Risk and Best Value Committee in September 2025.

The 2025-26 Best Value thematic reviews covered **asset management** and involved considering how the Council manages its assets to ensure high-quality services whilst also responding to the challenges of financial sustainability and climate change. The report's key messages include an assessment that the Council's approach to asset management is fragmented, lacking an overarching strategy, and that in some areas plans are insufficiently detailed. A corresponding action plan has therefore been agreed, including development of a Corporate Asset Management Strategy with clear monitoring of priorities, and enhanced oversight from the Corporate Leadership Team.

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 2025/26. 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.

	<b>Revised Budget 2025/26 £000</b>	<b>Actual 2025/26 £000</b>	<b>(Under) / Over Spend £000</b>
<b>General Fund services</b>	<b>1,370,172</b>	<b>1,360,896</b>	<b>(9,276)</b>
<b>Non-service specific areas</b>			
	98,019	97,940	(79)
Other non-service specific costs	(10,957)	(48,959)	(38,002)
Council Tax Reduction Scheme	29,577	29,663	86
Empty Property Relief Non-Domestic Rates	6,829	4,314	(2,515)
Net Cost of Benefits	(127)	(621)	(494)
<b>Non-service specific areas total</b>	<b>123,341</b>	<b>82,337</b>	<b>(41,004)</b>
<b>Movements in Reserves</b>			
Net contribution to / (from) earmarked portion of the General Fund	(6,693)	9,685	16,378
Contribution to / (from) Capital Fund	700	700	0
<b>Movements in Reserves total</b>	<b>(5,993)</b>	<b>10,385</b>	<b>16,378</b>
<b>Sources of funding</b>			
General Revenue Grant	(696,688)	(696,688)	0
Distribution from Non-Domestic Rate pool	(400,788)	(400,788)	0
Council Tax *	(390,044)	(388,344)	1,700
<b>Sources of funding total</b>	<b>(1,487,520)</b>	<b>(1,485,820)</b>	<b>1,700</b>
<b>Transfer (to) / from earmarked portion of the General Fund</b>	<b>0</b>	<b>(32,202)</b>	<b>(32,202)</b>

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 20 February 2025, the Council set a **balanced budget for 2025/26** 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 £43.2m of directorate-specific and corporate savings and additional income, including the management of £20.4m of unbudgeted pressures. 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 £29m 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 £32.202m, comprising four main elements:

	£m
General Fund Services (Directorates) - overall underspend	(9.276)
Element set aside to create homelessness-related risk contingency in 2026/27	6.000
Other, non-service budgets - overall underspend	(4.054)
Net legal settlement income in respect of prior years' activities	(24.872)
<b>Provisional underspend for year</b>	<b>(32.202)</b>

Following the baselining of significant additional investment as part of the approved 2025/26 budget, all Directorates maintained expenditure within budgeted levels during the year, with underspends in Place (£4.833m) and Children, Education and Communities Services (£3.355m) comprising the main elements of an overall General Fund Services underspend of £9.276m. This position is expressed after a transfer of an in-year Edinburgh Integration Joint Board (EIJB) underspend of £2.107m to reserves in accordance with the Scheme of Integration.

As agreed as part of the 2026/27 budget, £6m of this underspend was set aside to create a Homelessness Services-related risk contingency in the coming year. Net savings of £4.054m were also delivered in non-service budgets, including £2.5m of savings following changes to the Council's Non-Domestic Rates empty property policy. Net legal settlement income of £24.9m was also received in respect of prior years' activities.

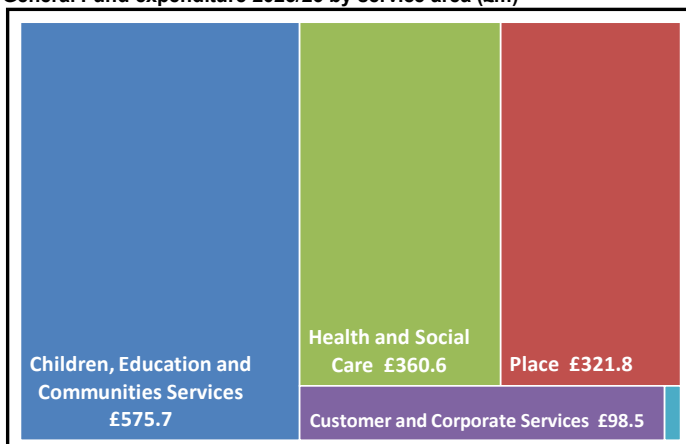
In overall terms, 70% of approved savings and management of pressures (£30.1m of a total of £43.2m) were delivered during the year, compared with the equivalent figures for 2024/25 (84%), 2023/24 (84%) and 2022/23 (98%). Of these £43.2m of approved savings and management of pressures, all were recurring in nature. Although the majority of savings were delivered, delays in implementation across a number of approved measures in demand-led areas such as Home to School transport and property repairs and maintenance resulted in only partial in-year delivery and the overall outturn position therefore reflects a number of one-off mitigations of underlying pressures or savings shortfalls. While the outturn position is an overall in-year underspend and an element of risk contingency has been included in the 2026/27 budget, it is vital that these shortfalls are managed on a sustainable basis if the integrity of the budget framework is not to be compromised.

### Principal Sources of Funding - General Fund

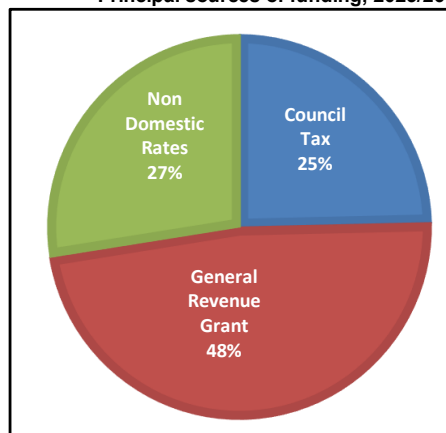
The principal sources of funding used by the Council during the year were:

	£000
Council Tax, net of Council Tax Reduction Scheme (CTRS) <i>(property-related tax from households)</i>	358,681
General Revenue Grant <i>(Government revenue grant funding based on city's relative needs assessment)</i>	696,688
Distribution from Non-Domestic Rates pool <i>(property-related tax primarily from businesses)</i>	400,788
<b>Total</b>	<b>1,456,157</b>

General Fund expenditure 2025/26 by service area (£m)\*



Principal sources of funding, 2025/26



\* - The turquoise-shaded box on the expenditure diagram represents the Council's requisition for the Lothian Valuation Joint Board of £4.3m.

# MANAGEMENT COMMENTARY

## Financial Performance - continued

### Reserves

#### General Fund

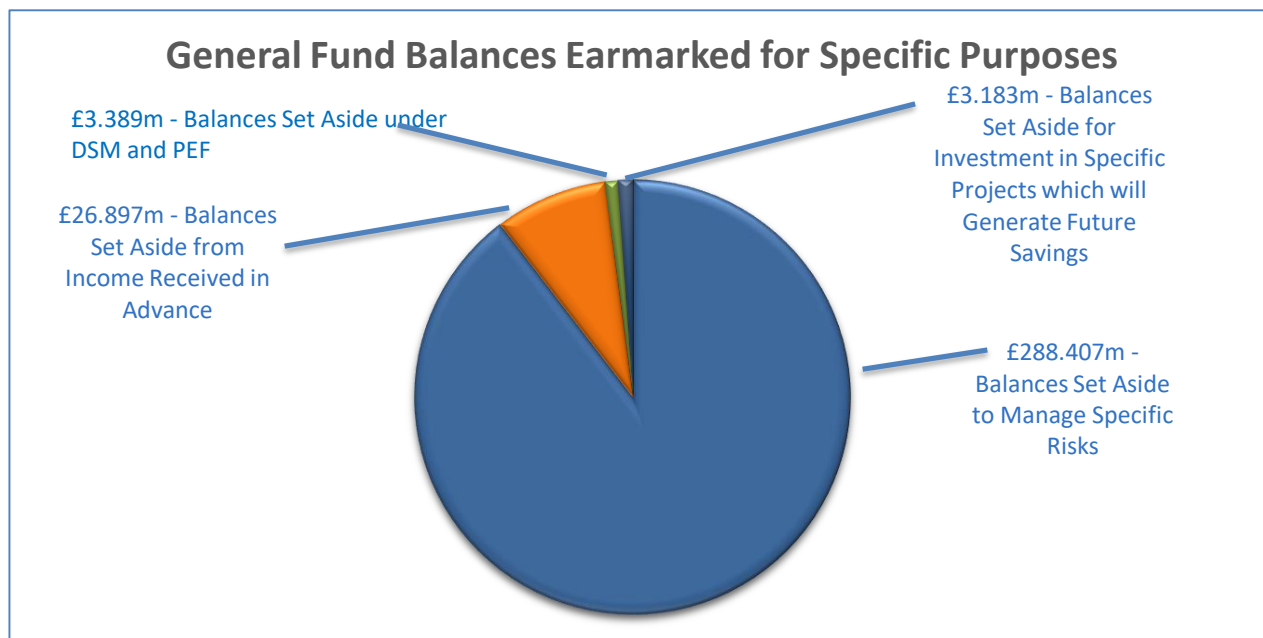
The Council's General Fund reserves comprise two elements:

- 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 2026, as part of the 2026/27 budget-setting process. The unallocated General Fund balance at 31 March 2026 was £27.603m, which equates to 1.92% of annual budgeted net expenditure.

In addition, the Council has a further £321.876m (2024/25 £275.714m) of balances earmarked for specific purposes. The approved write-off in 2025/26 of historic Devolved School Management (DSM) overspends resulted in the balance held by schools moving back into a positive position at the year end of £3.389m (2024/25 debit balance £0.572m). 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 £59.2m of service concession flexibility monies (see Note 39.1) and £3.4m 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 2026/27;
- 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 £15.387m, the Capital Fund with a balance of £28.876m and the Renewal and Repairs Fund with a balance of £46.639m, including £14.640m of monies for schools prepaid under Public Private Partnership (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	2025/26	2024/25	Notes on interpretation of ratios
In-year collection rate	96.15%	96.30%	This shows the % of Council Tax collected during the financial year that relates to bills issued for that year. It does not include collection of sums billed relating to previous financial years. The collection rate is stated on a line-by-line basis, adjusted for the impact of water-only debt in the joint collection of Council Tax and water charges. The indicator shows that the in-year collection levels have decreased slightly from levels achieved in prior year.
Council Tax income as a percentage of overall funding	24.63%	24.15%	This shows the proportion of total funding that is derived from Council Tax, net of Council Tax Reduction Scheme (CTRS) support. While Council Tax rates increased in 2025/26, the proportion was similar to previous years.
Debt and Borrowing - Prudence			Notes on interpretation of ratios
Capital Financing Requirement	£2,765.4m	£2,532.1m	The capital financing requirement represents the underlying need to borrow to fund expenditure on assets and shows an increase of around 9.2% 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	£2,175.7m	£1,955.5m	External debt levels include long-term commitments in respect of finance leases (mainly schools provided through PPP schemes) together with borrowing undertaken to finance capital expenditure. (Excludes Donated and Right of Use Assets)  External debt levels are lower than the capital financing requirement as the Council has adopted a position of under borrowing, as set out in the Treasury Strategy.
Debt and Borrowing - Affordability			Notes on interpretation of ratios
Financing costs to net revenue stream - General Fund	7.51%	7.27%	These ratios show the proportion of total revenue funding that is used to meet financing costs. High levels of investment in house building have increased the relative financing costs for the HRA.
Financing costs to net revenue stream - HRA	37.59%	34.34%	
Impact of capital investment on Council Tax	2.58%	-0.23%	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 2025/26 reflect the combined effect of increased capital expenditure and higher interest rates in the HRA.
Impact of capital investment on house rents	3.59%	6.95%	

### Treasury Management Strategy

**The Annual Treasury Management Strategy 2026/27** was approved on 19 March 2026. The key points are:

- the Council's total capital expenditure was forecast to be £4.770 billion between 2025/26 and 2030/31;
- the Council's underlying need to borrow at 31 March 2031 was forecast to be £5.332 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. □

**The Treasury Management Annual Report 2024/25** went to Finance and Resources Committee on 24 September 2025, giving an update on treasury management activity in 2024/25.

# MANAGEMENT COMMENTARY

## Financial Performance - continued

### Capital Strategy

The **Capital Strategy 2026-36 - Annual Report** was approved at Full Council on 19 March 2026.

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 £56.8m of general capital grant during 2025/26, £10.0m of which has been transferred via the Capital Fund, to the Housing Revenue Account for Cladding Remediation and Housing First initiatives as directed by the Scottish Government Finance Circular 3/2026. The support provided through general capital grant enables the Council to direct resources to its own priorities.

Capital expenditure for the year totalled £386.1m for the General Fund. Major capital projects undertaken during the year included:

- Creation and expansion of educational properties - £87.2m;
- Roads, carriageways and other transport infrastructure - £53.6m;
- Social housing through the Affordable Housing Supply Programme - £73.7m;
- Housing for homelessness through Council funding - £87.1m;
- Asset management works at operational properties - £30.1m;
- Environmental services programmes including Waste, Parks and Greenspace and Fleet - £14.7m
- Cultural projects - £10.0m
- Providing funding for homes for mid-market rent through the Edinburgh Living MMR LLP - £24.0m.

The 2025/26 outturn position for capital expenditure is summarised below:

	<b>Budget</b>	<b>Actual</b>	<b>(Slippage) /</b>
	<b>2025/26</b>	<b>2025/26</b>	<b>Acceleration</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital expenditure			
General Fund services	426,412	388,250	(38,162)
Housing Revenue Account	183,109	180,055	(3,054)
Total capital expenditure	<u>609,521</u>	<u>568,305</u>	<u>(41,216)</u>
Capital receipts and other contributions			
- General Fund services	(30,215)	(20,483)	9,732
- Housing Revenue Account	(37,136)	(34,576)	2,560
Government and other grants			
- General Fund services	(151,191)	(151,168)	23
- Housing Revenue Account	(40,415)	(40,415)	0
Total capital income	<u>(258,957)</u>	<u>(246,642)</u>	<u>12,315</u>
Balance to be funded through borrowing			
- General Fund services	245,006	216,599	(28,407)
- Housing Revenue Account	105,558	105,064	(494)
Total advances from loans fund	<u>350,564</u>	<u>321,663</u>	<u>(28,901)</u>

### General Fund Services Capital Outturn

The General Fund Capital Programme has seen significant slippage in 2025-26 whereby £38.2m (9%) of expenditure that was anticipated at budget setting has not occurred within the year.

The main driver of this is the Housing Acquisition for Homelessness programme (£22.2m), which resulted in the purchase of 234 homes compared with a budgeted 317, a shortage of 83. These acquisitions will now take place in 2026-27.

Other capital budget slippage relates to transport infrastructure, road safety and active travel works where greater than anticipated external capital grant was received (£8.716m); delays to elements of the Building Improvement Programme (£7.290m); longer than expected lead-times for the replacement of ICT devices (£5.9m); and the Social Care System replacement project (£4.207m). There has however been spend ahead of schedule on Wester Hailes Education Centre (£7.593m) and acquisitions of new mid-market homes by Edinburgh living from the HRA (£2.994m).

Delays in expenditure noted above and the application of associated ringfenced funding has therefore lowered the requirement for loans fund advances by £28.4m when compared to budget.

# MANAGEMENT COMMENTARY

## Financial Performance - continued

### 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. Whilst the HRA is self-financing dispensation has been granted by Scottish Ministers to enable funding from the general Council budget. Generally, expenditure is funded through tenants' rent, related service charges and interests gained through HRA assets. Acquisitions of homes made in previous years, on behalf of the General Fund, for use as temporary accommodation to address homelessness have been transferred to the General Fund following legal advice.

The HRA revenue outturn was £2.5m lower than budget. This resulted in an additional transfer of £2.5m to the HRA reserve compared to a budgeted contribution of £3.9m, giving a revised total transfer to reserves of £6.4m. The variance related primarily to additional net income being realised and a small underspend on costs. The impact of this variance on the 10-year business plan will be assessed and considered through the 2027/28 budget process.

### Housing Revenue Account Capital Outturn

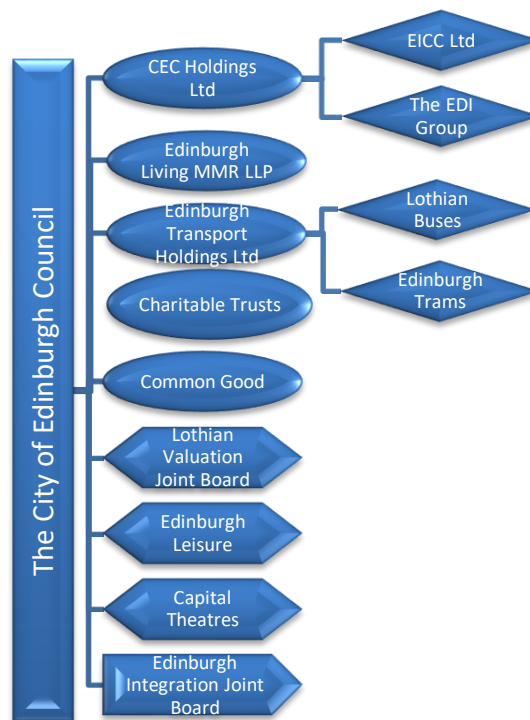
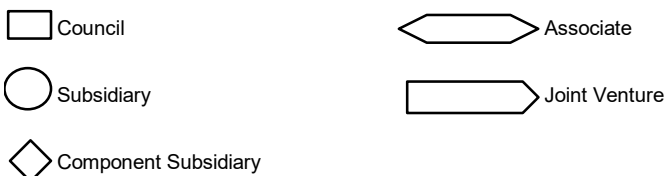
The 2025-26 HRA Capital Programme has seen a net expenditure of £3.1m less than budget, representing a delay of spend in the work on existing homes whilst coming in close to budget in New Homes programme.

The HRA has received £2.6m less income than was budgeted reflecting fewer receipts realised within the year. With the expenditure in the programme totalling £3.1m less than budget and receiving £2.6m less income, the borrowing requirement was £0.5m less than budget.

## Group Accounts

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

Key:



### CEC Holdings Ltd

#### EDI Group Ltd (subsidiary of CEC Holdings Ltd)

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

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

For the year ended 31 December 2025, the EDI Group Ltd reported a net profit of £6.400m which was mainly due to the sale of Brunstane West.

# MANAGEMENT COMMENTARY

## Financial Performance - continued

### **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 £790m of economic impact for the city region.

The Conference Centre held 175 events in 2025, which was up on the previous year however the events held in the year were on average shorter in duration and attracted slightly fewer delegates which impacted additional revenues and the economic impact generated. These events held varied enormously in their size, duration, diversity and profitability. As well as holding conferences, meetings and exhibitions, the Conference Centre hosted, amongst other things: live podcast shows; awards dinners; graduations; a number of dance competitions; children's entertainment performances; comedy shows; tech exhibitions; food and drink fairs; and examinations.

The year to December 2025 saw the Company produce operating profits of £1.656m 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.

### **Edinburgh Living MMR LLP**

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

Edinburgh Living is financed under a Facility Agreement with the Council to borrow up to £248m along with access to funding via the Council to various Scottish Government grants and Council Tax Discount Fund monies to support property acquisitions. Edinburgh Living bought its first homes in January 2019 and owned 814 homes across the city by the end of 2025, including the acquisition of 220 homes in the financial year.

The results for the year show a net profit before tax of £9.314m, which includes the gain from property valuation increases of £7.351m, the underlying operating profit being £1.963m.

### **Edinburgh Transport Holdings Limited (formerly Transport for Edinburgh Limited)**

During 2025, the City of Edinburgh Council's Transport Arm's Length External Organisations have undergone significant review and reform, a process first initiated by CEC in 2020 with the aim of streamlining corporate governance and further integrating the delivery of bus and tram services, which are provided by the Lothian Buses and Edinburgh Trams respectively.

The principal activity of Edinburgh Transport Holdings Limited is to act as the parent and holding company for The City of Edinburgh Council's Transport Arms-Length Organisations;

- Lothian Buses Limited (Lothian Buses), which operates comprehensive bus passenger services across Edinburgh and The Lothians with a fleet of over 700 buses, and
- Edinburgh Trams Limited (Edinburgh Trams), the City's Tram Operating Company, which operates 27 Trams on its network between Edinburgh Airport and Newhaven.

The core purpose of both Lothian Buses and Edinburgh Trams is to deliver a high quality and integrated public transport service, which is environmentally responsible, socially inclusive and which plays a central role in the future prosperity of Edinburgh and the Lothians. These businesses deliver results through a strong commercial focus and provision of transport services through innovative collaborations, cooperation with our stakeholders and the coordination of operational activity.

The Group retained a substantial share of the local public transport market in Edinburgh and the Lothians in 2025. Revenue has increased by 7.4% from the previous year to £243.5m, while there was a loss after tax of £13.5m. The results for the year were broadly in line with expectations, with group patronage increasing by 3.6m compared to 2024 as a result of organic growth, improved bus schedule frequencies via service changes, the impact of major city events and the introduction of the Tap On Tap Off Contactless payment option in Edinburgh Trams. The Group continues to receive some funding support from Scottish Government via Transport Scotland's Network Support Grant.

# MANAGEMENT COMMENTARY

## Financial Performance - Group Accounts - continued

### 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 2025/26, significant resources were allocated to the resolution of the outstanding appeals relating to the 2023 Valuation Roll revaluation, and the statutory revaluation of over 36,000 non-domestic properties. Consequently, 1,788 amendments were made to the Valuation Roll, down by around 12% on the previous year. In the financial year, 6,132 dwellings were inserted onto the Council Tax list, an increase of approximately 8% on the previous year, with 85.32% of all properties inserted onto the Council Tax List within three months following occupation. The Electoral Register was maintained throughout 2025/26, in the run up to the Scottish Parliament elections, which were held on 7 May 2026. A new Register was published in December 2025, with 75,537 voters added and 49,780 electors removed from the Register during the year.

The Board reported expenditure of £7.2m for 2025/26. This resulted in a net drawdown of £0.25m from the Board's reserves. The Board retains a General reserve of £0.665m. £0.201m 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 2025/26 were the introduction of new and improved products, including the Junior Golf Programme and the launch of the state-of-the-art cycle studio at Craiglockhart along with winning the National Sustainability Award in food waste reduction within Sport and Leisure. 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 14,000 people a year to get active to improve their health and wellbeing.

Edinburgh Leisure reported an underlying surplus of £33k for the year to March 2026 following a very strong final quarter. This translated into a healthier than expected cash position going into 2026/27 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.

2025/26 was another strong year for Capital Theatres, offering an ambitious and diverse programme from around the world, including Matthew Bourne's landmark reinvention of Swan Lake, the whip-cracking musical Calamity Jane and high-profile productions of War Horse and To Kill a Mockingbird. All these shows contributed to the selling of 365,500 tickets, attracting 41% bookers who were new to Capital Theatres, reaching a 66% occupancy rate across the year and obtaining a 4.7 star rating from audience for the shows performed. The charity also refined the Dementia Friendly Programme, introducing new activities such as Relaxing Rhymes and reintroducing Comfy Ceilidh, therefore extending a focus on creative participation through poetry and movement.

The results of the 2025/26 financial year show an operating surplus of £15.548m including a revenue grant of £0.585m from the City of Edinburgh Council. £14.907m of this surplus is committed to restricted funds which cover the construction and fitting out of the Studio at Potterrow and the redevelopment project of the King's Theatre.

# MANAGEMENT COMMENTARY

## Financial Performance - Group Accounts - continued

### 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 2026, see note 9.4.

The EIJB has progressed several key initiatives during 2025/26, including supporting more people to live independently, introducing a new enhanced rehabilitation team who provide intensive support in people's homes, increasing supported accommodation to facilitate discharges from the Royal Edinburgh Hospital and continuing to shift the balance of care with the re-provision of services from Liberton Hospital.

In June 2025, the EIJB agreed its draft strategic plan for the period to 2028. The plan reiterates the EIJB's commitment to provide the best possible health and social care services for the people of Edinburgh within the resources available. Working within this context, the EIJB continued to focus on the delivery of its key plans, including delivering a significant savings programme, whilst protecting core services and its most vulnerable clients.

For the year to 31 March 2026, the EIJB reported an accounting surplus of £8.8m. The surplus is effectively the result of timing differences, with the exception of an in year £2.1m budget surplus, which has been set aside in a general reserve and the remainder earmarked for expenditure in future years.

### 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 2026.

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 20 June 2023, the Finance and Resources Committee approved a proposal to petition the Court of Session to exercise its exceptional jurisdiction under the nobile officium to wind up the Lauriston Castle Trust and transfer its assets to the Council. The Court granted the Council's petition in August 2025. OSCR has subsequently granted consent for the dissolution of the Lauriston Castle Trust, subject to the completion of the transfer of the Trust's assets to the Council. The Lauriston Castle and Grounds and Collection have been transferred to the Council as at 31 March 2026. The transfer of the remaining assets, comprising the Trust's cash balances and investment funds, is planned to be completed by June 2026.

For the year ending 31 March 2026, the Trusts reported a net deficit of £0.147m and the total support funding received in year from the City of Edinburgh Council was £0.405m.

### Group Summary

Net assets for 2025/26 include a combined group pension liability of £11.938m (2024/25 £7.784m), 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 2026. 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 12 March 2026 provided a summary of the main issues and themes identified within the **Accounts Commission's Financial Bulletin 2024/25** published on 29 January 2026. While the Accounts Commission themes were identified at a national level, the report sought to consider these within the local context. In particular, the report pointed to improvements in the clarity of financial reporting introduced within the Council in response to the previous year's audit recommendation in this area.

### 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.

A **2030 Climate Strategy Update** report was considered by Policy and Sustainability Committee on 21 October 2025, recognising the inclusion of a nature vision chapter in the 2030 Climate Strategy. To further support Edinburgh's decarbonisation journey over the next two years, four supporting workstreams will seek to drive forward action in the areas of lightest delivery: Sustainable Living; Citywide Renewables; Climate and Nature Investment; and Circular Economy and business engagement.

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.

This **2026-36 Capital Strategy** sets out a clear, prudent and robust framework for the planning, prioritisation, funding and delivery of capital investment by the City of Edinburgh Council.

The Strategy demonstrates that the Council's capital programme of £5.5bn is firmly aligned with corporate priorities and statutory responsibilities, while remaining affordable and sustainable within the parameters of the Medium-Term Financial Plan. Capital investment is directed towards maintaining safe, compliant and fit-for purpose assets, whilst supporting actions for tackling the Housing and Climate Emergencies and for supporting the transition to an organisation-wide prevention model. Strong governance, disciplined decision-making and comprehensive risk management arrangements underpin the programme. The Council adopts a prudent approach to borrowing and investment and does not rely on speculative income to support capital decisions. All projects are subject to robust appraisal, monitoring and scrutiny.

The Strategy recognises that capital investment decisions have long-term implications for the Council's financial sustainability and therefore takes account of whole of life costs, future demand pressures, environmental sustainability and intergenerational fairness.

The Capital Strategy is reviewed annually as part of the Council's budget setting process and updated as required to reflect changes in financial circumstances, policy priorities and statutory requirements and guidance. Through this approach, the Council is committed to ensuring that capital investment continues to deliver value for money, supports improved outcomes for

### Medium-term financial planning

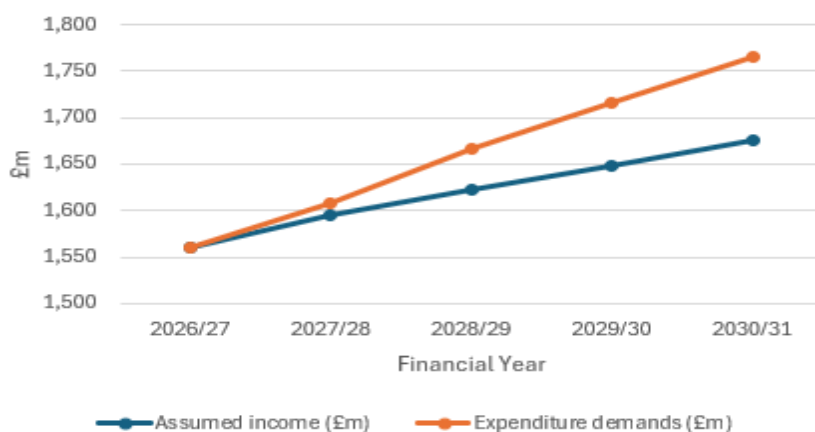
The need to initiate a structured medium to longer-term savings programme was initially highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21. Development of the Council's Medium-Term Financial Plan (MTFP) has therefore placed a greater emphasis on 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.

## MANAGEMENT COMMENTARY

### Medium-term financial planning - continued

A series of assessments of the financial position has been reported to elected members. The most recent **progress update** was considered by the Finance and Resources Committee on 3 February 2026, with the impact of the approved budget decision reported to members via the Finance and Resources Business Bulletin on 28 April 2026.

While the Council has approved a balanced budget for 2026/27, it faces significant financial challenges going forward. Current projections indicate a need to deliver at least £14.3m of recurring savings in 2027/28, increasing to £93m over the four-year period to 2030/31 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 **Budget Strategy and Medium-Term Financial Plan** reported to the Finance and Resources Committee on 3 February 2026 as modified by the decision of Council on 26 February 2026.

The 2026/27 budget is different from previous years due to a significant change in the financial framework and the introduction of the Visitor Levy. Firstly, the introduction of the Visitor Levy provides the Council with a new, locally raised and scheme defined income stream as agreed by the Council's local scheme. Secondly, the recent removal of the requirement for Scottish Ministers' consent to subsidise the Housing Revenue Account (HRA) gives the Council greater local flexibility in how it balances housing investment and affordability pressures. Taken together, these changes mean that decisions on the Visitor Levy, the level and use of any HRA support, and the overall General Fund budget are now intrinsically linked. Proposals going forward therefore need to be considered holistically, as choices made in one area will have direct implications for the sustainability and resilience of the overall financial position, and for the Council's ability to set a balanced and lawful budget while meeting its statutory duties and strategic priorities.

### Council Tax Premium on Second and Empty Homes

Following the approval by the Scottish Parliament of the Housing (Scotland) Act 2025 and subsequent Statutory Instrument (SI) laid on 22 December 2025, councils may now set the Council Tax premium for second and long-term empty homes at whatever rate is locally appropriate. As part of the approved budget motion and in response to the Housing Emergency, members agreed to increase the current premium from 100% to 300%, with changes now anticipated to take effect from October 2026.

### CIPFA Financial Management (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.

During 2025/26, there was a continued focus on embedding improvements introduced through recent years' budget-setting processes, including:

- Maintaining an increased level of unallocated general reserve as part of a wider, more strategic consideration and realignment of the Council's reserves in light of the nature and timing of the risks it faces;
- Incorporating explicit revenue budget provision for underlying service pressures including temporary accommodation for homeless households and wider demographic change affecting non-IJB services whilst reinforcing Service and Corporate Director responsibility to incur expenditure only up to the budgeted level approved;
- Savings options being considered through relevant Executive Committees to increase transparency and scrutiny;
- Using the cross-party Budget Strategy Working Group to progress budget development and enhance elected member understanding of key issues;
- Bringing forward the deadline for budget motions to allow more time for consideration ahead of final budget decision-making; and
- Continuing the five-year Housing Rent strategy aligned to the 10-year Housing Capital Investment Programme.

## MANAGEMENT COMMENTARY

### Medium-term financial planning - continued

Improvements introduced during the year included:

- enhancements to the presentation of financial information, such as the provision of additional detail, alongside RAG assessments, for capital projects, summarised analyses of revenue funding gaps and their composition and the introduction of a detailed “Budget Strategy Assessment” within the MTFP budget report, highlighting key messages and providing members with an overview of the strategy across the totality of the Council’s expenditure and income, including detailed commentary on proposed spend at Directorate level, rather than merely focusing on incremental changes;
- a Finance Assurance Board (FAB) has previously been established to increase senior officer grip and control on financial and operational performance, provide a constructive forum in which to discuss potential mitigating actions and facilitate effective ownership and accountability. While providing a helpful overview of in-year reporting of the Council’s revenue and capital budgets and budget proposals, attendance levels from Directorates have been variable. On this basis, a review of the format and membership of the Board will be undertaken with a view to increasing its effectiveness. This review will be complemented by the issuing of budget accountability letters to all Corporate and Service Directors;
- a new revenue budget monitoring process was also developed and implemented for Finance teams in 2025/26. Quarterly reporting was captured through automated reporting with Accountant inputs added through a standard format and to a consistent timetable. This enabled an accelerated reporting of quarterly forecasts with reporting to management teams accelerated by around one week;
- as part of the Council’s multi-year Sustain and Reform Budget Strategy, a Zero-Based Budgeting (ZBB) approach has also been introduced to inform the Council’s budget setting and medium-term financial planning processes. The ZBB approach supports the strategic shift towards more data-driven, evidence-led budget decision making, enabling officers to challenge the Council’s historic spend profile and assess how well aligned its budgets are to its statutory responsibilities, strategic priorities and risk management framework;
- facilitated by an in-year review of the Council’s Loans Fund policy, a comprehensive review of Homelessness expenditure was undertaken to develop a transformative £1.6bn 5-year housing investment programme which aims to optimise positive outcomes and eliminate use of unsuitable accommodation and exceptionally high-cost temporary accommodation. This investment framework was developed in consultation with CLT, relevant service managers and elected members and received cross-party support in the 2026/27 budget; and
- recognising a need for change within the Finance service to respond to a range of internal and external challenges, in 2025 a comprehensive Divisional Transformation Programme was initiated, with key initial priorities being development and associated delivery of robust savings plans, moves towards adopting a more zero-based budgeting approach to resource allocation and wider workstreams around delivering improvements in systems, business intelligence and data strategy. As of the time of writing, engagement on Phase 1 of the ensuing review is

### 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 plans and strategies:

- **2030 Climate Strategy**
- **End Poverty in Edinburgh Delivery Plan**
- **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**
- **City Centre Transformation**

# 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 2026.

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.

<b>Council 2025/26</b>	<b>General Fund Balance £000</b>	<b>Housing Revenue Account Balance £000</b>	<b>Renewal and Repairs Fund £000</b>	<b>Capital Grants Unapplied Account £000</b>	<b>Capital Fund £000</b>	<b>Total Usable Reserves £000</b>	<b>Total Unusable Reserves £000</b>	<b>Total Reserves £000</b>
Balance at 31 March 2025	301,317	0	39,296	17,345	18,640	376,598	3,748,724	4,125,322
<b>Movement during 2025/26</b>								
Total Comprehensive Income and Expenditure	(55,908)	(26,019)	0	0	0	(81,927)	(23,152)	(105,079)
Adjustments to Usable Reserves permitted by accounting standards	110,201	4,544	0	0	0	114,745	(114,745)	0
Adjustments between accounting basis and funding basis under regulations (Note 11)	(1,562)	24,249	0	(1,958)	10,236	30,965	(30,965)	0
<b>Net increase / (decrease) before transfers to statutory reserves</b>	<b>52,731</b>	<b>2,774</b>	<b>0</b>	<b>(1,958)</b>	<b>10,236</b>	<b>63,783</b>	<b>(168,862)</b>	<b>(105,079)</b>
Transfer (to) / from other statutory reserves (Note 12.3)	(4,569)	(2,774)	7,343	0	0	0	0	0
Increase / (decrease) in year	48,162	0	7,343	(1,958)	10,236	63,783	(168,862)	(105,079)
<b>Balance at 31 March 2026</b>	<b>349,479</b>	<b>0</b>	<b>46,639</b>	<b>15,387</b>	<b>28,876</b>	<b>440,381</b>	<b>3,579,862</b>	<b>4,020,243</b>

<b>Group - 2025/26</b>	<b>Total Usable Reserves £000</b>	<b>Total Unusable Reserves £000</b>	<b>Council Total Reserves £000</b>	<b>Group Reserves £000</b>	<b>Minority Interest £000</b>	<b>Total Reserves £000</b>
Balance at 31 March 2025	376,598	3,748,724	4,125,322	181,524	12,980	4,319,826
<b>Movement during 2025/26</b>						
Total Comprehensive Income and Expenditure	(81,927)	(23,152)	(105,079)	23,220	0	(81,859)
Adjustments to Usable Reserves permitted by accounting standards	114,745	(114,745)	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	30,965	(30,965)	0	0	0	0
<b>Net increase / (decrease) before transfers to statutory reserves</b>	<b>63,783</b>	<b>(168,862)</b>	<b>(105,079)</b>	<b>23,220</b>	<b>0</b>	<b>(81,859)</b>
Transfer (to) / from other statutory reserves	0	0	0	0	0	0
Minority interest and other consolidation adjustments	0	0	0	(9,514)	(42)	(9,556)
Increase / (decrease) in year	63,783	(168,862)	(105,079)	13,706	(42)	(91,415)
<b>Balance at 31 March 2026</b>	<b>440,381</b>	<b>3,579,862</b>	<b>4,020,243</b>	<b>195,230</b>	<b>12,938</b>	<b>4,228,411</b>

## 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
<b>2024/25 Comparative Data</b>								
Balance at 31 March 2024	353,238	0	35,880	20,404	19,851	429,373	3,584,350	4,013,723
<b>Movement during 2024/25</b>								
Total Comprehensive Income and Expenditure	(153,565)	(2,996)	0	0	0	(156,561)	268,160	111,599
Adjustments to Usable Reserves permitted by accounting standards	85,629	1,732	0	0	0	87,361	(87,361)	0
Adjustments between accounting basis and funding basis under regulations (Note 11)	24,900	(4,205)	0	(3,059)	(1,211)	16,425	(16,425)	0
<b>Net increase / (decrease) before transfers to statutory reserves</b>	<b>(43,036)</b>	<b>(5,469)</b>	<b>0</b>	<b>(3,059)</b>	<b>(1,211)</b>	<b>(52,775)</b>	<b>164,374</b>	<b>111,599</b>
Transfer (to) / from other statutory reserves (Note 12.3)	(8,885)	5,469	3,416	0	0	0	0	0
Increase / (decrease) in year	(51,921)	0	3,416	(3,059)	(1,211)	(52,775)	164,374	111,599
<b>Balance at 31 March 2025</b>	<b>301,317</b>	<b>0</b>	<b>39,296</b>	<b>17,345</b>	<b>18,640</b>	<b>376,598</b>	<b>3,748,724</b>	<b>4,125,322</b>

Re-stated Group - 2024/25	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 2024	429,373	3,584,350	4,013,723	187,146	13,856	4,214,725
<b>Movement during 2024/25</b>						
Total Comprehensive Income and Expenditure	(156,561)	268,160	111,599	1,220	0	112,819
Adjustments to Usable Reserves permitted by accounting standards	87,361	(87,361)	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	16,425	(16,425)	0	0	0	0
<b>Net increase / (decrease) before transfers to statutory reserves</b>	<b>(52,775)</b>	<b>164,374</b>	<b>111,599</b>	<b>1,220</b>	<b>0</b>	<b>112,819</b>
Transfer (to) / from other statutory reserves	0	0	0	0	0	0
Minority interest and other consolidation adjustments	0	0	0	(6,842)	(876)	(7,718)
Increase / (decrease) in year	(52,775)	164,374	111,599	(5,622)	(876)	105,101
<b>Balance at 31 March 2025</b>	<b>376,598</b>	<b>3,748,724</b>	<b>4,125,322</b>	<b>181,524</b>	<b>12,980</b>	<b>4,319,826</b>

## 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 2026

Re-stated 2024/25 £000		Notes	Gross Expend. £000	Income £000	Net Expend. £000
	<b>SERVICES</b>				
551,424	Children, Education and Justice Services		623,483	(52,113)	571,370
525,806	Place		998,449	(401,546)	596,903
10,642	Housing Revenue Account		184,827	(135,143)	49,684
347,383	Health and Social Care		856,833	(497,584)	359,249
97,563	Corporate Services		124,965	(23,692)	101,273
4,063	Lothian Valuation Joint Board		4,292	0	4,292
(657)	Net cost of benefits		170,259	(170,879)	(620)
(8,362)	Other non-service specific costs		(2,775)	(68,745)	(71,520)
4,257	Subsidiary Companies		288,214	(315,648)	(27,434)
1,532,119	<b>COST OF SERVICES</b>		<u>3,248,547</u>	<u>(1,665,350)</u>	1,583,197
(5,767)	Gains on disposal of non-current assets				(8,112)
78,254	Financing and Investment Income and Exp.	13.			87,895
(1,455,869)	Taxation and Non-Specific Grant Income	14.			<u>(1,614,866)</u>
148,737	<b>(SURPLUS) / DEFICIT ON PROVISION OF SERVICES</b>				48,114
(3,225)	Associates and Joint Ventures Accounted for on an Equity Basis				(6,939)
2,070	Taxation of Group entities	14.			9,790
<u>147,582</u>	<b>GROUP (SURPLUS) / DEFICIT</b>				<u>50,965</u>
(248,859)	Surplus on Revaluation of Non-Current Assets			29,205	
77,950	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp			2,763	
(79,258)	Changes in Financial and Demographic Assumptions / Other Experience			7,934	
(10,234)	Other Unrealised (Gains) / Losses			<u>(9,008)</u>	
(260,401)	Other Comprehensive Income				30,894
<u>(112,819)</u>	<b>TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE</b>				<u>81,859</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 2026		
Re-stated 2024/25		Gross Expend.	Income	Net Expend.
£000	SERVICES	£000	£000	£000
551,424	Children, Education and Justice Services	623,483	(52,113)	571,370
525,806	Place	998,449	(401,546)	596,903
10,642	Housing Revenue Account	184,827	(135,143)	49,684
347,383	Health and Social Care	856,833	(497,584)	359,249
97,563	Corporate Services	124,965	(23,692)	101,273
4,063	Lothian Valuation Joint Board	4,292	0	4,292
(657)	Net cost of benefits	170,259	(170,879)	(620)
(5,862)	Other non-service specific costs	(2,775)	(70,745)	(73,520)
1,530,362	<b>COST OF SERVICES</b>	<u>2,960,333</u>	<u>(1,351,702)</u>	1,608,631
(5,656)	Gains on disposal of non-current assets			(7,652)
87,724	Financing and Investment Income and Exp. 13.			95,814
(1,455,869)	Taxation and Non-Specific Grant Income 14.			(1,614,866)
156,561	<b>(SURPLUS) / DEFICIT ON PROVISION OF SERVICES</b>			81,927
(248,283)	Surplus on Revaluation of Non-Current Assets		16,332	
77,950	Return on assets excluding amounts incl. in Financing and Investment Inc / Exp		3,763	
(97,827)	Changes in Financial and Demographic Assumptions / Other Experience		3,057	
(268,160)	Other Comprehensive Income			<u>23,152</u>
(111,599)	<b>TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE</b>			<u>105,079</u>

### RECONCILIATION OF THE COUNCIL'S POSITION TO THE GROUP POSITION

£000		£000
(111,599)	Total Comprehensive (Income) / Expenditure on the Council's Comprehensive Income and Expenditure Statement (CIES)	105,079
(6,301)	Subsidiary and associate transactions included in the Council's CIES	(7,052)
7,457	(Surplus) / deficit arising from other entities included in the Group Accounts Subsidiaries	(9,290)
(2,356)	Associates and Joint Ventures	<u>(6,878)</u>
(112,799)	Group total Comprehensive (Income) / Expenditure for the year	<u>81,859</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 2025			31 March 2026	
Group £000	Council £000		Group £000	Council £000
8,515	8,029	Intangible Assets	17. 7,921	7,921
6,345,011	6,175,792	Property, Plant and Equipment	15. 6,404,114	6,206,396
160,263	25,145	Investment Properties	16. 206,670	24,862
64,739	42,032	Heritage Assets	18. 56,942	47,099
32,951	0	Other Long-Term Assets (Pension)	41. 26,782	0
619	18,400	Long-Term Investments	22.1. 5,870	27,438
14,787	0	Investments in Associates and Joint Ventures	21,772	0
40,760	171,080	Long-Term Debtors	20. 44,287	196,675
<b>6,667,645</b>	<b>6,440,478</b>	<b>Long-Term Assets</b>	<b>6,774,358</b>	<b>6,510,391</b>
14,887	10,849	Short-Term Investments	22.2. 19,353	15,035
4,198	4,198	Assets Held for Sale	23. 1,755	1,755
13,227	13,227	Financial Assets	43. 13,951	13,951
10,652	4,962	Inventories	19. 8,363	5,275
211,287	198,913	Short-Term Debtors	20. 280,413	253,381
83,602	22,368	Cash and Cash Equivalents	21. 77,598	20,645
<b>337,853</b>	<b>254,517</b>	<b>Current Assets</b>	<b>401,433</b>	<b>310,042</b>
(114,648)	(114,648)	Short-Term Borrowing	43. (156,703)	(158,579)
(342,620)	(291,986)	Short-Term Creditors	24. (374,432)	(304,008)
(13,865)	(11,503)	Provisions	25. (16,419)	(13,582)
<b>(471,133)</b>	<b>(418,137)</b>	<b>Current Liabilities</b>	<b>(547,554)</b>	<b>(476,169)</b>
(1,658,699)	(1,658,699)	Long-Term Borrowing	43. (1,849,382)	(1,849,382)
(375,235)	(336,221)	Other Long-Term Liabilities	38.1. (358,040)	(315,788)
(19,284)	(19,284)	Long-Term Provisions	25. (19,023)	(19,023)
(20,846)	0	Deferred Tax	(27,230)	0
(99,016)	(95,937)	Deferred Liability	43. (103,786)	(100,452)
(64)	0	Liabilities in Associates and Joint Ventures	(2,989)	0
(41,395)	(41,395)	Other Long-Term Liabilities (Pensions)	27.5. (39,376)	(39,376)
<b>(2,214,539)</b>	<b>(2,151,536)</b>	<b>Long-Term Liabilities</b>	<b>(2,399,826)</b>	<b>(2,324,021)</b>
<b>4,319,826</b>	<b>4,125,322</b>	<b>Net Assets</b>	<b>4,228,411</b>	<b>4,020,243</b>
3,887,744	3,748,724	<b>Unusable Reserves</b>	27. 3,712,547	3,579,862
432,082	376,598	<b>Usable Reserves</b>	12. 515,864	440,381
<b>4,319,826</b>	<b>4,125,322</b>	<b>Total Reserves</b>	<b>4,228,411</b>	<b>4,020,243</b>

The unaudited financial statements were issued on 16 June 2026.

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 2025				Year to 31 March 2026	
Group	Council		Notes	Group	Council
£000	£000			£000	£000
<b>Operating Activities</b>					
148,737	156,561	(Surplus) / Deficit on the Provision of Services		48,114	81,927
2,070	0	Adjustment to (Surplus) / Deficit for Taxation of Group entities		9,790	0
(328,691)	(307,050)	Adjustments to (Surplus) / Deficit on the Provision of Services for non-cash movements	29.	(418,951)	(385,846)
94,040	84,570	Adjustments for items included in the (Surplus) / Deficit on the Provision of Services that are investing or Financing Activities	29.	142,994	135,075
<u>(83,844)</u>	<u>(65,919)</u>	Net cash flows from operating activities	28.	<u>(218,053)</u>	<u>(168,844)</u>
<b>Investing Activities</b>					
395,873	371,644	Net cash flows from investing activities	30.	431,177	340,133
<b>Financing Activities</b>					
<u>(270,903)</u>	<u>(275,639)</u>	Net cash flows from financing activities	31.	<u>(207,120)</u>	<u>(169,566)</u>
<u>41,126</u>	<u>30,086</u>	<b>Net decrease / (increase) in cash and cash equivalents</b>		<u>6,004</u>	<u>1,723</u>
<u>124,728</u>	<u>52,454</u>	Total Cash and cash equivalents at 1 April		<u>83,602</u>	<u>22,368</u>
<u>83,602</u>	<u>22,368</u>	Cash and cash equivalents at 31 March	21.	<u>77,598</u>	<u>20,645</u>
<u>41,126</u>	<u>30,086</u>	<b>Net decrease / (increase) in cash and cash equivalents</b>		<u>6,004</u>	<u>1,723</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies

The Annual Accounts summarise the authority's and the authority's group transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26 (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.

#### 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 2025/26 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 (2025/26), 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.

### 1.6 Cash and Cash Equivalents

The balance of cash and cash equivalents comprises cash in hand and deposits with financial institutions that are repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments maturing within three months of the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cashflow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting Policies - continued

### 1.7 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.

### 1.8 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.

### 1.9 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), 8.178% (James Gillespie's High School), 6.301% (Queensferry High School) and 6.48% (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.

### 1.10 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 2027, 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

### 1.11 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.

### 1.12 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

### 1.12 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

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

- **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

### 1.12 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.

### 1.13 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.

### 1.14 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.
- Edinburgh Transport Holdings 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 Edinburgh Transport Holdings, 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.
- Edinburgh Transport Holdings 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, Edinburgh Transport Holdings Limited realigned its activities with its revised responsibility as a shareholding shell company, maintain shareholdings in Edinburgh Trams Ltd and Lothian Buses Group Ltd. Under these conditions, the company is considered a going concern.
- The Common Good Fund holds assets at either Historical Costs or a nominal £1,000 value, where historical cost is indeterminable. This is not aligned to the Council's policy where Other Land and Buildings and Surplus Assets are measured at fair value, as detailed in Note 1.11.
- 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 2026/27 Code:

The Code requires implementation from 1 April 2026 and there is therefore no impact on the 2025/26 financial statements. The impacts on 2026/27 at this stage are unknown.

- FRS 102 - Amendment Heritage Assets
- IFRS 9 and IFRS 7 - Amendments to classification and measurement of Financial Instruments
- IFRS 9 and IFRS 7 - Amendments to contracts referencing nature-dependent electricity
- Annual Improvements to IFRS accounting standards

### 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 £795.672m and £109.707m respectively at 31 March 2026) 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
32.485	29.603	1.848

#### 3.4 Agency Arrangements

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

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Item	Uncertainty	Effect if Actual Results Differ from Assumptions				
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. A reduction in spending on repairs and maintenance would bring into doubt the useful lives assigned to the assets. The Council has used data available on repairs and maintenance to improve the identification of impairments as part of the valuation process. A formal procedure has been put in place in accordance with that procedure and included within the Checklist for Asset Valuation Process. The valuation process also includes a material changes spreadsheet which includes both impairments from unexpected events, the scrutiny of the repairs and maintenance data and the condition score data, as well as changes from capital expenditure on assets, demolitions, etc. No estimations and assumptions about the estimated cost of dismantling, removing or restoring items of property, plant and equipment have been included in the Capital Expenditure in the Accounts. In accordance with CIPFA Bulletin 22, the Council has applied appropriate indexation to asset valuations where a full revaluation has not been undertaken at the balance sheet date, in order to ensure that carrying amounts are not materially different from current value. 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 2025-26 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.</p> <p>It is estimated that the annual depreciation charge would increase and the carrying value would fall by £4.691m for each year that useful lives were reduced.</p>				
		If the discount factor is increased by 1%, this would lead to a corresponding reduction in the total value of council dwellings of £37.725m.				
	Per Accounting Policy 1.12, 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.	If the assumption of £5m building carrying value increased to £10m then the number of assets included would decrease from 137 to 65				
	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;					
<b>Standard Apportionments</b>						
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%	
<b>Est. Useful Life</b>	<b>Various</b>	<b>25 Years</b>	<b>15 Years</b>	<b>35 Years</b>	<b>20 Years</b>	

## NOTES TO THE FINANCIAL STATEMENTS

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

#### Uncertainty - continued

Pensions Liability	<p>Estimation of the net asset / liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p> <p>The interim solution to avoid inequalities between men and women's benefits following the introduction of the Single Status Pension in 2016 has resulted in a recalculation of pension liabilities related to the estimated impact of Guaranteed minimum pension (GMP) indexation changes.</p> <p>Accounting Standards impose a limit on the maximum amount of pension surplus recognised on the Balance Sheet Note 41 provides further information</p> <p>A further ruling on GMP has been made, in relation to historic transfers.</p> <p>Legislation requires the Local Government Pension Scheme (LGPS) to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable. The costs management process has been paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) were age discriminatory. These cases could have knock on implications for the LGPS (potentially increasing the liabilities).</p> <p>The Goodwin case judgement, in respect of deemed discrimination in spousal transfer on death of a member, may also result in the potential increasing of the pension liabilities.</p> <p>The Walker and O'Brien cases may impact LGPS benefits in the future, in respect of retrospective discrimination in spousal transfer of benefits for same sex couples.</p>	<p>The effects on the net pensions asset / liability of changes in individual assumptions can be measured.</p> <p>Note 41.6 provides further information on the Council's pension asset / liability.</p> <p>The increased liability has been reflected in the pension liability as a past service cost.</p> <p>The Council's actuary has provided a basis of restriction calculation.</p> <p>The Council's actuary has not included any allowance for this as they deem it unlikely to have a significant impact on the pension obligations of a typical Employer.</p> <p>The Council's actuary has included an estimate within the pension asset / liability as a past service cost.</p> <p>The Council's actuary has not included an estimate of the impact of the Goodwin case in the valuation due to the uncertainty of the final outcome. The estimated impact on the Employer's future obligations may be around 0.1% higher.</p> <p>The Council's actuary has not included an estimated of the impact of these cases as they are unlikely to result in a significant impact on the pension obligations.</p>
Arrears	<p>At 31 March, the Council had a balance of sundry debtors of £31.754m. A review of significant balances suggested that an impairment of doubtful debts of £4.136m (13.0%) was appropriate. In the current economic climate it is not certain that this will be sufficient.</p>	<p>If collection rates were to deteriorate, a 5% increase in the rate of the impairment of doubtful debts would require an additional £1.588m to be set aside as an allowance.</p>
House Rent Arrears	<p>At 31 March, the Council had a balance of housing rent arrears of £14.56m. A review of significant balances suggested that an impairment of doubtful debts of £12.44m (85.4%) was appropriate. In the current economic climate it is not certain that this will be sufficient.</p>	<p>There is a relatively high level of arrears and the impairment set aside should help protect against potential loss of income to the Council arising from welfare reforms such as Universal Credit and the reduction in the benefits cap which will potentially impact on the level of rent arrears.</p>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Expenditure and Funding Analysis - Council

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

2025/26	Net Expend. Chargeable to the General Fund and HRA Balances £000	Adjustments £000	Net Expenditure in the CIES £000
Children, Education and Communities Services	575,701	(4,331)	571,370
Place	321,779	275,124	596,903
Housing Revenue Account	0	49,684	49,684
Health and Social Care	360,611	(1,362)	359,249
Corporate Services	98,513	2,760	101,273
Lothian Valuation Joint Board	4,292	0	4,292
<b>Cost of Services</b>	<b>1,360,896</b>	<b>321,875</b>	<b>1,682,771</b>
<b>Other income and expenditure</b>			
Net cost of benefits	(620)	0	(620)
Other non-service specific costs	(44,646)	(28,874)	(73,520)
Net income and changes in relation to investment properties and changes in their fair value	0	(1,793)	(1,793)
Interest and investment income	(11,460)	(2,833)	(14,293)
Interest payable and similar charges ( <i>loan charges in management reporting</i> )	109,400	505	109,905
Net pension interest income	0	2,031	2,031
Gains on disposal of assets	0	(7,652)	(7,652)
Gains on derecognition or revaluation of financial assets	0	(36)	(36)
Contribution from Capital Fund	700	(700)	0
Contribution from General Fund	9,685	(9,685)	0
Income from Council Tax	(358,681)	0	(358,681)
Government Grants	(696,688)	0	(696,688)
Distribution from NDRI pool	(400,788)	0	(400,788)
Movement in donated assets	0	(23,633)	(23,633)
Capital grants and contributions	0	(135,076)	(135,076)
<b>(Surplus) / Deficit on the provision of services</b>	<b>(32,202)</b>	<b>114,129</b>	<b>81,927</b>
Opening General Fund and HRA Balance	301,317		
Contributions to / (from) reserves, including those within services ( <i>see notes 12.1 and 12.3 for detail</i> )	15,960		
Surplus on the provision of services	32,202		
Closing General Fund and HRA Balance at 31 March	349,479		

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

2024/25 Comparative Data	Net Expend. Chargeable to the General Fund and HRA		Net
	Balances £000	Adjustments £000	Expenditure in the CIES £000
Children, Education and Communities Services	542,761	8,663	551,424
Place	306,483	219,323	525,806
Housing Revenue Account	0	10,642	10,642
Health and Social Care	344,959	2,424	347,383
Corporate Services	93,916	3,647	97,563
Lothian Valuation Joint Board	4,063	0	4,063
<b>Cost of Services</b>	<b>1,292,182</b>	<b>244,699</b>	<b>1,536,881</b>
<b>Other income and expenditure</b>			
Net cost of benefits	(657)	0	(657)
Other non-service specific costs	30,489	(36,351)	(5,862)
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	3,803	103,204
Net pension interest cost	0	2,607	2,607
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)
<b>(Surplus) / Deficit on the provision of services</b>	<b>(2,719)</b>	<b>159,280</b>	<b>156,561</b>
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)		
Deficit 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 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

2025/26	Adjusts. For Capital Purposes £000	Net Change for Pensions Adjusts. £000	Other Differences £000	Total Statutory Adjusts. £000
Children, Education and Communities Services	(1,961)	(1,998)	1,652	(2,307)
Place	301,472	(2,120)	1,288	300,640
Housing Revenue Account	53,606	(313)	(834)	52,459
Health and Social Care	(246)	(978)	299	(925)
Corporate Services	2,191	(837)	748	2,102
<b>Cost of Services</b>	<b>355,062</b>	<b>(6,246)</b>	<b>3,153</b>	<b>351,969</b>
<b>Other income and expenditure</b>				
Other non-service specific costs	18,582	(4,624)	(32,974)	(19,016)
Net income and changes in relation to investment properties and changes in their fair value	0	0	284	284
Interest and investment income	(2,142)	0	0	(2,142)
Interest payable and similar charges	(34,003)	0	(2,379)	(36,382)
Net pension interest income	0	2,031	0	2,031
Gains on disposal of assets	(7,652)	0	0	(7,652)
Capital grants and contributions	(135,076)	0	0	(135,076)
Income from donated assets	(23,633)	0	0	(23,633)
<b>Total Adjustments</b>	<b>171,138</b>	<b>(8,839)</b>	<b>(31,916)</b>	<b>130,383</b>

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

2025/26	Total Statutory Adjusts. b/fwd £000	Presentation Adjusts. £000	Use of Reserves £000	Total Adjusts. £000
Children, Education and Communities Services Place	(2,307)	(65)	(1,959)	(4,331)
Housing Revenue Account	300,640	(23,854)	(1,662)	275,124
Health and Social Care	52,459	0	(2,775)	49,684
Corporate Services	(925)	(437)	0	(1,362)
	2,102	0	658	2,760
<b>Cost of Services</b>	<b>351,969</b>	<b>(24,356)</b>	<b>(5,738)</b>	<b>321,875</b>
<b>Other income and expenditure</b>				
Other non-service specific costs	(19,016)	(10,234)	376	(28,874)
Net income and changes in relation to investment properties and changes in their fair value	284	(2,077)	0	(1,793)
Interest and investment income	(2,142)	(184)	(507)	(2,833)
Interest payable and similar charges	(36,382)	36,887	0	505
Net pension interest income	2,031	0	0	2,031
Gains on disposal of assets	(7,652)	0	0	(7,652)
Gains on derecognition or revaluation of financial assets	0	(36)	0	(36)
Use of reserves	0	0	(10,385)	(10,385)
Capital grants and contributions	(135,076)	0	0	(135,076)
Income from donated assets	(23,633)	0	0	(23,633)
<b>Total Adjustments</b>	<b>130,383</b>	<b>0</b>	<b>(16,254)</b>	<b>114,129</b>

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

2024/25 Comparative Data	Adjusts. For Capital Purposes £000	Net Change for Pensions Adjusts. £000	Other Differences £000	Total Statutory Adjusts. £000
Children, Education and Communities Services Place	313	4,724	950	5,987
Housing Revenue Account	214,260	4,914	1,492	220,666
Health and Social Care	5,716	182	(726)	5,172
Corporate Services	1	2,474	398	2,873
	603	1,882	646	3,131
<b>Cost of Services</b>	<b>220,893</b>	<b>14,176</b>	<b>2,760</b>	<b>237,829</b>
<b>Other income and expenditure</b>				
Net cost of benefits	0	0	0	0
Other non-service specific costs	5,942	(4,250)	(22,043)	(20,351)
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 cost	0	2,607	0	2,607
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)
<b>Total Adjustments</b>	<b>104,487</b>	<b>12,533</b>	<b>(21,558)</b>	<b>95,462</b>

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

2024/25 Comparative Data	Total Statutory Adjusts. b/fwd £000	Presentation Adjusts. £000	Use of Reserves £000	Total Adjusts. £000
Children, Education and Communities Services Place	5,987	(27)	2,703	8,663
Housing Revenue Account	220,666	(18,283)	16,940	219,323
Health and Social Care	5,172	0	5,470	10,642
Corporate Services	2,873	(449)	0	2,424
	3,131	0	516	3,647
<b>Cost of Services</b>	<b>237,829</b>	<b>(18,759)</b>	<b>25,629</b>	<b>244,699</b>
<b>Other income and expenditure</b>				
Net cost of benefits	0	0	0	0
Other non-service specific costs	(20,351)	(10,597)	(5,403)	(36,351)
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)	32,333	0	3,803
Net pension interest cost	2,607	0	0	2,607
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)
<b>Total Adjustments</b>	<b>95,462</b>	<b>0</b>	<b>63,818</b>	<b>159,280</b>

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.

2025/26	Children, Education and Communities Services	Place	Housing Revenue Account	Health and Social Care
	£000	£000	£000	£000
Employee expenses	475,287	194,452	13,302	103,994
Other service expenses	159,803	561,915	58,402	374,201
Support service recharges	0	6,970	8,817	0
Interest payments	65	20,969	24,499	0
Debt repayments ( <i>HRA only</i> )	0	0	29,722	0
<b>Total Expenditure</b>	<b>635,155</b>	<b>784,306</b>	<b>134,742</b>	<b>478,195</b>
<b>Income</b>				
Revenues from external customers	(5,373)	(320,410)	(124,290)	(29,040)
Income from recharges for services	(14)	(11,725)	(666)	0
Government grants and other contribs.	(54,067)	(130,392)	(7,644)	(88,544)
Interest and investment income	0	0	(2,142)	0
<b>Total Income</b>	<b>(59,454)</b>	<b>(462,527)</b>	<b>(134,742)</b>	<b>(117,584)</b>
<b>Cost of Services</b>	<b>575,701</b>	<b>321,779</b>	<b>0</b>	<b>360,611</b>

Expenditure	Customer and Corporate Services	Lothian Valuation Joint Board	Council Total
	£000	£000	£000
Employee expenses	77,491	0	864,526
Other service expenses	56,158	4,292	1,214,771
Support service recharges	(1,272)	0	14,515
Interest payments	0	0	45,533
Debt repayments ( <i>HRA only</i> )	0	0	29,722
<b>Total Expenditure</b>	<b>132,377</b>	<b>4,292</b>	<b>2,169,067</b>
<b>Income</b>			
Revenues from external customers	(6,762)	0	(485,875)
Income from recharges for services	(15,192)	0	(27,597)
Government grants and other contribs.	(11,910)	0	(292,557)
Interest and investment income	0	0	(2,142)
<b>Total Income</b>	<b>(33,864)</b>	<b>0</b>	<b>(808,171)</b>
<b>Cost of Services</b>	<b>98,513</b>	<b>4,292</b>	<b>1,360,896</b>

Expenditure	Subsidiaries	Associates and Joint Ventures	Group Total
	£000	£000	£000
Employee expenses	141,092	0	1,005,618
Other service expenses	167,989	0	1,382,760
Support service recharges	0	0	14,515
Depreciation, amortisation and impairment	(20,867)	0	(20,867)
Interest payments	0	0	45,533
Debt repayments ( <i>HRA only</i> )	0	0	29,722
Net expend from Associates and Joint Ventures	0	45	45
<b>Total Expenditure</b>	<b>288,214</b>	<b>45</b>	<b>2,457,326</b>
<b>Income</b>			
Revenues from external customers	(393,664)	0	(879,539)
Income from recharges for services	0	0	(27,597)
Government grants and other contribs.	78,016	0	(214,541)
Interest and investment income	0	0	(2,142)
Net income from Associates and Joint Ventures	0	(6,984)	(6,984)
<b>Total Income</b>	<b>(315,648)</b>	<b>(6,984)</b>	<b>(1,130,803)</b>
<b>Cost of Services</b>	<b>(27,434)</b>	<b>(6,939)</b>	<b>1,326,523</b>

## 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.

Re-stated

2024/25 Comparative Data	Children, Education and Justice Services	Place	Housing Revenue Account	Health and Social Care
	£000	£000	£000	£000
Employee expenses	445,586	181,513	13,081	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
<b>Total Expenditure</b>	<b>596,010</b>	<b>732,135</b>	<b>144,110</b>	<b>458,050</b>
<b>Income</b>				
Revenues from external customers	(4,676)	(298,999)	(121,743)	(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
<b>Total Income</b>	<b>(53,249)</b>	<b>(425,652)</b>	<b>(144,110)</b>	<b>(113,091)</b>
<b>Cost of Services</b>	<b>542,761</b>	<b>306,483</b>	<b>0</b>	<b>344,959</b>

Expenditure	Corporate Services	Lothian Valuation Joint Board	Council Total
	£000	£000	£000
Employee expenses	71,007	0	813,924
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
<b>Total Expenditure</b>	<b>126,852</b>	<b>4,063</b>	<b>2,061,220</b>
<b>Income</b>			
Revenues from external customers	(7,089)	0	(458,301)
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)
<b>Total Income</b>	<b>(32,936)</b>	<b>0</b>	<b>(769,038)</b>
<b>Cost of Services</b>	<b>93,916</b>	<b>4,063</b>	<b>1,292,182</b>

Expenditure	Subsidiaries	Associates and Joint Ventures	Group Total
	£000	£000	£000
Employee expenses	128,399	0	942,323
Other service expenses	148,713	0	1,312,211
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
<b>Total Expenditure</b>	<b>258,075</b>	<b>0</b>	<b>2,319,295</b>
<b>Income</b>			
Revenues from external customers	(313,467)	0	(771,768)
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	(3,225)	(3,225)
<b>Total Income</b>	<b>(253,818)</b>	<b>(3,225)</b>	<b>(1,026,081)</b>
<b>Cost of Services</b>	<b>4,257</b>	<b>(3,225)</b>	<b>1,293,214</b>

## 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:

	2025/26	Re-stated 2024/25
	£000	£000
<b>Expenditure</b>		
Employee expenses	1,007,788	961,517
Other service expenses	177,779	150,783
Premises	142,796	137,753
Transport	45,869	49,346
Supplies and Services	127,158	127,260
Third Party Payments	802,835	761,452
Transfer Payments	182,295	181,735
Support service recharges	15,787	12,299
Depreciation, amortisation and impairment	430,194	300,336
Interest payments	134,692	127,439
Net Interest in the (profit) / loss of associates and joint ventures	(6,939)	(3,225)
<b>Total Expenditure</b>	<b>3,060,254</b>	<b>2,806,695</b>
<b>Income</b>		
Fees, charges and other service income	(1,126,288)	(899,049)
Gain on the disposal of assets	(8,112)	(5,767)
(Gain) / Loss on revaluation of financial instruments	(36)	(34)
(Gain) / Loss on revaluation of investment properties	(7,067)	(6,308)
Movement on donated assets	(23,633)	(4,189)
Interest and investment income	(37,552)	(40,054)
Income from Council Tax and Non-Domestic Rates	(759,469)	(737,833)
Government grants and other contributions	(912,056)	(881,310)
Recognised capital income	(135,076)	(84,569)
<b>Total Income</b>	<b>(3,009,289)</b>	<b>(2,659,113)</b>
<b>Group (Surplus) / Deficit</b>	<b>50,965</b>	<b>147,582</b>

#### Council

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

	2025/26	Re-stated 2024/25
	£000	£000
<b>Expenditure</b>		
Employee expenses	866,696	833,118
Premises	142,796	137,753
Transport	45,870	49,347
Supplies and Services	127,159	127,261
Third Party Payments	802,835	761,452
Transfer Payments	182,294	181,735
Support service recharges	15,787	12,299
Depreciation, amortisation and impairment	451,061	319,372
Interest payments	111,817	105,657
<b>Total Expenditure</b>	<b>2,746,315</b>	<b>2,527,994</b>
<b>Income</b>		
Fees, charges and other service income	(734,624)	(583,082)
(Gain) / Loss on the disposal of assets	(7,652)	(5,656)
(Gain) / Loss on revaluation of financial instruments	(36)	(34)
(Gain) / Loss on revaluation of investment properties	283	(184)
Interest and investment income	(14,109)	(14,927)
Income from Council Tax and Non-Domestic Rates	(759,469)	(737,833)
Government grants and other contributions	(990,073)	(940,959)
Recognised capital income	(135,075)	(84,569)
Donated asset income	(23,633)	(4,189)
<b>Total Income</b>	<b>(2,664,388)</b>	<b>(2,371,433)</b>
<b>(Surplus) / Deficit on the Provision of Services</b>	<b>81,927</b>	<b>156,561</b>

## 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:

<b>Subsidiaries:</b>	<b>Shareholding</b>	
• CEC Holdings Limited	100.00%	
• Edinburgh Transport Holdings Limited	100.00%	
• Edinburgh Living MMR LLP	99.999%	
• City of Edinburgh Charitable Trusts	Sole Trustee	
• Common Good	100.00%	
<b>Associates:</b>	<b>Interest</b>	
• Edinburgh Leisure	33.33%	Board representation
• Capital Theatres	16.67%	Board representation
• Lothian Valuation Joint Board	60.79%	Funding percentage
<b>Joint Venture</b>	<b>Interest</b>	
• 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:

	<b>Shareholding</b>	
• 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)

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
<b>2025/26</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(Surplus) or Deficit on the Provision of Services	50,999	(33)	50,966
Other Comprehensive Income and Expenditure	30,900	(7)	30,893
	<u>81,899</u>	<u>(40)</u>	<u>81,859</u>
<b>Re-stated</b>			
<b>2024/25</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(Surplus) or Deficit on the Provision of Services	146,699	884	147,583
Other Comprehensive Income and Expenditure	(260,395)	(7)	(260,402)
	<u>(113,696)</u>	<u>877</u>	<u>(112,819)</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:	<b>31.12.25</b>	<b>31.12.24</b>
	<b>£000</b>	<b>£000</b>
Net assets	26,023	16,310
Net (profit) / loss before taxation	(9,910)	(1,136)
Retained loss carried forward	(45,039)	(55,077)

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.

- **Edinburgh Transport Holdings Limited (formerly Transport for Edinburgh Limited)**

During 2025, reform of the Council's Transport Companies was agreed, with the aim of streamlining corporate governance and further integrating the delivery of bus and tram services. Part of this transformation involved the company name of Transport for Edinburgh Limited changing to Edinburgh Transport Holdings Limited in December 2025.

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 Edinburgh Transport Holdings 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:

	<b>27.12.25</b>	<b>31.12.24</b>
	<b>£000</b>	<b>£000</b>
<b>Edinburgh Transport Holdings (Consolidated Group)</b>		
Net assets	137,787	136,247
Net (profit) / loss before taxation	4,629	4,440
Retained earnings	(35,190)	(19,042)
Dividend paid in March 2024	0	2,912

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:	<b>27.12.25</b>	<b>31.12.24</b>
	<b>£000</b>	<b>£000</b>
Net assets	146,686	113,351
Net profit before taxation (including revaluation gains)	(9,314)	(7,741)
Retained profit carried forward	(7,816)	(5,853)

- **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:	<b>31.03.26</b>	<b>31.03.25</b>
	<b>£000</b>	<b>£000</b>
Net assets	12,652	25,671
Net (profit) / loss before taxation	147	34

- **Common Good Fund**

The City of Edinburgh Council is the decision-making body of the Common Good Fund and is responsible for administering the fund in the interest of all the inhabitants of the city. Full details of the Common Good Fund are available on page 121.

The most recent unaudited results of the trusts are as follows:	<b>31.03.26</b>	<b>31.03.25</b>
	<b>£000</b>	<b>£000</b>
Net assets	7,576	7,326
Net (profit) / loss before taxation	(238)	(269)

#### 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:	<b>31.03.26</b>	<b>31.03.25</b>
	<b>£000</b>	<b>£000</b>
Net Assets	13,312	13,278
Net operating surplus	33	1,696
Earnings carried forward	13,312	13,278

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Subsidiaries and Associates - continued

#### 9.3 Associates - continued

##### Capital Theatres - continued

The most recent unaudited results of the company are as follows:	<b>31.03.26</b>	<b>31.03.25</b>
	<b>£000</b>	<b>£000</b>
Net assets	49,015	33,467
Net operational profit	(15,546)	(11,156)
Fund balances carried forward	49,015	33,467

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.

##### • 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	<b>31.03.26</b>	<b>31.03.25</b>
	<b>£000</b>	<b>£000</b>
(Surplus) / Deficit for the year	75	(43)
Net Assets	(277)	(103)
Usable reserves	665	918
Unusable reserves	<u>(942)</u>	<u>(1,021)</u>
Total reserves	<u><u>(277)</u></u>	<u><u>(103)</u></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	<b>31.03.26</b>	<b>31.03.25</b>
	<b>£000</b>	<b>£000</b>
Gross expenditure	1,082,964	1,026,197
(Surplus) / Deficit for the year	(8,763)	(1,548)
Usable reserves	18,331	9,568

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:	<b>31.03.26</b>	<b>31.03.25</b>
	<b>£000</b>	<b>£000</b>
Contribution made to the IJB	(360,242)	(343,613)
Commissioning income received from the IJB	439,737	415,608
Corporate Services payments made to the IJB	(245)	(203)
Services in Kind contributions to the IJB	(369)	(344)
Amounts the EIJB is due to/(from) the Council	(2,459)	(750)
Share of Net Assets	9,166	4,784
Share of (Surplus) / Deficit for the year	(4,382)	(774)

#### 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), Edinburgh Transport Holdings 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 £208.168m (2024/25 £194.504m) 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.

The Council recognises an exposure to risk of remedial costs associated with Reinforced Autoclaved Aerated Concrete (RAAC) used in the construction of council properties. The risk and subsequent recommendations will be reported to committee for consideration.

## 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.

2025/26	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>			
Charges for depreciation and impairment of non-current assets	234,234	100,151	0
Movements in the market value of investment properties	283	0	0
Amortisation and impairment of intangible assets	2,192	0	0
Capital grants and contributions applied	(94,152)	(40,924)	0
Capital funded from revenue	(12,482)	(3,300)	0
Donated assets	(23,633)	0	0
Capital fund used to finance new capital expenditure	0	0	0
Revenue expenditure funded from capital under statute	72,198	0	0
<b>Insertion of items not debited or credited to the CIES</b>			
Statutory provision for the financing of capital investment	(96,090)	(26,422)	0
Capital expenditure charged against General Fund and HRA balances	(72,198)	0	0
Adjustments to the statutory repayment of debt for service concession arrangements - permitted flexibility	7,618	0	0
<b>Adjustments primarily involving the Capital Grant Unapplied Account</b>			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
Net (gain) / loss on sale of property, plant and equipment and assets held for sale	(12,554)	(4,166)	30,466
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(30,466)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(2,379)	(991)	0
<b>Adjustments primarily involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	64,547	1,833	0
Employer's pension contributions and direct payments to pensioners payable in the year	(73,131)	(2,088)	0
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	3,985	156	0
<b>Total Adjustments</b>	<b>(1,562)</b>	<b>24,249</b>	<b>0</b>

# NOTES TO THE FINANCIAL STATEMENTS

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

2025/26	Usable Reserves		Movement in Unusable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>			
Charges for depreciation and impairment of non-current assets	0	0	(334,385)
Movements in the market value of investment properties	0	0	(283)
Amortisation of intangible assets	0	0	(2,192)
Capital grants and contributions applied	804	18,639	115,633
Capital funded from revenue	0	0	15,782
Donated assets	0	0	23,633
Capital fund used to finance new capital expenditure	0	(8,973)	8,973
Revenue expenditure funded from capital under statute	0	0	(72,198)
<b>Insertion of items not debited or credited to the CIES</b>			
Statutory provision for the financing of capital investment	0	570	121,942
Capital expenditure charged against General Fund and HRA balances	0	0	72,198
Adjustments to the statutory repayment of debt for service concession arrangements - permitted flexibility	0	0	(7,618)
<b>Adjustments primarily involving the Capital Grant Unapplied Account</b>			
Application of grants to capital financing transferred to the Capital Adjustment Account	(2,762)	0	2,762
<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
Net gain / (loss) on sale of property, plant and equipment and assets held for sale	0	0	(13,746)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	30,466
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	3,370
<b>Adjustments primarily involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(66,380)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	75,219
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(4,141)
<b>Total Adjustments</b>	<b>(1,958)</b>	<b>10,236</b>	<b>(30,965)</b>

# NOTES TO THE FINANCIAL STATEMENTS

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

Re-stated 2024/25 Comparative Data	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>			
Charges for depreciation and impairment of non-current assets	177,684	52,945	0
Movements in the market value of investment properties	(184)	0	0
Amortisation 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
<b>Insertion of items not debited or credited to the CIES</b>			
Statutory provision for the financing of capital investment	(81,364)	(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
<b>Adjustments primarily involving the Capital Grant Unapplied Account</b>			
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0
<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
Net loss / (gain) 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)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(2,091)	(881)	0
<b>Adjustments primarily involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	84,384	2,208	0
Employer's pension contributions and direct payments to pensioners payable in the year	(72,108)	(1,950)	0
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	3,486	154	0
<b>Total Adjustments</b>	<b>24,900</b>	<b>(4,205)</b>	<b>0</b>

# NOTES TO THE FINANCIAL STATEMENTS

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

Re-stated 2024/25 Comparative Data	Usable Reserves		Movement in Usable Reserves £000
	Capital Grants Unapplied Account £000	Capital Fund £000	
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES)</b>			
Charges for depreciation and impairment of non-current assets	0	0	(230,629)
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)
<b>Insertion of items not debited or credited to the CIES</b>			
Statutory provision for the financing of capital investment	0	(5,724)	110,350
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)
<b>Adjustments primarily involving the Capital Grant Unapplied Account</b>			
Application of grants to capital financing transferred to the Capital Adjustment Account	(3,081)	0	3,081
<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
Net (loss) / gain 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
<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>			
Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	2,972
<b>Adjustments primarily involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the CIES	0	0	(86,592)
Employer's pension contributions and direct payments to pensioners payable in the year	0	0	74,058
<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>			
Amount by which officer remuneration charges to the CIES are different from remuneration chargeable in the year in accordance with statutory requirements	0	0	(3,640)
<b>Total Adjustments</b>	<b>(3,059)</b>	<b>(1,211)</b>	<b>(16,425)</b>

## 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 01.04.25 £000	Net Transfers Out 2025/26 £000	Net Transfers In 2025/26 £000	Balance at 31.03.26 £000
<b>Group Reserves</b>				
<b>Subsidiaries</b>				
CEC Holdings Limited				
Revenue reserves	(55,077)	10,038	0	(45,039)
Capital grants unapplied account	963	(49)	0	914
Edinburgh Transport Holdings Limited				
Revenue reserves	40,887	(16,148)	0	24,739
Minority interests	12,966	0	35	13,001
Edinburgh Living MMR LLP				
Revenue reserves	25,560	0	19,214	44,774
The City of Edinburgh Council Charitable Trusts				
Revenue reserve	11,958	(157)	0	11,801
Common Good Fund - Reserves	2,879	0	238	3,117
<b>Total Usable Reserves - Subsidiaries</b>	<b>40,136</b>	<b>(6,316)</b>	<b>19,487</b>	<b>53,307</b>
<b>Associates and Joint Ventures</b>				
Edinburgh Leisure - Reserves	4,426	0	11	4,437
Capital Theatres - Reserves	5,578	0	2,591	8,169
Lothian Valuation Joint Board - Reserves	560	(156)	0	404
Edinburgh Integration Joint Board - Reserves	4,784	0	4,382	9,166
<b>Total Usable Reserves - Associates and Joint Ventures</b>	<b>15,348</b>	<b>(156)</b>	<b>6,984</b>	<b>22,176</b>
<b>Total Usable Reserves - Subsidiaries, Associates and Joint Ventures</b>	<b>55,484</b>	<b>(6,472)</b>	<b>26,471</b>	<b>75,483</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Usable Reserves - continued

#### 12.1 Transfers to and from Usable Reserves - continued

Re-stated	Balance at 01.04.24 £000	Net Transfers Out 2024/25 £000	Net Transfers In 2024/25 £000	Balance at 31.03.25 £000
<b>Group Reserves</b>				
<b>Subsidiaries</b>				
CEC Holdings Limited				
Revenue reserves	(56,224)	0	1,147	(55,077)
Capital grants unapplied account	1,012	(49)	0	963
Edinburgh Transport Holdings 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	4,673	25,560
The City of Edinburgh Council Charitable Trusts				
Revenue reserve	11,865	0	93	11,958
Common Good Fund - Reserves	2,610	0	269	2,879
<b>Total Usable Reserves - Subsidiaries</b>	<b>57,424</b>	<b>(23,470)</b>	<b>6,182</b>	<b>40,136</b>
<b>Associates and Joint Ventures</b>				
Edinburgh Leisure - Reserves	4,902	(476)	0	4,426
Capital Theatres - Reserves	3,719	0	1,859	5,578
Lothian Valuation Joint Board - Reserves	480	0	80	560
Edinburgh Integration Joint Board - Reserves	4,010	0	774	4,784
<b>Total Usable Reserves - Associates and Joint Ventures</b>	<b>13,111</b>	<b>(476)</b>	<b>2,713</b>	<b>15,348</b>
<b>Total Usable Reserves - Subsidiaries, Associates and Joint Ventures</b>	<b>70,535</b>	<b>(23,946)</b>	<b>8,895</b>	<b>55,484</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Usable Reserves - continued

#### 12.1 Transfers to and from Usable Reserves - continued

	Balance at 01.04.25 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance at 31.03.26 £000
<b>Council's Usable Reserves</b>				
<b>General Fund</b>				
<b>Balances Set Aside to Manage Financial Risks and for Specific Investment</b>				
Balances set aside for specific inv.	122,594	(31,844)	43,206	133,956
Council Priorities Fund	2,731	(2,082)	32,203	32,852
Contingency funding, Workforce Transformation	19,885	0	10,460	30,345
Dilapidations Fund	614	0	0	614
Insurance Funds*	26,087	(515)	1,285	26,857
Service Concessions - permitted flexibility	70,628	(19,041)	7,618	59,205
Covid Funds	7,817	(6,000)	1,600	3,417
Low Emission Zone Fund*	793	(74)	442	1,161
	<u>251,149</u>	<u>(59,556)</u>	<u>96,814</u>	<u>288,407</u>
<b>Balances Set Aside from Income Received in Advance</b>				
Licensing Income*	4,859	(2,677)	5,772	7,954
Revenue grants and contributions received in advance of planned expenditure	9,880	(3,107)	3,755	10,528
Council Tax Discount Fund*	5,765	(3,719)	5,118	7,164
Other earmarked balances	246	(76)	9	179
City Strategic Investment Fund	327	(185)	145	287
Covid service-specific advance funding	785	0	0	785
	<u>21,862</u>	<u>(9,764)</u>	<u>14,799</u>	<u>26,897</u>
<b>Balances Set Aside for Investment in Specific Projects which will Generate Future Savings</b>				
Energy Efficiency Fund	279	0	10	289
Spend to Save Fund and similar projects	2,996	(3,143)	3,041	2,894
	<u>3,275</u>	<u>(3,143)</u>	<u>3,051</u>	<u>3,183</u>
<b>Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund</b>				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)*	(572)	0	3,961	3,389
<b>Unallocated General Fund</b>	<u>25,603</u>	<u>0</u>	<u>2,000</u>	<u>27,603</u>
<b>Total General Fund</b>	<u>301,317</u>	<u>(72,463)</u>	<u>120,625</u>	<u>349,479</u>
<b>Housing Revenue Account Balance</b>	0	0	0	0
<b>Renewal and Repairs Fund</b>	39,296	(6,203)	13,546	46,639
<b>Capital Fund</b>	18,640	(9,103)	19,339	28,876
<b>Capital Receipts Reserve</b>	0	(30,466)	30,466	0
<b>Capital Grants Unapplied Account</b>	17,345	(2,762)	804	15,387
<b>Total Usable Reserves - Council</b>	<u>376,598</u>	<u>(120,997)</u>	<u>184,780</u>	<u>440,381</u>
<b>Total Usable Reserves - Group</b>	<u>432,082</u>	<u>(127,469)</u>	<u>211,251</u>	<u>515,864</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 01.04.24 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31.03.25 £000
<b>General Fund</b>				
<b>Balances Set Aside to Manage Financial Risks and for Specific Investment</b>				
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>
<b>Balances Set Aside from Income Received in Advance</b>				
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>
<b>Balances Set Aside for Investment in Specific Projects which will Generate Future Savings</b>				
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>
<b>Balances Set Aside under Devolved School Management Scheme</b>				
Balances held by schools under Devolved School Management (DSM) and Pupil Equity Fund (PEF)*	(465)	465	(572)	(572)
<b>Unallocated General Fund</b>	<u>25,753</u>	<u>(150)</u>	<u>0</u>	<u>25,603</u>
<b>Total General Fund</b>	<u>353,238</u>	<u>(113,439)</u>	<u>61,518</u>	<u>301,317</u>
<b>Housing Revenue Account Balance</b>	0	0	0	0
<b>Renewal and Repairs Fund</b>	35,880	(4,292)	7,708	39,296
<b>Capital Fund</b>	19,851	(2,152)	941	18,640
<b>Capital Receipts Reserve</b>	0	(16,852)	16,852	0
<b>Capital Grants Unapplied Account</b>	20,404	(3,081)	22	17,345
<b>Total Usable Reserves - Council</b>	<u>429,373</u>	<u>(139,816)</u>	<u>87,041</u>	<u>376,598</u>
<b>Total Usable Reserves - Group</b>	<u>499,908</u>	<u>(163,762)</u>	<u>95,936</u>	<u>432,082</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 a future period. A net credit balance of £3.389m is held within the General Fund in accordance with the Devolved School Management scheme and permitted carry forward of the Pupil Equity Fund.

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

##### 2025/26

	General Fund £000	HRA Balance £000	Renewal / Repairs Fund £000	Capital Receipts Reserve £000
Transfers out	(72,463)	0	(6,203)	(30,466)
Transfers in	120,625	0	13,546	30,466
Total movements in fund	<u>48,162</u>	<u>0</u>	<u>7,343</u>	<u>0</u>
Recognised in Comprehensive Income and Expenditure Statement	52,731	2,774	0	0
Transfers to other earmarked reserves	(4,569)	(2,774)	7,343	0
Total movements in fund	<u>48,162</u>	<u>0</u>	<u>7,343</u>	<u>0</u>
	Capital Grants Unapplied £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out	(2,762)	(9,103)	(6,472)	(127,469)
Transfers in	804	19,339	26,471	211,251
Total movements in fund	<u>(1,958)</u>	<u>10,236</u>	<u>19,999</u>	<u>83,782</u>
Recognised in Comprehensive Income and Expenditure Statement	(1,958)	10,236	19,534	83,317
Transfers to other earmarked reserves	0	0	0	0
Group account adjustments unusable reserves	0	0	465	465
Total movements in fund	<u>(1,958)</u>	<u>10,236</u>	<u>19,999</u>	<u>83,782</u>

##### 2024/25 Comparative Data

	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	(43,036)	(5,469)	0	0
Transfers to other earmarked reserves	(8,885)	5,469	3,416	0
Total movements in fund	<u>(51,921)</u>	<u>0</u>	<u>3,416</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

###### 2024/25 Comparative Data

	Capital Grants Unapplied £000	Capital Fund £000	Group Usable Reserves £000	Total £000
Transfers out	(3,081)	(2,152)	(23,946)	<b>(163,762)</b>
Transfers in	22	941	8,895	<b>95,936</b>
Total movements in fund	<u>(3,059)</u>	<u>(1,211)</u>	<u>(15,051)</u>	<u><b>(67,826)</b></u>
Recognised in Comprehensive Income and Expenditure Statement	(3,059)	(1,211)	(12,405)	<b>(65,180)</b>
Transfers to other earmarked reserves	0	0	(2,646)	<b>(2,646)</b>
Total movements in fund	<u>(3,059)</u>	<u>(1,211)</u>	<u>(15,051)</u>	<u><b>(67,826)</b></u>

### 13. Financing and Investment Income and Expenditure

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Interest payable and similar charges	112,886	109,905	106,700	103,204
Interest cost on defined benefit obligation	249,557	229,663	204,886	186,600
Interest receivable and similar income	(15,560)	(14,293)	(17,504)	(15,686)
Interest income on plan assets	(249,808)	(227,632)	(207,303)	(183,993)
Net income in relation to investment properties and changes in their fair value	(9,144)	(1,793)	(8,491)	(2,367)
Net income in relation to financial assets derecognised or revalued	(36)	(36)	(34)	(34)
	<u>87,895</u>	<u>95,814</u>	<u>78,254</u>	<u>87,724</u>

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

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Council Tax income	(358,681)	(358,681)	(330,188)	(330,188)
Non-domestic rates	(400,788)	(400,788)	(407,645)	(407,645)
Non-ring fenced government grants	(696,688)	(696,688)	(629,278)	(629,278)
Capital grants and contributions	(135,076)	(135,076)	(84,569)	(84,569)
Movement on donated assets	(23,633)	(23,633)	(4,189)	(4,189)
Taxation expenses / (refund)	9,790	0	2,070	0
	<u>(1,605,076)</u>	<u>(1,614,866)</u>	<u>(1,453,799)</u>	<u>(1,455,869)</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 2026, the Council had entered into a number of contracts for the construction or enhancement of property, plant and equipment. These are budgeted to cost £298.598m. A number of these amounts relate to contract retentions, as projects are now complete. Similar commitments at 31 March 2025 were £351.1m.

	<b>£000</b>	<b>Expected Completion Date</b>
Trinity Academy	72,066	29/30
HRA Work on Existing Homes	67,189	27/28
Council House Building - Pennywell Town Centre Phase 3	22,681	27/28
General Fund - Asset Management Works Programme	19,101	26/27
Council House Building - Greendykes KL	17,535	27/28
Wester Hailes HS Phase 2	14,159	27/28
Liberton HS	10,418	27/28
Council House Building - Burdiehouse Crescent	10,177	27/28
Council House Building - Silverlea	9,081	26/27
Council House Building - Powderhall Bowling	8,629	27/28
Millerhill Offtake Unit	7,900	27/28
General Fund - Asset Management Works Retrofit Works	7,249	26/27
Carriageway and Footways	5,133	26/27
Powderhall Nursery	5,075	27/28
Council House Building - Murrayburn Gate	3,985	26/27
North Bridge Refurbishment	3,966	26/27
Currie HS	3,919	26/27
Frogston PS	3,429	26/27
Queensferry Town Centre PBIP	1,851	26/27
Tram Lifecycle	1,576	26/27
Council House Building - Castlebrae	1,396	28/29
Cycle Projects	1,072	26/27
City Centre West Edinburgh Link	1,010	26/27
	<b><u>298,598</u></b>	

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Property, Plant and Equipment - continued

#### 15.3 Movements on Balances - Group Movements in 2025/26

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000
<b>Cost or Valuation</b>				
At 1 April 2025	1,058,354	3,896,122	342,418	30,958
On Acquisition of a Subsidiary	0	0	0	0
Additions	121,016	153,105	57,549	880
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(30,321)	(3,766)	0	(210)
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(78,419)	(220,622)	8	(728)
Derecognition - disposals	(1,121)	(320)	(3,172)	(1)
Derecognition - other	0	0	0	0
Assets reclassified (to) / from held for sale	0	0	0	0
Other increases / (decreases) in cost or valuation	62,237	64,433	(1,538)	1
At 31 March 2026	<u>1,131,746</u>	<u>3,888,952</u>	<u>395,265</u>	<u>30,900</u>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2025	0	(101,258)	(169,720)	0
On Acquisition of a Subsidiary	0	0	0	0
Depreciation charge	(23,794)	(189,038)	(32,289)	0
Depreciation charge written out to Revaluation Reserve	0	0	0	0
Depreciation written out to the Surplus on the Provision of Services	23,772	6,349	0	0
Derecognition - disposals	23	25	1,351	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	186,131	0	0
Other increases / (decreases) in cost or valuation	0	103	1,538	0
At 31 March 2026	<u>1</u>	<u>(97,688)</u>	<u>(199,120)</u>	<u>0</u>
<b>Net book value</b>				
At 31 March 2026	<u>1,131,747</u>	<u>3,791,264</u>	<u>196,145</u>	<u>30,900</u>
At 31 March 2025	<u>1,058,354</u>	<u>3,794,864</u>	<u>172,698</u>	<u>30,958</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Property, Plant and Equipment - continued

#### 15.3 Movements on Balances - Group Movements in 2025/26

	Surplus Assets £000	Assets Under Construction £000	Right of Use Asset £000	Total Property Plant and Equipment £000
<b>Cost or Valuation</b>				
At 1 April 2025	1,169	334,405	100,793	<b>5,764,219</b>
On Acquisition of a Subsidiary	0	0	0	<b>0</b>
Additions	107	143,514	25,967	<b>502,138</b>
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(2)	0	0	<b>(34,299)</b>
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(72)	0	0	<b>(299,833)</b>
Derecognition - disposals	0	(19,491)	0	<b>(24,105)</b>
Derecognition - other	0	0	0	<b>0</b>
Assets reclassified (to) / from held for sale	0	0	0	<b>0</b>
Other increases / (decreases) in cost or valuation	4,523	(130,865)	0	<b>(1,209)</b>
At 31 March 2026	<u>5,725</u>	<u>327,563</u>	<u>126,760</u>	<u><b>5,906,911</b></u>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2025	(6)	0	(50,800)	<b>(321,784)</b>
On Acquisition of a Subsidiary	0	0	0	<b>0</b>
Depreciation charge	(172)	0	(22,455)	<b>(267,748)</b>
Depreciation charge written out to Revaluation Reserve	0	0	0	<b>0</b>
Depreciation written out to the Surplus on the Provision of Services	0	0	0	<b>30,121</b>
Derecognition - disposals	0	0	0	<b>1,399</b>
Derecognition - other	0	0	0	<b>0</b>
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	<b>186,131</b>
Other increases / (decreases) in cost or valuation	(103)	0	0	<b>1,538</b>
At 31 March 2026	<u>(281)</u>	<u>0</u>	<u>(73,255)</u>	<u><b>(370,343)</b></u>
<b>Net book value</b>				
At 31 March 2026	<u>5,444</u>	<u>327,563</u>	<u>53,505</u>	<u><b>5,536,568</b></u>
At 31 March 2025	<u>1,163</u>	<u>334,405</u>	<u>49,993</u>	<u><b>5,442,435</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Property, Plant and Equipment - continued

#### 15.4 Movements on Balances - Group Accounts

##### 2024/25 Comparative Data

<b>Re-stated Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture and Equipment £000</b>	<b>Community Assets £000</b>
Restated At 1 April 2024	939,128	3,682,893	307,894	13,625
On Acquisition of a Subsidiary	0	425	3,790	0
Additions	110,094	102,497	48,142	845
Revaluation increases / (decreases) recognised in the Revaluation Reserve	21,365	70,734	0	(1,446)
Revaluation decreases recognised in the Surplus on the Provision of Services	(29,887)	(16,368)	(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	20,844	57,511	(17,001)	20,037
<b>At 31 March 2025</b>	<b>1,058,354</b>	<b>3,896,122</b>	<b>342,418</b>	<b>30,958</b>
<b>Accumulated Depreciation and Impairment</b>				
Restated At 1 April 2024	0	(93,507)	(163,444)	0
On Acquisition of a Subsidiary	0	0	(2,281)	0
Depreciation charge	(19,432)	(136,914)	(21,312)	0
Depreciation charge written out to Revaluation Reserve	19,368	6,218	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	0	241	17,001	0
<b>At 31 March 2025</b>	<b>0</b>	<b>(101,258)</b>	<b>(169,720)</b>	<b>0</b>
<b>Net book value</b>				
<b>At 31 March 2025</b>	<b>1,058,354</b>	<b>3,794,864</b>	<b>172,698</b>	<b>30,958</b>
<b>At 31 March 2024</b>	<b>939,128</b>	<b>3,589,386</b>	<b>144,450</b>	<b>13,625</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Property, Plant and Equipment - continued

#### 15.4 Movements on Balances - Group 2024/25 Comparative Data

<b>Re-stated Cost or Valuation</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Right of Use Asset £000</b>	<b>Total Property Plant and Equipment £000</b>
Restated At 1 April 2024	1,880	297,397	89,865	<b>5,332,682</b>
On Acquisition of a Subsidiary	0	0	0	<b>4,215</b>
Additions	1	145,707	13,404	<b>420,690</b>
Revaluation increases / (decreases) recognised in the Revaluation Reserve	224	0	0	<b>90,877</b>
Revaluation decreases recognised in the Surplus on the Provision of Services	44	0	0	<b>(48,323)</b>
Derecognition - disposals	(980)	(4,957)	0	<b>(11,095)</b>
Derecognition - other	0	0	0	<b>0</b>
Assets reclassified (to) / from held for sale	0	0	0	<b>0</b>
Other increases / (decreases) in cost or valuation	0	(103,742)	(2,476)	<b>(24,827)</b>
At 31 March 2025	<u>1,169</u>	<u>334,405</u>	<u>100,793</u>	<u><b>5,764,219</b></u>
<b>Accumulated Depreciation and Impairment</b>				
Restated At 1 April 2024	(50)	0	(34,800)	<b>(291,801)</b>
On Acquisition of a Subsidiary	0	0	0	<b>(2,281)</b>
Depreciation charge	(71)	0	(18,191)	<b>(195,920)</b>
Depreciation charge written out to Revaluation Reserve	115	0	0	<b>25,701</b>
Depreciation written out to the Surplus on the Provision of Services	0	0	0	<b>122,672</b>
Derecognition - disposals	0	0	0	<b>412</b>
Derecognition - other	0	0	0	<b>0</b>
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	<b>0</b>
Other movements in cost or valuation	0	0	2,191	<b>19,433</b>
At 31 March 2025	<u>(6)</u>	<u>0</u>	<u>(50,800)</u>	<u><b>(321,784)</b></u>
<b>Net book value</b>				
At 31 March 2025	<u>1,163</u>	<u>334,405</u>	<u>49,993</u>	<u><b>5,442,435</b></u>
At 31 March 2024	<u>1,830</u>	<u>297,397</u>	<u>55,065</u>	<u><b>5,040,881</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Property, Plant and Equipment - continued

#### 15.5 Movements on Balances - Council

##### Movements in 2025/26

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000
<b>Cost or Valuation</b>				
At 1 April 2025	1,058,354	3,734,838	140,855	26,632
Additions	121,016	154,766	14,867	876
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(30,321)	(15,149)	0	(210)
Revaluation increases / (decreases) recognised in the Surplus on the Provision of Services	(78,419)	(220,622)	8	(728)
Derecognition - disposals	(1,121)	(320)	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	62,237	64,433	(1,538)	0
At 31 March 2026	<u>1,131,746</u>	<u>3,717,946</u>	<u>154,192</u>	<u>26,570</u>
<b>Accumulated Depreciation and Impairment</b>				
At 1 April 2025	0	(21,648)	(50,765)	0
Depreciation charge	(23,794)	(188,356)	(11,033)	0
Depreciation charge written out to Revaluation Reserve	0	0	0	0
Depreciation written out to the Surplus on the Provision of Services	23,772	6,349	0	0
Derecognition - disposals	23	25	0	0
Derecognition - other	0	0	0	0
Impairment losses recognised in the Surplus on the Provision of Services	0	186,131	0	0
Other increases / (decreases) in cost or valuation	0	103	1,538	0
At 31 March 2026	<u>1</u>	<u>(17,396)</u>	<u>(60,260)</u>	<u>0</u>
<b>Net book value</b>				
At 31 March 2026	<u>1,131,747</u>	<u>3,700,550</u>	<u>93,932</u>	<u>26,570</u>
At 31 March 2025	<u>1,058,354</u>	<u>3,713,190</u>	<u>90,090</u>	<u>26,632</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Property, Plant and Equipment - continued

#### 15.5 Movements on Balances - Council

##### Movements in 2025/26

<b>Cost or Valuation</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Right of Use Assets £000</b>	<b>Total Property Plant and Equipment £000</b>	<b>PPP and similar Assets £000</b>
At 1 April 2025	1,169	334,406	99,467	<b>5,395,721</b>	903,866
Additions	107	143,514	25,967	<b>461,113</b>	454
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(2)	0	0	<b>(45,682)</b>	530,072
Revaluation decreases recognised in the Surplus on the Provision of Services	(72)	0	0	<b>(299,833)</b>	(526,999)
Derecognition - disposals	0	(19,491)	0	<b>(20,932)</b>	0
Derecognition - other	0	0	0	<b>0</b>	0
Assets reclassified (to) / from held for sale	0	0	0	<b>0</b>	0
Other increases / (decreases) in cost or valuation	4,523	(130,865)	0	<b>(1,210)</b>	0
At 31 March 2026	<u>5,725</u>	<u>327,564</u>	<u>125,434</u>	<u><b>5,489,177</b></u>	<u>907,393</u>
<b>Accumulated Depreciation and Impairment</b>					
At 1 April 2025	(6)	0	(50,086)	<b>(122,505)</b>	(1,873)
Depreciation charge	(172)	0	(22,305)	<b>(245,660)</b>	(30,513)
Depreciation charge written out to Revaluation Reserve	0	0	0	<b>0</b>	30,372
Depreciation written out to the Surplus on the Provision of Services	0	0	0	<b>30,121</b>	0
Derecognition - disposals	0	0	0	<b>48</b>	0
Derecognition - other	0	0	0	<b>0</b>	0
Impairment losses recognised in the Surplus on the Provision of Services	0	0	0	<b>186,131</b>	0
Other increases / (decreases) in cost or valuation	(103)	0	0	<b>1,538</b>	0
At 31 March 2026	<u>(281)</u>	<u>0</u>	<u>(72,391)</u>	<u><b>(150,327)</b></u>	<u>(2,014)</u>
<b>Net book value</b>					
At 31 March 2026	<u>5,444</u>	<u>327,564</u>	<u>53,043</u>	<u><b>5,338,850</b></u>	<u>905,379</u>
At 31 March 2025	<u>1,163</u>	<u>334,406</u>	<u>49,381</u>	<u><b>5,273,216</b></u>	<u>901,993</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 £78m (2024/25 £75m) 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

##### 2024/25 Comparative Data

<b>Re-stated Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles, Plant, Furniture and Equipment £000</b>	<b>Community Assets £000</b>
Restated 1 April 2024	939,128	3,522,947	126,599	9,314
Additions	110,094	101,634	31,266	830
Revaluation increases / (decreases) recognised in the Revaluation Reserve	21,365	70,734	0	(1,446)
Revaluation decreases recognised in the Surplus on the Provision of Services	(29,887)	(16,368)	(9)	(2,103)
Derecognition - disposals	(3,190)	(1,570)	0	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	20,844	57,461	(17,001)	20,037
At 31 March 2025	<u>1,058,354</u>	<u>3,734,838</u>	<u>140,855</u>	<u>26,632</u>
<b>Accumulated Depreciation and Impairment</b>				
Restated 1 April 2024	0	(21,971)	(58,380)	0
Depreciation charge	(19,432)	(128,841)	(9,386)	0
Depreciation charge written out to Revaluation Reserve	19,368	6,218	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 movements in cost or valuation	0	242	17,001	0
At 31 March 2025	<u>0</u>	<u>(21,648)</u>	<u>(50,765)</u>	<u>0</u>
<b>Net book value</b>				
At 31 March 2025	<u>1,058,354</u>	<u>3,713,190</u>	<u>90,090</u>	<u>26,632</u>
At 31 March 2024	<u>939,128</u>	<u>3,500,976</u>	<u>68,219</u>	<u>9,314</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Property, Plant and Equipment - continued

#### 15.6 Movements on Balances - Council

##### 2024/25 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
<b>Re-stated Cost or Valuation</b>					
Restated At 1 April 2024	1,880	297,397	88,674	<b>4,985,939</b>	893,612
Additions	1	145,708	13,269	<b>402,802</b>	793
Revaluation increases / (decreases) recognised in the Revaluation Reserve	224	0	0	<b>90,877</b>	11,448
Revaluation decreases recognised in the Surplus on the Provision of Services	44	0	0	<b>(48,323)</b>	(1,987)
Derecognition - disposals	(980)	(4,957)	0	<b>(10,697)</b>	0
Derecognition - other	0	0	0	<b>0</b>	0
Assets reclassified (to) / from held for sale	0	0	0	<b>0</b>	0
Other increases / (decreases) in cost or valuation	0	(103,742)	(2,476)	<b>(24,877)</b>	0
At 31 March 2025	<u>1,169</u>	<u>334,406</u>	<u>99,467</u>	<u><b>5,395,721</b></u>	<u>903,866</u>
<b>Accumulated Depreciation and Impairment</b>					
Restated At 1 April 2024	(50)	0	(34,232)	<b>(114,633)</b>	(1,794)
Depreciation charge	(71)	0	(18,045)	<b>(175,775)</b>	(28,632)
Depreciation charge written out to Revaluation Reserve	115	0	0	<b>25,701</b>	28,553
Depreciation written out to the Surplus on the Provision of Services	0	0	0	<b>122,672</b>	0
Derecognition - disposals	0	0	0	<b>96</b>	0
Derecognition - other	0	0	0	<b>0</b>	0
Impairment losses recognised in in the Surplus on the Provision of Services	0	0	0	<b>0</b>	0
Other movements in cost or valuation	0	0	2,191	<b>19,434</b>	0
At 31 March 2025	<u>(6)</u>	<u>0</u>	<u>(50,086)</u>	<u><b>(122,505)</b></u>	<u>(1,873)</u>
<b>Net book value</b>					
At 31 March 2025	<u>1,163</u>	<u>334,406</u>	<u>49,381</u>	<u><b>5,273,216</b></u>	<u>901,993</u>
At 31 March 2024	<u>1,830</u>	<u>297,397</u>	<u>54,442</u>	<u><b>4,871,306</b></u>	<u>891,818</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/](http://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 2027 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 2027 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	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
<b>Net Book Value</b>				
At 1 April	902,576	902,576	917,435	917,435
Additions	52,706	52,706	72,877	72,877
Depreciation	(87,736)	(87,736)	(87,736)	(87,736)
<b>At 31 March</b>	<b>867,546</b>	<b>867,546</b>	<b>902,576</b>	<b>902,576</b>
<b>Reconciliation of Property, Plant and Equipment</b>				
Infrastructure Assets	867,546	867,546	902,576	902,576
Other Property, Plant and Equipment Assets	5,536,568	5,338,850	5,442,435	5,273,216
<b>Total Property Plant and Equipment</b>	<b>6,404,114</b>	<b>6,206,396</b>	<b>6,345,011</b>	<b>6,175,792</b>

## 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. In 2025/26, the Indexation policy was extended to all applicable Plant, Property and Equipments in line with requirements set out in CIPFA Bulletin 22. These assets were not revalued but they were treated as such for accounting purposes.

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.

<b>Council assets</b>	<b>Other Land and Buildings £000</b>
Carried at historical cost	11,978
Valued at fair value as at:	
31 March 2025	600,014
31 March 2024	526,955
31 March 2023	938,595
31 March 2022	1,024,348
31 March 2021	616,056
<b>Total cost or valuation</b>	<b><u>3,717,946</u></b>

Council Dwellings held on the Housing Revenue Account are revalued every 5 years. Dwellings used for temporary accommodation are valued at market value and no Social Housing Discount Factor applied as they are not subject to a secure tenancy agreement.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Property, Plant and Equipment - continued

#### 15.9 Surplus Assets and Investment Properties - Fair Value Disclosure

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair Value as at 31 March 2026
	£000	£000	£000	£000
Surplus assets	0	5,726	0	5,726
Investment properties - advertising hoardings	0	24,862	0	24,862
<b>Total cost or valuation</b>	<b>0</b>	<b>30,588</b>	<b>0</b>	<b>30,588</b>

- 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

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 £2.076m (£2.183m 2024/25) and expense £Nil (£Nil 2024/25) 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.

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	160,263	25,145	145,022	24,961
Additions	39,339	0	8,933	0
Disposals	0	0	0	0
Net (loss) / gain from fair value adjustments	7,068	(283)	6,308	184
Value at 31 March	<u>206,670</u>	<u>24,862</u>	<u>160,263</u>	<u>25,145</u>

### 17. Intangible Assets

#### Policy

Intangible fixed assets represent software licences purchased by the Council.

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

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

#### Note

The table shows the carrying value and amortisation of intangible assets of the Group and the

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	8,515	8,029	3,994	3,994
Additions	2,084	2,084	6,983	5,234
Amortisation	<u>(2,678)</u>	<u>(2,192)</u>	<u>(2,462)</u>	<u>(1,199)</u>
Value at 31 March	<u>7,921</u>	<u>7,921</u>	<u>8,515</u>	<u>8,029</u>

### 18. Heritage Assets

#### Policy

Heritage assets comprise the following:

Monuments and statues

Archival collections

Museum and gallery collections, incl. Civic Regalia

Libraries' special 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 2025/26

	<b>Monuments and Statues £000</b>	<b>Archival Collections £000</b>	<b>Museum and Gallery Collections £000</b>
<b>Cost or Valuation</b>			
At 1 April 2025	564	6,796	32,697
Additions	2,032	0	5,624
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	(557)
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	(2,032)	0	0
At 31 March 2026	<u>564</u>	<u>6,796</u>	<u>37,764</u>
<b>Net book value</b>			
At 31 March 2026	<u>564</u>	<u>6,796</u>	<u>37,764</u>
At 31 March 2025	<u>564</u>	<u>6,796</u>	<u>32,697</u>
	<b>Libraries' Special Collections £000</b>	<b>Total Council Heritage Assets £000</b>	
<b>Cost or Valuation</b>			
At 1 April 2025	1,975	42,032	
Additions	0	7,656	
Revaluation increases / (decreases) recognised in the Revaluation Reverse	0	(557)	
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	(2,032)	
At 31 March 2026	<u>1,975</u>	<u>47,099</u>	
<b>Net book value</b>			
At 31 March 2026	<u>1,975</u>	<u>47,099</u>	
At 31 March 2025	<u>1,975</u>	<u>42,032</u>	
	<b>City of Edinburgh Council Charitable Trusts £000</b>	<b>Common Good £000</b>	<b>Total Group Heritage Assets £000</b>
<b>Cost or Valuation</b>			
At 1 April 2025	22,562	145	64,739
Additions	0	9	7,665
Revaluation increases / (decreases) recognised in the Revaluation Reverse	(12,872)	0	(13,429)
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	(1)	0	(2,033)
At 31 March 2026	<u>9,689</u>	<u>154</u>	<u>56,942</u>
<b>Net book value</b>			
At 31 March 2026	<u>9,689</u>	<u>154</u>	<u>56,942</u>
At 31 March 2025	<u>22,562</u>	<u>144</u>	<u>64,739</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 18. Heritage Assets - continued

#### 18.1 Reconciliation of the Carrying Value of Heritage Assets - continued 2024/25 Comparative Data

Cost or Valuation	Monuments and Statues	Archival Collections	Museum and Gallery Collections
	£000	£000	£000
Restated At 1 April 2024	942	6,796	21,690
Additions	2,639	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	11,007
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	(3,017)	0	0
At 31 March 2025	<u>564</u>	<u>6,796</u>	<u>32,697</u>
<b>Net book value</b>			
At 31 March 2025	<u>564</u>	<u>6,796</u>	<u>32,697</u>
At 31 March 2024	<u>942</u>	<u>6,796</u>	<u>21,690</u>
		<b>Total Council Heritage Assets</b>	
		<b>£000</b>	
Restated At 1 April 2024	1,975	31,403	
Additions	0	2,639	
Revaluation increases / (decreases) recognised in the Revaluation Reverse	0	11,007	
Revaluation decreases recognised in the Surplus / Deficit on the Provision of Services	0	(3,017)	
At 31 March 2025	<u>1,975</u>	<u>42,032</u>	
<b>Net book value</b>			
At 31 March 2025	<u>1,975</u>	<u>42,032</u>	
At 31 March 2024	<u>1,975</u>	<u>31,403</u>	
			<b>Total Group Heritage Assets</b>
			<b>£000</b>
	<b>City of Edinburgh Council Charitable Trusts</b>	<b>Common Good</b>	
	<b>£000</b>	<b>£000</b>	
Restated At 1 April 2024	21,947	144	53,494
Additions	38	1	2,678
Revaluation increases / (decreases) recognised in the Revaluation Reverse	0	0	11,007
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	577	0	(2,440)
At 31 March 2025	<u>22,562</u>	<u>145</u>	<u>64,739</u>
<b>Net book value</b>			
At 31 March 2025	<u>22,562</u>	<u>145</u>	<u>64,739</u>
At 31 March 2024	<u>21,947</u>	<u>144</u>	<u>53,494</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 where possible. Where it is not possible to identify historic cost, the assets are held at a nominal £1,000
- 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 such as the Social History, Applied Art, Writers' Museum, Childhood, City Art Centre and Picture Loan Scheme. This category also includes Civic Regalia and artefacts such as the Lord Provost's Badge and Chain of Office and the Rosebery Jewel. The value of these assets is based on insurance purposes valuations carried out in 2024.
- 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	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Total				
Balance at 1 April	10,652	4,962	9,605	4,248
Purchases	19,072	18,832	19,510	19,110
Held by a third party	0	0	-	-
Recognised as an expense in the year	(21,291)	(18,449)	(18,420)	(18,353)
Stock written off	(70)	(70)	(43)	(43)
Balance at 31 March	<u>8,363</u>	<u>5,275</u>	<u>10,652</u>	<u>4,962</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Debtors

#### 20.1 Long-term Debtors

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Council Tax	126,529	126,529	123,358	123,358
Trade Debtors	40,443	40,443	44,380	44,380
Other Debtors	25,640	178,028	23,314	153,634
Total long-term debtors before provision for impairment	192,612	345,000	191,052	321,372
Less: Provision for impairment	(148,325)	(148,325)	(150,292)	(150,292)
Total net long-term debtors	44,287	196,675	40,760	171,080

Long-term debtors include £7.799m (2024/25 £7.799m) 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

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Council Tax	133,040	133,040	124,512	124,512
Trade Debtors	109,125	96,418	69,079	65,942
Prepayments	32,477	29,788	29,512	26,599
Other Debtors	137,523	125,887	109,148	102,824
Total current debtors before provision for impairment	412,165	385,133	332,251	319,877
Less: Provision for impairment	(131,752)	(131,752)	(120,964)	(120,964)
Total net current debtors	280,413	253,381	211,287	198,913

#### 20.3 Provision for Impairment

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
<b>Long-term provision for impairment</b>				
Council Tax	(115,509)	(115,509)	(112,668)	(112,668)
Trade Debtors	(23,313)	(23,313)	(29,039)	(29,039)
Other Debtors	(9,503)	(9,503)	(8,585)	(8,585)
Total long-term provision for impairment	(148,325)	(148,325)	(150,292)	(150,292)
<b>Current provision for impairment</b>				
Council Tax	(117,672)	(117,672)	(110,884)	(110,884)
Trade Debtors	(12,784)	(12,784)	(8,954)	(8,954)
Other Debtors	(1,296)	(1,296)	(1,126)	(1,126)
Total current provision for impairment	(131,752)	(131,752)	(120,964)	(120,964)

### 21. Cash and Cash Equivalents

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Cash held	339	339	346	346
Bank current accounts	60,658	3,705	64,961	3,727
Short-term deposits:				
With banks or building societies	462	462	944	944
With other local authorities	16,139	16,139	15,742	15,742
UK Debt Management Office	0	0	1,609	1,609
	77,598	20,645	83,602	22,368

## NOTES TO THE FINANCIAL STATEMENTS

### 22. Investments

#### 22.1 Long-Term Investments

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Edinburgh Transport Holdings Limited	0	5,824	0	5,824
Tudor Trust	350	350	350	350
CEC Recovery	1	1	1	1
CEC Holdings	5,126	20,870	268	12,225
Caledonian Waterfront (Harbour Road) JV	393	393	0	0
	<u>5,870</u>	<u>27,438</u>	<u>619</u>	<u>18,400</u>

#### 22.2 Short-Term Investments

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Local Authority Loans	15,035	15,035	10,849	10,849
Other short-term investments	4,318	0	4,038	0
	<u>19,353</u>	<u>15,035</u>	<u>14,887</u>	<u>10,849</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.

#### 23.1 Current Assets - Held for Sale

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Balance at 1 April	4,198	4,198	1,772	1,772
Additions	29	29	123	123
Revaluation gains/(losses) recognised in the revaluation reserve	(214)	(214)	908	908
Revaluation gains/(losses) recognised in Surplus on the Provision of Services	0	0	6	6
Assets Sold	(1,930)	(1,930)	(595)	(595)
Assets declassified as held for sale	(393)	(393)	0	0
Assets classified as held for sale	65	65	1,984	1,984
Transfers from non-current to current	0	0	0	0
Balance at 31 March	<u>1,755</u>	<u>1,755</u>	<u>4,198</u>	<u>4,198</u>

## NOTES TO THE FINANCIAL STATEMENTS

24. Creditors	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Trade Creditors	(196,579)	(185,769)	(171,548)	(166,641)
Council Tax Creditors	(5,856)	(5,856)	(4,713)	(4,713)
Other Tax payable	(20,645)	(16,451)	(18,103)	(14,365)
Other Creditors	(99,449)	(58,287)	(100,853)	(71,975)
PPP Creditor (Note 38.1)	(12,994)	(12,994)	(12,674)	(12,674)
Right of Use Asset (Note 38.4)	(38,482)	(24,224)	(34,310)	(21,199)
Finance Leases (non PPP - Note 38.1)	(427)	(427)	(419)	(419)
	<u>(374,432)</u>	<u>(304,008)</u>	<u>(342,620)</u>	<u>(291,986)</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 2026 year end and provisions disclosed separately.

### Note

Long-Term	Other	Council Tax	Total Group
	Provisions	Overpayment	and Council
	£000	£000	Provisions
			£000
Balance at 1 April 2025	(2,695)	(16,589)	(19,284)
Additional provisions made in year	(76)	(271)	(347)
Amounts used during the year	592	0	592
Unused amounts reversed during year	16	0	16
Balance at 31 March 2026	<u>(2,163)</u>	<u>(16,860)</u>	<u>(19,023)</u>

Other long-term provisions include sums set aside for insurance claims £0.6m, tram related developer contributions £0.3m, EICC Expenditure Trust funds £1.1m and sums for equal pay claims.

Council tax overpayments are sums set aside for customer credits on account, where customers cannot be located.

Short-Term	Other	Council Tax	Council	Group	Total
	Provisions	Discount	Provisions	Provisions	Provisions
	£000	£000	£000	£000	£000
Balance at 1 April 2025	(6,297)	(5,206)	(11,503)	(2,362)	(13,865)
Transfers	0	0	0	0	0
Additional provisions made in year	(2,790)	(161)	(2,951)	(2,552)	(5,503)
Amounts used during the year	761	0	761	2,077	2,838
Unused amounts reversed during year	111	0	111	0	111
Balance at 31 March 2026	<u>(8,215)</u>	<u>(5,367)</u>	<u>(13,582)</u>	<u>(2,837)</u>	<u>(16,419)</u>

Other Short-Term provisions include items set aside for items such as expected historic IT licences £1.6m, service provider cost uplift claims £1.2m, compensation and insurance claims £1.4m. Council Tax Discounts provide sums required 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 2003.
- 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

	<b>Balance as at:</b>	
	<b>31 March</b>	<b>Re-stated</b>
	<b>2026</b>	<b>31 March</b>
	<b>£000</b>	<b>2025</b>
		<b>£000</b>
Revaluation Reserve	2,444,934	2,578,290
Capital Adjustment Account	1,264,254	1,301,008
Financial Instruments Adjustment Account	(66,642)	(70,012)
Pensions Reserve	(39,376)	(41,395)
Employee Statutory Adjustment Account	(23,308)	(19,167)
Total Council Unusable Reserves	<u>3,579,862</u>	<u>3,748,724</u>
Subsidiaries, Associates and Joint Ventures	132,685	139,020
Total Group Unusable Reserves	<u><u>3,712,547</u></u>	<u><u>3,887,744</u></u>

#### 27.2 Revaluation Reserve

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

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

	<b>2025/26</b>		<b>Re-stated</b>
	<b>£000</b>		<b>2024/25</b>
			<b>£000</b>
Balance at 1 April	2,578,290		2,419,455
Upward revaluation of assets	245,137	288,816	
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services	(261,469)	(40,533)	
Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Service	(16,332)		248,283
Difference between fair value depreciation and historical cost depreciation	(114,745)		(87,361)
Accumulated gains on assets sold written off to the capital adjustment account	(2,279)		(2,087)
Balance at 31 March	<u><u>2,444,934</u></u>		<u><u>2,578,290</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 27. Unusable Reserves - continued

#### 27.3 Capital Adjustment Account

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

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

	2025/26 £000	Re-stated 2024/25 £000
Balance at 1 April	1,301,008	1,302,143
<u>Reversal of items relating to capital expenditure debited or credited to the CIES</u>		
Charges for depreciation and impairment of non-current assets	(334,385)	(230,629)
Amortisation and impairment of intangible assets	(2,192)	(1,199)
Capital funded from revenue	15,782	31,980
Revenue exp. funded from capital under statute	(72,198)	(62,244)
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	(20,566)	(11,196)
	<u>(413,558)</u>	<u>(273,288)</u>
Adjusting amounts written out of the revaluation reserve	31	2,087
	<u>(413,527)</u>	<u>(271,201)</u>
Net written out amount of the costs of non-current assets consumed in the year		
<u>Capital financing applied in the year:</u>		
Use of the capital receipts reserve to finance new capital expenditure	30,466	16,852
Donated assets	23,633	4,189
Use of capital fund for new capital expenditure	8,973	492
Capital grants and contributions credited to the CIES that have been applied to capital financing	115,633	79,543
Application of grants from the capital grants unapplied account / capital fund	2,762	3,081
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	121,942	110,350
Capital expenditure charged against the General Fund and HRA balances	72,198	62,244
	<u>375,606</u>	<u>276,751</u>
Movements in the market value of investment properties credited to the CIES	(283)	184
Movements in value of finance leases	9,068	0
Service Concession Flexibility	(7,618)	(6,869)
Balance at 31 March	<u><u>1,264,254</u></u>	<u><u>1,301,008</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.

	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	(70,012)	(72,984)
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	2,907
Proportion of equivalent interest rate calculation on lender option / borrower option loans (LOBOs)	463	65
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in accordance with statutory requirements	3,370	2,972
Balance at 31 March	<u>(66,642)</u>	<u>(70,012)</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.

	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	(41,395)	(48,738)
Actuarial gains or (losses) on pension assets and liabilities	(6,820)	19,877
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	(66,380)	(86,592)
Employer's pension contributions and direct payments to pensioners payable in the year	75,219	74,058
Balance at 31 March	<u>(39,376)</u>	<u>(41,395)</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.

		<b>2025/26</b>	<b>2024/25</b>
		<b>£000</b>	<b>£000</b>
Balance at 1 April		(19,167)	(15,527)
Settlement or cancellation of accrual made at the end of the preceding year	19,167	15,527	
Amount accrued at the end of the current year	<u>(23,308)</u>	<u>(19,167)</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		(4,141)	(3,640)
Balance at 31 March		<u>(23,308)</u>	<u>(19,167)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 27. Unusable Reserves - continued

#### 27.7 Unusable Reserves - Group Members

Balance as at:

	31 March 2026 £000	31 March 2025 £000
<b>Subsidiaries</b>		
CEC Holdings Limited	53,952	61,990
Edinburgh Transport Holdings Ltd	27,669	20,516
Edinburgh Living MMR LLP	46,327	38,976
The City of Edinburgh Council Charitable Trusts	851	13,714
Common Good	4,459	4,447
<b>Associates and Joint Ventures</b>		
Lothian Valuation Joint Board	(573)	(623)
<b>Total Unusable Reserves - Subsidiaries, Associates and Joint Ventures</b>	<u>132,685</u>	<u>139,020</u>

### 28. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Cash paid to and on behalf of employees	882,671	882,671	828,958	828,958
General Revenue Grant	(696,688)	(696,688)	(629,278)	(629,278)
Non-Domestic Rates receipts from national pool	(400,788)	(400,788)	(407,645)	(407,645)
Other net operating cash payments / (receipts)	45,961	45,961	142,046	142,046
Net cash flows from subsidiary companies	(49,209)	0	(17,925)	0
<b>Net cash flows from operating activities</b>	<u>(218,053)</u>	<u>(168,844)</u>	<u>(83,844)</u>	<u>(65,919)</u>

### 29. Cash Flow Statement - Operating Activities - continued

The cash flows for operating activities include the following items:

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Interest received	(15,755)	(14,293)	(17,624)	(15,686)
Interest paid	116,125	113,983	110,158	107,693

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	7,919	0	9,470	0
Recognised Capital Income	111,442	111,442	80,381	80,381
Movement in Donated Assets	23,633	23,633	4,189	4,189
	<u>142,994</u>	<u>135,075</u>	<u>94,040</u>	<u>84,570</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 29. Cash Flow Statement - Operating Activities - continued

	2025/26		Re-stated 2024/25	
	Group £000	Council £000	Group £000	Council £000
Depreciation	(358,162)	(335,588)	(286,170)	(264,712)
Impairment	(115,733)	(115,733)	(54,477)	(54,477)
Increase/(decrease) in impairment for bad debts	(11,566)	(11,401)	(5,595)	(5,292)
Increase/(decrease) in creditors	(50,540)	(10,479)	(6,773)	(5,909)
Increase/(decrease) in debtors	58,161	34,666	25,986	22,913
Increase/(decrease) in inventories	(2,290)	312	1,047	714
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	15,004	7,652	11,781	5,656
Other non-cash items charged to the net surplus or deficit on the provision of services	46,175	44,725	(14,490)	(5,943)
	<u>(418,951)</u>	<u>(385,846)</u>	<u>(328,691)</u>	<u>(307,050)</u>

### 30. Cash Flow Statement - Investing Activities

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	559,830	470,258	488,959	469,549
Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(32,770)	(30,489)	(17,160)	(16,972)
Net purchase of Short-Term and Long-Term Investments	3,515	3,902	4,656	1,787
Other receipts from investing activities	<u>(99,398)</u>	<u>(103,538)</u>	<u>(80,582)</u>	<u>(82,720)</u>
<b>Net cash flows from investing activities</b>	<u>431,177</u>	<u>340,133</u>	<u>395,873</u>	<u>371,644</u>

### 31. Cash Flow Statement - Financing Activities

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Cash Receipts of Short- and Long-Term Borrowing	(400,421)	(364,999)	(299,970)	(290,001)
Other Receipts for Financing Activities	31,927	46,065	(55,734)	(55,734)
Cash Payments for the Reduction of the Outstanding Liability relating to Finance Leases and on-Balance Sheet PPP Contracts	28,377	15,365	27,681	13,800
Repayment of short-term and long-term borrowing	132,997	134,003	57,120	56,296
<b>Net cash flows from financing activities</b>	<u>(207,120)</u>	<u>(169,566)</u>	<u>(270,903)</u>	<u>(275,639)</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.

	2025/26 £000	2024/25 £000
Opening Balance	41	46
New Loans	0	0
Increase in the Discounted Amount	4	4
Fair Value Adjustment	0	0
Loan Repayment	<u>(9)</u>	<u>(9)</u>
Balance Carried Forward	<u>36</u>	<u>41</u>
Nominal Value Carried Forward	<u>45</u>	<u>54</u>

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

Interest is not charged on the loan stock, which has a face value of £10.906m as at 31 December 2025. The loan stock is included in debtors, at a fair value rate, of £5.161m 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 2025. Interest has been waived on the loan stock, which is due to be repaid to the Council in 2117. The discounted value of this loan stock is £0.024m.

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 2026 is £0.194m.

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 2026 is £0.712m.

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 three loans remain in the scheme. These sums are included in long-term debtors, the balance at 31 March 2026 is £0.095m.

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 Advanced No. of Units	2025/26 £000	Repaid 2025/26 £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	86	0	(1,577)	12,824	11,247
			<b>320</b>	<b>0</b>	<b>(1,577)</b>	<b>42,016</b>	<b>40,439</b>

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.

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 £1.000m (2024/25 £1.071m) was collected and £0.916m (2024/25 £1.124m) 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 £21.585m (2024/25 £41.830m).

### 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 £0.769m (2024/25 £0.758m).

## 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:

	2025/26		2024/25	
	£000	£000	£000	£000
<b>Credited to taxation and non-specific grant income</b>				
General revenue funding	(696,688)		(629,278)	
Non-domestic rates	(400,788)		(407,645)	
Capital grants and contributions	<u>(135,076)</u>		<u>(84,569)</u>	
		(1,232,552)		(1,121,492)
<b>Credited to services</b>				
Central Government Bodies	(214,123)		(209,173)	
Other Local Authorities	(2,350)		(2,476)	
NHS bodies	(83,773)		(81,420)	
Other entities and individuals	<u>(78,580)</u>		<u>(24,492)</u>	
		<u>(378,826)</u>		<u>(317,561)</u>
<b>Total</b>		<u><u>(1,611,378)</u></u>		<u><u>(1,439,053)</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.

	2025/26	2025/26	2025/26	2024/25	2024/25
	Expenditure	Income	Debtor /	Net	Debtor /
	£000	£000	(Creditor)	Expenditure	(Creditor)
			£000	/(Income)	£000
<b>Subsidiaries and Associates</b>					
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)	5	(3,470)	9,201	(307)	7,763
Edinburgh Charitable Trusts	0	(2)	28	(4)	19
Edinburgh Living MMR LLP	23,994	(25,842)	95,602	(2,222)	72,298
Edinburgh Transport Holdings Limited (inc. Edinburgh Trams and Lothian Buses)	7,385	(10,391)	(622)	(3,381)	(527)
Capital Theatres	10,610	(129)	0	8,012	0
Common Good	0	0	132	0	98
Edinburgh Integration Joint Board	360,856	(439,737)	(2,459)	(71,448)	(750)
Edinburgh Leisure Limited	12,883	(257)	490	14,558	333
Lothian Valuation Joint Board	4,292	(516)	(631)	3,643	(967)

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	8,763	(2)	106	8,899	31
CEC Recovery (formerly Tie Limited)	0	0	(263)	0	(260)

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	(210)	(407)	(239)	(5,314)
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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.

Scottish Government	291	(68,404)	47,367	(61,338)	50,394
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## NOTES TO THE FINANCIAL STATEMENTS

### 36. Related Parties - continued

	2025/26 Expenditure £000	2025/26 Income £000	2025/26 Debtor / (Creditor) £000	2024/25 Net Expenditure / (Income) £000	2024/25 Debtor / (Creditor) £000
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#### Other Public Bodies

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

Business Stream	3,117	0	(302)	3,102	(427)
Criminal Justice Bodies	499	0	0	519	0
NHS Bodies	4,567	(29,987)	963	(24,850)	947
Other Local Authorities	6,157	(1,870)	236	3,989	(212)
Police Scotland	334	(820)	7,475	(1,025)	7,813
Scottish Fire and Rescue Service	78	(3)	(18)	63	0
Scottish Police Authority	296	0	0	206	0
Scottish Qualifications Authority	1,545	0	0	1,531	0
Scottish Water	45	(61)	(3,724)	1,433	(3,253)
Transport Scotland	0	(1,220)	747	(43)	583

#### Members Interest

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

In 2025-26, the Council made payments totalling £9.475m to 38 bodies where Members hold an interest, i.e. 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	1,359	0	0	1,389	(18)
Children 1st	261	0	0	185	0
Church of Scotland	318	(99)	0	298	0
Dean and Cauvin Charitable Trust	1,471	0	(4)	1,257	(60)
Improvement Service Company	548	0	0	56	0
Lifecare Edinburgh	521	0	0	550	0
Royal Scottish National Orchestra Society L	502	(464)	0	556	0
Scotland Excel	446	0	0	800	0
Sight Scotland	990	0	0	800	0
Spartans	620	(9)	36	191	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	35,666	0	(84,327)	35,136	(84,349)
Edinburgh International Festival Society	1,928	(308)	0	1,699	176
Edinburgh and Lothians Greenspace Trust	1,009	0	58	1,035	0
Edinburgh School Partnership	29,646	0	(36,332)	28,549	(37,321)
Edinburgh Vol. Org. Council	227	0	0	689	0
FCC Environment	0	0	(235,215)	0	(246,772)
Handicab	896	0	0	718	(22)
Hubco	76	0	(26,430)	0	(26,428)
QHS DBFMCO	4,620	0	(32,595)	4,596	(32,589)
South East of Scotland Transport Partnership	0	(791)	1,152	(507)	451
SUSTRANS	209	(11,636)	3,840	(9,283)	6,155

## 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.

	2025/26		Restated 2024/25	
	£000	£000	£000	£000
Opening capital financing requirement		2,532,097		2,282,937
<b>Capital Investment</b>				
Property, plant and equipment	485,174		454,903	
Heritage Assets / Common Good Assets	7,656		2,639	
Assets held for sale	29		123	
Intangible assets	2,083		5,235	
Capital Receipts transferred to Capital Fund	19,443		5,005	
Capital Investment applied to debtors	23,994		5,471	
Revenue expenditure funded from capital under statute	72,198		62,244	
Right of Use Asset Recognised in year	25,967		13,269	
PPP Lease Agreements Recognised In-Year	2,678		10,380	
		639,221		559,269
<b>Sources of Finance</b>				
Capital receipts	(30,466)		(16,852)	
Capital Funded from Current Revenue	(15,782)		(31,980)	
Government grants and other contributions	(242,618)		(154,561)	
Write down of EDI Loan Stock	(48)		(106)	
Loans fund / finance lease repayments	(124,647)		(113,479)	
Service Concession Flexibility	7,618		6,869	
		(405,943)		(310,109)
<b>Closing capital financing requirement</b>		<u>2,765,375</u>		<u>2,532,097</u>
<b>Explanation of movements in year</b>				
(Decrease) / increase in underlying need to borrow or fund from credit arrangements		230,600		238,780
Assets acquired under finance leases		2,678		10,380
<b>(Decrease) / Increase in capital financing requirement</b>		<u>233,278</u>		<u>249,160</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.

	Note	2025/26		2024/25	
		Group £000	Council £000	Group £000	Council £000
<b>Short Term Creditors</b>					
PPP Residual Waste	39.2	2,631	2,631	2,620	2,620
PPP Education	39.3	10,363	10,363	10,054	10,054
Finance Leases	38.2	427	427	419	419
Right of Use Assets	38.4	38,482	24,224	34,310	21,199
		<u>51,903</u>	<u>37,645</u>	<u>47,403</u>	<u>34,292</u>
<b>Other Long-Term Liabilities</b>					
PPP Residual Waste	39.2	22,402	22,402	22,739	22,739
PPP Residual Waste Donated Asset	39.2	41,278	41,278	43,572	43,572
PPP Education	39.3	159,240	159,240	169,594	169,594
Finance Leases	38.2	2,682	2,682	3,107	3,107
Right of Use Assets	38.4	129,238	90,186	135,600	97,209
Group other liabilities		3,200	0	623	0
		<u>358,040</u>	<u>315,788</u>	<u>375,235</u>	<u>336,221</u>

#### 38.2 Assets Leased in - Finance Leases

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	3,527	3,527	3,938	3,938
Adjustment for Right of Use Assets	0	0	0	0
Additions during the year	0	0	0	0
Depreciation charge for the year	(418)	(418)	(411)	(411)
Derecognition	0	0	0	0
Value at 31 March	<u>3,109</u>	<u>3,109</u>	<u>3,527</u>	<u>3,527</u>
Vehicles, plant, equipment and furniture	<u>3,109</u>	<u>3,109</u>	<u>3,527</u>	<u>3,527</u>
Value at 31 March	<u>3,109</u>	<u>3,109</u>	<u>3,527</u>	<u>3,527</u>
<b>Analysed by:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Current	427	427	419	419
Non-Current	2,682	2,682	3,107	3,107
Finance costs payable in future years	239	239	306	306
	<u>3,348</u>	<u>3,348</u>	<u>3,832</u>	<u>3,832</u>
<b>Finance Lease Liabilities</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one year	486	486	486	486
Between 2 and 5 years	1,944	1,944	1,943	1,943
Over 5 years	918	918	1,403	1,403
Total liabilities	<u>3,348</u>	<u>3,348</u>	<u>3,832</u>	<u>3,832</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).

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:

	2025/26		2024/25	
	Group	Council	Group	Council
	£000	£000	£000	£000
<b>Future Repayment Period</b>				
Not later than one year	99	99	422	422
Later than one year and not later than five years	130	130	130	130
Later than five years	1	1	1	1
	<u>230</u>	<u>230</u>	<u>553</u>	<u>553</u>
<b>Value at 31 March</b>				
Other land and buildings	13	13	336	336
Vehicles, plant, equipment and furniture	217	217	217	217
	<u>230</u>	<u>230</u>	<u>553</u>	<u>553</u>
<b>Recognised as an expense during the year</b>	<u>140</u>	<u>140</u>	<u>446</u>	<u>446</u>

#### 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:

	2025/26	2024/25
	£000	£000
Not later than one year	24,077	23,138
Later than one year and not later than five years	88,867	84,766
Later than five years	310,916	301,344
Total liabilities	<u>423,860</u>	<u>409,248</u>

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 2027 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.

	2025/26		2024/25	
	Group £000	Council £000	Group £000	Council £000
Value at 1 April	176,985	118,407	184,288	116,390
Additions during the year	35,044	19,488	24,647	23,649
Disposals	0	0	0	0
Principal repaid in year	(33,780)	(23,485)	(31,950)	(21,632)
Value at 31 March	<u>178,249</u>	<u>114,410</u>	<u>176,985</u>	<u>118,407</u>
Other land and buildings	56,343	48,024	57,645	49,721
Other land and buildings (PPP)	66,193	66,193	68,167	68,167
Vehicles, plant, equipment and furniture	55,714	193	51,173	519
Value at 31 March	<u>178,250</u>	<u>114,410</u>	<u>176,985</u>	<u>118,407</u>
<b>Analysed by:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Current	38,482	24,224	34,310	21,199
Non-Current	129,238	90,186	135,600	97,208
	<u>167,720</u>	<u>114,410</u>	<u>169,910</u>	<u>118,407</u>
<b>Finance Lease Liabilities</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within one year	37,818	24,224	35,460	21,199
Between 2 and 5 years	93,469	68,118	83,363	48,538
Over 5 years	28,162	22,068	54,764	48,670
Total liabilities	<u>159,449</u>	<u>114,410</u>	<u>173,587</u>	<u>118,407</u>

Amount charged to the Council Comprehensive Income and Expenditure amounted to £7.0m in 2025/26 (2024/25 £7.5m), 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 buildings 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.

#### 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:

	<b>Payment for Services £000</b>	<b>Reimburse. of Capital Expenditure £000</b>	<b>Interest £000</b>	<b>Total £000</b>	<b>Donated Asset £000</b>
Payable in 2026/27	5,551	338	3,495	9,384	2,293
Within two to five years	23,745	1,575	13,474	38,794	9,173
Within six to ten years	32,600	4,120	14,853	51,573	11,466
Within eleven to fifteen years	36,963	8,027	10,424	55,414	11,466
Within sixteen to twenty years	25,253	8,680	2,546	36,479	9,173
Within twenty one to twenty five years	0	0	0	0	0
	<u>124,112</u>	<u>22,740</u>	<u>44,792</u>	<u>191,644</u>	<u>43,571</u>

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

Payable	<b>2026/27 onwards 2.50%</b>
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#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 39. Public Private Partnerships and Similar Contracts - continued

#### 39.3 PPP - Education Projects - continued

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.

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:

	<b>Payment for Services £000</b>	<b>Reimburse. of Capital Expenditure £000</b>	<b>Interest £000</b>	<b>Total £000</b>
Payable in 2026/27	29,875	10,363	20,591	60,829
Payable within two to five years	127,705	47,145	76,655	251,505
Payable within six to ten years	136,396	61,125	72,707	270,228
Payable within eleven to fifteen years	57,380	39,523	28,156	125,059
Payable within sixteen to twenty years	3,493	11,447	3,215	18,155
	<u>354,849</u>	<u>169,603</u>	<u>201,324</u>	<u>725,776</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.

	<b>2026/27</b>	<b>2027/28 onwards</b>
PPP1	1.68%	1.11%
PPP2	1.76%	1.67%
James Gillespie's High School	2.50%	2.50%
Queensferry High School	2.50%	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:

	<b>2025/26 £000</b>	<b>2024/25 £000</b>
Balance at 1 April	179,648	188,784
PPP unitary charge restatement adjustment	10	0
Repayments during the year	<u>(10,055)</u>	<u>(9,136)</u>
Balance at 31 March	<u>169,603</u>	<u>179,648</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	£000	Inflationary Uplift
Period		
2026/27	24,761	2.5%
2027/28 - 2028/29	48,707	2.5%
	73,468	

#### 39.5 Provision of Parking Enforcement

The Council entered into a new five year contract with NSL for the provision of parking enforcement on 1 October 2025.

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

Future Repayment	£000
Period	
2026/27	10,000
2027/28 - 2030/31	35,000
	45,000

#### 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 £38.242m.

### 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.

	2025/26		2024/25	
	£000	%	£000	%
Amount paid to Scottish Government in respect of teachers' pension costs	53,434		51,198	
As a percentage of teachers' pensionable pay		26.00		26.00
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	8,353		8,869	

At 31 March 2026, creditors include £6.199m (2024/25 £5.997m) 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 2025/26 the Council paid an employer's contribution into the Lothian Pension Fund, representing 17.6% (2024/25 17.6%) of pensionable pay. Contribution rates are determined by the Fund's Actuary based on triennial actuarial valuations of the pension fund. The data is based on the valuations as at March 2023, at which point the funding level (i.e. the percentage of assets to past service liabilities) was 157%.

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

#### 41.2 Transactions Relating to Post-Employment Benefits

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

Comprehensive Income and Expenditure Statement	2025/26		2024/25	
	£000	£000	£000	£000
<i>Cost of services:</i>				
Service cost, comprising:				
Current service costs	64,258		83,322	
Past service costs	91		663	
Effect of Settlements	0		0	
		64,349		83,985
<i>Financing and investment income:</i>				
Net interest (income) / expense		2,031		2,607
<b>Total post employee benefit charged to the surplus on the provision of services</b>		<b>66,380</b>		<b>86,592</b>
<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.	3,763		77,950	
Actuarial (gains) and losses arising on changes in financial assumptions	(77,066)		(438,817)	
Restrictions in pension assets	41,825		376,059	
Actuarial (gains) and losses arising on changes in demographic assumptions	16,297		(4,817)	
Other experience	22,001		(30,252)	
		6,820		(19,877)
<b>Total post-employment benefits charged to the Comprehensive Income / Expenditure Statement</b>		<b>73,200</b>		<b>66,715</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus on the provision of services for post-employment benefits in accordance with the Code.		(66,380)		(86,592)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employer's contributions payable to the scheme		70,362		68,986
Contributions in respect of unfunded benefits		4,857		5,072
		<b>75,219</b>		<b>74,058</b>

## 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 2026 was a net asset of £1,506.6m, 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.

	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Fair value of employer assets	4,140,718	3,932,326
Present value of funded liabilities	(2,594,727)	(2,510,564)
Present value of unfunded liabilities	(39,376)	(41,395)
Other movements in the liability/ asset	<u>(1,545,991)</u>	<u>(1,421,762)</u>
Net asset / (liability) arising from defined benefit obligation	<u>(39,376)</u>	<u>(41,395)</u>

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

	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	3,932,326	3,845,230
Effect of settlements	0	0
Interest income	227,632	183,993
Re-measurement gain / (loss):		
Return on plan assets, excluding the amount included in the net interest expense	(3,763)	(77,950)
Contributions from employer	70,362	68,986
Contributions from employees into the scheme	24,298	23,354
Contributions in respect of unfunded benefits	4,857	5,072
Other Experience	0	0
Benefits paid	(110,137)	(111,287)
Unfunded benefits paid	<u>(4,857)</u>	<u>(5,072)</u>
Closing fair value of scheme assets	<u>4,140,718</u>	<u>3,932,326</u>

#### Reconciliation of Present Value of the Scheme Liabilities

	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Present value of funded liabilities	(2,510,564)	(2,847,422)
Present value of unfunded liabilities	(41,395)	(48,738)
Other movements in the liability/asset	<u>(1,421,762)</u>	<u>(997,808)</u>
Opening balance at 1 April	(3,973,721)	(3,893,968)
Current service cost	(64,258)	(83,322)
Interest cost	(229,663)	(186,600)
Contributions from employees into the scheme	(24,298)	(23,354)
Re-measurement gain / (loss):		
Change in financial assumptions	77,066	438,817
Restriction in pension asset	(41,825)	(376,059)
Change in demographic assumptions	(16,297)	4,817
Other experience	(22,001)	30,252
Past service (cost) / gain	(91)	(663)
Effects of settlements	0	0
Benefits paid	110,137	111,287
Unfunded benefits paid	<u>4,857</u>	<u>5,072</u>
Closing balance at 31 March	<u>(4,180,094)</u>	<u>(3,973,721)</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.

	2025/26 £000	%	2024/25 £000	%
Consumer *	522,146.5	13	498,277.6	13
Manufacturing *	498,112.1	12	473,400.8	12
Energy and Utilities *	212,186.3	5	219,943.4	6
Financial Institutions *	249,633.1	6	219,555.8	6
Health and Care *	280,130.8	7	248,595.7	6
Information technology *	145,321.5	4	121,558.5	3
Information technology	117.0	0	88.4	0
Other *	<u>264,884.9</u>	6	<u>264,989.9</u>	7
Sub-total Equity Securities	<u>2,172,532.2</u>		<u>2,046,410.1</u>	
Debt Securities:				
UK Government *	773,239.8	19	685,723.2	17
Corporate Bonds (investment grade) *	68,367.2	2	0.0	0
Corporate Bonds (non-investment grade)	56,626.3	1	0.0	0
Other *	0.0	0	64,548.8	2
Sub-total Debt Securities	<u>898,233.3</u>		<u>750,272.0</u>	
Private Equity				
All *	4,962.1	0	6,045.0	0
All	<u>3,670.9</u>	0	<u>666,803.6</u>	17
Sub-total Private Equity	<u>8,633.0</u>		<u>672,848.6</u>	
Real Estate:				
UK Property *	23,182.7	1	147,893.7	4
UK Property	149,413.3	3	0.0	0
Overseas Property *	8,497.6	0	0.0	0
Overseas Property	<u>11,178.6</u>	0	<u>0.0</u>	0
Sub-total Real Estate	<u>192,272.2</u>		<u>147,893.7</u>	
Investment Funds and Unit Trusts:				
Equities *	7,067.3	0	6,837.7	0
Bonds *	7,526.9	0	57,345.6	1
Bonds	0.0	0	67,275.0	2
Infrastructure	662,520.2	16	15,227.8	0
Other *	<u>0.0</u>	0	<u>32,589.8</u>	1
Sub-total Investment Funds and Unit Trusts	<u>677,114.4</u>		<u>179,275.9</u>	
Derivatives:				
Foreign Exchange *	0.0	0	761.6	0
Sub-total Derivatives	<u>0.0</u>		<u>761.6</u>	
Cash and Cash Equivalents				
All *	<u>191,932.9</u>	5	<u>134,864.1</u>	3
Sub-total Cash and Cash Equivalents	<u>191,932.9</u>		<u>134,864.1</u>	
Total Fair Value of Employer Assets	<u><u>4,140,718</u></u>	<u>100</u>	<u><u>3,932,326</u></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 2026 were those from the beginning of the year (i.e. 31 March 2025) and have not been changed during the year. The main assumptions in the calculations are:

#### Investment returns

Actual return for period from 1 April 2025 to 31 January 2026	7.50%
Total return for period from 1 April 2025 to 31 March 2026	5.70%

#### Average future life expectancies at age 65:

		31.03.26	31.03.25
Current pensioners	male	20.6 years	20.2 years
Current pensioners	female	23.2 years	23.0 years
Future pensioners	male	21.2 years	20.9 years
Future pensioners	female	24.7 years	24.6 years
Period ended		31.03.26	31.03.25
Pension increase rate		3.00%	2.80%
Salary Increase rate		3.70%	3.50%
Discount rate		6.20%	5.80%

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 2026 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 2026	Approximate % Increase to Employer	Approximate Monetary Amount £000
0.1% decrease in Real Discount Rate	2%	40,640
1 year increase in member life expectancy	4%	105,364
0.1% increase in the Salary Increase Rate	0%	2,465
0.1% increase in the Pension Increase Rate	1%	38,129

#### 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	1,152,281	44.4%
Deferred members	302,110	11.6%
Pensioner members	1,140,336	44.0%
Total	2,594,727	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 2026 comprises approximately £31.023m (2024/25 £32.526m) in respect of LGPS unfunded pensions and £8.353m (2024/25 £8.869m) in respect of teachers' unfunded pensions. For unfunded liabilities as at 31 March 2026, 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;

	<b>2025/26 Pension Reserve £000</b>	<b>2024/25 Pension Reserve £000</b>
<b>Unusable Reserves</b>		
Council	(39,376)	(41,395)
Lothian Valuation Joint Board	656	660
	<u>(38,720)</u>	<u>(40,735)</u>
	<b>2025/26 £000</b>	<b>2024/25 £000</b>
<b>Usable Reserves</b>		
Edinburgh Transport Holdings Limited	26,782	32,951
	<u>26,782</u>	<u>32,951</u>
<b>Net Pension Reserves</b>	<u>(11,938)</u>	<u>(7,784)</u>

#### 41.10 Analysis of projected amount to be charged to profit or loss for the period to 31 March 2027

	<b>Assets £000</b>	<b>Obligations £000</b>	<b>Net (liability) / asset £000      % of pay</b>	
Current service cost	0	(61,233)	(61,233)	(15.3%)
Past service cost including curtailments	0	0	0	0.0%
Effect of settlements	0	0	0	0.0%
Total Service Cost	0	(61,233)	(61,233)	(15.3%)
Interest income on plan assets	256,050	0	256,050	
Interest cost on defined benefit obligation	0	(162,210)	(162,210)	
Interest on the effect of the asset ceiling	0	0	(95,851)	
Total Net Interest Cost	<u>256,050</u>	<u>(162,210)</u>	<u>(2,011)</u>	
Total included in Profit or Loss	<u>256,050</u>	<u>(223,443)</u>	<u>(63,244)</u>	

The Council's estimated contribution to Lothian Pension Fund for 2026/27 is £70.244m.

## 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 £0.223m, including accrued payments (2024/25 £0.415m).

#### 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.

	2024/25 £000	2025/26 £000
<b>Expenditure</b>		
Infrastructure (capital)	909	389
Administration costs	553	784
<b>Total Expenditure</b>	<b>1,462</b>	<b>1,173</b>
<b>Income</b>		
Transport Scotland LEZ Grant (revenue)	(295)	0
Revenue from fines and charges	(1,051)	(1,226)
LEZ Grant (capital) - note 1	(909)	(389)
<b>Total Income</b>	<b>(2,255)</b>	<b>(1,615)</b>
<b>Total (Surplus)* / Deficit</b>	<b>(793)</b>	<b>(442)</b>

Note 1 - Capital grants received for implementation have now been fully spent.

\* The 2024/25 and 2025/26 surplus 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:

	2025/26		2024/25	
	Long-Term £000	Current £000	Long-Term £000	Current £000
<b>Assets</b>				
At amortised cost				
- Bank Call Accounts (Note 21)	0	462	0	944
- Local Authority Loans - S-T (Notes 21 and 22.2)	0	31,174	0	26,592
- Sovereign / Supranational debt	0	0	0	1,609
		<u>31,636</u>		<u>29,145</u>
At fair value through profit and loss				
- Money Market Funds	0	13,951	0	13,227
<b>Total Financial Instruments - Assets</b>	<u>0</u>	<u>45,587</u>	<u>0</u>	<u>42,372</u>

The Investment total does not include £18.4m (2024/25 £18.5m) in unquoted equity in subsidiary companies which are not deemed to be Financial Instruments.

#### Debtors

At amortised cost	<u>178,062</u>	<u>138,188</u>	<u>161,598</u>	<u>99,424</u>
<b>Total debtors</b>	<u>178,062</u>	<u>138,188</u>	<u>161,598</u>	<u>99,424</u>

#### Borrowings

- Public Works Loans Board	(1,608,131)	(137,849)	(1,385,006)	(109,135)
- Salix	(34)	(13)	(48)	(13)
- Market debt	<u>(241,217)</u>	<u>(20,717)</u>	<u>(273,646)</u>	<u>(5,500)</u>
<b>Total borrowings</b>	<u>(1,849,382)</u>	<u>(158,579)</u>	<u>(1,658,700)</u>	<u>(114,648)</u>

#### Other Liabilities

Financial liabilities at amortised cost	0	(33,160)	0	(47,353)
PPP and finance lease liabilities	(274,510)	(35,350)	(292,649)	(31,998)
PPP and finance lease liabilities (donated assets)	(41,279)	(2,293)	(43,572)	(2,293)
Deferred liability	<u>(100,452)</u>	<u>0</u>	<u>(95,937)</u>	<u>0</u>
<b>Total other long-term liabilities</b>	<u>(416,241)</u>	<u>(70,803)</u>	<u>(432,158)</u>	<u>(81,644)</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

	<b>Financial Liabilities: Measured at Amortised Cost £000</b>	<b>Financial Assets: Measured at Amortised Cost £000</b>	<b>Fair Value through Profit / Loss £000</b>	<b>Total £000</b>
Interest expense	74,171	0	0	74,171
Interest on leases	20,733	0	0	20,733
Total expense in Surplus on the Provision of Services	94,904	0	0	94,904
Interest income	0	(5,155)	(3,493)	(8,648)
Total Interest and investment income	0	(5,155)	(3,493)	(8,648)
Net (gain) / loss for the year	94,904	(5,155)	(3,493)	86,256

In addition to the above interest expense, £2.907m (2024/25 £2.907m) 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 £0.285m (2024/25 £0.298m) of loans fund expenses charged to the Council.

#### 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 2026, 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	2025/26		2024/25		
		Principal Outstanding £000	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Public Works Loans Board	2	(1,729,434)	(1,745,980)	(1,451,142)	(1,494,141)	(1,210,753)
Salix	2	(49)	(48)	(46)	(61)	(57)
Market debt	2	(250,798)	(261,934)	(261,934)	(279,146)	(267,598)
Borrowings		(1,980,281)	(2,007,962)	(1,713,122)	(1,773,348)	(1,478,408)
Other long-term liabilities	n/a	(100,452)	(100,452)	(100,452)	(95,937)	(95,937)
Trade creditors	n/a	(33,160)	(33,160)	(33,160)	(47,353)	(47,353)
PPP	3	(239,022)	(239,022)	0	(252,107)	0
Total		(2,352,915)	(2,380,596)	(1,846,734)	(2,168,745)	(1,621,698)
Lease Payables *		(114,410)	(114,410)	0	(118,406)	0
Total Financial liabilities		<u>(2,467,325)</u>	<u>(2,495,006)</u>	<u>(1,846,734)</u>	<u>(2,287,151)</u>	<u>(1,621,698)</u>

\* 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.

	Fair Value Level	2025/26		2024/25	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Investments held at Fair Value through Profit and Loss</b>					
Money Market Funds	1	13,951	13,951	13,227	13,227
		<u>13,951</u>	<u>13,951</u>	<u>13,227</u>	<u>13,227</u>
<b>Investment held at Amortised Cost</b>					
Bank Call Accounts	n/a	462	462	944	944
Local Authority Loans	2	38,033	31,184	26,592	26,606
Sovereign / Supranational debt	1 / 2	0	0	1,609	1,609
		<u>38,495</u>	<u>31,646</u>	<u>29,145</u>	<u>29,159</u>
<b>Debtors</b>					
Loan Stock	n/a	7,650	7,650	7,650	7,650
Soft Loans	3	34	34	39	39
Other trade debtors	n/a	284,462	284,462	261,022	261,022
		<u>292,146</u>	<u>292,146</u>	<u>268,711</u>	<u>268,711</u>
<b>Total Investments</b>		<u>344,592</u>	<u>337,743</u>	<u>311,083</u>	<u>311,097</u>

There was no unrealised gain on the available for sale financial assets (2025/26 £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 19 March 2026 and is available on the Council website. The key issues within the strategy are:

- The authorised limit for 2026/27 has been set at £3.996bn. This is the maximum limit for external borrowings and other short and long term liabilities.
- The operational boundary for 2026/27 has been set at £3.946bn. 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 2026, the Council had £37.632m in short term investments, all of which were loans to other Local Authorities. Of the net Cash and Cash Equivalents, 68% were loans to other local authorities, a further 31% was held in three AAA rated Money Market Funds, leaving only 1% with banks. All of the monies held on deposit with banks at 31 March 2026 were in call accounts.

The principal outstanding on monies held by the Council under its treasury management arrangements at 31 March 2026 was £51.9m (31 March 2025: £41.6m). This was held with the following institutions:

	Standard and Poor's Rating	Principal Outstanding 31.03.26 £000	Carry Value 31.03.26 £000	Fair Value 31.03.26 £000	Carry Value 31.03.25 £000
<b>Summary</b>					
Money Market Funds					
Deutsche Bank AG, London	AAAm	6,832	6,859	6,859	6,604
Goldman Sachs	AAAm	213	233	233	17
Standard Life	AAAm	6,832	6,859	6,859	6,607
Bank Call Accounts					
Bank of Scotland	A+	6	6	6	6
Royal Bank of Scotland	A+	410	410	410	889
Santander UK	A	13	13	13	12
Barclays Bank	A+	7	7	7	7
Handelsbanken	AA-	26	26	26	24
HSBC Bank Plc 31 dn	A+	0	0	0	2
HSBC Bank Plc	A+	0	0	0	4
UK Pseudo-Sovereign Risk Instruments					
Local Authorities (see below)	n/a	37,632	38,033	31,184	26,592
DMADF	AAu	0	0	0	1,609
UK Government Treasury Bills/Gilts	AAu	0	0	0	0
<b>Total</b>		<b>51,971</b>	<b>52,446</b>	<b>45,597</b>	<b>42,373</b>

Local Authorities are generally assumed to have a pseudo-sovereign credit rating (which in the UK at 31 March 2026 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 £2m 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 2026 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 2025 meeting. The papers are available on the Council's website. A full list of the deposits outstanding at 31 March 2026 is contained in the Treasury Cash Fund Investment Report for Quarter 1 2026. This is available on request from [corporate.finance2@edinburgh.gov.uk](mailto: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:

	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Less than two months	15,192	7,941
Two to four months	2,754	3,015
Four to six months	2,010	1,170
Six months to one year	4,132	4,274
More than one year	7,666	8,787
Total	<u>31,754</u>	<u>25,187</u>

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

#### Credit Risk: Trade Debtors

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

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

		<b>31.03.26</b>	
	<b>Range</b>	<b>Gross Receivable</b>	<b>Loss Allowance</b>
Council Tax	3.5% - 100%	259,569	(233,181)
Non Domestic Rates	1% - 100%	7,903	(7,490)
HRA tenants and other debtors	5% - 95%	14,560	(12,372)
Housing Benefits	75% - 100%	17,737	(15,690)
Trade and Other Debtors	7.5% - 100%	101,657	(11,345)
Total		<u>401,426</u>	<u>(280,078)</u>

#### 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:

	<b>2025/26</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Less than one year	(149,410)	(109,230)
Between one and two years	(113,776)	(112,017)
Between two and five years	(340,893)	(248,717)
Between five and ten years	(520,869)	(362,783)
More than ten years	<u>(1,050,783)</u>	<u>(1,122,779)</u>
Financial Liabilities	<u>(2,175,731)</u>	<u>(1,955,526)</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 £36.512m (2024/25 £47.353m) are not shown in the table above. The above figures show the principal outstanding, therefore, neither accrued interest of £20.297m (2024/25 £16.218m) nor net equivalent interest rate (EIR) adjustments of £7.384m (2024/25 £7.848m) 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 £1.847m 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

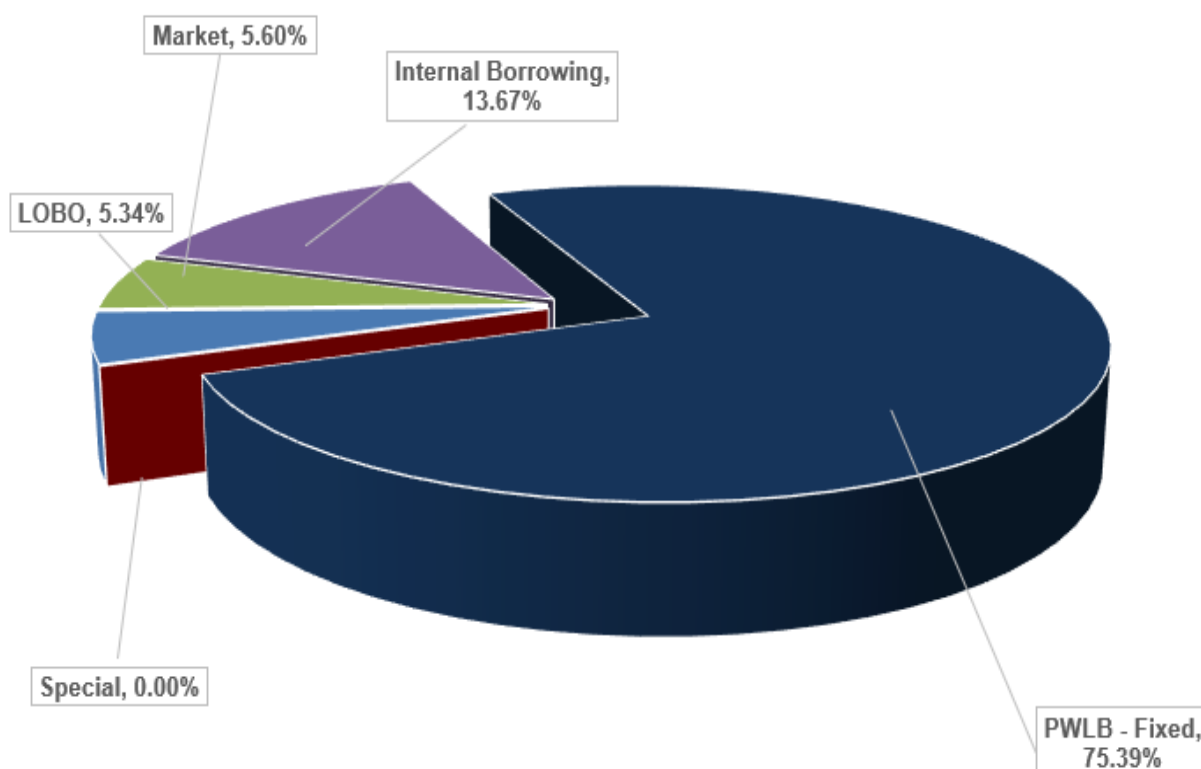
### 44. Nature and Extent of Risks Arising from Financial Instruments - continued

#### 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 2026

# 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:

	<b>£000</b>
Increase in interest receivable on variable rate investments	(334)
Impact on Comprehensive Income and Expenditure Statement	(334)
Decrease in fair value of fixed rate borrowings liabilities	(128,999)

#### Price Risk

The Council does not generally invest in equity shares but does have shareholdings of £18.494m (2024/25 £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.

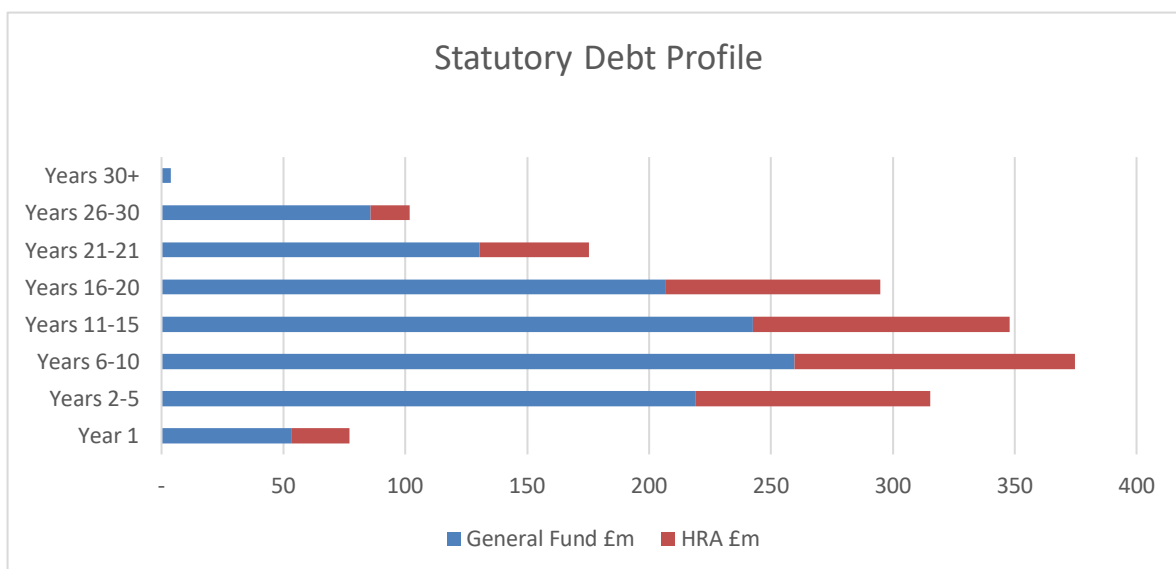
#### Foreign exchange risk

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.



## NOTES TO THE FINANCIAL STATEMENTS

### 45. Prior Period Adjustment

#### Council -

A prior year adjustment has been made to transfer dwellings purchased for use as temporary accommodation from the HRA to the General Fund.

#### Group - Lothian Valuation Joint Board

A prior year adjustment has been made to reflect the audit adjustments reported in the 2024/25 Lothian Valuation Joint Board's Audited accounts

	2024/25 Statements £000	Temporary Accommodation £000	Lothian Valuation Joint Board £000	2024/25 Re-stated £000
<b>Council Movement in Reserves</b>				
Balance at 31 March 2024	3,950,083	63,640	0	4,013,723
Total Comprehensive Income and Exp.	15,086	96,513	0	111,599
Increase / (decrease) in year	15,086	96,513	0	111,599
Balance at 31 March 2025	3,965,169	160,153	0	4,125,322
<b>Council Comprehensive Income and Expenditure Statement</b>				
Place	525,796	10	0	525,806
HRA	54,645	(44,003)	0	10,642
Cost of Service	1,574,355	(43,993)	0	1,530,362
(Surplus) / Deficit on provision of service	200,554	(43,993)	0	156,561
Surplus on Revaluation of Non-Current Assets	(195,763)	(52,520)	0	(248,283)
Total Comprehensive Income	(15,086)	(96,513)	0	(111,599)
<b>Council Balance Sheet</b>				
Property, Plant and Equipment	6,015,639	160,153	0	6,175,792
Net Assets	3,965,169	160,153	0	4,125,322
Unusable Reserves	3,588,571	160,153	0	3,748,724
Total Reserves	3,965,169	160,153	0	4,125,322
<b>Council Cash Flow Statement</b>				
(Surplus) / Deficit on provision of service	200,554	(43,993)	0	156,561
Adjs. to (Surplus) / Deficit on the Prov. of Services for non-cash movements	(351,043)	43,993	0	(307,050)
<b>Group Movement in Reserves</b>				
Balance at 31 March 2024	4,151,084	63,640	0	4,214,725
Total Comprehensive Income and Exp.	16,286	96,513	20	112,819
Increase / (decrease) in year	8,569	96,513	20	105,101
Balance at 31 March 2025	4,159,653	160,153	20	4,319,826
<b>Group Comprehensive Income and Expenditure Statement</b>				
Place	525,796	10	0	525,806
HRA	54,645	(44,003)	0	10,642
Cost of Service	1,576,111	(43,993)	0	1,532,119
(Surplus) / Deficit on provision of service	192,729	(43,993)	0	148,737
Associates and Joint Ventures Accounted for	(3,205)	0	(20)	(3,225)
Surplus on Revaluation of Non-Current Assets	(196,338)	(52,520)	0	(248,859)
Total Comprehensive Income	(16,286)	(96,513)	(20)	(112,819)
<b>Group Balance Sheet</b>				
Property, Plant and Equipment	6,184,858	160,153	0	6,345,011
Liabilities in Associates and Joint Ventures	(82)	0	19	(64)
Net Assets	4,159,653	160,153	19	4,319,826
Usable Reserves	432,063	0	19	432,082
Unusable Reserves	3,727,590	160,153	0	3,887,744
Total Reserves	4,159,653	160,153	19	4,319,826
<b>Group Cash Flow Statement</b>				
(Surplus) / Deficit on provision of service	192,729	(43,993)	0	148,737
Adjs. to (Surplus) / Deficit on the Prov. of Services for non-cash movements	(372,684)	43,993	0	(328,691)

# HOUSING REVENUE ACCOUNT

## INCOME AND EXPENDITURE STATEMENT

for the year ended 31 March 2026

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

2024/25		2025/26	
£000	EXPENDITURE	£000	£000
43,800	Repairs and maintenance	36,207	
27,387	Supervision and management	32,337	
54,678	Depreciation and impairment of non-current assets	104,695	
18,594	Other expenditure	9,917	
(545)	Impairment of debtors	1,129	
<u>143,914</u>			184,285
	<b>INCOME</b>		
(118,015)	Dwelling rents	(129,462)	
(64)	Non-Dwelling rents (gross)	(13)	
(16,335)	Other income	(5,668)	
<u>(134,414)</u>			<u>(135,143)</u>
9,500	Net (income) / expenditure for HRA Services (as included in the Council's Comprehensive Income and Expenditure Statement)		49,142
545	HRA share of corporate and democratic core		666
597	HRA share of other amounts included in the Council's Net Cost of Services but not allocated to specific services		<u>(124)</u>
10,642	Net income for HRA Services		49,684
	HRA share of other operating expenditure included in the Council's Comprehensive Income and Expenditure Statement		
(3,563)	(Gain) / loss on sale of HRA fixed assets	(4,166)	
22,132	Interest payable and similar charges	23,509	
5,411	Interest cost on defined benefit obligation ( <i>pension-related</i> )	6,533	
(1,496)	Interest and investment income	(2,142)	
(5,336)	Interest income on plan assets ( <i>pension-related</i> )	(6,475)	
(24,794)	Capital grants and contributions	(40,924)	
<u>(7,646)</u>			<u>(23,665)</u>
<u>2,996</u>	(Surplus) / Deficit for the year on HRA services		<u>26,019</u>

# HOUSING REVENUE ACCOUNT

## MOVEMENT ON THE HRA STATEMENT

Re-stated 2024/25 £000		2025/26 £000
0	Balance on the HRA at the end of the previous year	0
(2,996)	Surplus for the year on the HRA Income and Exp Account	(26,019)
(2,472)	Adjustments between accounting basis and funding basis under statute	28,794
<b>(5,468)</b>	<b>Net increase before transfers to reserves</b>	<b>2,775</b>
5,468	Contribution (to) / from renewal and repairs fund, via the General Fund	(2,775)
<b>0</b>	<b>Balance on the HRA at the end of the current year</b>	<b>0</b>

## Adjustments Between Accounting Basis and Funding Basis Under Regulations

£000		£000
	<b>Adjustments primarily involving the Capital Adjustment Account</b>	
	<b>Reversal of items debited or credited to the Income and Expenditure Statement</b>	
54,678	Charges for depreciation and impairment of non-current assets	104,696
(24,794)	Capital grants and contributions applied	(40,924)
	<b>Insertion of items not debited or credited to the Income and Expenditure Statement</b>	
(23,262)	Statutory provision for the financing of capital investment	(26,422)
(5,062)	Capital funded from revenue	(3,300)
	<b>Adjustments primarily involving the Capital Receipts Reserve</b>	
(3,563)	Transfer of cash sale proceeds credited as part of the gain / loss on disposal of assets	(4,166)
	<b>Adjustments primarily involving the Financial Instruments Adjustment Account</b>	
(881)	Amount by which finance costs charged are different from finance costs chargeable in the year in accordance with statutory requirements	(991)
	<b>Adjustments primarily involving the Pensions Reserve</b>	
2,208	Reversal of items relating to retirement benefits debited or credited to the Income and Expenditure Statement	1,833
(1,950)	Employer's pension contributions and direct payments to pensioners payable in the year	(2,088)
	<b>Adjustments primarily involving the Employee Statutory Adjustment Account</b>	
154	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	156
<b>(2,472)</b>		<b>28,794</b>

# 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 2026 are as follows:

Types of Houses	2026		2025	
	Number	Annual Average Rent (£)	Number	Annual Average Rent (£)
<b>Main provision Council dwellings</b>				
1 Apartment	254	4,848.00	256	4,537.00
2 Apartment	5,769	5,450.00	5,762	5,076.00
3 Apartment	10,544	6,303.00	10,641	5,870.00
4 Apartment	3,707	7,254.00	3,754	6,734.00
5 Apartment	554	7,814.00	566	7,294.00
6 Apartment	14	7,859.00	14	7,345.00
7 Apartment	4	7,622.00	6	6,979.00
8 Apartment	1	7,622.00	1	7,123.00
<b>Mid-market rent dwellings</b>				
2 Apartment	12	7,058.00	13	6,598.00
3 Apartment	57	8,715.00	59	8,149.00
4 Apartment	19	10,982.00	19	10,264.00
	<u>20,935</u>		<u>21,091</u>	

2. The stock figure represents all types of residential properties, including furnished tenancies, sheltered housing and homelessness units.

3. The amount of rent arrears included as debtors in the Council's Consolidated Balance Sheet was £14.560m (£12.952m 2024/25) against which a provision amounting to £12.440m (£11.310m 2024/25), has been created in respect of non collectable debts.

4. The total value of uncollectable void rents for main provision properties was £1.676m (2024/25 £2.005m). 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.

<b>2024/25</b>		<b>2025/26</b>	
<b>£000</b>		<b>£000</b>	<b>£000</b>
(440,007)	Gross council tax levied and contributions in lieu		(480,765)
67,192	Less: - Exemptions and other discounts	74,249	
11,151	- Provision for bad debts	12,162	
27,395	- Council Tax Reduction Scheme	29,663	
5,269	- Other reductions	5,644	
<u>111,007</u>			<u>121,718</u>
(329,000)			(359,047)
<u>(1,188)</u>	Previous years' adjustments		<u>366</u>
<u><b>(330,188)</b></u>	<b>Total transferred to General Fund</b>		<u><b>(358,681)</b></u>

### Notes to the Council Tax Income Account

The in-year collection rate for Council Tax was 96.2% (2024/25 96.3%).

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 an 8% increase applied to Council Tax in 2025/26 (2024/25 0%).

During 2025/26 unoccupied properties were 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 were not regarded as occupants. Reductions in Council Tax payable were also granted to properties, with certain attributes, that were 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 2025/26

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	25,287	94	4,748	3,338	17,295	6/9	11,530	£1,042.34
B £27,001 - £35,000	49,627	75	4,246	6,766	38,690	7/9	30,092	£1,216.06
C £35,001 - £45,000	47,156	(1)	3,042	5,488	38,625	8/9	34,333	£1,389.79
D £45,001 - £58,000	44,176	92	2,691	4,505	37,072	9/9	37,072	£1,563.51
E £58,001 - £80,000	46,489	(38)	3,703	3,853	38,895	473/360	51,104	£2,054.28
F £80,001 - £106,000	27,741	(29)	1,696	1,986	24,030	585/360	39,049	£2,540.70
G £106,001 - £212,000	24,375	(162)	561	1,354	22,298	705/360	43,667	£3,061.87
H Over £212,000	4,455	(31)	149	212	4,063	882/360	9,954	£3,830.60
							256,801	
							396	
							<u>(7,716)</u>	
							<u><b>249,481</b></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		2025/26	
2024/25		£000	£000
(527,871)	Gross rates levied and contributions in lieu		(524,876)
94,180	Less: - Reliefs and other deductions	99,797	
6,863	- Uncollectable debt written off and provision for impairment	6,991	
<u>101,043</u>			<u>106,788</u>
(426,828)			(418,088)
25,970	Previous years' adjustments		25,910
<b><u>(400,858)</u></b>	<b>Non-Domestic Rate Income</b>		<b><u>(392,178)</u></b>
Allocated to:			
(402,779)	Contribution to Non-Domestic Rate Pool		(397,500)
1,921	City of Edinburgh Council		5,322
<b><u>(400,858)</u></b>			<b><u>(392,178)</u></b>

### Notes to the Non-Domestic Rates Income Account

	Rateable Value
Rateable Values as at 1 April 2025	£000
Shops, offices and other commercial subjects	649,530
Industrial and freight transport	90,269
Telecommunications	24
Public service subjects	47,373
Miscellaneous	188,031
	<u>975,228</u>

- The amount distributed to the council from the national non-domestic rate income pool in the year was £400.788m (2024/25 £407.645m).
- 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 2025/26 (2024/25 49.8p per £).

Properties with a rateable value between £51,001 and £100,000 had their rate charges calculated using a rate poundage of 55.4p per £ (2024/25 54.5p 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 56.8p per £ (2024/25 55.9p for properties greater than £100,000).

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

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

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

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

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

## COMMON GOOD FUND

### Common Good Fund Foreword

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

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

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

The Common Good accounts are prepared in accordance with the Council's accounting policies, except those detailed at Note 1.14. Common Good assets where there is a tacit lease arrangement with the Council were previously accounted for as Long Term Debtors at notional values. Following the introduction of IFRS16 (Leases) these are now accounted for as Community Assets and measured at historic cost, comprising purchase price and any costs attributable to bringing the assets into use for their intended purpose. Where the historic cost of an asset is not known a proxy cost of £1,000 has been applied. The opening balance sheet position has been restated to reflect this change in accounting treatment.

The balance of the Common Good Fund is £3.117m as at 31 March 2026 (2024/25 £2.879m). This is split £1.756m in the general-purpose fund and £1.361m in the planned property maintenance fund.

During 2025/26, the Common Good account made a surplus of £0.238m (2024/25 £0.269m).

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 surplus, as mentioned above, includes a lease premium of £0.024m for 2025/26.

The Common Good Annual Performance Report will be considered by the Finance and Resources Committee in September 2026, along with the Audited Annual Accounts.

### COMMON GOOD FUND - INCOME AND EXPENDITURE ACCOUNT

2024/25	2025/26	
£000	£000	£000
<b>Income</b>		
(284) Investment income	(246)	
(1,883) Rent Income	(1,883)	
(73) Capital Funding	0	
0 Proceeds from sale of Fixed Assets	(11)	
(24) Lease Premium	(24)	
<u>(3,928) Recharges Income</u>	<u>(3,566)</u>	
<b>(6,192) Total Income</b>		<b>(5,730)</b>
<b>Expenditure</b>		
38 Common Good Fund	44	
<u>5,885 Common Good Property Costs</u>	<u>5,448</u>	
<b>5,923 Total Expenditure</b>		<b>5,492</b>
<b>(269) (Surplus) / Deficit for the Year</b>		<b>(238)</b>
0 Transfer to Capital Contribution Reserve		0
<b><u>(269) (Surplus) / Deficit for the Year after Transfers to Reserves</u></b>		<b><u>(238)</u></b>

## COMMON GOOD FUND - BALANCE SHEET

31 March 2025		31 March 2026	
£000		£000	£000
4,325	Community Assets	4,329	
4,325	<b>Property, Plant and Equipment</b>		4,329
145	Heritage Assets	153	
145	<b>Long-Term Assets</b>		153
1,403	Short-Term Investments	1,883	
0	Debtors	0	
4,362	Cash and Cash Equivalents	4,095	
5,765	<b>Current Assets</b>		5,978
(24)	Deferred income	(24)	
(24)	<b>Current Liabilities</b>		(24)
(2,885)	Deferred income	(2,860)	
(2,885)	<b>Long Term Liabilities</b>		(2,860)
<b>7,326</b>	<b>Net Assets</b>		<b>7,576</b>
4,447	Capital Contribution	4,459	
0	Capital Adjustment Account	0	
4,447	<b>Unusable Reserves</b>		4,459
1,513	Common Good Fund	1,756	
1,366	Earmarked Portion of the General Fund	1,361	
2,879	<b>Usable Reserves</b>		3,117
<b>7,326</b>	<b>Total Reserves</b>		<b>7,576</b>

The unaudited financial statements were issued on 16 June 2026.

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
<b>Cost or Valuation</b>				
At 1 April 2025	4,325	0	4,325	145
Additions	4	0	4	9
Transfer between categories	1	0	1	(1)
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	(1)	0	(1)	0
At 31 March 2026	4,329	0	4,329	153
<b>Net Book Value</b>				
At 31 March 2026	4,329	0	4,329	153
At 31 March 2025	4,325	0	4,325	145
<b>Cost or Valuation</b>				
At 1 April 2024	4,310	0	4,310	144
Additions	15	0	15	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	4,325	0	4,325	145
<b>Net Book Value</b>				
At 31 March 2025	4,325	0	4,325	145
At 31 March 2024	4,310	0	4,310	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).

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.

	2025/26		2024/25	
	£000	£000	£000	£000
Balance at 1 April		4,447		4,444
Movement of assets	0		0	
Transfer from / (to) General Fund	13		(13)	
Transfer from Income and Expenditure Account	0		16	
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		13		3
Derecognition of asset disposals / transfers		(1)		0
Balance at 31 March		4,459		4,447

#### 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.

	2025/26	2024/25
	£000	£000
Balance at 1 April	0	(13)
Movement in Year	0	13
Balance at 31 March	0	0

# ANNUAL GOVERNANCE STATEMENT

## Executive Summary

The Annual Governance Statement outlines that the Council's governance is operating effectively, with strong foundations in place in terms of documentation and policies. There has been considerable progress over the previous year embedding new approaches and strengthening the Council's approach to risk, Internal Audit actions and human resources.

However, there are weaknesses in the Council's governance with an inconsistent approach to some controls and operational guidance such as procedures. A more mature corporate approach would assist in providing greater clarity for officers and directorates on roles and responsibilities.

The implementation of consistent practice and compliance of controls across nearly 20,000 staff remains difficult but there has been greater progress in regard to learning and development to try to build greater consistency.

The Chief Executive has outlined the importance of a more joined-up, consistent and structured corporate approach to governance in the authority, and at a number of projects are underway looking how to address the inconsistencies outlined above. This commitment is shared by elected members who have consistently scrutinised and highlighted the need for improvements in governance.

As a result, the Council's governance and control framework provides a satisfactory level of assurance but there remains a need to increase the maturity of the governance within the organisation.

## Background

The Council's Annual Governance Statement (AGS) is prepared in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework, which fulfils legislative statutory requirements. The Council is required to report on the effectiveness of its governance and internal control arrangements. The Annual Governance Statement should provide a transparent picture of governance in the Council and outline where it is trying to improve.

## 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 overall governance environment;
- the certified annual assurance statements provided by all Corporate 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.

The business plan was agreed by Council in December 2022 and updated in March 2023 following the budget. Further updates have been provided regularly with the latest update in March 2025.

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

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

To meet these three strategic priorities, the business plan identifies the specific outcomes, objectives, and actions that Council services will deliver during 2023-27. 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.

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. It also receives and considers reports by external audit.

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

# ANNUAL GOVERNANCE STATEMENT

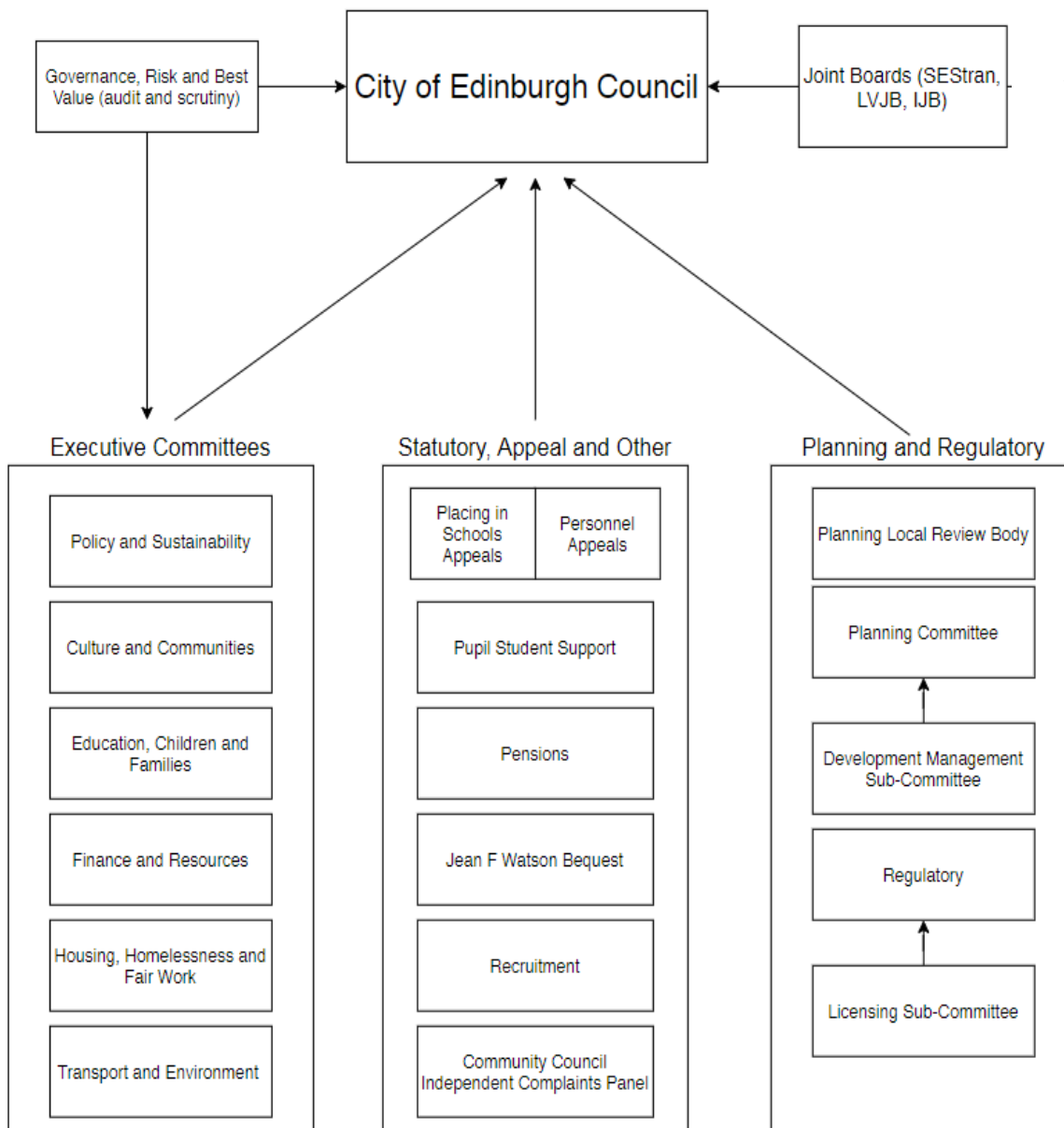


Figure 1.1 Executive Committee Structure

The committee system has worked well for a number of years and provides an effective decision-making process; however, it also is very resource intensive. The number of committee reports is higher than any other Council in Scotland, there are a high number of meetings, and those meetings continue to be long with the average time increasing significantly. This has resulted in considerable strain on elected member and officer resources and an overload of the committee system. The impact of this has been that there is insufficient time for effective scrutiny, a lack of focus on strategic city-wide decision making but also for localised community decisions, inefficient decision-making with subjects being discussed over multiple meetings, and poorer quality reports putting pressure on decision-makers. The Council has taken recent steps to streamline and improve its business processes, whilst seeking to ensure there is no detriment to the democratic process, and this has resulted in a reduction in reports and a greater focus on key items. However, pressure on the system is still significant and there remains scope for the Council to explore further improvements or a new decision-making system.

There has been criticism from elected members in regard to the quality of reports. As outlined above there are a high number of reports that go through the committee system and quality can be inconsistent. This can have a negative impact on scrutiny and accessibility to the reports.

There have been two internal investigations instructed by Council and committee on decision making in the previous year. These looked at the decision making around the Tour De France being hosted in Edinburgh and whether the responsibility for decision-making in regard to a Social Work Organisational Review should be by officers or by committee. In both cases there was found to be no breach of the Council's governance and legislative compliance but there were significant lessons to be learnt around the transparency and timing of reporting to committee. To ensure confidence in the Council's decision-making, there needs to be improvements in this area.

## ANNUAL GOVERNANCE STATEMENT

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 self-assessment for 2024/25** was considered by Governance, Risk and Best Value Committee on 11 June 2026.

The review of controls identified relatively high assurance on the quality of the controls and there were no areas which were not running effectively. However, there were areas where improvement was required. These areas were policies and procedures, partnership working, effective key performance indicators, data being properly managed and clear accountability when working in partnership.

Policies and procedures has been a significant issue that has been raised by Internal Audit over the previous two years. The Council does have a strong policy framework that requires policies to be updated and submitted to committee for agreement but the procedures that sit underneath that, and are more operational in nature, vary from service to service. There has been a greater corporate focus on improving procedures and in areas such as social work there has been considerable work to review, improve and embed new procedures. However, when looking Council wide there is still significant work for this approach to be implemented throughout all services.

The management of data is an issue that has been raised throughout the Directorate Assurance Schedules. There is a significant long-lasting issue with the SWIFT system that is currently being replaced with the MOSAIC client information system. The issue with SWIFT has been reported to the Council, and in previous Annual Governance Statements as a risk for the Council's social care records. This will remain until the system is fully replaced. There are also concerns with the continued use of the G Drive and there is an upcoming project to migrate the information held in the G drive, and it will be essential that records management element is a core function of this project.

The quality of the data that the Council processes and holds has also been identified by officers as an issue. The Council's data landscape is complex and rapidly evolving, with a large number of systems and vast volumes of data. There are many causes for poor data quality including fragmented and legacy systems, lack of clear data ownership and wider data literacy within the Council. However, one of the main issues identified is that there is not a robust data management governance framework which would be a set of rules, roles, and standards that defines how an organisation collects, manages, secures, and uses its data. It would act as a blueprint to ensure information is accurate, safe, and easy to find. Work has commenced but is at an initial stage and progress is being made to develop and implement a data governance framework and recruitment is ongoing to lead the work.

Key performance indicators (KPIs) are in place at a corporate level and for some key services. There has though been a lack of KPIs at team level to allow managers to more effectively manage the performance and workforce of their services. There has been considerable work over the last year using Power BI and more data is being introduced and made available to managers. Directorates have outlined in their assurance schedules that they will be adopting Power BI dashboards as part of their management of the service.

A common theme from Directorate Assurance Schedules was that complaints was an area that required significant attention. Directorates reported a lack of understanding with the process and having officers with the necessary skills to undertake the investigation. This was combined with a lack of adequate resource to manage complaints. There has been progress in this area with the introduction of Child Friendly Complaint Practices in Children, Education and Communities and a greater focus on quality assurance and improvement in complaint handling in some teams. However, there is inconsistency across the Council in terms of complaints and generally how the Council communicates with the public. Directorates have increased the amount of resource dealing with complaints and the Chief Executive has instructed a review of how the Council communicates with customers including complaint handling in the organisation.

The Council agreed a new approach in August 2025 to prevention, early intervention and mitigation in Edinburgh, built around and in partnership with the city's local communities. This will aim to deliver neighbourhood based partnership prevention teams and services – including the Council, third sector, and other statutory sector partners physically co-located in the communities they serve, alongside thematic teams delivering city wide access to service for people from priority group. This will aim to drive change through a relationship based and trauma informed way of working that delivers a genuinely no-wrong-door approach to all services.

Directorates have highlighted positive advances in partnership working such as on third party grants, on the prevention agenda and on matters such as the co-design of the Housing Emergency Action Plan.

There have been positive improvements in the Council's governance as an employer with Bronze Accreditation in Equally Safe at Work (ESAW) achieved in February 2026 and the Council being accredited as a Champion Employer in the Stonewall Proud Employers Accreditation Scheme in December 2025.

## ANNUAL GOVERNANCE STATEMENT

The Council launched a Policy in Practice Programme which was designed to equip managers to apply people policies consistently and aimed to cover the following policies - Early Resolution, Grievance, Disciplinary, Sickness Absence, Performance, Alcohol and Drugs, and Workplace Adjustments.

A skills assessment audit of around 1,600 managers was carried out that identified 'difficult conversations' as an area requiring enhanced development. Managers who lack confidence in this area may avoid addressing conduct or behavioural concerns, which can allow poor behaviour to go unchallenged and erode integrity standards across the organisation. This was an area that the Council would aim to improve in 2026/27.

The 2025 Colleague Experience Survey confirmed high levels of colleague confidence in their manager's leadership, integrity and approachability and highlighted areas for expanded engagement.

Digital-First Learning Governance: The myLearning Hub has been established as the Council's one-stop shop for learning, with over 1,600 learning events and 454,655 digital completions in 2025. Governance frameworks now embed digital learning as the default delivery method, reducing environmental impact and supporting the Council's climate obligations.

An Artificial Intelligence (AI) policy was agreed in March 2026, with additional governance being created on the use of AI through a Data Ethics Governance Board. This aims to provide more organisational oversight and report to the Corporate Leadership Team. All GenAI proposals will require a data ethics assessment and approval by the Board.

### Finance

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2014) as set out in the Application Note to Delivering Good Governance in Local Government Framework, an opinion confirmed as part of recent external audit scrutiny. Having reviewed the framework, it is therefore the Section 95 Officer's opinion that, as in 2024/25, 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. In particular, the need for (i) embedding, particularly in payroll and social care payment systems, actions taken, or to be 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' savings gaps. In this latter context, while not underestimating the extent of further work needed to realise the improvements included within the Financial Strategy, significant progress has again been made during the year to put in place the foundations for the Council to secure its longer-term financial sustainability.

### External Assurance

The Council has statutory obligations under Scotland's freedom of information, data protection and complaints legislation. These duties are enforced and promoted by the Scottish Information Commissioner (OSIC), the UK Information Commissioner (ICO) and the Scottish Public Services Ombudsman (SPSO).

Although the Council has processes in place to support compliance, applicants and complainants may appeal to the relevant regulator or ombudsman once the Council's internal review processes have been exhausted. Decisions issued by these bodies are routinely published on their respective websites.

OSIC issued 15 decisions. Six were found in favour of the applicant, three were partially upheld, and six were found in favour of the Council. Ten of these decisions related to requests made between 2022 and 2024, reflecting the regulator's ongoing work to address its backlog of appeal cases.

The SPSO issued two decisions on complaints. One was upheld for the complainant, and one was not upheld.

Any actions required following an OSIC or SPSO decision have been completed in full, with evidence provided to confirm compliance. Any learning arising from a decision is shared with the relevant service and the Corporate Leadership Team.

The Council was not subject to any enforcement notice from the ICO during the reporting period. However, in line with its statutory obligations, the Council reported nine high-risk personal data breaches to the ICO. In each case, the regulator was satisfied with the action taken to contain and mitigate the breach.

The Council is continuing to report its subject access request performance to the ICO, where the Council is not currently complying with its statutory deadlines due to a significant rise in the number of requests. The Council 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.

# ANNUAL GOVERNANCE STATEMENT

## External Assurance (continued)

Audit Scotland in September 2025 reported that the Council was not yet demonstrating significant transformational change activity to reduce demand for its services and secure longer-term financial sustainability. Audit Scotland outlined that the Council had established complex officer-led governance arrangements to oversee progress with transformation. These have been subject to change but there remains a lack of clarity over some roles, responsibilities and reporting lines.

Since the report changes were made to the governance arrangements surrounding the transformation programme to address these findings.

Officers are holding workshops with all service leadership teams to map current and future transformation projects into a single, Council-wide view. In July 2026, the Strategic Programme Board will prioritise major cross council initiatives. Following that, projects that cut across services within a single directorate (such as Place) will be managed locally through new Directorate Change & Enabling Boards, as outlined at the Governance, Risk and Best Value Committee. This setup introduces a proportionate governance model designed to add real value rather than administrative paperwork, ensuring oversight matches the size and risk of each project. It also enables improved, Council-wide resource forecasting and will prevent duplicate or mistimed projects. It aims to create a structured, well-defined pipeline that supports sound investment decisions, ensuring future changes launch only when optimal delivery conditions are met. Crucially, this approach will provide elected members with a clear, bird's-eye view of all transformation activity and strong assurance that the right projects are being delivered at the right time.

A phased approach to the governance of the transformation programme has been implemented. To support successful delivery, clear checkpoints, standard self-service templates, and straightforward dashboards to track project health and actual benefits will be introduced. This setup ensures all upcoming change is properly structured and supported before delivery begins. Once underway, projects will be managed with consistent, high standards across the organisation. To embed this approach, the Council is developing practical coaching for board roles and change skills. Collectively, officers believe that these measures will address Audit Scotland's recommendations for council-wide transformation improvements.

In June 2026, the Governance, Risk and Best Value Committee considered a best value thematic review report by the Accounts Commission on asset management. The report highlighted that the Council's approach to asset management was fragmented, making it harder for the Council to make well-informed decisions on priorities. There was no over-arching corporate asset management strategy and with insufficient oversight by the Corporate Leadership Team. They also stated that it was unclear where decisions were being made. An implementation plan to address these findings was now being worked on.

The Care Inspectorate in November 2025 reported on leadership in the City of Edinburgh Council's social work services. The report concluded that they had identified progress in some areas of the leadership of children's social work services. There were governance, reporting and performance frameworks in place which helped leaders better understand practice and a proposed redesign was in progress. It was anticipated by leaders that this would take forward a commitment to ensure resource was aligned with need. However, some areas of work had only recently started or were at too early a stage to see tangible improvements. The pace of change had been fast in relation to developing governance and reporting frameworks but slower to produce consistent results of improvement. More was needed to enable senior leaders to confidently demonstrate the capacity for sustained improvement which would ensure robust and safe service delivery for all children and young people.

The Education, Children and Families Committee considered the findings of the inspection report in January 2026 and the work undergoing to address the recommendations in the report. The Chief Social Work Officer and the Service Director for Children's and Justice Services both left the Council at the end of the financial year and those posts are vacant. There are interim officers in place, but it will be essential to drive the improvements necessary, that these posts are filled in 2026.

His Majesty's Revenue and Customs (HMRC) concluded an audit on minimum wage compliance in late 2025. This was reported to the Governance, Risk and Best Value Committee in November 2025. The outcome of the audit was that the City of Edinburgh Council had not complied with national minimum wage requirements as a result of the volunteer arrangement in Benmore Outdoor Centre, deeming some of these positions to be workers. As part of their response, HMRC noted the good intention behind the scheme, and that it was not a deliberate minimum wage breach. Work was undertaken to address the situation and comply with the Notice of Underpayment.

# ANNUAL GOVERNANCE STATEMENT

## External Assurance (continued)

In November 2025 the Governance, Risk and Best Value Committee considered a report on the governance around the exit decisions of senior officers. This followed a letter from the Accounts Commission making recommendations to Councils to consider its findings in relation to exit packages at Glasgow City Council. The report highlighted that there were robust arrangements in place around the governance of decision-making for exit packages for senior officers but recommended that the Scheme of Delegation was changed so that all Chief Officer exit packages were required to be approved by committee. Council later agreed to implement these recommendations.

## Internal Audit

The Chief Internal Auditor has reported to the Governance, Risk and Best Value Committee throughout the year. The Chief Internal Auditor provided a commentary of the key themes and thematic areas identified for improvement in audits in each quarter. There were a number of issues raised throughout the year but an insufficient workforce or capacity and missing or incomplete procedures were themes that were repeated on a number of occasions. The need for improvement in procedures has been raised in previous years and there remains significant work in the Council to ensure that these are in place throughout the full range of Council services.

Internal Audit carried out a review of Unlicensed Houses in Multiple Occupation (HMOs). This had been an issue that was highlighted in last year's Annual Governance Statement in a report by the Monitoring Officer in September 2024. This was regarding a conflict between the Council's duties in supplying temporary homeless accommodation and its licensing responsibilities. Internal Audit reported on its findings and laid out recommendations which included the strengthening of escalation processes and the documenting of decisions, timelines and responsibilities.

Internal Audit reported in January 2026 only limited assurance on Core Financial Controls regarding inventory management. A high-priority finding was in regard to procedures, guidance and training which has been a trend across services.

The annual opinion of the Chief Internal Auditor will be inserted once available (usually August).

## Governance Improvements 2025/26

Many of the improvements in governance over the previous year have been covered in the review of effectiveness, however, this section will specifically cover the improvements that were recommended in the previous year's Annual Governance Statement.

In March 2026, the Governance, Risk and Best Value Committee considered the revised arrangements for the Local Code of Corporate Governance, Assurance & Controls Evaluation, Directorate Assurance Statements and Annual Governance Statement. The new assurance schedules have been used to inform this Statement, and the new Local Code will be implemented in Summer 2026. The new system aims to create a more streamlined reporting mechanism which is more logical and easier to complete but provides more information to scrutinise and a more direct link between the Assurance Schedules, the Local Code and the Annual Governance Statement. The questions in the assurance schedules have been reduced but there is a greater focus on what has been improved and what remains to be improved which follows the model of the new guidance for Annual Governance Statements.

In August 2025, the Council agreed to implement the ALEO Governance Framework. This aimed 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. This work was done in parallel with a significant reform of the governance of the transport companies which was finalised in 2025 with a new Chief Executive being appointed for both companies and a new Board for Edinburgh Trams being established in late 2025. A new shareholder forum has also been created allowing the Council shareholders to engage more fully with Lothian Buses and Edinburgh Trams.

Work on how on the Council's controls and processes regarding subsidy control is continuing with the updated guidance and toolkit still needing to be finalised. Issues are currently being managed on a case-by-case basis through advice from officers. Training has been rolled out to a wider group on guidance and the process to be followed.

# ANNUAL GOVERNANCE STATEMENT

## Governance Improvements 2025/26 (continued)

An urgent decisions register has been created and is now reported regularly for scrutiny to the Governance, Risk and Best Value Committee.

A review of community council election processes was reported to Culture and Communities Committee in December 2025 following a survey of all community councillors and other stakeholders. An action plan was created with initial actions to be completed as well as other actions that will be completed before the next elections in 2028.

The work undertaken in consultation with the Streamlining Committee Business Working Group reported to Council in December 2025. This work included improvements to deputations, plan hierarchy, barriers to elected office, terms of reference, elected member priorities, delegation and report writing including accessibility. A number of improvements were agreed and implemented. This included the roll out of in person committee report training and heads of service, who will be approving the majority of reports, have been targeted as a priority. The aim will be to roll out this training over the next year to report authors.

## Where our governance needs to improve

The following are areas where improvements to the Council's governance have been identified:

- Ensuring robust and adequate procedures are in place across services;
- Efficiency of committee business;
- Report writing;
- Managing complaints;
- Communication with the public;
- Roles and responsibilities for officers and directorates and associated controls; and
- Compliance with duties regarding Subject Access Requests.

The Council has effective foundations to its governance and there does not appear to be significant gaps in its arrangements. There are controls across the organisation and robust policies in place. However, the Council is a large organisation and there is the potential for implementation of the governance controls to not be consistently applied and for the Council to take four directorate approaches rather than a single corporate approach. This flexibility is often useful as it allows each Directorate to tailor its response to the specific circumstances it is dealing with. However, it would aid directorates, if a corporate standard and guidance on governance with the Council's expectations on controls, behaviours and standards was outlined. This would aid with consistency of implementation of the controls throughout the services and give greater clarity on roles and responsibilities for senior managers. Actions are being taken to address these matters among others and an action plan for the forthcoming year is outlined in the action plan.

## Forward look on governance

In looking at potential changes to governance, the First Minister announced the possibility of greater regional governance being progressed in the current parliamentary term. This could have a significant impact on how the Council makes decisions depending on the extent of those powers. Consideration would also have to be given to whether Councils would add to those powers with delegated powers of their own.

The Council has Local Government Elections in May 2027 which may change the political management arrangements within the Council and how it makes decisions. There may also be a change in the Council's business plan and objectives, and the Council's governance may need to adapt to be able to better achieve those outcomes.

The development of the Council's future technology Delivery Model may have impacts on the Council's risks, reporting and on KPIs for services.

The outcome of the Edinburgh Partnership's workstreams looking at governance, structure, reporting, progressing locality planning and developing a new Local Outcomes Improvement Plan (LOIP) will have an impact on partnership working and operational delivery of services.

# ANNUAL GOVERNANCE STATEMENT

## Annual Governance Statement Action Plan for 2026/27

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	Lead Officer	Timeline
1	Outline of Improvement Plan implementing Care Inspectorate Recommendations	Corporate Director of Children, Education and Communities	June 2026
2	Additional resource for managing complaints	Corporate Director of Children, Education and Communities and Corporate Director of Place	December 2026
3	Introduction of Mosaic		December 2026
4	Establishment of Participation and Engagement Group to improve partnership working with unpaid carers, advocacy and people with lived experiences	Chief Officer, HSCP	September 2026
5	Creation of a Corporate Governance Framework outlining officer and directorate roles and responsibilities	Head of Democracy and Governance	December 2026
6	Creation of Decision logs and associated process	Head of Democracy and Governance	December 2026
7	Implementation of the ALEO Governance Framework	Head of Democracy and Governance	March 2027
8	Implementation of the Neighbourhood Prevention Partnerships	Head of Strategy	August 2026
9	Review of Political Management Arrangements and Committee Business Processes	Head of Democracy and Governance	August 2027
10	Implementation of the Pensions Governance Review	Corporate Director of Customer and Corporate Services	April 2027
11	A communication campaign is planned for 2026/27 to further reinforce expectations on 'Our Behaviours', with a focus on responsiveness and 'no wrong front door'	Corporate Director of Customer and Corporate Services	April 2027
12	Tailored learning programmes for emerging and middle leaders, equipping managers to address conduct and behavioural concerns confidently and consistently	Corporate Director of Customer and Corporate Services	April 2027
13	Review of officer governance groups and boards	Chief Executive	December 2026
14	Implementation Plan – Asset Management	Corporate Director of Place and Corporate Director of Customer and Corporate Services	December 2026
15	Data Governance Framework	Head of Strategy	Initial stages – still to be defined

# 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 133 to 135, Number of Employees by Pay Band and Exit Packages on page 136 and Pension Rights on pages 137 to 140 in this remuneration report will be subject to audit by Audit Scotland. The other sections of the remuneration report will be audited by Audit Scotland to ensure that they are consistent with the Financial Statements.

## Remuneration Arrangements

### Councillors

For 2025/26, 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 2025. 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 took 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 2025/26, the remuneration for the Leader of the City of Edinburgh Council was £71,519. 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 2025/26 this was £53,640. 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 £955,455. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their remuneration within these maximum limits. The Council's current policy is summarised below:

	No. of Posts	% of amount payable to Leader of the Council
Depute Leader of the Council	1	75%
Depute Convener	1	50%
Conveners of Culture and Communities, Education, Children and Families, Finance and Resources, 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. CO-156 set the amount of salary for the Chief Executive of the City of Edinburgh Council for the period April 2025 to March 2026.

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 lie 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.

Council's Leader, Civic Head and Senior Councillors	Salary, Fees and Allowances	Taxable Expenses	Non-Cash Expenses / Benefits-in-kind	Total Remun. 2025/26	Total Remun. 2024/25
	£	£	£	£	£
J. Meagher, Leader of the Council and Convener Policy and Sustainability	71,519	0	1,403	72,922	47,022
R. Aldridge, Lord Provost	53,640	0	0	53,640	48,536
M. Watt, Deputy Leader of the Council, Convener Finance and Resources	51,664	0	87	51,751	48,158
L. M. Cameron, Depute Convener and Convener Housing, Homelessness and Fair Work (to 30.10.25)	38,481	0	1,472	39,953	33,959
<u>Conveners (full year equivalent £43,659)</u>					
M. Graham, Convener Culture and Communities (from 08.05.25) and Vice Convener Education, Children and Families (to 08.05.25)	42,842	0	86	42,928	n/a
the late V. Walker, Convener Culture and Communities (to 14.04.25)	1,581	0	0	1,581	40,338
J. Dalgleish, Convener Education, Children and Families (from 08.05.25) and Convener Planning (to 08.05.25)	43,659	0	711	44,370	40,909
J. Griffiths, Convener Planning (from 08.05.25) and Convener Education, Children and Families (to 08.05.25)	43,659	0	138	43,797	40,308
T. Pogson, Convener Housing, Homelessness and Fair Work (from 30.10.25) and Vice-Chair/Chair Edinburgh Integration Joint Board (to 30.10.25)	43,659	0	313	43,972	40,153
S. Jenkinson, Convener Transport and Environment	43,659	0	700	44,359	33,043
K. Campbell, Convener Governance, Risk and Best Value	43,659	0	804	44,464	38,828
L. Young, Convener Licensing Board	43,659	0	1,121	44,780	41,384

# REMUNERATION REPORT

## Remuneration Paid - continued

<b>Council's Leader, Civic Head and Senior Councillors - continued</b>	<b>Salary, Fees and Allowances £</b>	<b>Taxable Expenses £</b>	<b>Non-Cash Expenses / Benefits-in-kind £</b>	<b>Total Remun. 2025/26 £</b>	<b>Total Remun. 2024/25 £</b>
<u>Conveners - continued</u>					
J. Mowat, Convener of Licensing Sub-Committee	43,659	0	787	44,446	40,803
N. Ross, Convener Regulatory	43,659	0	87	43,746	40,153
H. Osler, Convener Development Management Sub-Committee	43,659	0	23	43,682	40,153
C. Savage, Chair Edinburgh Integration Joint Board (from 30.10.25)	33,867	0	786	34,653	n/a
<u>Vice-Conveners (full year equivalent £35,654)</u>					
J. Rust, Vice Convener Licensing	35,654	0	825	36,479	33,943
M. Mitchell, Vice Convener of the Development Management Sub-Committee (from 08.05.25)	35,037	0	824	35,861	n/a
<u>Opposition Group Leaders (full year equivalent £43,659)</u>					
I. Whyte, Conservative Group	43,659	0	700	44,359	40,677
C. Booth, Green Group Co-Convener (Note 1)	34,821	0	787	35,608	29,239
S. Rae, Green Group Co-Convener (to 04.06.25) (Note 1)	27,503	0	875	28,378	29,427
K. Kinross-O'Neill, Green Group Co-Convener (from 04.06.25) (Note 1)	33,299	0	86	33,385	n/a
E. Thornley, Liberal Democrat Group (from 28.04.25)	42,567	0	786	43,353	n/a
K. Lang, Liberal Democrat Group (to 28.04.25)	27,074	0	0	27,074	40,027
S. Kumar, Scottish National Party	43,659	0	561	44,221	39,314
<u>Councillors</u>					
A. Beal, Vice Convener to the Lothian Valuation Joint Board (Note 2)	26,797	0	786	27,583	26,128

### Notes:

1. At the City of Edinburgh Council meeting held on 19 June 2025, it was agreed to continue to pay an equal split of the senior councillor allowance, for the two co-conveners of the Green Group.
2. The amount recharged to Lothian Valuation Joint Board in 2025/26 was £949 (2024/25 £4,133). Expenses relate to Councillor role.
3. During 2025/26, the overall pay award for Senior Councillors was 11.6%.
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):

	<b>2025/26 £</b>	<b>2024/25 £</b>
<b>Salaries</b>	2,017,640	1,730,980
<b>Expenses</b>		
<i>Claimed by councillors</i>	0	325
<i>Paid directly by the Council</i>	30,408	35,151
<b>Total</b>	<u>2,048,048</u>	<u>1,766,456</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. 2025/26	Total Remun. 2024/25
	£	£	£	£	£
<b>Council's Senior Officers</b>					
P. Lawrence, Chief Executive (Note 1)	213,014	900	0	213,914	197,711
A. Hatton, Corporate Director of Children, Education and Communities	194,417	386	0	194,803	187,344
C. Laverty, Chief Officer of Edinburgh Health and Social Care Partnership (Note 2)	97,209	303	0	97,512	5,549
G. Barwell, Interim Executive Director of Place (to 30.10.25), Corporate Director of Place (from 31.10.25)	194,417	307	0	194,724	110,862
R. Howley, Chief Social Work Officer	129,834	298	0	130,132	124,840
Dr. D. Smart, Corporate Director of Customer and Corporate Services	194,417	407	0	194,824	187,144
R. Lloyd-Bithell, Service Director - Finance and Procurement	146,012	172	0	146,184	141,314
<b>Total</b>	<b>1,169,320</b>	<b>2,773</b>	<b>0</b>	<b>1,172,093</b>	<b>954,764</b>

#### Notes:

- 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 2025/26 amounted to £234.
- 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.
- 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 2025 and 2024 respectively.

	Salary, Fees and Allowances	Bonus	Other Benefits	Compensation for Loss of Office	Total Remun. 2025/26	Total Remun. 2024/25
	£	£	£	£	£	£
<b>Council's Subsidiary Companies</b>						
A. Wrathall, Chief Executive, EICC (from 01.08.25) <i>(full year equivalent)</i>	75,000 180,000	0	0	0	75,000	n/a
M. Dallas, Chief Executive, EICC (to 23.05.25) <i>(full year equivalent)</i>	73,045 181,482	0	0	0	73,045	199,365
R. Hunter, Chief Executive, Capital City Partnership	98,733	0	0	0	98,733	93,586
<u>Lothian Buses Ltd.</u>						
S. Boyd, Chief Executive (from 06.10.25) and Managing Director (to 05.10.25)	223,651	0	2,776	0	226,427	204,804
J. Benson Finance Director (to 28.03.25) <i>(full year equivalent)</i>	39,861 159,444	0	0	0	39,861	160,042
R. Benns Finance Director (from 07.04.25) <i>(full year equivalent)</i>	111,526 156,000	0	0	0	111,526	n/a
C. Barnes, Engineering Director (to 04.07.25) <i>(full year equivalent)</i>	92,074 160,232	0	3,003	120,174	215,251	154,679
W. Hamilton, Operations Director	154,214	0	2478	0	156,692	n/a
<u>Edinburgh Trams Ltd.</u>						
L. Harrison, Managing Director (to 31.01.26) (Note 1)	187,283	0	5,583	327,713	520,579	182,265
<b>Total</b>	<b>1,055,387</b>	<b>0</b>	<b>13,840</b>	<b>447,887</b>	<b>1,517,114</b>	<b>994,741</b>

#### Notes:

- Compensation for Loss of Office for L Harrison includes Pensions and was approved by the Edinburgh Trams Board in August 2025
- 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.

	2025/26	2024/25		2025/26	2024/25
£50,000 - £54,999	1,735	1,509	£135,000 - £139,999	2	0
£55,000 - £59,999	412	298	£140,000 - £144,999	2	3
£60,000 - £64,999	303	413	£145,000 - £149,999	5	3
£65,000 - £69,999	275	186	£150,000 - £154,999	0	0
£70,000 - £74,999	163	170	£155,000 - £159,999	0	0
£75,000 - £79,999	150	82	£160,000 - £164,999	0	0
£80,000 - £84,999	79	65	£165,000 - £169,999	1	0
£85,000 - £89,999	29	31	£170,000 - £174,999	0	1
£90,000 - £94,999	29	20	£175,000 - £179,999	0	0
£95,000 - £99,999	13	28	£180,000 - £184,999	0	0
£100,000 - £104,999	28	4	£185,000 - £189,999	0	0
£105,000 - £109,999	7	6	£190,000 - £194,999	3	2
£110,000 - £114,999	3	0	£195,000 - £199,999	0	0
£115,000 - £119,999	1	1	£200,000 - £204,999	0	1
£120,000 - £124,999	1	1	£205,000 - £209,999	0	0
£125,000 - £129,999	2	3	£210,000 - £214,999	1	0
£130,000 - £134,999	0	0	£215,000 - £219,999	0	0
			<b>Total No. of Employees</b>	<b>3,244</b>	<b>2,827</b>

#### Notes:

- The total number of Council employees in the table above includes the Council's Senior Officers as shown on page 135.

#### 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	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26 £000	2024/25 £000
£0 - £20,000								
- Council	0	0	0	0	0	0	0	0
- Group companies	0	0	1	1	1	1	11	12
£20,001 - £40,000								
- Council	0	0	1	0	1	0	28	0
- Group companies	1	0	1	1	2	1	61	26
£40,001 - £60,000								
- Council	0	0	0	2	0	2	0	104
- Group companies	0	0	0	0	0	0	0	0
£60,001 - £80,000								
- Council	0	0	0	3	0	3	0	209
- Group companies	0	0	0	1	0	1	0	65
£80,001 - £100,000								
- Council	0	0	1	0	1	0	97	0
- Group companies	0	0	0	0	0	0	0	0
£100,001 - £150,000								
- Council	0	0	0	2	0	2	0	240
- Group companies	0	0	1	0	1	0	127	0
£150,001 - £200,000								
- Council	0	0	0	1	0	1	0	153
- Group companies	0	0	0	0	0	0	0	0
£200,001 - £250,000								
- Council	0	0	0	1	0	1	0	237
- Group companies	0	0	0	0	0	0	0	0
£250,001 - £300,000								
- Council	0	0	1	0	1	0	276	0
- Group companies	0	0	0	0	0	0	0	0
£300,001 - £350,000								
- Council	0	0	0	0	0	0	0	0
- Group companies	0	0	1	0	1	0	328	0
	<b>1</b>	<b>0</b>	<b>7</b>	<b>12</b>	<b>8</b>	<b>12</b>	<b>928</b>	<b>1,046</b>

# 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 2024/25 were as follows:

<b>Whole Time Pay</b>	<b>Contribution rate</b>
On earnings up to and including £28,500 (2024/25 £27,000)	5.50%
On earnings above £28,501 and up to £34,900 (2024/25 £27,001 to £33,000)	7.25%
On earnings above £34,901 and up to £47,800 (2024/25 £33,001 to £45,300)	8.50%
On earnings above £47,801 and up to £63,800 (2024/25 £45,501 to £60,400)	9.50%
On earnings above £63,801 (2024/25 £60,401)	12.00%

From April 2015, when allocating contribution rates to members, pensionable pay means the actual pensionable pay, regardless of hours worked.

There is no automatic entitlement to a lump sum for members who joined the scheme post April 2009. Members may opt to give up (commute) pension for lump sum or bigger lump sum up to the limit set by the Finance Act 2004.

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation - assuming that the person left the related employment or service as at 31st March in the year to which the value relates.

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

## REMUNERATION REPORT

### Pension Rights - continued

#### Council's Leader, Civic Head and Senior Councillors

The pension entitlements of senior councillors for the year to 31 March 2026 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 31.03.2026	For year to 31.03.2025		As at 31.03.2026	Difference from 31.03.2025
	£	£		£000	£000
<u>Council's Leader and Civic Head</u>					
J. Meagher, Leader of the Council and Convener Policy and Sustainability	12,587	8,238	Pension	4	1
			Lump Sum	0	0
R. Aldridge, Lord Provost	9,441	8,454	Pension	13	2
			Lump Sum	3	0
M. Watt, Deputy Leader of the Council and Convener Finance and Resources	9,093	8,454	Pension	7	1
			Lump Sum	0	0
L. M. Cameron, Depute Convener and Convener of Housing, Homelessness and Fair Work (to 30.10.25)	6,773	5,743	Pension	6	1
			Lump Sum	0	0
<u>Conveners</u>					
M. Graham, Convener Culture and Communities (from 08.05.25) and Vice Convener Education, Children and Families (to 08.05.25)	7,540	4,759	Pension	2	1
			Lump Sum	0	0
J. Dalglish, Convener Education, Children and Families (from 08.05.25) and Convener Planning (to 08.05.25)	7,684	7,045	Pension	3	1
			Lump Sum	0	0
J. Griffiths, Convener Planning (from 08.05.25) and Convener Education, Children and Families (to 08.05.25)	0	2,613	Pension	0	0
			Lump Sum	0	0
T. Pogson, Convener Housing, Homelessness and Fair Work (from 30.10.25) and Vice-Chair/Chair Edinburgh Integration Joint Board (to 30.10.25)	7,684	7,045	Pension	3	1
			Lump Sum	0	0
S. Jenkinson, Convener Transport and Environment	7,684	5,701	Pension	2	0
			Lump Sum	0	0
K. Campbell, Convener Governance, Risk and Best Value	7,684	6,697	Pension	7	1
			Lump Sum	0	0
L. Young, Convener Licensing Board	7,684	7,045	Pension	6	1
			Lump Sum	0	0
J. Mowat, Convener of Licensing Sub-Committee	7,684	7,045	Pension	10	1
			Lump Sum	0	0
N. Ross, Convener Regulatory	7,684	7,045	Pension	6	1
			Lump Sum	0	0
H. Osler, Convener Development Management Sub-Committee	7,684	7,045	Pension	6	1
			Lump Sum	0	0
C. Savage, Chair Edinburgh Integration Joint Board (from 30.10.25)	5,961	0	Pension	0	0
			Lump Sum	0	0
<u>Vice Conveners</u>					
M. Mitchell, Vice Convener of the Development Management Sub-Committee	6,167	0	Pension	4	0
			Lump Sum	0	0

## REMUNERATION REPORT

### Pension Rights - continued

#### Council's Leader, Civic Head and Senior Councillors - continued

##### Opposition Group Leaders

I. Whyte, Conservative Group Leader	7,684	7,045	Pension	13	1
			Lump Sum	3	0
S. Rae, Green Group Co-Convener (to 04.06.25)	4,841	5,008	Pension	4	0
			Lump Sum	0	0
K. Kinross-O'Neill, Green Group Co-Leader (from 04.06.25)	5,861	0	Pension	2	0
			Lump Sum	0	0
E. Thornley, Liberal Democrat Group Leader (from 28.04.25)	7,492	0	Pension	2	0
			Lump Sum	0	0
K. Lang, Liberal Democrat Group Leader (to 28.04.25)	4,765	7,045	Pension	5	0
			Lump Sum	0	0
S. Kumar, Scottish National Party Group Leader	7,684	6,700	Pension	3	1
			Lump Sum	0	0

##### Councillors

A. Beal ( <i>including role as Vice Convener of Lothian Valuation Joint Board</i> )	4,716	4,462	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.

### Senior Employees

The pension entitlements of senior employees for the year to 31 March 2026 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 31.03.2026 £	For year to 31.03.2025 £		As at 31.03.2026 £000	Difference from 31.03.2025 £000
P. Lawrence, Chief Executive	37,490	34,479	Pension	61	6
			Lump Sum	0	0
A. Hatton, Corporate Director of Children, Education and Communities	32,289	30,973	Pension	17	4
			Lump Sum	0	0
C. Laverty, Chief Officer of Edinburgh Health and Social Care Partnership (Note 1)	32,244	1,946	Pension	n/a	0
			Lump Sum	n/a	0
G. Barwell, Corporate Director of Place	34,217	29,455	Pension	64	9
			Lump Sum	0	0
R. Howley, Chief Social Work Officer	22,851	21,972	Pension	9	0
			Lump Sum	0	0
Dr. D. Smart, Corporate Director of Customer and Corporate Services	32,267	30,945	Pension	11	3
			Lump Sum	0	0
R. Lloyd-Bithell, Service Director - Finance and Procurement	25,698	24,710	Pension	7	7
			Lump Sum	0	0
<b>Total</b>	<b>217,056</b>	<b>174,480</b>			

#### Notes:

- The Chief Officer is employed by the City of Edinburgh Council and 50% of their salary costs are recharged to the EIJB and NHS Lothian. The above Pension figures show the full contributions but only 50% of these are relevant to the City of Edinburgh Council.

The pension figures shown for senior employees relate to the benefits that the person has accrued as consequence of their total local government / public service and not just their current appointment. Accrued pension benefits relate to the position as at 31 March 2026, or the date of leaving, if that is earlier. Employees contribute towards their pensions in accordance with the rates set out on page 137.

There are no accrued pension benefits included in the tables 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 2026 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 31.03.2026 £	For year to 31.03.2025 £		As at 31.03.2026 £000	Difference from 31.03.2025 £000
<u>EICC</u>					
A. Wrathall, Chief Executive, EICC (from 01.08.25) (Note 1)	8,625	n/a	Pension	n/a	0
			Lump Sum	n/a	0
M. Dallas, Chief Executive, EICC (to 23.05.25) (Note 1)	8,400	20,358	Pension	n/a	0
			Lump Sum	n/a	0
<u>Lothian Buses Ltd.</u>					
S. Boyd, Chief Executive (from 06.10.25) and Managing Director (to 05.10.25)	33,548	30,468	Pension	n/a	0
			Lump Sum	n/a	0
J. Benson Finance Director (to	5,979	23,014	Pension	n/a	0
			Lump Sum	n/a	0
R. Benns Finance Director (from 07.04.25)	11,153	n/a	Pension	n/a	0
			Lump Sum	n/a	0
C. Barnes, Engineering Director (to 04.07.25)	17,219	15,234	Pension	n/a	0
			Lump Sum	n/a	0
W. Hamilton, Operations Director	23,132	n/a	Pension	n/a	0
			Lump Sum	n/a	0
<u>Edinburgh Trams Ltd.</u>					
L. Harrison, Managing Director	37,457	34,208	Pension	n/a	0
			Lump Sum	n/a	0
<u>Capital City Partnership</u>					
R. Hunter, Chief Executive	18,324	17,594	Pension	32	3
			Lump Sum	19	1
Total	<u>163,837</u>	<u>140,876</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 2025 and 2024 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.

## **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