DRAFT [SUBMITTED FOR AUDIT]

ANNUAL ACCOUNTS 2024–25

East Lothian Council

Sharing achievements
Delivering council priorities
Reporting on our financial position
Plans for the future

Contents

Management Commentary and Assurance

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Management Commentary

About East Lothian

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

Around 4,952 (4,095 full-time equivalent) people work for the Council.

Each Year the Council:

Educates some **15,124** pupils in our primary and secondary school

Provides Early Learning and Childcare to **2,507** children

Serves **1.4 million** school meals

Looks after over **87** vulnerable children in care homes, foster care and other care settings

Provides:

- **20,315 hours** of care at home each week to vulnerable adults and older people
- Looked after **615** over 65 year olds in residential and nursing homes

Carried out:

- Approximately **4.7 million** household waste collections
- A reduction in the amount of non recyclable waste collected of over **1,000** tonnes
- Over **24,000** households signed up to the fortnightly garden waste subscription service.

Maintains:

- **290** parks, pitches, play areas and burial grounds
- **1,147 km** of roads and **674km** of footways
- **19,798** street lights (98% of which are LED)
- Repaired **3,599** potholes

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

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

Provides over **9,400** council dwellings and **1,100** garages for council tenants

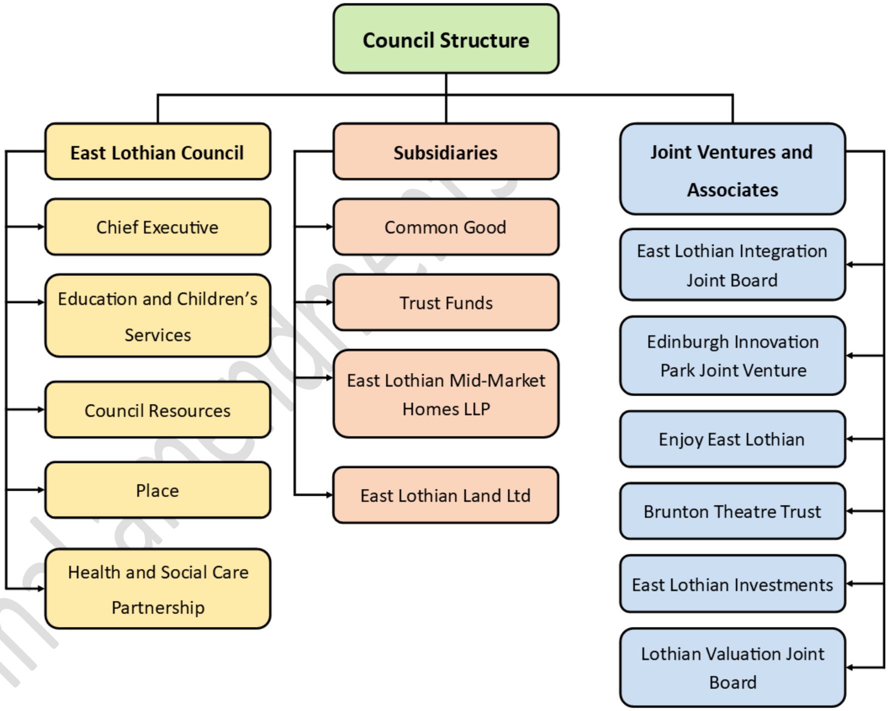
About East Lothian Council's Group Entities

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

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

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

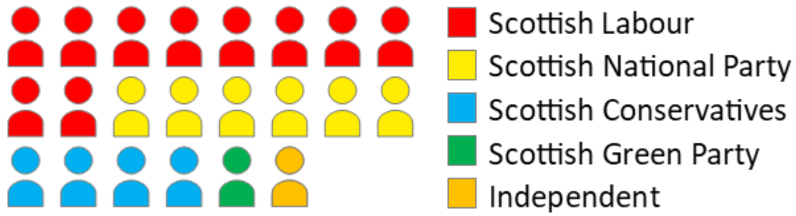
The Subsidiaries, Joint Ventures and Associates are illustrated in the following diagram. More detail on the nature and purpose of these bodies is provided in the financial strategies section of this management commentary, as well as in Notes G1 to G6 of the financial statements.



Political Structure

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

The Council's political structure during 2024/25 was established by the Council elections held in May 2022. The current political make-up of the Council is ten Scottish Labour, six Scottish National Party, four Scottish Conservative and Unionist, one Scottish Green Party and one Independent councillor. Council is led by a minority Labour Administration.



Management Structure and Decision Making

The Council's Management Team is made up of senior officers and is led by the Chief Executive. Financial plans and monitoring reports for 2024/25 reflected the following Directorates:

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

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

Scheme of Administration

The Council's Standing Orders and Scheme of Administration (revised February 2025) sets out the Council's governance arrangements. These include:

- Full council meetings take place every two months and are the focus for local democracy and carrying out the Council's statutory requirements, with an additional meeting to set the budget.
- Cabinet meets every two months and makes decisions on areas such as policy, strategy, financial reporting and partnership working.
- Service specific committees within the Council include Education & Children's; Education Appeals, Petitions and Community Empowerment Review; and Planning. There are also a number of sub-committees in operation.

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

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

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

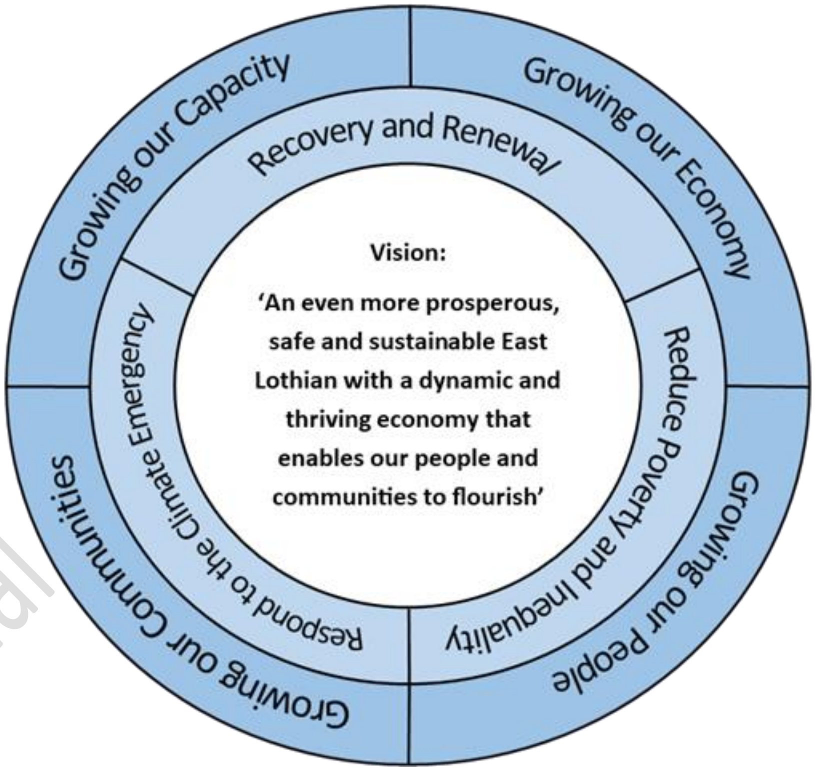
Strategy and Priorities

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

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

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

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



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

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

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

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

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

Deliver key infrastructure, economic development and environmentally sustainable projects within available council resources and maximising external funding.
This contributes to the long-term objectives: *Grow our Economy and Grow our Communities.* It means maximising funding from Scottish and UK Government funding streams such as the City Region Deal and Levelling Up funds, to deliver projects such as the QMU Innovation Hub, flood protection schemes, active travel routes, and the development of the former Cockenzie Power Station site that are critical to supporting the sustainable future of East Lothian and responding to the climate emergency.

Financial Outlook for the Council

The financial outlook for the Council is particularly challenging, in both the near term and further ahead. The cost, demand and funding pressures which became evident and more pressing throughout 2023/24 continue to be a significant challenge for the Council. During 2024/25 the Council has maintained its focus on addressing these with mitigations in place to help reduce overspends across services. "Managing the Financial Environment" remains one of the highest risks on the Corporate Risk Register and continues to represent the key corporate priority risk due to the potential impact on the services and support provided for the people and organisations of East Lothian.

There is still significant pressure to reduce the gap between available funding and expenditure demands, particularly within Health and Social Care Services delegated to the IJB, Children's Services and Homelessness. The level of general reserves at 31 March 2025 is recognised as being neither sufficient nor appropriate to adequately support the annual revenue budget into the future therefore the Council faces difficult decisions on how to ensure financial sustainability and deliver a front line service.

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

The financial sustainability of the Council is a critical priority for the financial governance of the Council, the stewardship of public funds, and ultimately and most importantly the provision of services for the people of East Lothian.

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

More details on the mitigation actions and the statutory adjustments utilised in 2024-25 are provided later in this Management Commentary (see the Financial Statements Overview Section) and in the Financial Statements.

Best Value

In 2023, Audit Scotland began a new approach to auditing Best Value in Scottish Councils. The new approach continues to audit against the statutory duty but is now fully integrated with the annual audit at each council. It also includes detailed work each year, focusing on a theme across all of the councils, which will be collated into a national report.

Each year, the Commission identified a theme for Best Value thematic work. The theme for 2022-23 was Leadership, then in 2023-24 the theme was Workforce Innovation. Some of the key messages and findings of the East Lothian Council Audit on Workforce Innovation (see the Best Value Thematic Report) were:

1. The council has a Workforce Plan covering the period 2023-2027. The Workforce Plan contains workforce data although there is an opportunity to continue to develop the range of data and intelligence used.
2. The workforce plan captures the workforce challenges that the council faces however actions included within the action plan need to be SMART to allow progress to be monitored and reported. The council should develop further guidance to ensure alignment with service plans and workforce planning which supports the objectives included within the 2023-2027 Workforce Plan.
3. The council has completed a limited number of corporate digitalisation projects. The council has not yet measured the impact of the digital technology it has introduced on workforce productivity and service outcomes. The council's Transformation Strategy 2024-29 includes plans to do this. Further progress and pace is now required to support and enhance digital opportunities.
4. The Digital Strategy 2022-27 sets out an intention to address digital exclusion. The council monitors the digital skills of its staff through its annual employee engagement survey, the results of which have informed the development of digital support such as the creation of digital champions and digital leaders.
5. The council has revised its flexible and homeworking policies to enhance flexible working options for employees. The council developed a detailed measurement framework in 2020 to capture the impact of its employees working more remotely. There is an opportunity to coordinate data to enhance future reporting to inform improvements to maximise job satisfaction and productivity.
6. The 2023 employee engagement survey focussed on staff health and wellbeing. Staff have reported work-related stress with as key factor being workload. The council has a range of initiatives in place to promote staff wellbeing.
7. Current workforce capacity and the ongoing recruitment and retention of staff remain significant challenges. The council

established a short life recruitment task group to support current recruitment challenges including maximising apprentices, professional training and a grow your own culture. The council must continue to explore opportunities to develop long-term sustainable leadership programme for both senior and middle managers and this will be used to support succession planning challenges.

8. As a result of a dispute between the trade unions and the council, Joint Consultative Committee meetings were suspended from June 2023 until June 2024. The council and all five trade unions signed a Recognition Agreement in March 2024 to promote and maintain a positive and constructive employment relationship.

The audit concluded with eight recommendations on the actions Council could take to improve on these findings. These can be found alongside Council's response to these recommendations in Appendix 1 of the Improvement Action Plan.

2024/25 Service Performance

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

The Annual and 'Top 50' Council Plan Performance Indicators Report provides an overview and summary of how the council performed in 2023/24 reviewing the Top 50 and Annual indicators.

The Top 50 Council Plan Indicators have different reporting timeframes and many rely on national data and associated reporting times. In addition, five indicators rely on the results of the residents' survey carried out by the council. The survey that was hoped would be carried out in 2023 was delayed until 2024. The 2024 survey results were reported to Council on 29 October 2024 (Item 10). Based on the information available as at September 2024 only 37 of the Top 50 indicators had up-to-date comparable data that allowed comparison to be made with previous year's results.

An analysis comparison of the 37 Top 50 indicators for which comparable data is available for 2023/24 and 2022/23 shows that overall, 15 (40.54%) of these indicators improved in performance over the last year, eight (21.62%) maintained performance and 14 (37.84%) showed a decline in performance. An analysis of whether indictors were on or above target (Green), just below or moving towards target (Amber) or below target (Red) showed that three quarters of the Top 50 indicators for which up-to-date data and targets were available were either Green or Amber whilst a quarter were Red.

Performance of Top 50 Indicators		
Green (above target)	Amber (moving towards target)	Red (below target)
16	12	9
43.24%	32.43%	24.32%

Ten of the Top 50 indicators have been designated as Top 10 indicators. There was up-to-date comparable data for seven of these indicators. Only two of these Top 10 indicators declined and were below target – *% of children living in households with less than 60% of average income after housing costs*. The data for this indicator comes from End Child Poverty and has a two-year lag. Therefore, the latest data available is for 2022/23, which is compared to the previous year, 2021/22. This shows that child poverty in East Lothian increased from 21.1% to 21.3% but is below the Scottish average of 24%. The second Top 10 indicator to decline was *Business base – number of businesses* – a key indicator of economic activity. The latest count saw the number of businesses fall to 3,110 compared to the previous value of 3800, which is below the target of 3,300.

Five of the Top 10 indicators showed improvement or maintained performance in 2023/24:

- There were no re-registrations of children on the child protection register within 24 months so the percentage remained at 0
- The percentage of people aged 65 or over with long-term care needs receiving personal care at home remained at around 56% and was just above the target of 55%
- The number of affordable house completions and Open Market acquisitions increased from 196 to 452 which means that the target of 392 has been met.
- The percentage of total household waste that is recycled remained at 53.1% which is above the target of 50%
- The number of on-line form transactions increased from 41,644 to 52,022.

Other Top 50 indicators that are of particular interest include:

Reduce unemployment

During the COVID-19 pandemic unemployment (the % of working age population seeking work) had reached a high of 5.4% in March 2021. It had fallen to 3.5% by October 2021 and continued to fall during 2022 so that by March 2023 it was at 2.5%, slightly less than 2.6% at the start of the pandemic in March 2020, unemployment has remained below the pre Covid-19 level at 2.4%. East Lothian's unemployment rate in March 2023 was 0.8% lower than the Scottish average (3.3%). However, it should be noted that unemployment across Scotland and in East Lothian increased slightly through 2023.

Improve employability

The number of people participating in East Lothian Works employability programmes increased from 723 in 2022/23 to 836 in 2023/24. The number of people participating has increased by 15.6% from the previous year which relates to an increase in external funding to target disadvantaged EL residents. Although the number participating in employability programmes has increased, the percentage progressing into employment has fallen from 30% to 22%.

Town Centre vacancy rates

This measure of town centre vitality remained at 9% in 2023/24 and remained above the 5% target. This could be due to the long-term impact of COVID and on-line shopping changing consumer shopping habits as to the actual viability of town centres.

Reducing poverty related attainment gap

Only the 2022/23 academic year indicators used to track progress in reducing the poverty related attainment gap were available at the time of producing this report. Both these indicators showed improvement on the 2022 results. The attainment gap between quintiles 1 and 5 for primary 1, 4 and 7 combined in literacy reduced from 30% to 23.3%, below the target of 27.6%; and in numeracy increased slightly from 22.1% to 23.6%, against a target of 24.2%.

Participation rates/ positive destinations for school leavers

The participation rate for 16-19 year olds increased from 93.2% to 96.1%, above the Scottish average of 94.3%. The percentage of young people receiving After Care who were in a positive destination increased slightly from 54% to 60% meeting the target of 60%.

Older people staying cared for at home

The number of days people aged 75+ spent in hospital when they were ready to be discharged (per 1,000 population) increased from 206.3 to 238 but remained below the target of 245 (average of the previous 3 years) and was well below the Scottish rate of 902. Activity aimed at reducing the time people spend in hospital once medically fit to be discharged was a priority for the Health & Social Care Partnership. This included the work of the Integrated Care allocation Team, delivery of a multi-disciplinary Daily Flow Huddle, and ongoing delivery and development of Intermediate Care services.

Re-letting vacant housing properties

The average number of days taken to re-let vacant houses fell from 66.2 to 49.9 and remained above the target of 42 days. Issues causing this below target performance included, staff vacancies in the council property maintenance team and contractors, as well as rises in costs.

Connected Communities Activity & Volunteering

The total number of volunteering hours volunteers engaged in Connected Communities activity also increased from 2,948 to 12,183. Volunteering involves a wide range of activities including Duke of Edinburgh award scheme, Area Partnership meetings and networks, management committees and youth provision.

Staff engagement and attendance management

The employee engagement survey, recorded a maintained percentage of non-school based staff agreeing that the Council is a great place to work with 83%. The average number of sickness absence days lost per employee, including teachers increased from 9.54 days in 2022/23 to 11.87 days 2023/24.

Council Tax collection and rent arrears

The percentage of income due from Council Tax received by the end of the financial year fell by only 0.8% between 2023 and 2024 from 97.6% to 96.8%, exceeding the collection target of 96.5%. However, the gross rent arrears as at 31st March as a % of rent due for that year increased from 5.8% in 2023 to 6.3% in 2024.

Property Structural Defects Assessment

The historic use of Reinforced Autoclaved Aerated Concrete (RAAC) in buildings has been noted by the Institution of Structural Engineers as presenting a risk of the existence of potential structural defects. This is considered to require identification and assessment of buildings with RAAC. During 2022/23 the Council commenced a review of the structural integrity of its property portfolio in relation to the use and condition of RAAC. Full rectification works have been completed in Preston Lodge High School and Ross High School. Other properties affected are either long term unoccupied or partially unoccupied due to area usage restrictions being implemented.

A significant consideration for the Council in relation to RAAC is the structural integrity of the Brunton Hall in Musselburgh. Substantial parts of the building have already been vacated. The Council meeting of 29 October 2024 debated a report which concluded that rectification work was unaffordable. The report therefore recommended:

- relocating services still currently using the Hall,
- decommissioning the building,
- undertaking a statutory public consultation regarding demolition of the building, and
- undertaking a place-based development project on options for future arts service delivery arrangements in the Musselburgh area.

Future Plans: Projects in Progress

The Council has a focus on ensuring existing and new communities continue to be great places in which to live and work, with an even more dynamic local economy. Between 2024 and 2033, the population of south east Scotland is expected to grow by 220,000 people. East Lothian Council's Local Development Plan (LDP1) allocated land capable of delivering just over 10,000 new homes It also identifies some 200 hectares of employment land for job creation. The City Region Deal aims to tackle the national housing emergency. As part of this Blindwells is one of seven strategic housing sites being developed which will facilitate sustainable growth and development in the region.

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

- **Edinburgh Innovation Hub**

The Edinburgh Innovation Hub forms part of the Edinburgh and South East Scotland City Deal, a £1.3 billion regional investment programme funded by the UK and Scottish Governments and regional partners, including East Lothian Council. The Hub is funded by £28.6 million from the UK Government, £1.4 million from the Scottish Government and £10 million from East Lothian Council.
The development of the Hub will create a nationally significant facility to capture, support and grow innovation-led enterprise in East Lothian and the wider Edinburgh region. The Hub will be a best in class innovation facility developed as the first phase of a wider Edinburgh Innovation Park, a new and unique development for innovation-led enterprise adjacent to Queen Margaret University, on land owned by the Council.

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

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

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

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

- **New Council Housing**

The Housing Revenue Account plans to continue to invest in new council housing with £79.767 million of investment planned over the next five years

Completed in 2024/25:

- Letham, Haddington – 18 units
- Craighall, Musselburgh – 9 units
- Windygoul, Tranent – 11 units

Planned for completion in 2025/26:

- Fa'side Lodge, Wallyford – 28 units
- Hallhill North – 28 units
- Osborne Court, Port Seton – 1 unit
- Longniddry – 31 units
- Shaw Road, Prestonpans – 2 units
- Open Market Acquisitions – 4 units

With 38 units completed in 2024/25 and a further 94 units expected in 2025/26 this highlights the Housing Revenue Accounts continuing investment into affordable housing for our community.

- **Former Cockenzie Power Station site**

Purchased in 2018 to promote economic development and employment opportunities, East Lothian Council is working to further understand and realise the full potential of the Former Cockenzie Power Station, a 200-acre brownfield site. Our priority is to secure an outcome which supports the local economy and contributes to enhancing vibrant neighbouring communities. The Council welcomes the removal of planning constraints on the site contained within the new National Planning Framework 4 and will seek to plan the future development of the site in line with this. A small parcel of land, approximately 7 acres has been sold to an offshore wind development company and construction of their onshore transmission substation commenced in February 2023. The Council continues to work closely with the renewable energy sector and has an option agreement in place for another offshore wind onshore substation and heads of terms established for a battery energy storage development. Planning permissions have also been granted for on-site link road infrastructure to open the site up for development and also enabling works to remediate parts of the site for future development. The latter enabling works were subject to a successful £11.3M bid to UK Government's Round 2 of the Levelling Up Fund that will cover 90% of the cost works, with planning permission granted in June 2024. Both the link road (100% ELC funded) and enabling works (10% ELC funded) are now under construction with works due to be complete in December 2025.

- **Investing in people and learning**

Creating places for the Community to Meet and Learn Together are key priorities for East Lothian Council.

Our vision is for new learning community facilities to sit at the heart of their villages, creating central hubs and providing a focus for a range of services and activities for the community. The new facilities will be digitally enabled learning environments for children and adults with opportunities for multi-generational and inter-agency service delivery. A multi-million-pound programme of modernisation, expansion and improvement of the learning estate is underway to develop new education spaces that benefit East Lothian's learners and communities. Examples of major investment include three new primary schools, in Whitecraig, Craighall and Blindwells. These projects started construction in February 2024 and completion is due later this year.

- **Musselburgh Flood Protection**

The Musselburgh Flood Protection Scheme project (The Scheme) has been established in liaison with partners following identification of Musselburgh as a Potentially Vulnerable Area (PVA) for flood risk by the Scottish Environment Protection Agency (SEPA). A number of project objectives have been identified including economic, environmental, social & cultural and regeneration aspects. Public consultation is a key feature in determining an outline design and a preferred scheme before designs are finalised. After extensive community engagement, the Council approved the publication of the proposed scheme in March 2024, followed by a Formal Consultation period which concluded in April 2024. Since the closure of the notification period, East Lothian Council's legal team have been responsible for managing the formal process under the Flood Risk Management (Scotland) Act. As part of the assessment of the valid objections a report was prepared, and seventy-one distinct themes were identified. In respect of each objection theme raised, Council officers detailed the position of the Council in relation to each theme which was published in the Members Library in October 2024. East Lothian Council officers are looking to take the report to Full Council later in 2025 seeking a preliminary decision on the scheme.

- **Property Asset Review**

The Property Asset Review will assist in meeting budget efficiencies, implementing the Council's Property Asset Strategy and Management Plan 2024-2028 agreed at East Lothian Council meeting 25th June 2024 and providing input to the actions identified in the Council's Climate Change Strategy and Council Plan.

The Property Asset strategy is based on the following guiding principles:

  - **Principle 1**: Effectively manage property assets
  - **Principle 2**: Meet immediate savings targets and address future affordability gap
  - **Principle 3**: Meet demographic need for services
  - **Principle 4**: Generate income and encourage economic development
  - **Principle 5**: Reduce greenhouse gas emissions
  - **Principle 6**: Work with communities and partners to maximise shared opportunities

Recognising that the way in which many services are being delivered is changing and with significant financial challenges placed on Council the review of our accommodation and properties is required to ensure that these are efficient and effective. With more employees working from home or on a hybrid basis, the opportunity to review accommodation in relation to asset rationalisation is being progressed with work continuing to implement New Ways of Working settings and accommodation amendments within our offices, including for staff being displaced from Brunton Hall due to the presence of RAAC, to use the available capacity of existing buildings more appropriately.

The Asset Review supports work to ensure that the Council can continue to deliver effective services, and engagement has commenced for rationalisation of the wider Council property assets which includes a 'Place Making Project' that looks at how the Council delivers services within the six main ward areas and will subsequently allow for further rationalisation of property.

Any buildings which are not fit for purpose or at end of life will continue to be reviewed based on building condition, suitability for use and the available capacity of existing buildings with business cases being prepared to include rationalisation and provision of alternative suitable facilities for the continued delivery of essential services.

Financial Strategies

Financial Strategy

The Council's Financial Strategy forms the platform for the Council's stewardship over taxpayer's funds. The strategy is refreshed each year to reflect any changes in the financial planning landscape and to ensure that the strategy remains appropriate. The most recent and current strategy was approved by Council in December 2024 covering the five year period 2025/26-2029/30 and can be found in the East Lothian Council meeting papers of 10 December 2024 (Agenda Item 3). Alongside this, and in line with the requirements set out within the Prudential Code, the Financial Strategy is supported by a Capital Strategy, also approved by the Council in December 2024 (Agenda Item 3), which supports the Council's capital and borrowing decisions.

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

Treasury Strategy

The Council publishes an annual Treasury Management Strategy. This strategy links the Council's capital investment plans to its treasury management activities including borrowing and investment strategies. The report "Treasury Management Strategy 2025/26-2029/30" can be found in the East Lothian Council meeting papers of 18 February 2025 (Agenda Item 03).

Group Entities

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

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

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

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

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

Financial Statements Overview

The Group Financial Statements

The financial position and financial performance of the group predominantly reflect the position in relation to the Council's taxpayer and tenant services. Those service responsibilities represented 96% (2023/24: 95%) of the group's net assets and 869%% (2023/24: 124%) of Total Comprehensive Income and Expenditure. The large increase is due to Other Comprehensive Expenditure of £3.053 million which is shown through the Group Comprehensive Income and Expenditure Statement only. A brief overview of the Group's financial statements is therefore provided here, with more detail on the finances for taxpayer and tenant services further below.

The group balance sheet shows net assets of £752.231 million (2023/24: £751.018 million). The entities, other than the Council as the parent organisation, which primarily affect the net assets reported relate to Common Good and Trust Funds, which have net assets of some £26.096 million (see Note G3, 2023/24: £24.736 million). Additionally the Council's share of the net assets of its associates and joint ventures adds some £3.310 million (2023/24: £8.653 million). For

Common Good and Trust Funds the net assets largely reflect land and building properties held, as well as financial investment portfolios which are managed by an independent adviser. The figure for associates and joint ventures mainly relates to Enjoy East Lothian, the Lothian Valuation Joint Board, and the East Lothian Integration Joint Board.

The Group Comprehensive Income and Expenditure Statement shows that the Group Deficit on the Provision of Services was £2.125 million (2023/24: a deficit of £83.644 million).

The subsidiaries which have the largest impact on this are:

- the East Lothian Integration Joint Board (share of deficit £1.440 million, 2023/24 £2.889 million)
- the Common Good (surplus £0.110 million, 2023/24: surplus £0.548 million) relating primarily to the performance of investment returns; and
- Trust Funds (surplus £0.064 million, 2023/24: surplus £0.389 million) relating primarily to investment returns.

East Lothian Mid-Market Homes achieved a surplus of £0.006 million (2023/24: £0.021 million).

The Group's share of the deficit on provision of services of joint ventures and associates is £2.291 million (2023/24: surplus £3.317 million), which primarily reflects the deficit reported by the East Lothian Integration Joint Board for the year (share of deficit £1.440 million, 2023/24 £2.889 million).

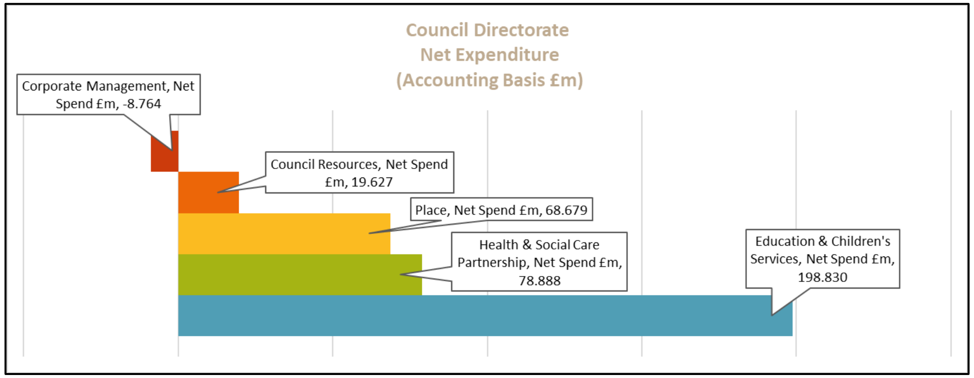
The key aspects of the group entities, excluding the Council as parent, which affect the group position therefore largely relate to Common Good and Trust Fund assets and investments, and the extent to which the East Lothian Integration Joint Board has residual funding balances for the year.

Council Provision of Services Income and Expenditure

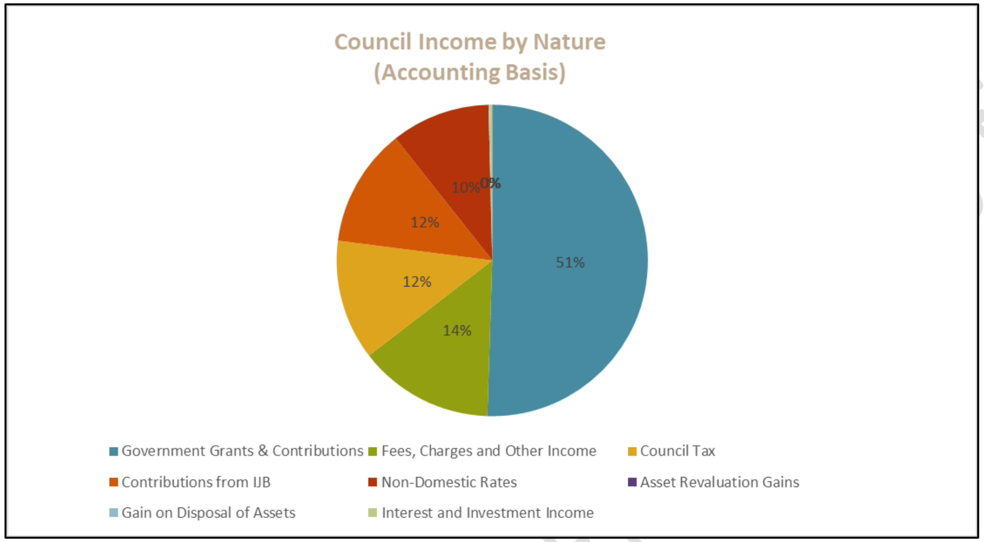
The cost of taxpayer and tenant services provided by the Council on an accounting basis in 2024/25 was net expenditure of £357.829 million (2023/24 £391.061 million), a decrease of £33.232 million (-8.5%). This increase is related to a number of factors. Increases totalled £63.968 employee pay costs; depreciation and general service costs These were partially offset by decreases in costs (or increases in income) totalling £97.199 million. These included a reduced estimate of current service cost of employer pensions; government grants and contributions and other service income. Asset revaluations losses were shown in the 23/24 accounts, but these have not been reflected in the 24/25 draft accounts and will be adjusted in the final audited version.

The net surplus on the provision of services, after applying funding to the cost of services, was £0.004 million (2023/24: net deficit of £81.278 million). A £33.232 decrease in the net cost of services, £31.285 million of Revenue Support Grant and £12.980 million in capital grants and contributions have affected the increase in the accounting surplus reported.

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



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



Expenditure and Funding Analysis

The financial performance in the financial statements is presented in accordance with accounting requirements. The legislative framework within which the Council operates means that statutory and other adjustments are applied in the Movement in Reserves Statement which affects the final balance of the Council's usable reserves.

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

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

	Outturn Report	Reserves Movements	Presentation Changes to Reflect Annual Accounts Reporting Requirements	EFA Column 1
	£000s		£000s	£000s
Education & Children's Services	167,369		(2,256)	165,113
Health & Social Care Partnership	77,507		(82)	77,426
Place	48,904		(1,838)	47,065
Council Resources	19,751		(1,441)	18,310
Corporate Management	(314,768)	(723)	316,364	873
HRA	(482)		(7,573)	(8,055)
Other Income and Expenditure			(303,174)	(303,174)
Cost of Services	**(1,719)**	**(723)**	**-**	**(2,442)**

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

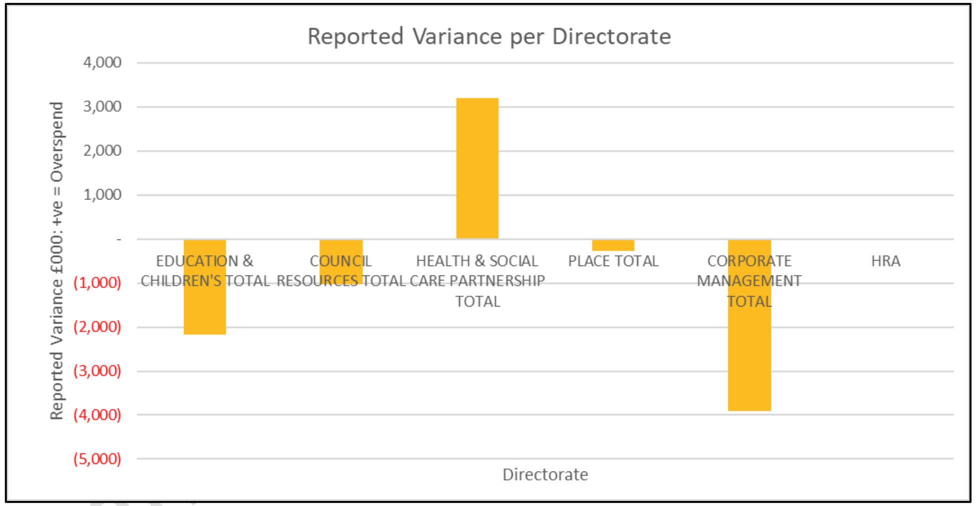
Council Management Reporting Outturn

Financial Challenges

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

During 2023/24 further mitigation measures were approved by the Council (East Lothian Council meeting 29 August 2023, Item 3) including recruitment restrictions and review processes, development of recovery actions, reducing property costs, and to pause and delay non-committed capital projects to reduce future pressures arising from the consequences of capital spend. It was agreed at the Council meeting on 25 June 2024 to continue these measures for following 12 months to control the amount of overspend across services.

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



An initial outturn for General Services (excluding HRA) shows that, after adjusting for transfers to earmarked reserves and without significant one-off mitigations, an overspend would have been reported. Transfers to earmarked reserves were £2.911 million and mitigations totalled £2.735m, including £1.675m of VAT rebates. Before accounting for these mitigations and planned use of reserves, the total underspend is £1.238m.

They key pressures in 24/25 related to Children's Services (£2 million for commissioned external placements) and IJB pressures (£2.8 million due to extra pressure in Commissioned Care Services). The IJB was unable to meet the overspend faced in 2024/25 for Council Services therefore the Council is responsible for funding this deficit. These pressures were offset through one off mitigations and non-recurring underspends and funding items, including additional Council Tax income (£1.3 million) and additional pay and Staffing underspends (£3.7 million).

There remains a significant threat to the council's financial sustainability and capacity to sustain front line service delivery over the medium term. These pressures arise from significant increases to the cost of delivering services, growing demands aligned to population growth, and continued reductions and direction in national funding. The recurring pressures mean that there are still significant gaps between available funding and expenditure demands.

In addition to the mitigation measures agreed by Council, during 2024/25 Council also approved £7.925 million of planned efficiencies across services, of which £5.906m has been achieved in full. Whilst these savings have helped to balance the budget for 2024/25, there still remains uncertainty about how the future gap will be closed without significant increases in funding. It is essential that a key priority of the Council is to preserve the unallocated general fund balance over the coming year and to ensure that the Council holds adequate contingency whilst also having the capacity to respond to any future unforeseen events.

Housing Revenue Account

The Housing Revenue Account (HRA) delivered a minor surplus of £0.482 million to increase its fund balance, with a key element being the use of available funds and an element of reserves to contribute to in year capital expenditure. The accounting result for the year, including charges for depreciation, impairment and the HRA's share of corporate items was a deficit on HRA services for the year of £3.812 million (2023/24: £26.124 million deficit).

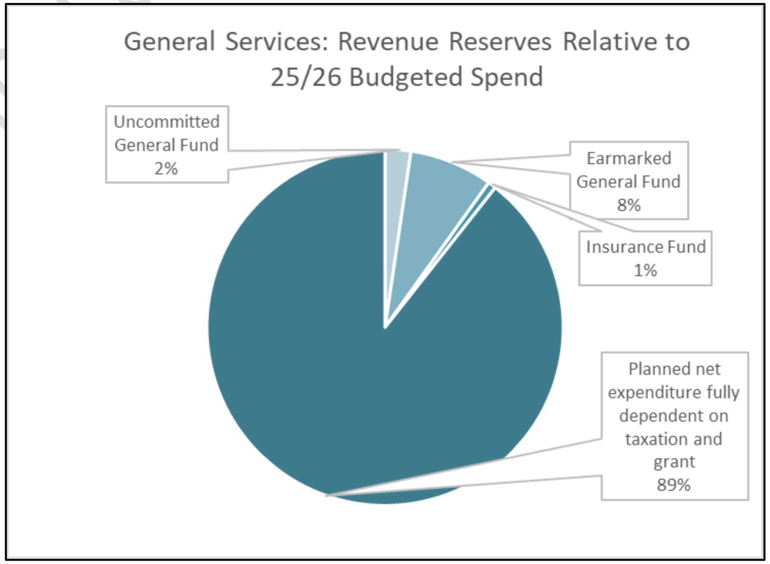
The change predominantly reflects significant council dwelling revaluation losses associated with a full formal revaluation of the council dwelling portfolio, as well as a decrease in capital grants and contributions.

Reserves

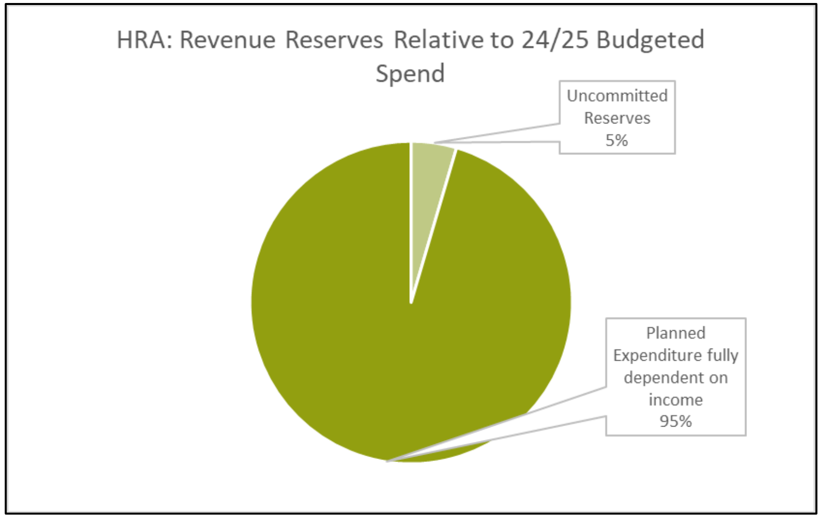
At 31 March 2025 the Council had total usable reserves, including HRA and capital, of £53.330 million (2023/24: £55.507 million). This includes £2.017 million (2023/24: £1.535 million) for HRA revenue expenditure, and a total Capital Fund of £6.602 million (2023/24: £14.013 million). More details are provided in Note 32 and Note 34.

For general services revenue expenditure purposes the financial results for the year, in combination with the statutory framework applicable to local government reserves, has resulted in a specific General Fund balance of £36.129 million (2023/24: £34.169 million).

The following chart shows the level of reserves in comparison to planned expenditure for 2025/26. It illustrates the importance of ongoing taxation and grant income to support council services.



The Housing Revenue Account balance at 31 March stands at £2.017 million (2023/24: £1.535 million), above the strategic target minimum balance of £1 million. The following chart shows the level of reserves compared to planned expenditure in 25/26.



Balance Sheet

The net assets for the Council have increased by £4.716 million or -0.7% (2023/24: decreased by £4.062 million, 0.6%). Changes include:

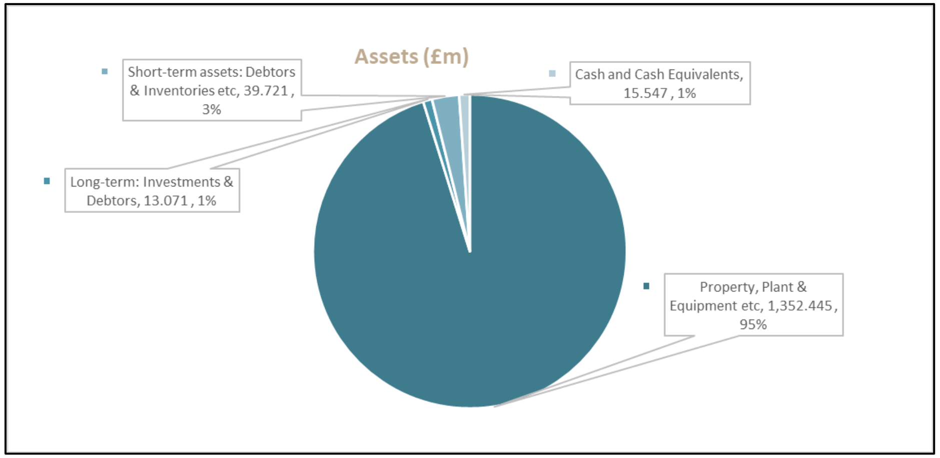
- Property, plant and equipment and other non-current assets show a net increase of £62.560 million (2023/24: increase £32.596 million). Additions of £136.122 million (2023/24: £93.948 million) reflected spend on assets by the Council. Net revaluation losses recognised in the Revaluation Reserve of £0.544 million (2023/24: £67.618 million gains) which relates to depreciation on revalued assets. Revaluation changes and impairments charged to the deficit on the provision of services reduced asset values by £0.084 million (2023/24: £67.702 million). Full valuations for Operational and Non-operational assets have still to be carried out and will be reflected in the accounts once these have been received. Depreciation for the year was £70.895 million (2023/24 £53.279 million). Other changes in asset values related to de-recognition and asset reclassifications.
- Net pension liabilities decreased by £1.720 million (2023/24: £10.018 million decrease) to £10.085 million. Pensions assets exceeded estimated funded pension liabilities as at 31 March 2025, resulting in the continuation from last year of an asset ceiling being applied (see Note 31).
- Cash and cash equivalents increased by £2.346 million (2023/24 increase £0.817 million).
- Liabilities, excluding pensions, increased by £77.056 million (2023/24: £40.551 million increase), with long-term liabilities (excluding pensions) increasing by £72.932 million, largely due to an increase in long-term borrowing, and short term liabilities decreasing by £4.118 million, largely attributable to a decrease in short term creditors.

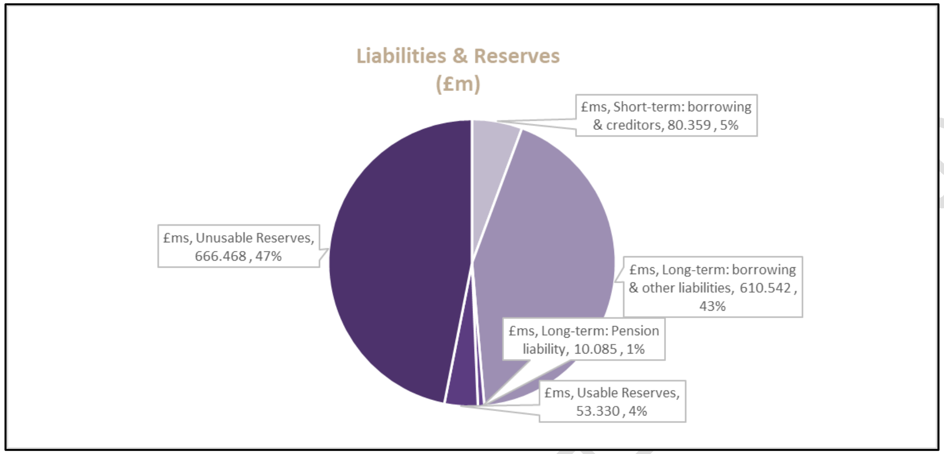
The following charts illustrate the relative proportions of the Council's assets, liabilities and reserves. Reserves represent the extent of assets over which the Council has control after liabilities are accounted for. Unusable reserves relate to legislative or accounting requirements which mean that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

For example the increase in the Revaluation Reserve in 2024/25 primarily relates to revaluations which reflect increases in the cost of acquiring or constructing assets which would be incurred if the services of those assets were bought at current prices. Those gains however are regarded as 'unrealised' and are therefore unusable for the funding of service provision.

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

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


Assets (£m)
Short-term assets: Debtors & Inventories etc, 39.721 , 3%
Cash and Cash Equivalents, 15.547 , 1%
Long-term: Investments & Debtors, 13.071 , 1%
Property, Plant & Equipment etc, 1,352.445 , 95%


Liabilities & Reserves (£m)
£ms, Short-term: borrowing & creditors, 80.359 , 5%
£ms, Unusable Reserves, 666.468 , 47%
£ms, Long-term: borrowing & other liabilities, 610.542 , 43%
£ms, Long-term: Pension liability, 10.085 , 1%
£ms, Usable Reserves, 53.330 , 4%

Capital

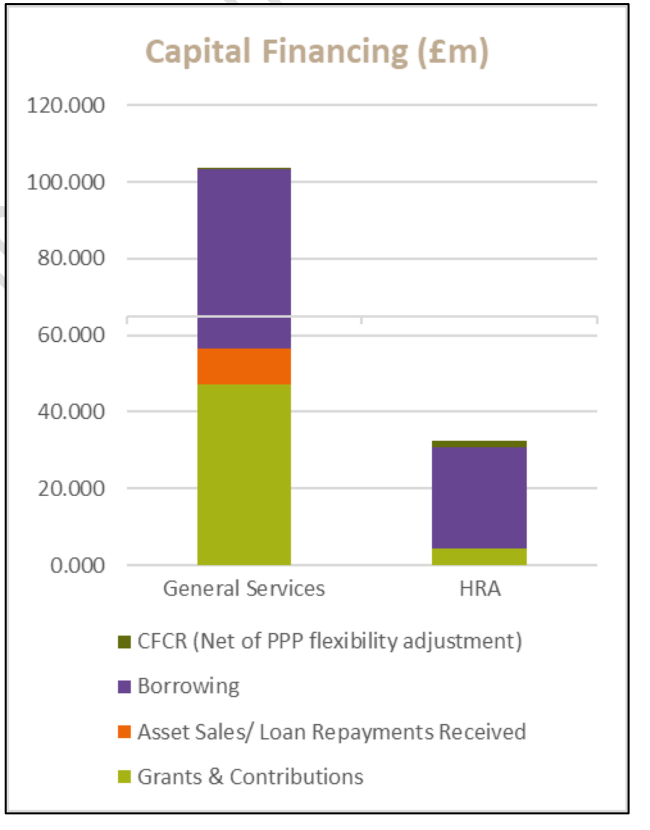
Key to delivering our outcomes for our communities and supporting the wider economy is the investment which the Council makes in capital infrastructure including our school estate and wider asset base, as well as our housing stock. In total, during 2024/25 the Council provided capital investment of £136.121 million (including intangible assets) (2023/24: £93.948 million). Some of the significant capital expenditures undertaken in 2024/25 include:

- Investment in Education related assets of £43.491 million (2023/24 £17.642 million), with significant works including Blindwells Primary, Craighall Primary, Whitecraig Primary and others.
- Investment in the Council's transport related infrastructure of £16.687 million (2023/24 £11.772 million).
- Community, regeneration and open space projects of £6.196 million
- Accelerating growth and other property projects, including developing the A1/ Queen Margaret University junction, of £17.502 million
- Vehicles and machinery £3.057 million
- Information Technology £2.695 million
- Additions to the Council's active housing stock and assets of £32.471 million (2023/24: £42.850 million).

For General Services a £52.497 million underspend compared to the budget primarily relates to mitigation measures approved at Council in August 2023 to address financial pressures, both now and in the future. Uncommitted capital expenditure was paused or delayed. A significant proportion of this underspend has already been re-profiled as part of the work on the 2025/26 capital plan and will be utilised in future years projects.

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

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



Other Performance Indicators

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

Financial Indicators

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

2023/24 £000s / % / Days	Council Financial Indicator	2024/25 £000s / % / Days	Commentary
20.99%	Council Tax funding to overall level of taxation and non-specific grant funding	19.29%	Reflects the overall percentage of East Lothian Council funding from local taxation.
96.16%	In year Council Tax collection rate	96.24%	Reflects East Lothian Council's effectiveness in collecting Council Tax.
98.79%	In year NDR collection rate	98.91%	Reflects East Lothian Council's effectiveness in collecting NDR debt.
625,043	Capital Financing Requirement	682,861	The Council's underlying need to borrow.
(582,630)	External Debt Levels (Financial Liabilities per Note 27 to the financial statements)	(657,139)	The Council's actual levels of external debt and long term liabilities.
102.90%	Overall General Fund (excl HRA) actual net expenditure compared to planned, as a percentage of the original expenditure budget	99.63%	How closely expenditure compares to the set net expenditure budget for the year.
2.35%	Uncommitted General Fund balance as a % of next year's net expenditure budget before application of taxation based funding and use of reserves	2.33%	Reflects the amount of funding available to manage unplanned events.

Risks

In keeping with the Council's [Risk Management Strategy], the Corporate Risk Register is reviewed annually and reported to Cabinet. The Council's Risk Register (available on the Audit and Governance Committee 17 June 2025 webpage, Item 2) details all of the Council's risks, categorising them from Very High to Low Risk.

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

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

Risk	Risk Level	Corporate Risk Summary Key Mitigation steps
Homelessness and Housing Pressures	Very High	Continue engagement with the Scottish Government to review and monitor the impact that legislative changes and Resettlement Schemes are having on meeting RRTP ambitions. Continue new build activity to increase housing stock. Further iterations of RRTP with clear plans to transform homelessness services kept under regular review in context of resource allocation and changing legislation. Revised Homelessness Operations Policy is ongoing alongside comprehensive review of existing policies and procedures.
Maintenance of Assets	Very High	On-going monitoring of condition and other data to inform the planned delivery of works required to ensure buildings comply with statutory and legal requirements and are maintained in a safe operating condition. Identification and management of assets affected by RAAC and Siporex. Preparation of contingency plans to mitigate restricted use or unavailability of parts of buildings following assessments. Progress with work to support the asset review including Place Based Asset Review which will assist in prioritising future place-based assets and will inform future capital investment opportunities.
Managing the Financial Environment	Very High	On-going review of Capital planning and capital infrastructure priorities. ELC is continuing to support national discussions through CIPFA Directors of Finance aligned to ensuring the on-going financial sustainability of local government. On-going engagement with Scottish Government and COSLA on local government funding and distribution to support a fair and adequate allocation of resources to deliver local services. Continue engagement with SG and COSLA to adequately resource the funding requirements associated with population growth. Continue to support regional placed based funding discussions with City Region Deal Partners. Support national conversations aligned to SOLACE/Improvement Service Transformation Programme. CIPFAs financial management code has been adopted and remained under regular review by CMT and Audit & Governance Committee.
Refugee/Asylum Schemes	Very High	Quantification of future resource requirements to be identified and articulated as new and changing schemes are rolled out. Working closely with SG and COSLA to inform future iterations of Guidance. Ongoing discussions with the Scottish Government and the Home Office about the increase in numbers of UASC children coming to East Lothian. Work with ALACHO, SOLACE, COSLA and others to ensure future funding arrangements are adequate, in accordance with the revised approach to a warm Scots future.
Workforce Challenges	Very High	The 2023-27 Workforce Plan was approved by Cabinet (Jan 2023). Update Management Arrangements on Fire Safety and First Aid. Workforce planning to be added to service plan templates. A review of the Council's workforce plan action plan.

Risk	Risk Level	Corporate Risk Summary Key Mitigation steps
Climate and Nature Emergency	High	Identify budget and funding streams to continue delivering transformational change to Fleet and Asset Management. Secure the tools, powers and resources to enable the delivery of a ‘Net Zero Council’ and a Climate-ready Council. Identify interim emissions reduction targets across Council Services. Engage East Lothian Partnership to include carbon emissions reduction targets in review and update of the East Lothian Plan. Re-engage with the Resilient Communities initiative.
Limitation (Childhood Abuse) (Scotland) Act 2017	High	Consideration of how to ensure sufficient staffing resources are available to deal with claims court actions and submission of S21 requests and recovery of documentation and to preserve the Council’s position. Fully engage with the SCAI. Ensure current social work practice with children who are accommodated away from home meets high professional standards and complied with legislation and national standard. Full review of the overall Council Records Management systems and behaviours required to be undertaken to streamline obtaining the relevant information requested.
Cyber Security Threats	High	Policy controls in place to dictate the standards for operation and security of our IT assets. ELC to take tech lead for procurement of National SOC project by Digital Office. Recruitment of IT Security Specialist. Evaluate and initiate project to deploy a “Zero Trust” Architecture effectively changing how ELC handles cyber security.
Flooding and Coastal Erosion	High	Flood studies have been included in the 2021-28 Flood Risk Management Plan and the 2022-28 Forth Estuary LFRMP. As part of the 2022-28 Local Flood Risk Management Plans Flood Protection Schemes for Musselburgh and Haddington are included in the list of actions for the Forth Estuary Local Plan District. ELC have undertaken Flood Studies for Musselburgh and Haddington within the 2016-2022 FRM cycle and are currently progressing the Musselburgh Flood Protection Scheme which is a fully established project. A full report on Coastal Change in Musselburgh was completed and published in March 2024.
Data Protection Threats	High	ELC has a comprehensive suite of measures to ensure compliance, including the retention of a statutory Data Protection Officer, the Data Protection Policy, Data Breach Procedure and multiple procedures governing the creation, use and disposition of records and personal data. The Information Governance and IT Infrastructure & Security services are drafting an Information Transformation Strategy. Completion of a procurement exercise to identify best value for document management services.
Duty of Care to the Public	High	Review of oversight and governance arrangements for assessment. Recent review of Social Governance arrangements undertaken for Adult Social Work. Alteration of the workforce model for delivery of care at home service including expansion of internal delivery and piloting of alternative models via Care at Home Change Board. Establishment of daily Care at Home Huddle and approval via Change Board to pilot alternative models of Care at Home delivery. Continual recruitment underway for care at home. Review of existing CAH packages. Refresh of Serious and Organised Crime Multi-Agency Plan, aligned to review of Anti-social Behaviour Strategy.
National Power Outage	High	Completion of the ELC National Power Outage framework plan. All services to carry out an annual business continuity test based on NPO. Review of ELCs usage of UHF and VHF radios for both corporate and community resilience purposes.

The Management Commentary is authorised by:

Laurence Rockey
Chief Executive
[for signature after audit complete]

Norman Hampshire
Council Leader
[for signature after audit complete]

Sarah Fortune CPFA
Executive Director for Council Resources (CFO)
[for signature after audit complete]

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

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

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

Signed on behalf of East Lothian Council.

Norman Hampshire
Council Leader
[for signature after audit complete]

The Chief Financial Officer's responsibilities

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

In preparing the Annual Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

The Chief Financial Officer's Certification

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

Sarah Fortune CPFA
Executive Director for Council Resources (CFO)
26 June 2025

Annual Governance Statement

The Annual Governance Statement explains how the Council has complied with the terms of the CIPFA/SOLACE Good Governance in Local Governance in Local Government Framework (2016) for the year ended 31 March 2025, sets out the Council's governance arrangements and systems of internal control, and reports on their effectiveness. The statement also covers relevant governance matters as they affect those entities included as part of the Council's Group Accounts.

Scope of Responsibility

East Lothian Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement and performance, while maintaining an appropriate balance between quality and cost; and in making these arrangements and securing that balance, to have regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, elected members and senior officers are responsible for putting in place proper arrangements for the governance of East Lothian Council's affairs and facilitating the exercise of its functions in a timely, inclusive, open, honest and accountable manner. This includes setting the strategic direction, vision, culture and values of the Council, effective operation of corporate systems, processes and internal controls, engaging with and, where appropriate, lead communities, monitoring whether strategic objectives have been achieved and services delivered cost effectively, and ensuring that appropriate arrangements are in place for the management of risk.

The system can only provide reasonable and not absolute assurance of effectiveness.

Framework for Good Governance

The overall aim of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The Framework defines the seven core principles of good governance, namely:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;

B. Ensuring openness and comprehensive stakeholder engagement;

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;

D. Determining the interventions necessary to optimise the achievement of the intended outcomes;

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;

F. Managing risks and performance through robust internal control and strong public financial management; and

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Council's Management Team completes on an annual basis an assessment against the CIPFA/SOLACE Framework and the supporting guidance notes for Scottish authorities (November 2016) being completed at the CMT meeting on the 14 May 2025.

The Council's Governance Framework

The key elements of the Council's governance arrangements, as set out in the Council's Local Code of Corporate Governance, include:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law

The roles and responsibilities of elected members and officers and the processes to govern the conduct of the Council's business are defined in standing orders, last reviewed and approved by Council in February 2025 and scheme of delegation for officers, scheme of administration, and financial regulations.

Codes of conduct are in place for Councillors, who were trained on the code as part of there induction in May 2022 and the Officers code of conduct which is included in the scheme of Administration which define the high ethical values and standards of behaviour expected from elected members and officers to make sure that public business is conducted with fairness and integrity. Refresher training was also provided in 2023 and in March 2025 by the standards commission.

The Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. Council Values and East Lothian Way Behaviours are understood by senior management and staff and included as integral parts of the 2022-27 Council Plan. Council values and behaviours are embedded in the PRD process and guidance has been reviewed to make it easier to use and relevant to all staff and reissued to managers.

The 2023 Audit Scotland Best Value thematic work in East Lothian Council covering Leadership of the development of new local strategic priorities, concluded that:

- The Council's leadership have been effective in setting out a clear vision and priorities in the Council Plan 2022-27.
- The Council's vision is aligned to the community plan priorities.
- The Council's leadership has been effective in setting clear priorities but now needs to demonstrate sustainable plans for delivering them.

In February 2024 the Council approved a reprioritisation of the Council Plan following multiple changes in risk factors and this translated into three interlinked, complementary priorities which are aligned to the Council Plan's overarching and long-term thematic objectives.

The Council seeks feedback from the public through a regular East Lothian Residents Survey and the customer feedback procedures. A Whistleblowing Policy is in place covering all Council workers and was updated and approved by Cabinet, September 2022.

B. Ensuring openness and comprehensive stakeholder engagement

Council meetings are held in public unless there are good reasons for not doing so which are fully documented in accordance with the legislation on all occasions. When Council and Committee meetings are held using a virtual platform, they are live-streamed to ensure public access, and recordings can be accessed from the Council's website.

Unless confidential, decisions made by Council or other Committees are documented in the public domain. All decisions are explicit about the criteria, rationale and considerations used. The impact and consequences of all decisions are clearly set out.

The Council seeks community views on a wide range of issues and undertakes regular consultation and engagement with citizens and service users including the 2024 East Lothian Residents Survey as reported to the October 2024 Council.

The 2017-2027 East Lothian Plan clearly sets out the objectives and outcomes for the East Lothian Partnership and each member; the Council is also an active partner in the City Region deal and the education regional collaborative.

The 2023 Audit Scotland Best Value thematic work in East Lothian Council covering Leadership of the development of new local strategic priorities, concluded that:

- The council's vision is aligned to the community plan priorities;
- The council communicated the publication of the new Council Plan to citizens, staff and partner agencies;
- Community empowerment is a key principle in the Council Plan 2022-27;
- The Connected Communities Service has a key role in delivering the Council's community empowerment objectives, encompassing the Community Learning and Development Service, support for Local Area Partnerships, Community Councils and grant funding for community organisations. There are 6 locally based Connected Communities teams with a significant focus on taking a place-based approach;
- There are 6 Local Area Partnerships in East Lothian. These are chaired by local residents and supported by the Council via Connected Communities managers. Elected members from the relevant wards attend the partnerships but recognise the partnerships' independence. The partnerships foster good engagement and communication between local communities and the Council.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The Council's vision, strategic objectives and priorities are set out in the 2022-2027 Council Plan and East Lothian Plan 2017-27 set out clear objectives, strategic goals and outcomes that are clearly linked to the vision and form the basis of overall strategy, other strategic plans and service plans. As part of East Lothian Council's 2023 'State of the Council' and Annual Performance Report in February 2024 the Council agreed a reprioritisation of the Council Plan in order to respond to the new challenges and the limited resources it has the Council focusing on delivering a smaller number of priorities. The Council has identified Top 50 Council Plan indicators to map out progress against the Council Plan objective, strategic goals and outcomes.

The Council's financial and capital strategies 2025-30 were approved by Council in December 2024 is based on delivering the Council Plan's outcomes on a sustainable basis within the resources that will be available however has been in the context that pressure on public finances will remain alongside a range of growing demands and pressures, which will mean some difficult choices in the years ahead in terms of developing sustainable services for East Lothian communities.

Capital and Revenue Budgets reports presented to Council in February 2025 identified the local and wider economic context within with budgets have been developed, including the factors which have contributed to the funding gap between forecast income levels and expenditure demands which taking account of planned savings and indicative council tax increases of 5% was £45.9 million to 2029/30.

The 2023 Audit Scotland Best Value thematic work in East Lothian Council covering Leadership of the development of new local strategic priorities, stated that:

- The council has well established financial management and reporting arrangements including a 5-year financial strategy for revenue and capital spend. It has a track record of delivering within its annual budget, but financial pressures are increasing significantly, future funding levels are uncertain, and the council needs to take more radical steps to secure sustainable service delivery. Longer term financial planning with robust scenario planning is needed to support strategic decision making.
- The council's priorities have a focus on the need to reduce inequalities and on tackling climate change.

The Council approved the ELC Transformation Strategy 2024-2029 aiming to build on ambitions and prior achievements, in recognition of the financial challenges and the Changing world in which the Council is operating that there is a need to continue to modernise how we deliver Council services.

The Council commissioned consultants to produce a new local economic strategy during 2023 and the East Lothian Local Economy Strategy 2024-2034 was approved at the April 2024 Council Meeting setting out a shared vision and a set of shared objectives, actions, and performance measures for East Lothian Council and its partners to work towards over the next ten years.

The Climate Change Strategy 2025-30, approved by Council in April 2025 updated East Lothian Council's approach to tackling climate change. Making use of the latest guidance and best practice, aligning with recent national policy developments, and fulfilling the statutory obligations relating to climate change and sustainability.

East Lothian Partnership's Poverty Plan 2024-2028 approved by Council in August 2024 focuses on 4 key objectives that focus on getting more cash in people's pockets, living in resilient communities that are ready for the future and are in line with Scottish legislative requirements.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council approved the ELC Transformation Strategy 2024-2029 is developing a set of user-friendly Portfolio Management toolkits and templates to improve consistent delivery and control of transformation projects, linked to a Stage gate control process. Decision makers receive detailed information indicating how intended outcomes would be achieved together with the risks, financial and other implications associated with the proposals.

Capital projects, new income charge proposals and transformation change projects are mainly accompanied by business cases which include options appraisal, outcome or benefits projection and risk assessment.

Customer feedback, user surveys, and Residents Survey are all used to inform decisions about services.

Council has undertaken budget consultation exercises to gauge public opinion on the 'hard choices' and 'trade-offs' it needs to make to balance budgets when resources are constrained and demand for service is rising.

The council has established cross party working arrangements for budget development which have been in place since 2022. All political parties re represented on the group which meets at regular intervals throughout the year. The purpose of group is to steer the development of the budget and savings proposals and to facilitate opportunities for cross-party working in relation to this.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Council Standing Orders (including the Scheme of Administration and scheme of Delegation), Officers and Councillors Codes of Conduct set out the roles and responsibilities of elected members and senior officers.

The Schemes of Administration and Delegation clearly specify the remits of Council, Cabinet and Committees and specifies what is delegated to officers.

The Council has placed a strong emphasis on leadership development. The Council Management Team and Service managers have undertaken a comprehensive leadership development programme. In the last year, two further programmes targeted at Aspiring Senior Leaders and Aspiring Service Managers have been rolled out, aimed at strengthening leadership capacity and building capacity in succession planning. The Council has a rigorous annual Personal Review and Development (PRD) process in place whereby all staff should have a PRD session which takes account of training or development needs. Changes to the templates during 2024 are fully supported by the CMT and reported to improved flexibility of recording PRD's.

The Elected Members Induction Programme took place following elections in May 2022 with a follow up training programme in 2023 and is supplemented by training events, seminars and briefings on a monthly basis. Members appointed to certain committees have also received specific training related to the responsibilities on these committees.

The 2023-2027 Council Workforce Plan has 32 actions based around three themes:

- Sustain a skilled, flexible, resilient and motivated workforce.
- Support and initiate transformational change, encouraging and supporting staff to work in a more agile way.
- Build and sustain leadership and management capacity.

The Audit Scotland best Value thematic work in East Lothian Council 2023-24 finalised in December 2024 highlighted that; Current workforce capacity and the ongoing recruitment and retention of staff remain significant challenges. The council established a short life recruitment task group to support current recruitment challenges. The council must continue to explore opportunities to develop long term sustainable solutions to meet the challenges it faces. The report contained 8 recommendations, and they are all being taken forward for implementation.

F. Managing risks and performance through robust internal control & strong public financial management

Corporate and Service Risk Registers – reviewed and revised regularly by Corporate and Service risk groups and CMT before being presented to Council and/or Audit & Governance Committee. The Council risk strategy is reviewed every four years and risks are reviewed regularly by the Corporate Risk Management Group leading to strong risk management within the Council.

The Council has overall responsibility for directing and controlling the organisation. The Cabinet is a principal decision-making committee of the Council. The Performance Review and Scrutiny Committee is responsible for reviewing performance against policy objectives and commenting on decisions and policies and their impact.

The Council adopted a new set of Top 50 Council Plan Indicators based on the 2022-2027 Council Plan. These are reported on to PPRC in June, PPRC also reviews a series of quarterly KPI's and regular reporting on specific areas as requested by the Committee.

The Executive Director for Resources, as the Section 95 officer, along with the Head of Finance is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.

The Council's system of internal financial control is based on a framework of financial regulations reviewed as part of the review of standing orders in February 2025, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. This remains reliant on the staff within the framework to ensure management supervision and accountability are diligently enforced. It is noted that the Council ledger system will be out of support in 2026 and requires modernisation a project is underway to implement a new system and improvements in internal control are anticipated as part of this project.

In October 2019 CIPFA issued the Financial Management Code (FM Code). The FM Code is designed on a non-statutory basis, to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code sets out proposed standards of forward financial management for local authorities. Full compliance with the code was expected in 2021/22. The Council is able to confirm that, in all major regards, it conforms to the FM Code. The Head of Finance brought a full report on the implementation of the financial management code to the Audit & Governance Committee in September 2023, and Internal Audit Review provided reasonable assurance on implementation of the CIPFA FM code in June 2024. As part of the implementation of the recommendations form this review the Cabinet formally approved the principles of the CIPFA FM code in January 2025.

The 2023 Audit Scotland Best Value thematic work in East Lothian Council covering Leadership of the development of new local strategic priorities, stated that:

- The council has well established financial management and reporting arrangements including a 5-year financial strategy for revenue and capital spend. It has a track record of delivering within its annual budget, but financial pressures are increasing significantly, future funding levels are uncertain, and the council needs to take more radical steps to secure sustainable service delivery. Longer term financial planning with robust scenario planning is needed to support strategic decision making.

The Council has an approved strategy to tackle fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively, in all major regards it complies with the 2014 CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. It is however recognised that strategies and policies in relation to Fraud theft, bribery and corruption require to be reviewed and update during the 2025/26 financial year.

On the 10 January 2025 the Accounts Commission wrote in a letter to all Chief Executives of Scottish Local Authorities, copying in Directors of Finance and external auditors highlighting the report of the 12 December 2024 relating to a significant council tax fraud perpetrated against Aberdeen City Council. Highlighting the Chief Executives responsibility to ensure arrangements are in place to help assure elected members and the public that risks are being identified and managed effectively. The letter encouraged all Chief Executives to use the annual governance statement as an opportunity to take stock of the key controls and processes and whether self-assessment procedures are sufficient to provide elected members and officers with the required assurances. The East Lothian Council Chief Executive had already commissioned a counter fraud assurance report completed in September 2024 in relation to Council Tax refunds that provided assurance that the Council tax system enforces segregation of duties, and has appropriate systems documentation, recommendations for improved monitoring have been implemented and testing identified that no substantial issues could be identified.

Revenue and Capital Budget Monitoring reports are presented to the Council on a quarterly basis for monitoring and control purposes including the annual outturn. The Management Commentary in the Statement of Accounts provides financial and other performance information regarding the operation of the Council, its wider achievements and areas for development.
G. Implementing good practices in transparency, reporting & audit to deliver effective accountability

The independent and objective audit opinion of the Head of Internal Auditor (Service Manager – Internal Audit) is stated within the Internal Audit Annual Assurance Report 2024/25. This is based on work carried out by an in-house team, in conformance with the Public Sector Internal Audit Standards to fulfil statutory Internal Audit provision. In April 2019 CIPFA issued a statement on the Role of the Head of Internal Audit (HIA). The statement articulated the core responsibilities of the HIA, with five principals defining the core activities and behaviours that belong to the role of the HIA. For each principle the Statement sets out the organisation's responsibilities to ensure HIAs are able to operate effectively and perform their core duties. This statement is, in all major regards, is conformed with and the Internal Audit service external quality assessment as reported to the Audit & Governance Committee in March 2024 demonstrated that the service fully conformed.

The Council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies including associated Action Plans for improvement. The Audit & Governance Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance. The Audit & Governance Committee completes an Annual assessment against CIPFA Audit Committee Guidance, last completed in September 2024 although this has not been presented to Council as indicated with the guidance as best practice.

Quarterly Performance Reports were presented to the Performance, Review and Scrutiny Committee for monitoring the achievement of strategic priorities and key performance indicators.

The Annual Accounts and Report sets out the financial position in accordance with relevant accounting regulations.

Review of Adequacy and Effectiveness of the Council's Governance Framework
An annual review of the adequacy and effectiveness of the Council's overall governance framework has been carried out. The output is this Annual Governance Statement which is presented to the Audit & Governance Committee.

The review was further informed by assurances from: assessment of compliance against the Local Code; written assurance statements from the Executive Directors and Heads of Service; Internal Audit annual opinion, findings and recommendations; External Audit, and comments and recommendations made by External Auditor and other external scrutiny bodies and inspection agencies.

The Council however recognises improvements are required in the areas presented below.

Improvement Areas of Governance
The collective review activity outlined above has identified the following areas where improvement in governance arrangements can continue to be made to enhance compliance with the CIPFA/SOLACE Good Governance in Local Governance in Local Government Framework (2016) and to demonstrate Best Value:

1) There are weaknesses which have previously been identified by both Internal and External audit and the finance team within the control environment for purchasing and payment

authorisation that are being resolved through the implementation of the new financial system. The Council will continue to operate with its current manual and multiple systems during 2025/26 whilst the new financial system is implemented in a number of phases. It is further noted that there has been an upward trend in use of single source procurement and VEAT notices the procurement teams will continue to work with services to examine if resourcing issues are impacting on appropriate procurement rigour throughout 2025/26. It is also noted that a budget monitoring framework and procedures along with associated training and procedures have been introduced during 2024/25 to improve these processes.

2) The Council continues to operate within a very challenging financial environment with further challenges and savings to be achieved in the coming years. This may mean a reduction in service delivery in some areas. The Capital and Revenue Budgets paper presented to Council in February 2025 identified the local and wider economic context within with budgets have been developed, including the factors which have contributed to the funding gap between forecast income levels and expenditure demands which taking account of planned savings and indicative council tax increases of 5% was £45.9 million to 2029/30. The council continues to progress transformation workstreams to enable the significant programme of change that will be required to meet financial and operational challenges in the context of substantial growth pressures. The lack of clarity on future funding settlements creates additional challenges to providing medium term certainty around funding to public and third sector partners. Work has been undertaken on strengthening our approach to the awarding of contracts and grants, including to the 3rd sector (one Council Partnership Fund). The National context remains uncertain and matters such as the ongoing debate around teacher numbers and learning hours. There remains uncertainty around the numbers of children who may require either an external residential placement or secure care. It is impossible to predict numbers and despite significant work undertaken around controls in this area in recent years, this may place additional strain on Council resources.

3) The Homeless Persons (Unsuitable Accommodation) (Scotland) Order came into effect on 1 October 2021. Whilst the Council are working to transform the service during the year, with a significant reduction evident in the number of breaches from a peak of 152 at Q2 2023/24, a total of 75 breaches recorded at 31 March 2025. The Housing Regulator met with the Head of Housing and the Service Manager at the end of January 2025 and although noting all of the efforts and transformation across the service, continues to highlight the heightened risk of systemic failure in the delivery of services to people experiencing homelessness in East Lothian. The Scottish Housing Regulator will continue to engage with the Council and is asking for the following, during 2025/26:

- continue best efforts to meet the Council’s statutory duty to provide temporary accommodation when it should and to comply with the Unsuitable Accommodation Order; and
- keep the Scottish Housing Regulator updated on our capacity to meet our statutory duty to provide temporary accommodation when it should and to comply with the Unsuitable Accommodation Order.

4) Due to budget restrictions, there are risks that backlog maintenance on Council assets, including building roads and coastal defences (other than Musselburgh Flood Prevention Project), is not being completed and deteriorating the value of these assets. Further work will continue to be completed in accordance with the Property Asset Strategy and Management Plan 2024-28,

approved by Council in May 2024 and the Capital strategy 2025-30 approved by Council in 2025-30 to manage the Councils assets within the budgets available in 2025/26.

5) A review of the Council Counter Fraud Bribery and Corruption procedures and risks is required during 2025/26 as a result of the implementation of UK government guidance on the Crime of Failure to Prevent Fraud. The Council is putting in place an officer Integrity Group who will oversee the implementation of these procedures and appropriate risk assessments.

6) The Cybersecurity risks to the Council have recently been reassessed and the risk assessment increased in severity. Reviews are being undertaken to ensure that the controls in place provide an appropriate framework for the current risk.

7) Internal Audit highlighted the following key areas for improvement as a part of the 2024/25 Internal audit work:

- Sickness absence levels temporarily declined in local authorities during the Covid-19 pandemic, however absence levels have risen sharply in the past three financial years reaching an all-time average high of 13.9 days in 2023/24 for all Scottish local government employees (an increase of 4.6% from 2022/23) and an average of 7.6 days for teachers (an increase of 12.5%). Whilst East Lothian Council's levels remain lower than the Scottish Averages, they were recorded at an all-time high of an average number of sickness absence days per local government employee for 2023/24 being 13.73 days (10.9 days in 2022/23) for local government employees in 2023/24 and 6.66 days (5.8 days in 2022/23) for teachers in 2023/24. Internal Audit review has recommended greater focus by Service Management on retaining self-certification documentation and further development of Strategic HR panels to focus on improvements at an individual service level focussing on staff health and wellbeing.
- Whilst noting that Internal controls are generally reliable for housing voids as a result of significant improvements made since October 2024 that the undertaking of pre termination visits aligned with some further control improvements, including improved review of reporting on average turnaround times could further improve the housing void process.
- In relation to Capital Expenditure Contracts there was a lack of clear audit trails and a consistent approach for the authorisation of contract variations. A monthly cost reporting tool was being reintroduced to ensure that this was in place.

Prior Year Improvement Areas of Governance Implemented

The 2023/24 Annual Governance Statement for East Lothian Council contained the following areas of improvement all of which have been taken forward:

1) Continue to work to close the identified residual budget gap for the next five years and continue to develop longer term financial planning whilst continuing to maintain sustainable services this has been progressed during 2024/25 and the budget gap further closed when possible but further work continues to be required as highlighted above.

2) Continue to monitor improvement in the participation rates in the annual Personal Review and Development (PRD) process and take action to improve participation if required. The CMT continues to monitor this and take appropriate action including revised PRD formats for multiple situations being utilised in 2024/25.

3) The Governance and Control processes covering the legal, financial and operational processes between the Council and the Brunton Theatre Trust had substantial gaps that required to be resolved. An SLA is now in place between the Council and the Brunton Theatre Trust and leases have been reviewed, further work is ongoing in response to the ongoing changes in relationship.
4) The Council required to improve its control processes in relation to Agency Workers in particular to ensure that a control list of agency workers is maintained that an authorisation process is in place for agency workers that is utilised across the council consistently, and that a process for Agency Worker review should be in place to ensure adequate challenge of ongoing Agency contracts. Processes have been amended and regular information is now requested by HR teams on agency workers.

Conclusion and Opinion on Assurance

The conclusion from the review activity completed and subject to the successful progression of the areas for improvement highlighted above, our opinion is that reasonable assurance can be placed upon the adequacy and effectiveness of East Lothian Council's systems of governance, risk management and internal control. Although areas for further improvement have been identified, the annual review demonstrates sufficient evidence that the Governance is operating effectively, and that the Council complies with the CIPFA/SOLACE Good Governance in Local Governance in Local Government Framework (2016) for the year ended 31 March 2025 in most respects to meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

Laurence Rockey
Chief Executive
[for signature after audit complete]

Norman Hampshire
Council Leader
[for signature after audit complete]

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

Reporting on the audit of the financial statements

Opinion on financial statements

Note: The Independent auditor's report will be included following the conclusion of the external audit process and the signing of the accounts, expected to be completed in November 2025.

These accounts are subject to the Public Inspection process.

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

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

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

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Remuneration report and trade union activity

Remuneration Report

Introduction

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

- Senior Councillor Remuneration page 47
- Pay Bandings information page 48
- Senior Officer Remuneration page 48
- Total Councillor Remuneration page 48
- Pension Benefits information for Senior Councillors and Officers pages 53 to 54
- Exit Packages page 55

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

Remuneration of Councillors

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

The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure. The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2024/25 the salary for the Leader of East Lothian Council is £35,580 (excluding £1,000 allowance for role as APSE chair). The Regulations also permit the Council to remunerate one Civic Head or Provost. The regulations set out the maximum salary that may be paid to that Civic Head. Council policy is to pay at the national maximum.

The Regulations also set out the remuneration that may be paid to senior councillors and the total number of senior councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all of its Senior Councillors (excluding the Leader and Civic Head/Provost) shall not exceed £216,135.

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

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

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

Senior Councillors' Remuneration

Salary, Fees and Allowances 2023/24 £	Taxable Expenses 2023/24 £	Total 2023/24 £	Annualised Salary 2023/24 £	Name	Office Held as at 31 March 2025	Salary, Fees and Allowances 2024/25 £	Taxable Expenses 2024/25 £	Total 2024/25 £	Annualised Salary 2024/25 £
34,503	-	34,503	34,503	Norman Hampshire	Leader of the Council and Cabinet Spokesperson for Community Planning	36,580	-	36,580	36,580
25,128	-	25,128	25,128	Lyn Jardine	Leader of the Opposition	26,686	-	26,686	26,686
25,128	-	25,128	25,128	Shamin Akhtar	Depute Leader and Cabinet Spokesperson for Health and Social Care	26,686	-	26,686	26,686
25,128	-	25,128	25,128	John McMillan	Provost and Cabinet Spokesperson for Environment, Economic Development and Tourism	26,686	-	26,686	26,686
25,128	-	25,128	25,128	Andy Forrest	Depute Provost and Cabinet Spokesperson for Housing and Property Maintenance	26,686	-	26,686	26,686
25,128	-	25,128	25,128	Fiona Dugdale	Cabinet Spokesperson for Education and Children's and Family Services	26,686	-	26,686	26,686
25,128	-	25,128	25,128	Colin McGinn	Cabinet Spokesperson for Community Wellbeing and Sport, Countryside and Leisure	26,686	-	26,686	26,686
185,271	**-**	**185,271**	**185,271**	**Total**		**196,696**	**-**	**196,696**	**196,696**

Total Councillors' Remuneration

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

The annual return of councillors' salaries and expenses for 2024/25 is available to view from the Council's 'payments to councillors' webpage.

2023/24 £	Type of Councillors' Remuneration	2024/25 £
485,754	Salaries	515,498
1,083	Allowances	1,017
6,679	Expenses	7,534
493,516	**Total**	**524,049**

Senior Officer Remuneration

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

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

- Has responsibility for the management of the local authority, to the extent that the person has power to direct or control the major activities of the authority, whether solely or collectively with other persons
- Holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989
- Annual remuneration, including any annual remuneration from a local authority subsidiary body is £150,000 or more.

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

2023/24	Officers' Salary Brackets	2024/25
139	£50,000 - £54,999	144
82	£55,000 - £59,999	93
67	£60,000 - £64,999	63
46	£65,000 - £69,999	71
34	£70,000 - £74,999	39
7	£75,000 - £79,999	20
4	£80,000 - £84,999	10
2	£85,000 - £89,999	3
6	£90,000 - £94,999	3
2	£95,000 - £99,999	5
2	£100,000 - £104,999	4
5	£105,000 - £109,999	5
-	£110,000 - £114,999	-
1	£115,000 - £119,999	1
2	£120,000 - £124,999	1
-	£125,000 - £129,999	-
-	£130,000 - £134.999	-
1	£135,000 - £139.999	1
400	**Total**	**463**

During 2024/25 the Council paid the following amounts to senior employees:

Salary, Fees & Allowances 2023/24 £	Taxable Expenses 2023/24 £	Total 2023/24 £	Name	Post Title	Salary, Fees & Allowances 2024/25 £	Taxable Expenses 2024/25 £	Total 2024/25 £
138,508	-	138,508	Monica Patterson	Chief Executive (01/04/2024 - 16/02/2025)	132,466	-	132,466
-	-	-	Monica Patterson	Returning Officer (01/04/2024 - 16/02/2025)	2,787	-	2,787
-	-	-	Lesley Brown	Interim Chief Executive (From 17/02/2025)	16,136	-	16,136
120,502	-	120,502	Lesley Brown	Executive Director - Education & Children's Services (01/04/2024 - 16/02/2025)	109,978	-	109,978
120,502	-	120,502	Douglas Proudfoot	Executive Director - Place (01/04/2024 - 13/11/2024)	83,919	-	83,919
120,502	-	120,502	Sarah Fortune	Executive Director - Council Resources	124,840	-	124,840
105,487	-	105,487	Morag Ferguson	Head of Corporate Support (01/04/2024 - 28/05/2024)	17,333	-	17,333
-	-	-	Hayley Barnett	Head of Corporate Support (From 02/09/2024)	63,446	-	63,446
105,487	-	105,487	Ellie Dunnet	Head of Finance	109,285	-	109,285
6,354	-	6,354	Judith Tait	Head of Children's Services (01/04/2023 - 23/04/2023)	-	-	-
8,204	-	8,204	Lindsey Byrne	Acting Head of Childrens Services (03/04/2023 - 30/04/2023)	-	-	-
97,099	-	97,099	Lindsey Byrne	Head of Children's Services	109,285	-	109,285
105,487	-	105,487	Nicola McDowell	Head of Education	109,285	-	109,285
27,222		27,222	Iain Gorman	Head of Operations (01/04/2023 - 03/07/2023)	-	-	-
-	-	-	Caroline Rodgers	Interim Head of Communities (From 01/05/2024)	100,178	-	100,178
105,487	-	105,487	Wendy McGuire	Head of Housing	109,285	-	109,285
105,487	-	105,487	Tom Reid	Head of Infrastructure	109,285	-	109,285
4,421	-	4,421	Michaela Sullivan	Head of Development (01/04/2023 - 14/04/2023)	-	-	-
5,954	-	5,954	Ray Montgomery	Interim Head of Development	109,285	-	109,285
105,487	-	105,487	Sharon Saunders	Head of Communities (01/04/2024 - 30/04/2024)	15,912	-	15,912
1,282,190	**-**	**1,282,190**	**Total**		**1,322,705**	**-**	**1,322,705**

Salary, fees and allowances shown is the gross salary for Senior Officers before Salary Sacrifice scheme contributions. The salary, fees and allowances for senior officers include any payments made in respect of election roles. During 2024/25, all Heads of Service were paid £109,285 (full time equivalent) and all Executive Directors £124,840 (full time equivalent).

The Council has agreed to pay a share of the post of Director of East Lothian Health and Social Care Partnership. The costs are shared on a 50/50 basis with NHS Lothian. All payroll and pension arrangements for this post are administered by NHS Lothian.

In 2024/25, the Council paid £69,346 (including on-costs) as our shared cost of this post - Fiona Wilson, Chief Officer of East Lothian Health and Social Care Partnership.

Head of Operations from 3rd July 2023 - this role is fully funded by NHS Lothian. This role is currently directly employed by NHS Lothian and is held by David Hood. The Head of Operations remains part of the Council management structure.

Subsidiary Bodies

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

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

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

Subsidiary	Principal Director or Officer	Role
East Lothian Land	Councillor Norman Hampshire (Council Leader)	Director
East Lothian Land	Councillor John McMillan (Provost)	Director
East Lothian Mid-Market Homes	Douglas Proudfoot (until 13/11/2024) (Executive Director, Place)	Senior ELC Officer on the Board
East Lothian Mid-Market Homes	Sarah Fortune (Executive Director, Council Resources)	Senior ELC Officer on the Board

Pension Benefits

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

Councillors' pension benefits are based on career average pay. The Councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the change in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends.

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

From 1 April 2015 the LGPS for local government employees transferred to a career average scheme. This means that pension benefits are built up each year based on the pensionable pay for that year. This is then added to the individual’s pension account. At the end of each year the amount in the pension account will be adjusted in line with the cost of living - currently the rate of the Consumer Price Index - to ensure it keeps its value.

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

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This was intended to strengthen the relationship between the cost and benefits of scheme membership. Prior to 2009 contribution rates were set at 6% for all non-manual employees.

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

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum, up to the limit set by the Finance Act 2009. Between 1 April 2009 and 31 March 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to this the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80^{ths} of final pensionable salary and years of pensionable service. From 1 April 2015 the accrual rate is 1/49th of pensionable pay in each year.
The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

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

Pension Contributions

2023/24 Range £	Rate	Whole Time Pay	2024/25 Range £	Rate
25,300	5.50%	On earnings up to and including	27,000	5.50%
25,301 - 31,000	7.25%	On earnings above	27,001 - 33,000	7.25%
31,001 - 42,500	8.50%	On earnings above	33,001 - 45,300	8.50%
42,501 - 56,600	9.50%	On earnings above	43,501 - 60,400	9.50%
56,601	12.00%	On earnings above	60,401	12.00%

Pension Benefits - Senior Councillors

The estimated pension entitlements for Senior Councillors for the year to 31 March 2025 are shown in the table below, together with the contribution made by the Council during the year.

Name	Office Held as at 31 March 2025	Pension Contributions		Accrued Pension Benefits			
				As at 31 March 2025		Difference from 31 March 2024	
		For Year to 31 March 2024	For Year to 31 March 2025	Pension	Lump Sum	Pension	Lump Sum
		£	£	£000s	£000s	£000s	£000s
Norman Hampshire	Leader of the Council and Cabinet Spokesperson for Community Planning	7,798	6,438	10	2	1	-
Lyn Jardine	Leader of the Opposition*	5,679	4,697	2	-	1	-
Shamin Akhtar	Depute Leader and Cabinet Spokesperson for Health and Social Care	5,679	4,697	7	-	1	-
John McMillan	Provost and Cabinet Spokesperson for Environment, Economic Development and Tourism	5,679	4,697	7	-	1	-
Andy Forrest	Depute Provost and Cabinet Spokesperson for Housing and Property Maintenance	5,679	4,697	9	2	1	-
Fiona Dugdale	Cabinet Spokesperson for Education and Children's and Family Services	5,679	4,697	4	-	1	-
Colin McGinn	Cabinet Spokesperson for Community Wellbeing and Sport, Countryside and Leisure	5,679	4,697	4	-	1	-
Total		**41,872**	**34,620**	**43**	**4**	**7**	**-**

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

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

Pension Benefits - Senior Employees

The estimated pension entitlements for senior employees for the year to 31 March 2025 are shown in the table below, together with the contribution made by the Council during the year.

Name	Post title	Pension Contributions		Accrued Pension Benefits			
				As at 31 March 2025		Difference from 31 March 2024	
		For Year to 31 March 2024	For Year to 31 March 2025	Pension	Lump Sum	Pension	Lump Sum
		£	£	£000s	£000s	£000s	£000s
Monica Patterson	Chief Executive	31,303	22,248	90	141	6	4
Monica Patterson	Returning Officer	-	491	-	-	-	-
Lesley Brown	Interim Chief Executive/Executive Director - Education & Children's Services**	27,233	20,651	16	-	3	-
Douglas Proudfoot	Executive Director - Place	27,233	13,610	63	101	4	2
Sarah Fortune	Executive Director - Council Resources**	27,233	21,972	40	22	5	1
Morag Ferguson	Head of Corporate Support	23,840	3,051	7	-	1	-
Hayley Barnett*	Head of Corporate Support	-	11,166	1	-	-	-
Ellie Dunnet	Head of Finance**	22,589	18,065	7	-	3	-
Judith Tait	Head of Children's Services (until 23/04/2023)	1,436	-	-	-	-	-
Lindsey Byrne	Head of Children's Services	23,798	19,234	16	-	3	-
Nicola McDowell	Head of Education**	23,361	17,742	24	-	3	-
Iain Gorman	Head of Operations (until 03/07/2024)	5,801	-	-	-	-	-
Caroline Rodgers*	Interim Head of Communities**	-	16,536	12	-	-	-
Wendy McGuire	Head of Housing**	22,288	18,025	42	47	4	1
Tom Reid	Head of Infrastructure	23,840	19,234	50	58	4	2
Michaela Sullivan	Head of Development (until April 2024)	999	-	-	-	-	-
Ray Montgomery*	Interim Head of Development**	1,346	19,234	2	-	2	-
Sharon Saunders	Head of Communities	23,840	1,603	55	71	1	-
Total		**286,140**	**222,862**	**425**	**440**	**39**	**10**

* Under 2 years' service in Senior role.
** Officer is a member of Salary Sacrifice Scheme

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

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Exit Packages

Exit Packages 2023/24					Exit Packages 2024/25			
Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number by Cost Band	Total Cost of Exit Packages £000s	Cost Banding	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number by Cost Band	Total Cost of Exit Packages £000s
2	27	29	147	£0 - £20,000	5	62	67	202
-	-	-	-	£20,001 - £40,000	4	2	6	175
-	-	-	-	£40,001 - £60,000	-	-	-	-
-	-	-	-	£60,001 - £80,000	-	-	-	-
-	-	-	-	£80,001 - £100,000	-	-	-	-
1	-	1	105	£100,000 - £120,000	-	-	-	-
3	**27**	**30**	**252**	**Total**	**9**	**64**	**73**	**377**

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table above for 2024/25, with comparative figures for 2023/24.

Trade Union Facility Time

The Council is required to publish details of Trade Union facility time incurred during the year. Further information is available on the Trade Union Facility Time webpage.

2023/24		Relevant union officials	2024/25	
Non-Education Staff	Education Staff		Non-Education Staff	Education Staff
17	11	Number of employees who were relevant union officials during the relevant period	17	33
15.45	10.6	Full-time equivalent number	16.9	33

2023/24		Percentage of time spent on facility time	2024/25	
Non-Education Staff	Education Staff		Non-Education Staff	Education Staff
0	0	0%	0	0
15	10	1% - 50%	15	32
0	0	51% - 99%	0	1
2	1	100%	2	0

2023/24		Percentage of pay bill spent on facility time	2024/25	
Non-Education Staff	Education Staff		Non-Education Staff	Education Staff
£109,885	£106,748	Total cost of facility time	£121,954	£61,025
£136,353,345	£73,726,985	Total pay bill	£140,427,672	£77,663,751
0.08%	0.14%	Percentage of the total pay bill spent on facility time	0.09%	0.08%

Laurence Rockey
Chief Executive
[for signature after audit complete]

Norman Hampshire
Council Leader
[for signature after audit complete]

Financial Statements: Primary Statements

3

Council and Group Movement in Reserves Statement

The Movement in Reserves Statement (MiRS) shows the movement from the start to the end of the year on the different reserves held by the authority, analysed into 'usable reserves' i.e. those that can be applied to fund expenditure or reduce local taxation and other 'unusable reserves'.

The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the adjustments required to return to the amounts chargeable to Council Tax (or rents) for the year. Transfers to or from other statutory reserves, as a result of decisions by the Council, are separately identified in the statement.

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

Movement in Reserves Statement For the Year Ended 31 March 2025	General Fund Balance £000s	Capital Grants Unapplied £000s	Capital Fund £000s	Insurance Fund £000s	Housing Revenue Account £000s	**Total Usable Reserves £000s**	**Unusable Reserves £000s**	**Total Council Reserves £000s**	**Group Usable Reserves £000s**	**Group Unusable Reserves £000s**	**Unusable: Minority Interests £000s**	**Total Group Reserves £000s**
Balance at 1 April 2024	**(34,169)**	**(3,106)**	**(14,013)**	**(2,684)**	**(1,535)**	**(55,507)**	**(659,575)**	**(715,082)**	**(81,172)**	**(669,664)**	**(182)**	**(751,018)**
Opening Balances Adjustments	-	-	-	-	-	**-**	-	**-**	(582)	(10)	(79)	**(671)**
Restated Opening Balance	**(34,169)**	**(3,106)**	**(14,013)**	**(2,684)**	**(1,535)**	**(55,507)**	**(659,575)**	**(715,082)**	**(81,754)**	**(669,674)**	**(261)**	**(751,689)**
Total Comprehensive Expenditure and Income	(3,903)	-	-	-	3,899	**(4)**	(4,712)	**(4,716)**	2,211	(2,752)	(1)	**(542)**
Depreciation charged to the Revaluation Reserve	(24,331)	-	-	-	(4,262)	**(28,593)**	28,593	**-**	(28,722)	28,722	-	**-**
Adjustments Between Group Accounts and Authority Accounts	-	-		-	-	**-**	-	**-**	-	-	-	**-**
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 9)	26,274	(2,792)	7,411	-	(119)	**30,774**	(30,774)	**-**	30,762	(30,762)	-	**-**
Transfers to/from Other Statutory Reserves	-	-	-	-	-	**-**	-	**-**	**-**	-	-	**-**
(Increase)/Decrease in Year	**(1,960)**	**(2,792)**	**7,411**	**-**	**(482)**	**2,177**	**(6,893)**	**(4,716)**	**4,251**	**(4,792)**	**(1)**	**(542)**
Balance at 31 March 2025 Carried Forward	**(36,129)**	**(5,898)**	**(6,602)**	**(2,684)**	**(2,017)**	**(53,330)**	**(666,468)**	**(719,798)**	**(77,503)**	**(674,466)**	**(262)**	**(752,231)**

Movement in Reserves Statement For the Year Ended 31 March 2024	General Fund Balance £000s	Capital Grants Unapplied £000s	Capital Fund £000s	Insurance Fund £000s	Housing Revenue Account £000s	**Total Usable Reserves £000s**	**Unusable Reserves £000s**	**Total Council Reserves £000s**	**Group Usable Reserves £000s**	**Group Unusable Reserves £000s**	**Unusable: Minority Interests £000s**	**Total Group Reserves £000s**
Balance at 1 April 2023	**(26,414)**	**-**	**(14,607)**	**(2,684)**	**(1,487)**	**(45,192)**	**(673,952)**	**(719,144)**	**(72,590)**	**(681,628)**	**(193)**	**(754,411)**
Opening Balances Adjustments	-	-	-	-	-	-	-	-	9	86	13	**108**
Opening Balance Adjustment for IFRS9								-	-	-	-	-
Restated Opening Balance	**(26,414)**	**-**	**(14,607)**	**(2,684)**	**(1,487)**	**(45,192)**	**(673,952)**	**(719,144)**	**(72,581)**	**(681,542)**	**(180)**	**(754,303)**
Total Comprehensive Expenditure and Income	55,131	-	-	-	26,147	**81,278**	(77,216)	**4,062**	83,147	(79,860)	(2)	**3,285**
Depreciation charged to the Revaluation Reserve	(15,716)	-	-	-	(4,011)	**(19,727)**	19,727	-	(19,845)	19,845	-	-
Adjustments Between Group Accounts and Authority Accounts	-	-		-	-	-	-	-	-	-	-	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations (Note 9)	(44,855)	(3,106)	(1,721)	-	(22,184)	**(71,866)**	71,866	-	(71,893)	71,893	-	-
Transfers to/from Other Statutory Reserves	(2,315)	-	**2,315**	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Year	**(7,755)**	**(3,106)**	**594**	**-**	**(48)**	**(10,315)**	**14,377**	**4,062**	**(8,591)**	**11,878**	**(2)**	**3,285**
Balance at 31 March 2024 Carried Forward	**(34,169)**	**(3,106)**	**(14,013)**	**(2,684)**	**(1,535)**	**(55,507)**	**(659,575)**	**(715,082)**	**(81,172)**	**(669,664)**	**(182)**	**(751,018)**

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

Council and Group Comprehensive Income and Expenditure Statement

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

2023/24 Council			2023/24 Group	Comprehensive Income and Expenditure Statement	2024/25 Council			2024/25 Group
Gross Spend £000s	Gross Income £000s	Net Spend £000s	Net Spend £000s		Gross Spend £000s	Gross Income £000s	Net Spend £000s	Net Spend £000s
226,980	(8,470)	218,510	218,510	Education & Children's Services	205,863	(7,033)	198,830	198,830
150,566	(79,008)	71,558	71,558	Health & Social Care Partnership	162,407	(83,519)	78,888	78,888
93,390	(23,131)	70,259	70,425	Place	100,302	(31,623)	68,679	69,163
37,007	(18,220)	18,787	18,842	Council Resources	37,418	(17,791)	19,627	19,661
1,034	(19,001)	(17,967)	(17,967)	Corporate Management	13,899	(22,663)	(8,764)	(8,764)
67,704	(37,790)	29,914	29,914	HRA	41,480	(40,911)	569	569
576,681	**(185,620)**	**391,061**	**391,282**	**Cost of Services (Note 6)**	**561,369**	**(203,540)**	**357,829**	**358,347**
				Other Income & Expenditure				
		(951)	(951)	-Other Operating Expenditure (Income) (Note 5)			(655)	(655)
		18,798	17,626	-Financing & Investment (Note 5)			20,620	19,940
		(327,630)	(327,630)	-Taxation and Non Specific Grant Income (Note 10)			(377,798)	(377,798)
		-	3,317	-Share of the Surplus(Deficit) on the provision of Services by Associates (Note G2)			-	2,291
		81,278	**83,644**	**(Surplus) on Provision of Services (Note 8)**			**(4)**	**2,125**
		(67,607)	(68,257)	(Surplus)/Deficit on Revaluation of Non-Current Assets (Note 14)			544	(140)
		-	-	Impairment losses on non-current assets charged to the revaluation reserve (Note 14)			-	-
		(789)	(793)	(Surplus)/Deficit from Investments in Equity Instruments Designated at Fair Value Through Other Comprehensive Income (Note 27)			295	(29)
		(8,820)	(8,820)	Actuarial (Gain) or Loss on Pension Assets/Liabilities (Note 31)			(5,551)	(5,551)
		-	(2,489)	Share of Other Comprehensive Income and Expenditure of Associates (Note G2)			-	3,053
		(77,216)	**(80,359)**	**Other Comprehensive (Income) and Expenditure**			**(4,712)**	**(2,667)**
		4,062	**3,285**	**Total Comprehensive (Income) and Expenditure**			**(4,716)**	**(542)**

Group Only Comprehensive Income and Expenditure Statement

2023/24 Group			Comprehensive Income and Expenditure Statement (Group Only)	2024/25 Group		
Gross Spend £000s	Gross Income £000s	Net Spend £000s		Gross Spend £000s	Gross Income £000s	Net Spend £000s
226,980	(8,470)	218,510	Education & Children's Services	205,863	(7,033)	198,830
150,566	(79,008)	71,558	Health & Social Care Partnership	162,407	(83,519)	78,888
94,426	(24,001)	70,425	Place	101,757	(32,594)	69,163
37,007	(18,165)	18,842	Council Resources	37,418	(17,757)	19,661
1,034	(19,001)	(17,967)	Corporate Management	13,899	(22,663)	(8,764)
67,704	(37,790)	29,914	HRA	41,480	(40,911)	569
577,717	**(186,435)**	**391,282**	**Cost of Services (Note 6)**	**562,824**	**(204,477)**	**358,347**
			Other Income & Expenditure			
		(951)	-Other Operating Expenditure (Income) (Note 5)			(655)
		17,626	-Financing & Investment (Note 5)			19,940
		(327,630)	-Taxation and Non Specific Grant Income (Note 10)			(377,798)
		3,317	-Share of the Surplus(Deficit) on the provision of Services by Associates (Note G2)			2,291
		83,644	**Deficit on Provision of Services (Note 8)**			**2,125**
		(68,257)	(Surplus)/Deficit on Revaluation of Non-Current Assets (Note 14)			(140)
		-	Impairment losses on non-current assets charged to the revaluation reserve (Note 14)			-
		(793)	(Surplus)/Deficit from Investments in Equity Instruments Designated at Fair Value Through Other Comprehensive Income (Note 27)			(29)
		(8,820)	Actuarial (Gain) or Loss on Pension Assets/Liabilities (Note 31)			(5,551)
		(2,489)	Share of Other Comprehensive Income and Expenditure of Associates (Note G2)			3,053
		(80,359)	**Other Comprehensive (Income) and Expenditure**			**(2,667)**
		3,285	**Total Comprehensive (Income) and Expenditure**			**(542)**

Council and Group Balance Sheet

The Balance Sheet shows the value as at 31 March 2025 of the assets and liabilities recognised by the authority. The net assets of the authority are matched by the reserves held by the authority. Reserves are reported in two categories:

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

Unusable Reserves are those that the authority is not able to use to provide services, including reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold. It also includes reserves that hold timing differences.

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

31 March 2024 Council £000s	31 March 2024 Group £000s	Balance Sheet	Note	31 March 2025 Council £000s	31 March 2025 Group £000s
1,288,056	1,299,344	Property, Plant & Equipment	14	1,350,807	1,370,147
716	716	Intangible Assets	16	525	525
1,113	1,123	Heritage Assets	17	1,113	1,123
5,661	12,553	Long Term Investments	23	5,366	12,667
-	8,653	Investments in Associates & JVs	23	-	3,310
8,014	8,122	Long Term Debtors	24	7,705	7,760
1,303,560	**1,330,511**	**Long Term Assets**		**1,365,516**	**1,395,532**
-	-	Short Term Investments		5,053	5,053
1,416	1,416	Assets Held for Sale	18	2,387	2,387
906	906	Inventories	25	853	853
21,649	22,141	Short Term Debtors	26	31,428	31,889
13,201	13,828	Cash and Cash Equivalents		15,547	16,309
37,172	**38,291**	**Current Assets**		**55,268**	**56,491**
(15,491)	(15,491)	Short Term Borrowing	27	(18,152)	(18,152)
(56,593)	(49,112)	Short Term Creditors	28	(60,684)	(53,062)
(1,235)	(1,235)	Short Term Provisions	29	(378)	(378)
(3,300)	(3,300)	Capital Grants Receipts in Advance	35	(1,523)	(1,523)
(76,619)	**(69,138)**	**Current Liabilities**		**(80,737)**	**(73,115)**
(218)	(230)	Provisions	29	(168)	(180)
(482,113)	(482,214)	Long Term Borrowing	27	(545,419)	(545,511)
(54,895)	(54,397)	Other Long Term Liabilities	30	(64,577)	(70,901)
(11,805)	(11,805)	Pension Liability	31	(10,085)	(10,085)
(549,031)	**(548,646)**	**Long Term Liabilities**		**(620,249)**	**(626,677)**
715,082	**751,018**	**Net Assets**		**719,798**	**752,231**
(55,507)	(81,172)	Usable Reserves	32	(53,330)	(77,503)
(659,575)	(669,846)	Unusable Reserves	34	(666,468)	(674,728)
(715,082)	**(751,018)**	**Total Reserves**		**(719,798)**	**(752,231)**

The unaudited accounts were submitted for audit on 27 June 2025,
Sarah Fortune (CPFA) Executive Director for Council Resources (CFO).

Council and Group Cash Flow Statement

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

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

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

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

2023/24 Council £000s	2023/24 Group £000s	Cash Flow Statement	Note	2024/25 Council £000s	2024/25 Group £000s
		Operating Activities			
81,278	83,644	Net Deficit on the Provision of Services		(4)	2,125
(126,945)	(129,135)	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	37	(67,653)	(77,055)
37,732	37,732	Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	38	53,295	53,295
(7,935)	**(7,759)**	**Net Cash Flows from Operating Activities**		**(14,362)**	**(21,635)**
		Investing Activities			
91,026	91,062	Purchase of Property, Plant and Equipment		136,099	143,238
-	-	Proceeds from Short Term Investments		5,053	5,053
(31,380)	(31,380)	Other Receipts from Investing Activities		(54,796)	(54,796)
(1,769)	(1,769)	Proceeds from the Sale of Property, Plant and Equipment		(1,722)	(1,722)
57,877	**57,913**	**Net Cash Flows from Investing Activities**		**84,634**	**91,773**
		Financing Activities			
(75,000)	(75,000)	Cash Receipts of Short and Long Term Borrowing		(75,000)	(75,000)
1,527	1,527	Cash Payments for the Reduction of the Outstanding Liability Relating to Finance Lease and On-Balance Sheet PFI Contracts		(7,024)	(7,025)
22,714	22,714	Repayments of Short and Long Term Borrowing		9,406	9,406
(50,759)	**(50,759)**	**Net Cash Flows from Financing Activities**	38	**(72,618)**	**(72,619)**
(817)	**(605)**	**Net (Increase) or Decrease in Cash and Cash Equivalents**		**(2,346)**	**(2,481)**
		Reconciliation of Opening and Closing Cash and Cash Equivalents			
12,384	13,223	Cash and Cash Equivalents at the Beginning of the Reporting Period		13,201	13,828
817	605	Net Increase or (Decrease) in Cash and Cash Equivalents		2,346	2,481
13,201	**13,828**	**Cash and Cash Equivalents at the End of the Reporting Period**	38	**15,547**	**16,309**

Notes to the financial statements

4

Notes to the Financial Statements

Note 1 General Accounting Policies

i. General Principles

The Statement of Accounts summarises the authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The authority is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires to be in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

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

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The Council applies a threshold limit and does not normally make manual accrual or prepayment adjustments for amounts of £1,000 or less.

iii. Cash and Cash Equivalents

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a material change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied.
Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v. Employee Benefits

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

vi. Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

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

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

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

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

vii. Interests in Companies and Other Entities

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

viii. Inventories and Long-term Contracts

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

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

ix. Overheads and Support Services

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

x. Reserves

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

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year, to score against the Net Cost of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MiRS, so that there is no net charge against Council Tax for the expenditure.
Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and they do not represent usable resources for the authority – these reserves are explained in the relevant policies.

xi. Revenue Expenditure Funded from Capital under Statute

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

xii. VAT

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

xiii. Events after the Reporting Period

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

Two types of events can be identified:

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

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

Note 2 Accounting Standards Not Yet Adopted

The following Adopted International Financial Reporting Standards (IFRS) have been issued but have not been applied in these financial statements as they are not expected to have a significant impact. These are:

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

Note 3 Critical Judgements Applied

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

- Common Good building assets currently used by the Council to deliver services have been treated as finance lease assets and are included on the Council's balance sheet. This is on the basis that formal arrangements for continued Council use of the assets, which recognise and reflect the Common Good ownership of those assets, are anticipated to be agreed. In the event that this requires further asset transfers, for example if the Council ceases use of the buildings, the necessary adjustments will be enacted when an agreement is reached.

- The Private Finance Initiative (PFI) contract for the refurbishment and facilities management of six secondary schools is treated by recognising assets and liabilities on the authority's Balance Sheet. This is because the authority considers that it has the majority of the risks and rewards of ownership.

- Under IFRS 16, identified leases are treated by recognising a right of use asset and liability on the balance sheet. Leases with less than 12 months remaining or £6,000 in value are exempt and can continue to be charged to CIES as an expense of the services benefitting from use of the leased property, plant or equipment.

- The Council's actuarial advisers have estimated that the Council's attributable share of the Lothian Pension Fund (Local Government Pension Scheme) assets exceed the Council's estimated funded pension liabilities. The Council has assessed that, given the legislative obligations and framework for the LGPS and estimated future service costs and contributions, the Council's ability to obtain future economic benefits arising from the net asset for funded pension liabilities is restricted to the amount of the funded pension liabilities at 31 March 2025 . Therefore an asset ceiling limit is applied for funded pensions and only the unfunded pension liability is recognised at 31 March 2025.

Note 4 Future Assumptions

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority about the future. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2025, for which there is a significant risk of material adjustment in the forthcoming year, are shown in the following table:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements including the discount rate used, the rate of projected salary increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied. The actual figure has proved to be variable over time and more detail regarding this has been referred to in Note 31. The Pensions Reserve balance at 31 March 2025 is £10.805 million (2023/24: £11.805 million) as a result of attributable assets at 31 March 2025 exceeding the estimated funded liabilities at that date, with a pensions asset ceiling being applied.	If actual results are different from assumptions, there is the potential for a significant change – either increasing or decreasing the potential liability or asset. The actuary has estimated (see Note 31) that a 0.1% decrease in the real discount rate would result in an increase to the pension liability of £10.011 million. Similarly, a 0.1% increase in the rate of salary increase and pension increase rates would increase the liability by £0.655 million and £9.614 million respectively. In terms of life expectancy, an increase of 1 year is estimated to equate to an increased liability of £23.352 million.
Property, Plant, and Equipment (PPE)	Assets are valued and depreciated over their useful lives in line with advice taken from external and internal valuers. The carrying amount of PPE at 31 March 2025 is £1,350.807 million (2023/24: £1,288.056 million) with depreciation charges for 2024/25 of £70.577 million (excluding amortisation of intangible assets) (2023/24: £52.972 million). The current economic climate makes it uncertain that the authority will be able to sustain its current	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. (See Notes 14 and 15). The estimated impact of a year's decrease in asset

	spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. There is therefore a risk that asset lives may be shorter than those currently anticipated.	life, across all assets being depreciated, is an increase in depreciation charge of approximately £10.884 million.

Note 5 Other Income and Expenditure Items

Included within the Comprehensive Income and Expenditure Statement:

2023/24 Council Net Spend £000s	2023/24 Group Net Expenditure £000s	Other Income and Expenditure Items in the CIES	2024/25 Council Net Spend £000s	2024/25 Group Net Expenditure £000s
(951)	(951)	(Gain)/Losses on the Disposal of Non-Current Assets	(655)	(655)
(951)	**(951)**	**Total Other Operating Expenditure**	**(655)**	**(655)**
18,959	18,849	Interest Payable and Similar Charges	21,506	21,350
(1,634)	(2,157)	Interest Receivable and Similar Income	(1,614)	(2,012)
-	(471)	(Gains)/Losses on sale of investments	-	(156)
-	(68)	Changes in fair value of financial instruments held at Fair Value through Profit or Loss	-	30
505	505	Financial Instrument Impairments	80	80
968	968	Interest Expense of Pension Defined Benefit Obligation	648	648
18,798	**17,626**	**Total Financing & Investments**	**20,620**	**19,940**

Note 6 Expenditure and Funding Analysis (EFA)

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

2023/24 Council				2024/25 Council		
Expenditure Chargeable to Usable Reserves £000s	Adjustments between Funding & Accounting Basis (EFA Note 1) £000s	Net Expenditure in CIES £000s	Expenditure and Funding Analysis	Expenditure Chargeable to Usable Reserves £000s	Adjustments between Funding & Accounting Basis (EFA Note 1) £000s	Net Expenditure in CIES £000s
GF and HRA combined				GF and HRA combined		
159,155	59,355	218,510	Education & Children's Services	165,113	33,717	198,830
69,403	2,155	71,558	Health & Social Care Partnership	77,426	1,462	78,888
49,890	20,369	70,259	Place	47,065	21,614	68,679
18,147	640	18,787	Council Resources	18,310	1,317	19,627
(26,991)	9,024	(17,967)	Corporate Management	873	(9,637)	(8,764)
(6,819)	36,733	29,914	HRA	(8,055)	8,624	569
262,785	**128,276**	**391,061**	**Net Cost of Service**	**300,732**	**57,097**	**357,829**
(268,273)	(41,510)	(309,783)	Other Income & Expenditure	(303,174)	(54,659)	(357,833)
(5,488)	**86,766**	**81,278**	**(Surplus)/Deficit on Provision of Services**	**(2,442)**	**2,438**	**(4)**

GF	HRA	Combined		GF	HRA	Combined
(26,414)	(1,487)	(27,901)	**Opening Fund Balance**	(34,169)	(1,535)	(35,704)
(5,440)	(48)	(5,488)	(Surplus)/Deficit for year chargeable to General Fund and HRA	(1,960)	(482)	(2,442)
(2,315)	-	(2,315)	Transfer to/from Other Statutory Reserves	-	-	-
(34,169)	**(1,535)**	**(35,704)**	**Closing Fund Balances**	**(36,129)**	**(2,017)**	**(38,146)**

EFA Note 1 – Adjustments between accounting and funding basis

2023/24 Council						2024/25 Council				
Adjustment for Capital Purposes (EFA Note 2)	Net Change for Pension Adjustment (EFA Note 3)	Other Statutory Differences	Depreciation Charged to Revaluation Reserve	Total Adjustments	Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement	Adjustment for Capital Purposes (EFA Note 2)	Net Change for Pension Adjustment (EFA Note 3)	Other Statutory Differences	Depreciation Charged to Revaluation Reserve	Total Adjustments
£000s	£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s	£000s
46,707	(634)	1,062	12,220	59,355	Education & Children's Services	13,478	847	249	19,143	33,717
2,180	(377)	-	352	2,155	Health & Social Care Partnership	423	489	-	550	1,462
18,167	(947)	-	3,149	20,369	Place	15,784	1,229	-	4,601	21,614
938	(298)	-	-	640	Council Resources	939	378	-	-	1,317
8,885	139	-	-	9,024	Corporate Management	(9,804)	167	-	-	(9,637)
32,776	(49)	-	4,006	36,733	HRA	4,254	71	-	4,299	8,624
109,653	**(2,166)**	**1,062**	**19,727**	**128,276**	**Net Cost of Service**	**25,074**	**3,181**	**249**	**28,593**	**57,097**
(42,346)	968	(132)	-	(41,510)	Other Income & Expenditure	(55,045)	650	(264)	-	(54,659)
67,307	**(1,198)**	**930**	**19,727**	**86,766**	**Difference between deficit charged to fund balances and Comprehensive Income and Expenditure Statement Deficit**	**(29,971)**	**3,831**	**(15)**	**28,593**	**2,438**

EFA Note 2 - Adjustments for capital purposes

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

- Adding back depreciation, impairment and revaluation gains and losses that are charged to the cost of service.
- Adjusting the capital disposals and de-recognitions with a transfer of income on disposal of assets and the amounts written off for those assets.
- The statutory charges for capital financing, i.e. loans fund principal repayments and other revenue contributions, are deducted from other income and expenditure, as these are not chargeable under generally accepted accounting practices.
- Capital grants are adjusted for income not chargeable under generally accepted accounting practices. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in year.

EFA Note 3 - Net change for pension adjustment

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

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

EFA Note 4 - Other Statutory differences

Other statutory differences include:

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

EFA Note 5 – Depreciation charged to the Revaluation Reserve

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

Note 7 Income and Expenditure Including Internal Recharges

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

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

2023/24 Council Gross Spend £000s	2023/24 Council Gross Income £000s	2023/24 Council Net Spend £000s	Income and Expenditure for Each Service, Inclusive of Internal Recharges	2024/25 Council Gross Spend £000s	2024/25 Council Gross Income £000s	2024/25 Council Net Spend £000s
245,050	(26,540)	218,510	Education & Children's Services	223,482	(24,651)	198,831
157,087	(85,529)	71,558	Health & Social Care Partnership	168,886	(89,998)	78,888
117,441	(47,182)	70,259	Place	121,378	(52,699)	68,679
42,329	(23,542)	18,787	Council Resources	41,886	(22,259)	19,627
1,034	(19,001)	(17,967)	Corporate Management	13,899	(22,663)	(8,764)
68,438	(38,524)	29,914	HRA	41,983	(41,414)	569
631,379	**(240,318)**	**391,061**	**Cost of Services**	**611,514**	**(253,684)**	**357,830**

Note 8 Expenditure and Income Analysed by Segment and Nature

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

Council Expenditure and Income Analysed by Segment and Nature 2024/25	Education & Children's Services £000s	Health & Social Care Partnership £000s	Place £000s	Council Resources £000s	Corporate Management £000s	HRA £000s	Costs not included in a service £000s	Total £000s
Expenditure								
Employee Benefits Expenses	117,732	26,127	58,801	17,905	167	3,204	-	223,936
Other Service Expenses	49,633	65,798	34,601	23,037	13,522	16,264	-	202,855
Depreciation, Amortisation & Impairment	32,782	973	20,385	938	-	15,900	-	70,978
Reallocation of Internal Costs	5,746	502	(8,997)	(3,906)	210	6,372	-	(73)
Reallocation of Costs to Capital	(30)	(39)	(4,488)	(557)	-	(259)	-	(5,373)
Loss on Disposal of Assets	-	-	-	-	-	-	-	-
Asset Revaluation Losses	-	-	-	-	-	-	-	-
Interest Payments	-	-	-	-	-	-	22,233	22,233
Contribution to IJB	-	69,046	-	-	-	-	-	69,046
Total Expenditure	**205,863**	**162,407**	**100,302**	**37,417**	**13,899**	**41,481**	**22,233**	**583,602**
Income								
Fees, Charges and Other Service Income	(2,274)	(9,961)	(24,975)	(2,357)	(1,460)	(40,911)	-	(81,938)
Asset revaluation gains	-	-	-	-	-	-	-	-
Interest and Investment Income	-	-	-	-	-	-	(1,614)	(1,614)
Gain on Disposal of Assets	-	-	-	-	-	-	(655)	(655)
Income from Council Tax and Non-Domestic Rates	-	-	-	-	-	-	(132,792)	(132,792)
Contributions from IJB	-	(71,871)	-	-	-	-	-	(71,871)
Government Grants and Contributions	(4,759)	(1,687)	(6,647)	(15,434)	(21,203)	-	(245,006)	(294,736)
Total Income	**(7,033)**	**(83,519)**	**(31,622)**	**(17,791)**	**(22,663)**	**(40,911)**	**(380,067)**	**(583,606)**
Deficit on the Provision of Services								**(4)**

The prior year's expenditure and income by segment and nature is analysed as follows. The table reflects the 2023/24 data on a comparable basis to the 2024/25 table.

Council Expenditure and Income Analysed by Segment and Nature 2023/24	Education & Children's Services £000s	Health & Social Care Partnership £000s	Place £000s	Council Resources £000s	Corporate Management £000s	HRA £000s	Costs not included in a service £000s	Total £000s
Expenditure								
Employee Benefits Expenses	112,893	22,517	57,245	16,675	139	3,138	-	212,607
Other Service Expenses	46,658	60,787	26,549	24,471	682	14,420	-	173,567
Depreciation, Amortisation and Impairment	22,909	896	17,989	937	-	14,445	-	57,176
Reallocation of Internal Costs	6,311	714	(9,602)	(4,507)	213	6,870	-	(1)
Reallocation of Costs to Capital	(30)	-	(3,900)	(569)	-	(452)	-	(4,951)
Loss on Disposal of Assets	-	-	-	-	-	-	-	-
Asset Revaluation Losses	38,239	1,843	5,109	-	-	29,283	-	74,474
Interest Payments	-	-	-	-	-	-	20,432	20,432
Contribution to IJB	-	63,809	-	-	-	-	-	63,809
Total Expenditure	**226,980**	**150,566**	**93,390**	**37,007**	**1,034**	**67,704**	**20,432**	**597,113**
Income								
Fees, Charges and Other Service Income	(1,951)	(10,406)	(14,905)	(2,462)	(36)	(37,521)	-	(67,281)
Asset Revaluation Gains	(2,182)	(152)	(1,709)	-	-	(269)	-	(4,312)
Interest and Investment Income	-	-	-	-	-	-	(1,634)	(1,634)
Gain on Disposal of Assets	-	-	-	-	-	-	(951)	(951)
Income from Council Tax and Non-Domestic Rates	-	-	-	-	-	-	(126,889)	(126,889)
Contributions from IJB	-	(66,930)	-	-	-	-	-	(66,930)
Government Grants and Contributions	(4,337)	(1,520)	(6,517)	(15,758)	(18,965)	-	(200,741)	(247,838)
Total Income	**(8,470)**	**(79,008)**	**(23,131)**	**(18,220)**	**(19,001)**	**(37,790)**	**(330,215)**	**(515,835)**
Deficit on the Provision of Services								**81,278**

Note 9 Adjustments between Accounting and Funding Basis under Regulations

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

2023/24 Council				2024/25 Council		
General Fund Balance £000s	Housing Revenue Account £000s	Movement in Usable Reserves £000s	Adjustments between Accounting and Funding Basis under Regulations	General Fund Balance £000s	Housing Revenue Account £000s	Movement in Usable Reserves £000s
			Adjustments Primarily Involving the Capital Adjustment Account			
			Reversal of Items Debited or Credited to the CIES:			
(23,130)	(10,423)	**(33,553)**	Charges for Depreciation and Amortisation of Non-Current Assets	(30,691)	(11,611)	**(42,302)**
(3,886)	(11)	**(3,897)**	Impairment Losses on Property, Plant and Equipment	(57)	(27)	**(84)**
(41,148)	(29,013)	**(70,161)**	Revaluation Gains (Losses) on Property, Plant and Equipment in SDPS	-	-	**-**
25,469	10,494	**35,963**	Capital Grant and Contributions Applied	47,239	4,334	**51,573**
3,106	-	**3,106**	Capital Grants Transferred to Capital Grants Unapplied Account	2,792	-	**2,792**
2,315	-	**2,315**	Capital Grant Transferred to Capital Fund	-	-	**-**
884	66	**950**	Derecognition of non-current assets	731	(76)	**655**
10	-	**10**	Expected credit loss of assets funded from capital sources under statute	25	-	**25**
		-	**Statutory Repayment of Debt:**			
825	-	**825**	Statutory repayment of debt: PPP	880	-	**880**
(14,193)	-	**(14,193)**	Statutory repayment of debt: PPP -Permitted flexibility adjustment	-	-	**-**
67	-	**67**	Statutory repayment of debt: Finance Leases	2,022	-	**2,022**
4,328	5,382	**9,710**	Statutory repayment of debt: Loans Fund	6,807	5,831	**12,638**
		-	**Funding of Capital Expenditure Incurred in the Year**			
664	1,293	**1,957**	Capital Expenditure Charged Against the General Fund and HRA balances	695	1,516	**2,211**
(409)	-	**(409)**	Deferral of Charges Against the General Fund for PPP Lifecycle Capital Expenditure	(439)	-	**(439)**
(45,098)	**(22,212)**	**(67,310)**	**Subtotal: Carried forward to next page**	**30,004**	**(33)**	**29,971**

2023/24 Council				2024/25 Council		
General Fund Balance £000s	Housing Revenue Account £000s	Movement in Usable Reserves £000s	**Adjustments between Accounting and Funding Basis under Regulations (continued)**	General Fund Balance £000s	Housing Revenue Account £000s	Movement in Usable Reserves £000s
(45,098)	**(22,212)**	**(67,310)**	**Subtotal: Brought forward from previous page**	**30,004**	**(33)**	**29,971**
			Adjustments Primarily Involving the Employee Statutory Adjustment Account:			
(1,062)	-	**(1,062)**	Employee Statutory Adjustments: Accumulated Annual Leave	(249)	-	**(249)**
			Adjustments Primarily Involving the Financial Instruments Adjustment Account:			
258	-	**258**	Charge of deferred premiums from the refinancing of debt	256	-	**256**
(123)	-	**(123)**	Charge for interest rate adjustments related to stepped interest rate borrowing	8	-	**8**
			Adjustments Primarily Involving the Pensions Reserve:			
(22,119)	(515)	**(22,634)**	Net Retirement Benefits per IAS 19	(22,838)	(525)	**(23,363)**
23,289	543	**23,832**	Employer's Contributions Payable to the Lothian Pension Fund	19,093	439	**19,532**
(44,855)	**(22,184)**	**(67,039)**	**Total Adjustments to General Fund and HRA Balance**	**26,274**	**(119)**	**26,155**
			Adjustments to the Capital Fund			
		(2,315)	Capital Grants transferred to the Capital Fund (FC6/2023)			**-**
		(1,770)	Capital receipts transferred to the Capital Fund			**(1,722)**
		2,364	Capital receipts applied to fund capital expenditure			**9,133**
			Adjustments to the Capital Grants Unapplied Account			
		(3,106)	Capital Grants transferred to the Capital Grants Unapplied Account			**(2,792)**
		(71,866)	**Total Statutory Adjustments affecting Usable Reserves**			**30,774**

2023/24	Statutory Adjustments - Reconciliation To Group Movement In Reserves Statement	2024/25
(71,866)	**Total Council Statutory Adjustments per Above**	**30,774**
	Adjustments affecting Group Share of Usable Reserves of Associates	
(46)	Depreciation & Impairment	(51)
31	Statutory Repayments for Capital Investment	35
2	Capital Expenditure Charged Against Fund Balances	22
(154)	Reversal of Pensions Entries in the CIES	(104)
133	Employer's Pension Contributions	89
7	Accumulated Annual Leave Adjustment	(3)
(71,893)	**Total Statutory Adjustments for the Group**	**30,762**

Note 10 Taxation and Non-Specific Grant Income

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

2023/24 £000s	Taxation and Non-Specific Grant Income	2024/25 £000s
(68,781)	Council Tax	(72,867)
(58,108)	Non Domestic Rates	(59,925)
(159,356)	Non Ring-fenced Government Grants	(190,641)
(41,385)	Capital Grants and Contributions	(54,366)
(327,630)	**Total**	**(377,799)**

Note 11 Agency Income and Expenditure

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

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

Schemes for the distribution of COVID-19 Grants and Cost of Living Support for Council Tax Payers on behalf of the Scottish Government have now ceased. The Council also shares services with other authorities (e.g. special education and social work facilities). The expenditure on these services is incurred so that the authority can perform its duties, rather than the duties of another organisation and thus is not treated as agency expenditure.

2023/24 £000s	Agency Income and Expenditure	2024/25 £000s
23,254	Scottish Water Income Collected	25,951
2,004	City Region Deal- Edinburgh Innovation Park	12,426
1,058	Salary sacrifice schemes	1,914
26,316	**Total**	**40,291**

Note 12 Audit Costs

Audit Scotland was appointed as the authority's external auditor in 2022/23. For 2024/25 the agreed audit fee is £313,820 (2023/24: £308,410). Actual expenditure in the year was £324,032 (2023/24: £295,617). No fees were payable in respect of other services provided by the appointed auditor.

Note 13 Related Parties

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

Government – Including UK and Scottish Government

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

Members

Members of the authority have direct control over the authority's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in the Remuneration Report.

East Lothian Council approved total Grants of £3.468 million (2023/24: £3.746 million) which in 2024/25 is made up as follows:

2023/24 £000s	Council Grants Approved	2024/25 £000s
1,542	One Council Community Partnership	1,429
1,250	Area Partnership Funding	1,215
338	Children's Services	335
484	Health & Social Care partnership Grants to Voluntary Organisations	357
132	Community Council Administration Grants, Insurance & Local Priority Scheme	132
3,746	**Total**	**3,468**

Of these amounts, payments for ‘Partnership Funding’ totalling some £0.846 million (2023/24 £0.885 million) as shown in the table were awarded to organisations in which Members have representation. This represents 24% (2023/24: 24%) of the total £3.468m (2023/24: £3.746 million) grants awarded.

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

Related Parties	Partnership Funding £000s	Other £000s	Total £000s
Coastal Communities Museum Trust	6	-	6
Cockenzie House and Gardens	-	7	7
East Lothian Advice Consortium	334	-	334
Fa'side Community Kitchen	-	2	2
First Step	196	104	300
Gullane Area Community Council	-	8	8
Hallhill Ltd	73	-	73
Lamp of Lothian Management Committee	16	-	16
Lothian Mineworkers’ Welfare Convalescent Home Trust	-	-	-
Pennypit Community Development Trust	99	83	182
Preston Lodge High School Excellence in Learning Foundation	-	-	-
Recharge Youth Facility	72	21	93
Safe Families organisation	-	40	40
Tranent and Elphinstone Community Council	-	14	14
Tranent Wombles	-	-	-
Volunteer Centre East Lothian	-	64	64
Volunteer Development East Lothian	50	-	50
Waggon Way	-	-	-
Total	**846**	**343**	**1,189**

Other Public Bodies

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

2023/24					2024/25			
Expenditure	Income	Net Expenditure	Debtor / (Creditor)	Related Parties	Expenditure	Income	Net Expenditure	Debtor / (Creditor)
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
3,214	2,335	879	4,196	Other Local Authorities	2,517	2,245	272	3,369
				National Records of Scotland	-	-	-	8
				Scottish Fiscal Commission	-	-	-	(3)
-	5	(5)	2	Food Standards Scotland	-	6	(6)	-
19	-	19	(1)	Scottish Courts and Tribunals Service	25	-	25	-
-	48	(48)	-	Care Inspectorate	-	-	-	-
-	4	(4)	1	Children's Hearings Scotland	-	5	(5)	-
				Community Justice Scotland	-	-	-	3
-	1	(1)	-	Historic Environment Scotland	-	-	-	-
42	-	42	31	Scottish Environment Protection Agency	72	-	72	-
510	-	510	-	Scottish Qualifications Authority	503	1	502	-
				South of Scotland Enterprise	-	-	-	33
1	315	(314)	33	Skills Development Scotland	1	222	(221)	-
63	-	63	-	VisitScotland	43	-	43	-
12	19	(7)	3	Scottish Water	9	11	(2)	-
				Accountant in Bankruptcy	-	-	-	1
30	-	30	(2)	Disclosure Scotland	25	-	25	-
15	10	5	2	Education Scotland	37	72	(35)	(3)
1	-	1	-	Forestry and Land Scotland	-	-	-	27
5	9	(4)	-	Social Security Scotland	-	5	(5)	-
-	-	-	-	Transport Scotland	-	-	-	-
13,046	14,564	(1,518)	501	NHS Lothian	12,261	14,477	(2,216)	-
				NHS Orkney	-	-	-	674
111	11	100	-	Scottish Police Authority	44	-	44	-
17,069	**17,321**	**(252)**	**4,766**	**Total**	**15,537**	**17,044**	**(1,507)**	**4,109**

Joint Ventures and Entities Controlled or Significantly Influenced by the Authority

Income & Expenditure 2023/24 £000s	Position at Year End Debtor Balances 2023/24 £000s	Creditor Balances 2023/24 £000s	Entity	Nature of Related Party Relationship	Income & Expenditure 2024/25 £000s	Position at Year End Debtor Balances 2024/25 £000s	Creditor Balances 2024/25 £000s	Nature of Transactions
1,820	-	(21)	Enjoy East Lothian Limited	Charitable organisation registered with Office of Scottish Charity Regulators.	1,644	-	(32)	Payment for provision of leisure services
22	-	(7)	East Lothian Land Limited	Company set up for the purpose of managing land to support economic development in East Lothian.	7	-	-	Rent is paid to ELL. The creditor balance is a loan from the company.
			East Lothian Investments Limited	Company set up to grant interest free loans to businesses in East lothian	100	-	-	
(169)	-	(560)	Brunton Theatre Trust	Charitable organisation registered with Office of Scottish Charity Regulators.	(246)	-	(167)	Payment for provision of arts/cultural services
401	-	(5,707)	Common Goods	Council manages assets of historic burghs in line with statute.	148	-	(5,908)	Transactions for operational services provided and received, . Balances for cash held for the Common Good, and liabilities relating to finance leases
71	-	(2,225)	Trust Funds	A number of trust funds which are managed by the council in line with the respective trust deeds.	53	-	(2,383)	Transactions for operational services provided and received,. Balances for cash held for the Trust Funds.
680	-	-	Lothian Valuation Joint Board	Statutory bodies set up by Scottish ministers.	738	-	-	Payments to run valuation services
76,372	-	(140)	East Lothian Integrated Joint Board	Statutory Body for the integration of health & social care services under The Public Bodies (Joint Working) (Scotland) Act 2014.	81,311	-	(120)	Payments to run health & social care services, including NHS resource transfer and social care fund
1,154	-	-	Edinburgh Innovation Park Joint Venture	Joint Venture with Queen Margaret University utilising City Region Deal funding.	2,736	-	-	Payments towards development and construction of a food, drink and health innovation park (agency payments)
(145)	-	(184)	East Lothian Mid Market Homes LLP	Established to manage affordable housing properties, to be available for mid market rent.	(46)	-	(113)	Minor payments relating to normal operations
80,206	**-**	**(8,844)**			**86,445**	**-**	**(8,723)**	

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

Note 14 Property Plant and Equipment Movements

Council Property, Plant & Equipment Movements 2024/25	Council Dwellings £000s	Other land and buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Right of Use Assets £000s	Total Property, Plant and Equipment £000s	PFI Assets Included in PPE £000s
2024/25										
Gross Book Value at 31 March 2024	430,261	687,981	73,032	See note	10,990	6,537	44,918	-	See note	139,694
Additions	18,163	10,058	8,826	8,512	234	-	82,624	7,578	**135,995**	3,947
Revaluation increase/(decrease) to Revaluation Reserve	-	-	-	-	-	-	-	-	**-**	-
Revaluation increase/(decrease) to SDPS	-	-	-	-	-	-	-	-	**-**	-
Transfer to/from assets held for sale	-	(1,920)	-	-	-	-	-	-	**(1,920)**	-
Disposals	(101)	(30)	(1,501)	-	-	-	(13)	-	**(1,645)**	-
Other movements	6,576	(31,659)	(1,506)	-	(32)	992	(6,846)	32,475	**-**	-
Gross Book Value at 31 March 2025	**454,899**	**664,430**	**78,851**	See note	**11,192**	**7,529**	**120,683**	**40,053**	See note	**143,641**
Accumulated depreciation at 31 March 2024	(265)	(17,699)	(45,471)	See note	(1,276)	(38)	(1,421)	-	See note	-
Depreciation charge for year	(15,849)	(37,900)	(6,551)	(6,802)	(62)	(242)	-	(3,171)	**(70,577)**	(10,685)
Revaluation written out to revaluation reserve	(27)	-	-	-	-	-	-	(517)	**(544)**	-
Revaluation written out to SDPS	(27)	-	-	-	-	-	(57)	-	**(84)**	-
Depreciation eliminated on disposal	32	1	1,398	-	-	-	-	-	**1,431**	-
Other movements	-	12,510	1,405	-	6	(45)	-	(13,781)	**95**	-
Accumulated depreciation at 31 March 2025	**(16,136)**	**(43,088)**	**(49,219)**	See note	**(1,332)**	**(325)**	**(1,478)**	**(17,469)**	See note	**(10,685)**
Net Book Value at 31 March 2025	**438,763**	**621,342**	**29,632**	**102,217**	**9,860**	**7,204**	**119,205**	**22,584**	**1,350,807**	**132,956**
Net Book Value at 31 March 2024	429,996	670,282	27,561	100,507	9,714	6,499	43,497	-	1,288,056	139,694

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

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

Council Property, Plant & Equipment Movements 2023/24	Council Dwellings £000s	Other land and buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant and Equipment £000s	PFI Assets Included in PPE £000s
2023/24									
Gross Book Value at 1 April 2023	421,128	598,657	65,924	See note	10,522	4,382	136,777	See note	126,717
Additions	19,154	6,313	9,280	8,731	449	9	49,912	**93,849**	551
Revaluation increase/(decrease) to Revaluation Reserve	(15,726)	37,556	-	-	4	(987)	-	**20,847**	12,372
Revaluation increase/(decrease) to SDPS	(29,013)	(38,564)	-	-	-	(124)	-	**(67,702)**	55
Transfer to/from assets held for sale	-	(2,893)	-	-	-	(565)	-	**(3,458)**	-
Disposals	-	(114)	(2,172)	-	-	(350)	-	**(2,636)**	-
Other movements	34,718	87,025	-	15,825	13	4,173	(141,770)	**(15)**	-
Gross Book Value at 31 March 2024	**430,261**	**687,981**	**73,032**	See note	**10,990**	**6,537**	**44,918**	See note	**139,694**
Accumulated depreciation at 1 April 2023	(2,036)	(17,432)	(41,327)	See note	(1,225)	(88)	(774)	See note	-
Depreciation charge for the year	(14,413)	(27,554)	(6,114)	(4,792)	(51)	(46)	-	**(52,972)**	(7,673)
Revaluation written out to revaluation reserve	16,184	30,331	-	-	-	256	-	**46,771**	7,673
Impairment written out to SDPS	-	(3,251)	-	-	-	-	(647)	**(3,897)**	-
Depreciation eliminated on disposal	-	6	1,970	-	-	34	-	**2,010**	-
Other movements	-	200	-	-	(0)	(194)	-	**6**	-
Accumulated depreciation at 31 March 2024	**(265)**	**(17,699)**	**(45,471)**	See note	**(1,276)**	**(38)**	**(1,421)**	See note	**-**
Net Book Value at 31 March 2024	**429,996**	**670,281**	**27,561**	**100,507**	**9,713**	**6,499**	**43,498**	**1,288,056**	**139,694**
Net Book Value at 31 March 2023	419,093	581,225	24,597	80,743	9,297	4,294	136,002	1,255,252	126,717

Note 15 Property Plant and Equipment

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

Recognition

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

On 1 April 2024 The Council adopted IFRS 16. Operating and finance leases previously accounted for under IAS 17 are now recognised as right of use assets with a lease liability on the balance sheet. For further information on IFRS 16 treatment, please see note 19.

Measurement

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

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

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

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

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

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

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

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

Impairment

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

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

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

Depreciation

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

Depreciation is calculated on the following basis:

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

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

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

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

Revaluations

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

Valuations are carried out by professional firms of chartered surveyors and by Council Estates staff. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The dates for full valuation are shown in the table.

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

The Council also engaged with external valuers to undertake a full valuation of Operational and Non-Operational assets as at 31 March 2025. The work on valuations has not yet been completed and therefore has not been reflected in the draft accounts. Once received, the valuations will be adjusted in the final audited accounts.

As a full valuation was carried out in the prior year, a desktop valuation of council dwellings and garages was undertaken as at 31 March 2025 by external valuers.

Capital Commitments

As at 31 March 2025 the Council entered into a number of contracts for the construction or enhancement of PPE in 2025/26 and future years budgeted to a value of £52.568 million (2023/24 £91.270 million: General Services £68,839 million, HRA £22,431 million). The gross commitments for the Council's major projects are shown in the Capital Commitments table.

Capital Commitments	General Fund 2024/25 £000s	HRA 2024/25 £000s
Community Intervention Fund - Pump Tracks	546	
Amenties - Machinery & Equipment - replacement	75	
Vehicles - ordered awaiting delivery	1,946	
Coastal / Flood Protection schemes - Musselburgh	2,444	
Blindwells Primary - new school	4,865	
Craighall Primary - New School	5,169	
Gullane Primary - extension including Early Learning and 1140	6	
Whitecraig Primary - new school including Early Learning and 1140	11,270	
Ross High School - Extension	15	
Law Primary	181	
North Berwick High School Extension	98	
Ormiston PS - Extension	229	
Pinkie St. Peters PS - Extension	1,110	
Prestongrange museum	1,818	
Synthetic pitch replacement programme	11	
Wallyford Learning campus	80	
Accelerating Growth	4,383	
Markle Level Crossing	1,149	
Central Heating Installation Programme - HRA		4,347
Central Heating Maintenance Programme - HRA		96
Housing Management IT system		577
House Extension Framework Programme		679
Disabled Adaptations		213
UPVC Window-Door Programme - HRA		10,120
30nr Bathroonms		593
Wallyford Primary School		216
Summers Inman Surveyors Work (Adaptation Projects)		50
Alarms - Sheltered housing		71
Roofing Dunbar/Musselburgh		211
Total	**35,395**	**17,173**

Note 16 Intangible Assets

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

Software rights can be obtained as part of wider system implementation initiatives. Software acquired during 2024/25 predominantly related to schools and corporate systems.

2023/24 £000s	Intangible Assets	2024/25 £000s
924	**Net Carrying amount at the start of the year**	716
99	Additions during the year	127
(307)	Amortisation for the year	(318)
716	**Net carrying amount at the end of year**	**525**

Note 17 Heritage Assets

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

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

2023/24 £000s	Heritage Assets (Cost or Valuation)	2024/25 £000s
1,113	**Net Carrying amount at the start of the year**	1,113
-	Additions	-
-	Revaluation increases recognised in the Revaluation Reserve	-
-	Impairment Losses\(Reversals) recognised in the Surplus or Deficit on the Provision of Services	-
-	Depreciation for the period	-
-	Other Movements	-
1,113	**Net carrying amount at the end of year**	**1,113**

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

Note 18 Assets Held for Sale

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

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

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

2023/24 £000s	Assets Held for Sale	2024/25 £000s
613	**Balance Outstanding at Start of Year**	**1,416**
3,455	Assets Newly Classified as Held for Sale	1,825
(2,492)	Revaluation Losses	-
32	Revaluation Gains	-
(192)	Assets Sold	(854)
1,416	**Balance outstanding at end of the year**	**2,387**

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

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

Note 19 Leases

Council as Lessee

IFRS 16

The Council has adopted IFRS 16 from 1 April 2024, to recognise all right of use assets in the accounts. Where the Council acts as lessee, a right-of-use asset and a lease liability must be recognised for all leases identified as being within the scope of IFRS 16. As this is the first year of application, the Council has elected to apply a cumulative catch up method, meaning there is no retrospective application of IFRS 16 in the accounts.

Under IAS 17, 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 any contract that falls under definition of a lease unless they are considered exempt. For leases that were classified as finance leases under IAS 17, the carrying amount of the right of use asset and the lease liability at 1 April 2024 have been used on transition to IFRS 16.

The Council 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, or for 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.

To calculate the right-of-use asset and corresponding liability, the appropriate incremental borrowing rate has been applied to lease liabilities as at 1 April 2024. The weighted average incremental borrowing rate is 5.47%.PPE recognised as a right of use asset is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The authority is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MiRS for the difference between the two.

The net book value of assets disclosed as right of use assets are as follows:

Right of Use Assets	31 March 2025 £000s
Other Land and Buildings	22,426
Community Assets	24
Vehicles, Plant, Furniture and Equipment	803
Assets Under Construction	13
Total	**23,266**

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

31 March 2024 £000s	Lease Liabilities (NPV of Minimum Lease Payments)	31 March 2025 £000s
(69)	Current	(1,952)
(570)	Non-Current	(4,046)
(4,181)	Finance Costs Payable in Future Years	(4,550)
(4,820)	**Minimum Lease Payments**	**(10,548)**

The minimum lease payments are payable as follows:

Minimum Lease Payments 31 March 2024 £000s	Lease Liabilities Repayments 31 March 2024 £000s	Future Minimum Lease Payments	Minimum Lease Payments 31 March 2025 £000s	Lease Liabilities Repayments 31 March 2025 £000s
287	69	Not Later Than One Year	2,459	1,952
1,028	207	Later Than One Year and Not Later Than Five Years	4,755	3,676
3,505	363	Later Than Five Years	3,334	370
4,820	**639**	**Total**	**10,548**	**5,998**

The total interest charge for finance leases in 2024/25 was £0.603m (2023/24: £0.220m)

Operating Leases

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 operating lease disclosures shown relate to low value assets (below £6,000) and leases that have less than 12 months to run. 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.

Rentals paid under operating leases are charged to CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease). The amount paid under these arrangements in 2024/25 was £0.248 million (2023/24: £0.554 million).

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

Minimum Lease Payments 2023/24 £000s	Operating Leases	Minimum Lease Payments 2024/25 £000s
336	Not Later Than One Year	207
539	Later Than One Year and Not Later Than Five Years	257
1,054	Later Than Five Years	28
1,929	**Total**	**492**

Council as Lessor

Operating Leases

Under IFRS 16, lessor the accounting treatment is effectively unchanged with leases classified as either operating or finance. Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is recognised in the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

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

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

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

Future Minimum Lease Payments Receivable 31 March 2024 £000s	Council as Lessor	Future Minimum Lease Payments Receivable 31 March 2025 £000s
(1,219)	Not Later Than One Year	(1,427)
(3,279)	Later Than One Year and Not Later Than Five Years	(3,541)
(31,738)	Later Than Five Years	(33,611)
(36,236)	**Total**	**(38,579)**

Note 20 Private Finance Initiatives and Similar Contracts

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

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

16 in financial year 2024/25, the lease liability outstanding at 31 March 2024 was remeasured based on the future contractual payments. In line with IFRS 16 requirements the lease liability was also remeasured at 31 March 2025. The lease will continue to remeasured at 31 March annually. The remeasurements increased the outstanding lease amount due to cashflows being higher for future years than at original recognition, once prior year inflation is recognised. The remeasurement amounts are included in the table in the outstanding liability to the contractor section of this note.

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

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

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

During 2002/03 the Council entered into a 32 year partnership with Innovate East Lothian Ltd for the provision and facility management of schools and other facilities. No further rectification of structural issues (RAAC) was required during 2024/25 for PFI assets.

The assets used to provide services are recognised on the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the PPE balance in Note 141.

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

Change to the Accounting Basis for Service Concession Arrangements

Following the issue of local government Finance Circular 10/2022 on 6 September 2022, the temporary flexibility permitted for service concessions was considered and approved by East Lothian Council on 28 February 2023, with an effective application date of 1 April 2023.
The temporary flexibility permits a change in the statutory charges against the General Fund for service concession arrangements entered in to prior to 1 April 2022 and changes the profile of PPP statutory debt repayment charges to the asset life rather than the contract life. All of East Lothian Council's service concessions were entered into prior to 1 April 2022 and the permitted retrospective application has been used in recalculating the statutory debt repayment profile for the six secondary schools, a swimming pool and a community centre that form the assets that are part of service concession arrangements.

Flow of Benefits from the Assets

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

Accounting Treatment – Financial Year 2024/25 Onwards

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

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

Payments remaining to be made under the PFI contract at 31 March 2025 are as follows:

Private Finance Initiatives and Similar Contracts as at 31 March 2025	Payment for Services £000s	Principal Repayments £000s	Interest £000s	Total £000s
Payable in 2025/26	7,680	2,020	2,091	**11,791**
Payable Within 2-5 Years	29,884	9,315	7,015	**46,214**
Payable Within 6-10 Years	30,220	20,378	4,114	**54,712**
Payable Within 11-15 Years	-	-	-	**-**
Payable Within 16-20 Years	-	-	-	**-**
Total	**67,784**	**31,713**	**13,220**	**112,717**

Outstanding Liability to the Contractor

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

31 March 2024 £000s	Outstanding Liability to the Contractor	31 March 2025 £000s
(31,507)	Balance at Start of Year	(30,047)
-	IFRS16 Lease Remeasurement at 1/4/24	(2,389)
-	IFRS16 Lease Remeasurement at 31/3/25	(876)
1,460	Payments	1,599
(30,047)	**Balance Outstanding at Year End**	**(31,713)**

Note 21 Capital Expenditure and Capital Financing

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

31 March 2024 £000s	Capital Expenditure and Capital Financing	31 March 2025 £000s
567,654	**Opening Capital Financing Requirement**	**625,043**
	Capital Investment	
93,849	Property, Plant and Equipment	128,613
-	Right of Use Assets	7,381
99	Intangible Assets	127
-	Revenue Expenditure Funded through Capital	-
	Sources of finance	
(2,364)	Capital receipts	(9,133)
(275)	Loan Repayment Received (ELHA)	(285)
(27,290)	Government grants	(42,694)
(8,673)	Other Contributions	(8,879)
(1,957)	Direct Revenue Contributions	(2,211)
409	Direct Revenue Contributions PPP Adjust	439
-	Grants (Revenue Expenditure Funded through Capital)	-
(10,602)	Statutory Repayment of Debt	(15,540)
14,193	PPP - Flexibility	-
625,043	**Closing Capital Financing Requirement**	**682,861**

Note 22 Impairment and Revaluation Losses Charged to SDPS

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

Net revaluation losses charged to SDPS, as stated in Note 14, were £Nil in 2024/25 (2023/24: £67.702 million) due to the full revaluations for Operational and Non Operational assets being unavailable for the unaudited accounts. These will be adjusted in the final audited accounts.

During 2024/25, specific impairment losses of £84,093 (2023/24: £3.897 million), as stated in Note 14, were recognised in the Surplus or Deficit on the Provision of Services (SDPS). This related to a number of properties impaired due to damage or shortened asset lives.

Note 23 Long Term Investments

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

31 March 2024 £000s	Long Term Investments	31 March 2025 £000s	Details
4,812	Lothian Buses plc	4,505	East Lothian Council holds 200,000 ordinary shares representing 3.1% of the share capital.
211	East Lothian Investments Limited	250	The Council's interest, estimated as 40% was inherited from the former Lothian Investments Board. No dividends are received.
638	East Lothian Land	611	Set up in 2000 for the purpose of managing land to support economic development. The Council is the sole shareholder. No dividends are received.
-	Racecourse Media Group (RMG)	-	Membership arises as part of the management of media rights in relation to Musselburgh racecourse. If the media management arrangements cease the Council has to surrender the shareholding. Consequently no market value is anticipated for the holding.
5,661	**Total**	**5,366**	

In the Council's group accounts East Lothian Land is treated as a subsidiary and East Lothian Investments is treated as an associate. They are carried at fair value reflecting the potential for adverse changes which would affect the historic cost of the initial investments. Other group entities have insignificant historic cost investment values and are treated as carried at historic cost, since no significant impairment of the historic cost of the impairment is possible. The Council's share of the net assets of joint ventures and associates is presented in the group accounts. Lothian Buses is not part of the Council's group and is therefore carried at fair value to fully reflect the Council's interest in the organisation at the balance sheet date.

Note 24 Long Term Debtors

In addition to short term debt, the Council is owed money by a small number of people and organisations that will be repaid over a period greater than one year, which is summarised below:

31 March 2024 £000s	Long Term Debtors	31 March 2025 £000s	Purpose
399	Private property owners - Common Repairs	374	Repairs to private property funded by secured ELC loans
1	Employees - Car/Other Loans	1	Loans to employees repaid over 3-5 years
7,629	East Lothian Housing Association	7,333	Loans secured on land and houses
(55)	Expected Credit Loss ELHA	(31)	Lifetime expected credit loss on East Lothian Housing Association loan above
33	Long Term VAT Debtor	19	VAT not immediately reclaimable
9	Other	9	Loans secured on houses
8,016	**Total**	**7,705**	

Note 25 Inventories

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

31 March 2024 £000s	Inventories	31 March 2025 £000s
906	Stocks to be consumed in service provision	853
906	**Total**	**853**

Note 26 Short Term Debtors

A debtor is an amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of the accounting period. The amount owed to the Council as at 31 March 2025 is presented in the table. Based on past experience and our assessment of collection risks, we have made provision against non-payment of these debts, which reduces the reported value of the debtors.

31 March 2024 £000s	Short Term Debtors	31 March 2025 £000s
8,436	Central Government bodies	11,134
1,090	Other local authorities	533
2,395	NHS bodies	843
0	Public corporations and trading funds	-
7,806	Trade and other receivables	15,553
2,548	HRA rents	2,331
14,877	Taxpayers - Council Tax	17,900
1,682	Prepayments	930
38,834	**Total**	**49,224**

31 March 2024 £000s	Short Term Debtors Provision Against Non-Payment	31 March 2025 £000s
(3,524)	Other Receivables	(3,157)
(1,693)	Tenants - Council House Rents	(1,676)
(11,968)	Taxpayers - Council Tax	(12,963)
(17,185)	**Total**	**(17,796)**

21,649	**Short Term Debtors Total**	**31,428**

Note 27 Financial Instruments

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

31 March 2024						Financial Instruments	31 March 2025					
£000s		£000s	£000s	£000s	£000s		£000s		£000s	£000s	£000s	£000s
Cash & Cash Equivalents	Investments	Debtors	Investments	Debtors	Total	Financial Assets and Other Debtors	Cash & Cash Equivalents	Investments	Debtors	Investments	Debtors	Total
Short Term			Long Term				Short Term			Long Term		
13,201	-	17,015	-	7,982	**38,198**	Held at Amortised Cost	15,547	5,053	22,922	-	7,686	**51,208**
-		-	5,661	-	**5,661**	Designated Equity Instruments held at Fair Value Through Other Comprehensive Income (FVOCI)	-	-	-	5,366	-	**5,366**
-		4,634	-	32	**4,666**	Other Debtors (Not Financial Assets)	-		8,506	-	19	**8,525**
13,201	**-**	**21,649**	**5,661**	**8,014**	**48,525**	**Total Financial Assets and Other Debtors**	**15,547**	**5,053**	**31,428**	**5,366**	**7,705**	**65,099**

Borrowings	Creditors	Borrowings	Creditors	Total	Financial Liabilities	Borrowings	Creditors	Borrowings	Creditors	Total
Short Term		Long Term				Short Term		Long Term		
(15,491)	(29,585)	(482,113)	(24,754)	**(551,943)**	Held at Amortised Cost	(18,152)	(31,504)	(545,419)	(29,780)	**(624,855)**
-	(31,543)	-	(42,164)	**(73,707)**	Non-Financial Instruments	-	(31,081)	-	(45,049)	**(76,130)**
(15,491)	**(61,128)**	**(482,113)**	**(66,918)**	**(625,650)**	**Total Financial Liabilities**	**(18,152)**	**(62,585)**	**(545,419)**	**(74,829)**	**(700,985)**

Loans and Receivables

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to either the relevant service for receivables specific to that service, or the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

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

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

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

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

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

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

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

Financial Instruments Gains and Losses

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

2023/24			2024/25	
Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Financial Instruments Income, Expenses, Gains & Losses	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
£000s	£000s		£000s	£000s
		Net Gains/Losses on:		
-	(789)	Investments in Equity Instruments designated at FVOCI	-	295
505	-	Financial Assets carried at Amortised Cost: Impairment Allowance	79	-
505	**(789)**	**Total Net Gains/Losses**	**79**	**295**
		Interest Revenue:		
(1,534)	-	Financial Assets measured at Amortised Cost	(1,614)	-
-	(100)	Other Financial Assets measured at FVOCI	-	-
(1,534)	**(100)**	**Total Interest Revenue**	**(1,614)**	**-**
18,959	**-**	**Interest Expense**	**21,506**	**-**
26	**-**	**Fee Expense**	**28**	**-**

Financial Liabilities and Financial Assets – Fair Value

As at 31 March 2025, the Council held £56.574 million (2023/24: £43.859 million) financial assets and £657.139 million (2023/24: £582.63million) financial liabilities. The financial liabilities are held with PWLB, PFI and Market lenders. All of these borrowings were not quoted on an active market and a market valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the Balance Sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses New Borrowing Rates to discount the future cash flows.

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

31 March 2024			31 March 2025	
Carrying Amount	Fair Value	Financial Liabilities	Carrying Amount	Fair Value at Level 2
£000s	£000s		£000s	£000s
(467,247)	(400,594)	PWLB Debt	(533,235)	(403,483)

(30,357)	(24,582)	Non-PWLB Debt	(30,335)	(21,503)
(29,584)	(29,584)	Short Term Creditors	(31,504)	(31,504)
(1,583)	(1,583)	Short Term Finance Lease Liability	(2,091)	(2,091)
(24,754)	(24,754)	Long Term Creditors	(29,781)	(29,781)
(29,105)	(29,105)	Long Term Finance Lease Liability	(30,193)	(30,193)
(582,630)	**(510,202)**	**Total Liabilities**	**(657,139)**	**(518,555)**

31 March 2024			31 March 2025	
Carrying Amount	Fair Value	Financial Assets	Carrying Amount	Fair Value at Level 2
£000s	£000s		£000s	£000s
13,201	13,201	Cash & Cash Equivalents (Short term Investments)	20,600	20,600
5,661	5,661	Long Term Investments	5,366	5,366
17,015	17,015	Short Term Debtors	22,922	22,922
7,982	7,982	Long Term Debtors	7,686	7,686
43,859	**43,859**	**Total Assets**	**56,574**	**56,574**

The fair value of the liabilities is less than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans, where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders below current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £403.483 million measures the economic effect of the terms agreed with the PWLB, compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value, measures the lower value of interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

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

Key risks

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas such as interest rate risk, credit risk and the investment of surplus cash).

Expected Credit Losses / Credit Risk

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

31 March 2024				31 March 2025		
12 Month	Lifetime	Lifetime	Expected Credit Loss (ECL)	12 Month	Lifetime	Lifetime
ELHA	ELHA	Sundry Accounts		ELHA	ELHA	Sundry Accounts
£000s	£000s	£000s		£000s	£000s	£000s
-	66	2,235	Opening Balance	-	56	2,119
-	(10)	(116)	Changes in Models/Risk Parameters	-	(25)	(268)
-	**56**	**2,119**	**Closing Balance**	**-**	**31**	**1,851**

During the year the authority wrote off financial assets with a contractual amount outstanding of £0.372 million (£0.129 million in 2023/24).

The Expected Credit Loss (ECL) required under IFRS 9 was calculated for East Lothian Housing Association (ELHA) on a lifetime expected credit loss basis. This was based for ELHA on an 85% expectation of full collection, an 11% expectation of 99.98% collection (this rate was provided by a professional rating agency) and a 4% expectation of a 90% collection due to current economic conditions of the carrying amount of £7.629 million.

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

31 March 2024 £000s	Credit Risk	31 March 2025 £000s
2,158	Less than one month (not past due date)	5,134
653	Between 1 and 3 months	567
557	Between 3 and 12 months	668
457	Between 1 and 2 years	510
782	Between 2 and 5 years	640
1,007	More than 5 years	1,074
5,614	**Total**	**8,593**

Market Risks

Price Risk

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

However, it does have interests with a carrying value of £5.366 million (2023/24: £5.661million) in a number of bodies. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in their carrying value. Where the historic cost of the interest could result in a substantive impairment loss to the Council, or where the entity is not part of the Council's group, the interests are classified as Equity Instruments Designated as Fair Value through Other Comprehensive Income. Consequently movements in the carrying values will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for “open book” arrangements with the company concerned, so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

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

Foreign Exchange Risk

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

Interest Rate Risk

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

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

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council’s prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods, to secure better long term returns; similarly the drawing of longer term fixed rate borrowing would be postponed.

According to this assessment strategy, at 31 March 2025, if all interest rates had been 1% higher (with all other variables held constant) the financial effect is shown in the Interest Rate Risk table.

31 March 2024 £000s	Interest Rate Risk	31 March 2025 £000s
359	Increase in Interest Payable on Variable Rate Borrowings	341
(99)	Increase in Interest Receivable on Variable Rate Borrowings	(343)
260	**Impact on Surplus or Deficit on the Provision of Services**	**(2)**
116	Share of overall impact debited to the HRA	(1)
79,069	*Decrease in Fair Value of Fixed Rate Borrowings Liabilities	34,061

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

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

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice; this seeks to ensure that cash is available when needed.

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

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

Refinancing and Maturity Risk

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

Actual 31 March 2024 £000s	Refinancing and Maturity Risk	Approved Minimum Limits	Approved Maximum Limits	Approved Maximum Limits 2024/25 £000s	Actual 31 March 2025 £000s
22,828	Less than 1 year	0%	20%	113,923	25,329
5,723	Between 1 and 2 years	0%	30%	170,885	39,623
55,697	Between 2 and 5 years	0%	40%	227,847	105,898
100,755	Between 5 and 10 years	0%	40%	227,847	89,963
39,501	Between 10 and 20 years	0%	75%	427,213	29,506
37,902	Between 20 and 30 years	0%	75%	427,213	54,902
93,396	Between 30 and 40 years	0%	75%	427,213	81,396
148,000	Over 40 years	0%	75%	427,213	143,000
503,802	**Total**				**569,617**

Note 28 Short Term Creditors

A creditor is an amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period. The amounts owed by the Council as at 31 March 2025 were:

31 March 2024 £000s	Short Term Creditors	31 March 2025 £000s
(11,426)	Central government bodies	(9,149)
(3,106)	Other local authorities	(2,834)
(516)	NHS bodies	(257)
(1)	Public corporations	-
(20,277)	Trade and Other Payables	(24,306)
(2,452)	Income in Advance	(2,707)
(7,080)	Other Employee Costs	(7,125)
(10,152)	Other Related Parties	(10,334)
(1,583)	PPP & Finance Leases	(3,972)
(56,593)	**Total**	**(60,684)**

Note 29 Provisions, Contingent Liabilities and Contingent Assets

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

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

Opening Balance at 1 April 2023 £000s	Provisions Made in 2023/24 £000s	Provisions Reversed in 2023/24 £000s	Provisions Used in 2023/24 £000s	Provisions Transfers between short & long term in 2023/24 £000s	Closing Balance at 31 March 2024 £000s	Provision	Opening Balance at 1 April 2024 £000s	Provisions Made in 2024/25 £000s	Provisions Reversed in 2024/25 £000s	Provisions Used in 2024/25 £000s	Provisions Transfers between short & long term in 2024/25 £000s	Closing Balance at 31 March 2025 £000s
-	-	-	-	-	-	Municipal Mutual	-	-	-	-	-	-
(993)	(242)	-	-	-	(1,235)	Other	(1,235)	(110)	967	-	-	(378)
(993)	**(242)**	**-**	**-**	**-**	**(1,235)**	**Current Provisions**	**(1,235)**	**(110)**	**967**	**-**	**-**	**(378)**
(168)	(50)	-	-	-	(218)	Municipal Mutual	(218)	-	50	-	-	(168)
-	-	-	-	-	-	Other	-	-	-	-	-	-
(168)	**(50)**	**-**	**-**	**-**	**(218)**	**Non-Current Provisions**	**(218)**	**-**	**50**	**-**	**-**	**(168)**
(1,161)	**(292)**	**-**	**-**	**-**	**(1,453)**	**Total Provisions**	**(1,453)**	**(110)**	**1,017**	**-**	**-**	**(546)**

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

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

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

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

Municipal Mutual

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

Other Provisions

At 31 March 2025 'other provisions' includes estimated allowances for:

- An estimated obligation relating to lease dilapidation commitments arising from the cessation of the lease and occupation of 1-16 Old Course Gate in March 2025. The final value of these costs is still to be determined.

- Potential settlements, in excess of any insurance cover, related to two historic child abuse claims. Other claims are treated as a contingent liability (see below).

- An estimated settlement relating to employment tribunal cases lodged by the GMB union relating to 10 claimants. This excludes further potential settlements which may be required relating to the Harpur versus Brazel determination on holiday pay, which is treated as a contingent liability (see below).

Due to the ongoing nature of the issues above it is not appropriate to include further details on these matters. The determination of any settlement amounts is anticipated to occur during 2024/25.

Contingent Liability -Historic Child Abuse Claims

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

Contingent Liability - Common Good Assets Judicial Review

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

Contingent Liability - Reinforced Autoclaved Aerated Concrete (RAAC)

Survey works confirmed the presence of RAAC in Brunton Hall, which is leased from the Musselburgh Common Good fund, with substantial areas of the building's roof being affected. An impairment charge reflecting the loss of space capacity was made in 2022/23 as well as recognition of a contingent liability for rectification work. On 29 October 2024 the Council considered a report which recommended decommissioning of the building, after relocating the services still using the facility, and a public consultation on potential demolition. To reflect the expected reduction in the future use of the building a further impairment charge was made in 2023/24. Consequently the Council has not recognised a provision for rectification work.

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

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

Note 30 Long Term Liabilities

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

31 March 2024 £000s	Other Long Term Liabilities	31 March 2025 £000s	Description of Liability
(24,754)	Deferred Liabilities - Developers Contributions	(29,781)	These amounts represent the payments received from developers and are linked to future capital spending. Funding is retained until project is completed.
(339)	Deferred Liabilities - Rental Income in Advance	(335)	Income to be released over the lease period.
(699)	Other	(309)	Other long term commitments including lifetime replacement of 3G pitches and tennis courts, and reimbursement of coastal protection works undertaken by a third party.
(29,103)	PPP and Finance Lease Liabilities	(34,152)	This amount represents the outstanding obligations that the council has in relation to finance and PFI leases. More details are provided in Notes 16 and 17.
(54,895)	**Total Long Term Liabilities**	**(64,577)**	

Note 31 Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered by the Lothian Pension Fund operated by the City of Edinburgh Council – this is a funded defined benefit career average revalued earning (CARE) scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, no investment assets are built up to meet these pension liabilities and cash has to be generated to meet actual payments as they fall due.

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

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

Discretionary Post-Retirement Benefits

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

Transactions relating to retirement benefits

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

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

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

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

Effects of Recent Court Cases

- Goodwin - An employment tribunal case (Goodwin v Department for Education) has also established a requirement that UK LGPS funds should pay equal survivor benefits between same and opposite sex widowers. The remedy is still uncertain however actuarial advice is that the impact may be to increase pension liabilities by approximately 0.1% to 0.2%. On this basis actuarial advice is that a specific adjustment is neither necessary or appropriate due to the low impact they perceive this would have.

- Other Court Cases – other court cases that may impact future LGPS benefits are Walker and O'Brien. The actuarial assessment is that these are unlikely to be significant judgements. No allowance has been made until further information is available.

31 March 2024 £000s	Defined Benefit Pension Schemes	31 March 2025 £000s
	Comprehensive Income and Expenditure Statement	
	Cost of Service Comprising:	
21,524	Current Service Cost	22,544
142	Past Service Costs (Including Curtailments)	171
	Financing and Investment Income and Expenditure	
968	Net Interest Expense	648
22,634	Total Post Employment Benefit Charged to the Surplus or Deficit	**23,363**
	Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the Net Defined Benefit Liability Comprising:	
(10,737)	Return on Plan Assets (Excluding the Amount Included in the Net Interest Expense)	16,686
(22,777)	Actuarial Gains and Losses Arising on Changes in Financial Assumptions	(104,591)
(11,110)	Actuarial Gains and Losses Arising on Changes in Demographic Assumptions	(1,113)
(204,537)	Elimination of Prior Year Asset Ceiling and Interest Effect	(180,687)
172,411	Application of Asset Ceiling in Current Year	270,984
67,930	Other Remeasurement Experiences	(6,830)
(8,820)	Post-Employment Benefits Charged (Credited) to Other Comprehensive Income and Expenditure	**(5,551)**
13,814	**Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement**	**17,812**
	Movement in Reserves Statement (Revised Presentation)	
(22,634)	Reversal of Net Charges Made to the Surplus or Deficit on the Provision of Services for Post-Employment Benefits in Accordance with the Code.	(23,363)
23,832	Actual Amount Charged Against the General Fund Balance for Pensions in the Year (Total Employer Contributions)	19,532
1,198	**Net Statutory Adjustment in the Movement in Reserves Statement**	**(3,831)**

Statutory Charge to the General Fund/HRA

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

We recognise the cost of retirement benefits in the reported cost of services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the MiRS. The Defined Benefit Pension Schemes table shows transactions have been made in the CIES and the General Fund Balance via the MiRS during the year.

Lothian Pension Fund –Asset Ceiling

The Council's actuarial advisers have estimated that the Council's attributable share of the Lothian Pension Fund (Local Government Pension Scheme) assets exceed the Council's estimated pension funded liabilities. The Council has assessed that, given the legislative obligations and framework for the Council's ongoing participation in the LGPS, the Council has no unconditional right to a refund of the surplus assets of the scheme. Therefore an 'asset ceiling' has been applied and reflected in Other Comprehensive Income and Expenditure. Consequently, only the unfunded pension liability is recognised on the balance sheet.

Pension assets and liabilities recognised in the Balance Sheet

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

31 March 2024 £000s	Pension Assets and Liabilities Recognised in the Balance Sheet	31 March 2025 £000s
	Pension Assets and Liabilities Recognised in the Balance Sheet	
(659,705)	Present Value of the Defined Benefit Obligation	(583,791)
820,311	Fair Value of Plan Assets	844,690
(172,411)	Asset Ceiling Cap	(270,984)
(11,805)	**Net (Liability) Asset Arising from Defined Benefit Obligation**	**(10,085)**

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

The opening balance, as at 1 April 2023, for the prior year column has been restated. This is due to an error in the presentation of the impact of employer secondary contribution rate adjustments in the prior year.

31 March 2024 Restated £000s	Reconciliation of the Movements in the Fair Value of the Scheme Assets	31 March 2025 £000s
586,140	**Opening Fair Value of Scheme Assets**	647,900
37,286	Interest Income	39,387
-	Remeasurement Gain/(Loss):	-
10,737	Return on Plan Assets, Excluding the Amount Included in the Net Interest Expense	(16,686)
(9,275)	Interest on the effect of the prior year asset ceiling	(8,276)
23,832	Contributions from Employer	19,532
5,936	Contributions from Employees into the Scheme	6,145
(25,902)	Benefits Paid	(23,999)
(12,980)	Other Experience	-
204,537	Elimination of Prior Year Asset Ceiling Cap	180,687
(172,411)	Asset Ceiling Cap Applied at 31 March	(270,984)
647,900	**Closing Fair Value of Scheme Assets**	**573,706**

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

2023/24 £000s	Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2024/25 £000s
(607,963)	Opening Balance at 1 April	(659,705)
(21,524)	Current Service Cost	(22,544)
(28,979)	Interest Cost	(31,759)
(5,936)	Contributions from Scheme participants	(6,145)
	Remeasurement (Gains) and Losses:	
22,777	Actuarial (Gains)/Losses Arising from Changes in Financial Assumptions	104,591
11,110	Actuarial (Gains)/Losses Arising from Changes in Demographic Assumptions	1,113
(54,950)	Other	6,830
(142)	Past Service Cost	(171)
25,902	Benefits Paid	23,999
(659,705)	**Closing Balance at 31 March**	**(583,791)**

The maturity profile of the scheme liabilities is as follows:

Maturity Profile of Defined Benefit Obligation	Liability Split £000s	Liability Split %
Active Members	278,155	48.5%
Deferred Members	56,953	9.9%
Pensioner Members	238,598	41.6%
Total for Funded Obligations	**573,706**	**100.0%**
Unfunded Pensioner Liabilities	(10,085)	
Total Pension Liability	**563,621**	

Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. The liabilities for the Lothian Pension Fund at 31 March 2025 have been assessed by rolling forward the value of the liability calculated at the latest formal valuation date (31 March 2023), allowing for the different financial assumptions required under the Accounting Standard at the reporting date.

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

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

Male 2023/24	Female 2023/24	Mortality Assumptions Longevity at Age 65	Male 2024/25	Female 2024/25
20.3	23.2	Current Pensioners	20.2	23.1
21.2	24.9	Future Pensioners	21.1	24.9

2023/24	Rate of Inflation	2024/25
3.5%	Rate of Increase in Salaries	3.5%
2.8%	Rate of Increase in Pensions	2.8%
4.8%	Rate for Discounting Scheme Liabilities	5.8%

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

Impact on the Defined Benefit Obligation in the Scheme Actuarial Assumptions Sensitivity Analysis	Approximate % Increase to Defined Benefit Obligation %	Approximate Monetary Amount £000s
0.1% decrease in Real Discount Rate	2%	10,011
1 year increase in member life expectancy	4%	23,352
0.1% increase in the Salary Increase Rate	0%	665
0.1% increase in the Pension Increase Rate	2%	9,614

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

31 March 2024 £000s	Scheme Assets Fair Value	31 March 2025 £000s
623,278	Quoted Prices in Active Markets	651,946
197,033	Quoted Prices not in Active Markets	192,744
820,311	**Total**	**844,690**

Impact on Council’s Cash Flows

Due to the external financial environment, there has been a significant movement in the valuation of the pension balance. As at 31 March 2025 the actuarial assessment is that the Council’s pension assets exceed the estimated funded pension liabilities. As noted above the Council has applied an ‘asset ceiling’ accounting treatment and therefore an unfunded pension liability is recognised. Statutory arrangements for funding the Lothian Pension Fund LGPS however mean that the Council expects to continue to make employer contributions in future years, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2026 is £18.201 million.

Pension schemes accounted for as defined contribution schemes

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

The scheme is a defined benefit scheme. Although the scheme is unfunded, the STPS uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. This means it is not possible to identify the extent to which a surplus or deficit in the scheme may affect the amount of future contributions. For the purposes of the Annual Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25, the Council paid £14.479 million (2023/24: £12.442 million) to the Scottish Teachers Superannuation Scheme in respect of teachers' retirement benefits, representing 26% of pensionable pay (2023/24: 23%). The estimated contribution for 2025/26 is £14.913 million based on estimated pay increases and an employer’s contribution rate of 26%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement, outside of the terms of the STPS. In 2024/25, the Council paid £0.485 million (2023/24: £0.470 million) to teachers' pensions in respect of these retirement benefits.

Ex-Gratia Scheme

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

In 2024/25, the Council paid £0.053 million (2023/24: £0.051 million) to individuals. The estimated value of future liabilities based on actuarial mortality estimates is £0.199 million.

Note 32 Usable Reserves

Usable Reserve	General Fund £000s	Capital Grants Unapplied £000s	Capital Fund £000s	Insurance Fund £000s	Housing Revenue Account £000s	Total £000s
Balance at 31 March 2024	(34,169)	(3,106)	(14,013)	(2,684)	(1,535)	(55,507)
(Surplus) / Deficit on Provision of Service	(3,902)	-	-	-	3,899	(3)
Depreciation charged to Revaluation Reserve	(24,330)	-	-	-	(4,262)	(28,592)
Adjustments Between Accounting and Funding Basis	26,273	(2,792)	7,409	-	(118)	30,772
Transfers Between Reserves	-	-	-	-	-	-
Balance at 31 March 2025	**(36,128)**	**(5,898)**	**(6,604)**	**(2,684)**	**(2,016)**	**(53,330)**

General Fund Balance

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

Capital Grants Unapplied Account

Capital contributions, where the Council has met the conditions of the contribution but has not yet applied the funding, were recognised in the year. The contributions of £2.792 million (2023/24: £3.106 million) predominantly relate to contributions for work on the A1 Junction.

Capital Fund

The Council has statutory powers to hold a Capital Fund to meet future capital investment costs, either reducing loans fund advances or to fund the principal repayments of the loans fund. Some £1.874 million of the balance at 31 March 2025 (31 March 2024: £1.869 million) relates to the Housing Revenue Account (HRA) to be used for the benefit of HRA tenants.

Insurance Fund

The Insurance Fund is used where the authority could insure against a risk but has chosen not to do so, defraying any loss or damage suffered or expenses incurred by the authority as a consequence of that risk. It can also be used to pay premiums on a policy to insure against a risk. The Council determined that no transfers to or from the Insurance Fund were required in 2024/25 (2023/24: Nil).

Housing Revenue Account

The Housing Revenue Account reflects a statutory obligation to maintain a revenue account for local authority housing provision in line with the Housing (Scotland) Act 1987. It contains the balance of income and expenditure as defined by the 1987 Act that is available to fund future expenditure in connection with the Council's landlord function.

Note 33 Earmarked Elements of the General Fund

The amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25 are:

Balance at 1 April 2023	Transfers Out	Transfers In	Balance at 31 March 2024	Council Earmarked Balance	Balance at 1 April 2024	Transfers Out	Transfers In	Balance at 31 March 2025
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
(5,826)	1,042	(13,741)	(18,525)	Transformation Fund	(18,525)	1,486		(17,039)
(2,253)	428		(1,825)	Other Ring-fenced Funds	(1,825)		(101)	(1,926)
(1,463)		(161)	(1,624)	Statutory Earmarking of Council Tax Income for Affordable Housing	(1,624)		(756)	(2,380)
-		(1,292)	(1,292)	SFT Earmarked Reserve (Rosehill Campus, Wallyford)	(1,292)		(1,722)	(3,014)
(1,148)			(1,148)	Devolved School Management Balances	(1,148)		-	(1,148)
(8,524)	9,727	(2,315)	(1,112)	Committed for Future Budgets	(1,112)	1,112		-
-		(1,043)	(1,043)	Service Concession (PPP) Reserve (support for deferred charge)	(1,043)		(1,073)	(2,116)
-			-	COVID-19 Funding	-			-
-			-	Cost Reduction Fund	-			-
-			-	General Services Capital	-			-
-			-	Civil Emergency Fund	-			-
-			-	Other Balances	-			-
-			-	Mid and East Lothian Drugs & Alcohol Project	-			-
(19,214)	**11,197**	**(18,552)**	**(26,569)**	**Total Earmarked Balances**	**(26,569)**	**2,598**	**(3,652)**	**(27,623)**
			(7,600)	**Uncommitted General Fund (General Services) Balance**				**(8,506)**
			(34,169)	**Total General Fund (General Services) Balance**				**(36,129)**

Note 34 Unusable Reserves

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

31 March 2024 £000s	Unusable Reserve	31 March 2025 £000s
(406,635)	Revaluation Reserve	(376,168)
11,805	Pensions Reserve	10,085
6,484	Employee Statutory Adjustment Account	6,733
(268,489)	Capital Adjustment Account	(304,409)
(4,662)	Financial Instruments Revaluation Reserve	(4,367)
1,922	Financial Instruments Adjustment Account	1,658
(659,575)	**Total**	**(666,468)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its PPE. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of, or de-recognised, and the gains are realised.

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

31 March 2024 £000s	Revaluation Reserve	31 March 2025 £000s
(359,259)	**Balance at 1 April**	**(406,635)**
(85,690)	Upward Revaluation of Assets	-
18,083	Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provision of Services	544
(67,607)	Surplus of Deficit on Revaluation of Non-Current Assets not Posted to the Surplus or Deficit on the Provision of Services	544
19,727	Depreciation charged to the Revaluation Reserve	28,593
504	Accumulated Gains on Assets Sold or Scrapped	1,330
-	Deregcognition of Assets	-
-	Assets Transferred to Common Good	-
(406,635)	**Balance at 31 March**	**(376,168)**

Pensions Reserve

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

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

As at 31 March 2025 the actuarial assessment is that the Council's pension assets exceed the estimated funded pension liabilities. The Council has assessed that, given the legislative obligations and framework for the LGPS an asset ceiling limit should be applied for funded pensions. The net liability remaining reflects the Council's unfunded pension liability.

31 March 2024 £000s	Pension Reserve	31 March 2025 £000s
21,823	**Balance at 1 April**	**11,805**
(181,231)	Actuarial Gains or Losses on Pensions Assets and Liabilities	(276,535)
172,411	Application of Asset Ceiling Cap	270,984
22,634	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the CIES	23,363
(23,832)	Employer's Pension Contributions and Direct Payments to Pensioners Payable in the Year	(19,532)
11,805	**Balance at 31 March**	**10,085**

Employee Statutory Adjustment Account

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

31 March 2024 £000s	Employee Statutory Adjustment Account	31 March 2025 £000s
5,422	**Balance at 1 April**	**6,484**
(5,422)	Settlement or Cancellation of Accrual Made at End of the Preceding Year	(6,484)
6,484	Amount Accrued at the End of the Current Year	6,733
1,062	Amount by Which Employee Remuneration Charged to the CIES on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance with Statutory Requirements	249
6,484	**Balance at 31 March**	**6,733**

Capital Adjustment Account

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

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

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

31 March 2024 £000s	Capital Adjustment Account	31 March 2025 £000s
(340,119)	**Balance at 1 April**	**(268,489)**
	Opening Balance Adjustment	(2)
(340,119)	**Restated Balance at 1 April**	**(268,491)**
33,246	Depreciation charged to the Capital Adjustment Account	41,984
307	Intangible asset amortisation charged to the Capital Adjustment Account	318
70,161	Revaluation Gains / Losses on Property, Plant and Equipment	-
(10)	Charges for expected credit loss of Non-Current financial assets funded as capital expenditure	(25)
3,897	Impairment Losses on Property, Plant and Equipment	84
313	Assets Written Off on Disposal or Sale	(261)
107,914	Net Amounts Written Out of the Cost of Non-Current Assets Consumed in the Year	42,100
	Capital Financing applied in the year	
(2,364)	Capital Receipts Applied	(9,133)
(35,963)	Capital Grants and Contributions Credited to the CIES that Have Been Applied to Capital Financing	(51,573)
(10,602)	Statutory Provision for the Financing of Capital Investment Charged Against the General Fund and HRA Balances	(15,540)
14,193	PPP-Permitted Flexibilty Adjustment	-
(1,957)	Capital Expenditure Charged Against the General Fund and HRA Balances	(2,211)
409	PPP - Lifecycle Expenditure Charged Against the General Fund Balance Adjustment	439
(36,284)		(78,018)
(268,489)	**Balance at 31 March**	**(304,409)**

Financial Instruments Revaluation Reserve

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

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

31 March 2024 £000s	Financial Instruments Revaluation Reserve	31 March 2025 £000s
(3,873)	**Balance at 1 April**	**(4,662)**
(789)	Upward Revaluation of Investments	(39)
-	Downward Revaluation of Investments	334
(789)		295
(4,662)	**Balance at 31 March**	**(4,367)**

Financial Instruments Adjustment Account

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

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

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

31 March 2024 £000s	Financial Instruments Adjustment Account	31 March 2025 £000s
2,054	**Balance at 1 April**	**1,922**
123	Annual charge for effective interest rate adjustments related to historic stepped interest rate borrowing	(8)
(255)	Annual recharge of deferred premiums from the refinancing of debt	(256)
(132)	Amount by Which Finance Costs Charged to the CIES are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Provisions	(264)
1,922	**Balance at 31 March**	**1,658**

As at 31 March 2025 the balance of the account represented £0.512 million (2023/24: £0.767million) relating to historic deferred premiums, with two years remaining, arising from the early repayment of debt. The remaining £1.146 million (2023/24: £1.155 million) relates to the adjustment to interest charges for historic stepped interest rate borrowing.

Note 35 Capital Grant Receipts in Advance

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

31 March 2024 £000s	Capital Grants & Contributions Receipts in Advance	31 March 2025 £000s
(1,815)	Early Learning and Child Care	(173)
(232)	Accelerating Growth Projects	(908)
(746)	Town Centre Regeneration Fund	(219)
-	Prestongrange RCGF	(5)
(50)	Community Intervention funding	(75)
(162)	Roads contributions	(85)
(10)	Lottery funding	(16)
(103)	UK Shared Prosperity Fund	-
(182)	Visit Scotland	(42)
(3,300)	**Total**	**(1,523)**

Note 36 Grant Income

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

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

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

2023/24 £000s	Grant Income	2024/25 £000s
	Credited to Taxation & Non-Specific Grant Income	
(242,053)	Government grants	(290,304)
(16,796)	Non Government grants	(14,628)
(258,849)	**Total**	**(304,932)**

2023/24 £000s	Grant Income	2024/25 £000s
	Credited to Services	
(17,034)	Government Grant: Housing Benefit Subsidy	(16,458)
(12,702)	Government Grant & Contributions: NHS	(12,628)
(20,306)	Government Grant & Contributions: Other	(11,101)
(1,849)	Non-Government Grants & Contributions	(2,867)
(51,891)	**Total**	**(43,054)**

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

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

Note 37 Cash Flow Statement – Non-Cash Movements

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

Council 2023/24 £000s	Group 2023/24 £000s	Adjustment to Net Deficit on the Provision of Services for Non-Cash Movements	Council 2024/25 £000s	Group 2024/25 £000s
(53,280)	(53,515)	Depreciation and Amortisation	(70,895)	(71,334)
(3,897)	(3,897)	Impairments and Downward Valuations	(84)	(84)
(70,161)	(69,520)	Revaluation of Assets	-	708
-	68	Increase (Decrease) in fair value of investments	-	(30)
(819)	(819)	Carrying Amount of Non-Current Assets Held for Sale, Sold or Derecognised	(1,068)	(1,068)
(22,634)	(22,634)	Net Charges Made for Retirement Benefits in Accordance with IAS 19	(23,363)	(23,363)
23,832	23,832	Employer's Contributions Payable to the Lothian Pension Fund	19,532	19,532
(122)	(122)	Non Cash Interest Adjustment	8	8
-	(3,318)	Change in Associates SDPS - Non-Cash Movement	-	(2,291)
-	-	Investment income adjustment	-	-
(922)	(922)	Decrease (Increase) in interest charges accrued	(379)	(379)
(292)	(290)	Decrease (Increase) in Provisions	907	907
78	78	Increase (Decrease) in Inventories	(53)	(53)
11,717	11,707	Decrease (Increase) in Revenue Creditors	(1,866)	(8,752)
(10,445)	(9,783)	Increase (Decrease) in Revenue Debtors	9,608	9,144
(126,945)	**(129,135)**	**Total**	**(67,653)**	**(77,055)**

Note 38 Cash Flow Statement- Other Disclosures

Investing and Financing Activities

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

Council 2023/24 £000s	Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	Council 2024/25 £000s
35,963	Proceeds from Capital Grants	51,573
1,769	Proceeds from Sale of PPE, Assets Held for Sale and Other Non-Current Assets	1,722
37,732	**Total**	**53,295**

Analysis of Cash and Cash Equivalents

31 March 2024 £000s	Analysis of Cash and Cash Equivalents	31 March 2025 £000s
44	Cash Held by Officers	42
10,777	Held in Bank Accounts (Net)	15,244
2,379	Transactions in Transit to/From Bank Accounts (Net)	261
13,200	**Total Cash and Cash Equivalents Held by Council**	**15,547**
627	Cash at Bank and In Hand Held by Subsidiaries	762
13,827	**Total Cash and Cash Equivalents for Group**	**16,309**

Reconciliation of Liabilities Arising From Financing Activities

1 April 2023 £'000	Financing Cash Flows £'000	Non-Cash Flow: Interest Accrual Adjustments & ST/LT Reclassification £'000	31 March 2024 £'000	Reconciliation of Liabilities Related to Financing Activities	1 April 2024 £'000	Financing Cash Flows £'000	Non-Cash Flow: Interest Accrual Adjustments & ST/LT Reclassification £'000	31 March 2025 £'000
(430,243)	(52,287)	417	(482,113)	Long-term borrowing	(482,113)	(65,593)	2,287	(545,419)
(14,031)	-	(1,460)	(15,491)	Short-term Borrowing	(15,491)	-	(2,661)	(18,152)
(707)	68	-	(639)	Lease liablities	(639)	(5,359)	-	(5,998)
(31,507)	1,460	-	(30,047)	On Balance Sheet PFI liabilities	(30,047)	(1,666)	-	(31,713)
(476,488)	**(50,759)**	**(1,043)**	**(528,290)**	**Total liabilities from financing activities**	**(528,290)**	**(72,618)**	**(374)**	**(601,282)**

Note 39 Material Items of Income and Expense

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

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

2023/24 £000s	Council Material Items of Income and Expense	2024/25 £000s
53,280	Depreciation and Amortisation Charged on Assets	70,895
3,897	Impairments and Downward Valuations	84
17,072	Housing Benefit Paid	16,688
11,071	Unitary Charge/PPP Payments to Contractor	11,896

Note 40 Fair Value Hierarchy

Fair Value Measurement

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

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

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

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

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

Details of the authority's surplus assets and information about the fair value hierarchy as at 31 March 2025, are shown in the Fair Value Hierarchy table:

31 March 2024 Total Fair Value £000s	Council Fair Value Hierarchy	31 March 2025 Total Fair Value £000s
	Recurring fair value measurements at Level 2 for:	
5,661	Equity Instruments	5,366
7,915	Non-Financial Assets	9,591
13,576	**Total**	**14,957**

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

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

Note 41 Events after the Reporting Period

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

Specific Group Notes

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

The CIPFA Code of Practice requires that, where the Council has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

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

Note G1 Combining Entities

The extent of the Council's interest in these entities has been reviewed in determining those that should be consolidated and incorporated within the Group Accounts. Under accounting standards, the Council is required to fully consolidate the results of all subsidiary companies into the Group Accounts using the acquisition method of accounting. Associates and joint ventures have been accounted for using the equity method of accounting, where the original investment in the Council's accounts are adjusted for post-acquisition changes and the Council's share of surplus or deficits is recognised through the CIES. Where applicable, consolidation adjustments have been made to eliminate inter-group transactions.

Note G2 Associates and Joint Ventures

Associates and Joint Ventures	Percentage Share 2023/24	Percentage Share 2024/25	Carrying Value at 31 March 2025 £000s	Share of (Surplus) or Deficit 2024/25 £000s	Other CIES Items 2024/25 £000s
East Lothian Investments	40.00%	40.00%	250	(39)	-
Enjoy East Lothian Ltd	33.33%	33.33%	2,315	728	85
Brunton Theatre Trust	28.57%	22.22%	97	125	-
East Lothian IJB	50.00%	50.00%	733	1,440	-
Edinburgh Innovation Park Joint Venture Ltd	50.00%	50.00%	(68)	40	-
Lothian Valuation Joint Board	12.50%	12.50%	(17)	(3)	2,968
Total			**8,653**	**3,317**	**(2,489)**

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

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

East Lothian Investments Ltd

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

Enjoy East Lothian Ltd

Enjoy East Lothian Limited (Enjoy) was established to manage, under contract, sports and leisure facilities and services on behalf of East Lothian Council. The current contract between Enjoy and the Council runs until 30 September 2031. All of the facilities are owned by the Council, with the exception of Dunbar Leisure Pool, which is wholly owned by Enjoy. Four of the twelve directors are councillors of East Lothian Council.

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

Brunton Theatre Trust

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

East Lothian Integration Joint Board

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

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

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

During 2024/25 East Lothian Council contributed £69.046 million (2023/24: £63.809m), excluding NHS resource transfers, to the annual running costs. Expenditure was incurred, and income earned, by both partners during the financial year in providing services in accordance with the commissioning directions from the IJB. As at the Balance Sheet date the Council currently has a creditor balance with the IJB totalling £0.120 million (2023/24: creditor balance of £0.140 million).

Edinburgh Innovation Park Joint Board

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

Lothian Valuation Joint Board

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

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

The summarised financial information of the various associates and joint ventures for the financial year 2024/25 is presented below:

Associates/Joint Ventures 2024/25	Assets at the End of the Year £000s	Liabilities at the End of the Year £000s	Net Assets at the End of the Year £000s	Revenues During the Year £000s	(Surplus) or Deficit for the Year £000s
East Lothian Investments	687	(63)	624	(158)	(127)
Enjoy East Lothian Ltd	7,535	(591)	6,945	(7,242)	77
Brunton Theatre Trust	583	(144)	438	(852)	363
East Lothian IJB	1,466	-	1,466	(234,837)	2,877
Edinburgh Innovation Park Joint Venture Ltd	28,443	(28,580)	(137)	-	81
Lothian Valuation Joint Board	3,700	(3,834)	(134)	(7,222)	(10)
Total	**42,414**	**(33,212)**	**9,202**	**(250,311)**	**3,261**

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

Note G3 Subsidiaries

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

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

No subsidiaries have been excluded.

East Lothian Land Ltd

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

The accounts for the last period of trading to 31 March 2025 show net assets of £610,965 (31 March 2024: £627,597), and a loss before taxation of £16,632 (31 March 2024: loss of £15,769). The company retains all accumulated profits and losses. No dividend was received. The value of East Lothian Land is included within the Council accounts at the net asset value noted above.

Trust Funds and Common Goods

The Council acts as a majority or sole Trustee for 46 trusts, bequests and other funds as well as separate Common Good Funds. The net value of the Trusts included within the Group Accounts is £6.953 million (2023/24: £6.913 million). Although included as a subsidiary, the Council does not expect a dividend as a result of its involvement. The total value of the Common Good funds within the Group Accounts is £19.831 million (2023/24: £19.013 million). The annual accounts for the Common Good Funds and Trust Funds are included in the 'Other Accounts' section of these annual accounts.

East Lothian Mid-Market Homes LLP

The Limited Liability Partnership was established to manage new build properties in Dunbar, to be available for mid-market rent. East Lothian Council has 83% control of the partnership, with the Scottish Futures Trust also maintaining a 'minority interest' which is presented separately in the group accounts. The partnership leases housing from a third party and also purchases housing directly. It subsequently leases the dwellings to individuals at a mid-market rent, not as social housing provision. The partnership accounts to 31 March 2025 show net assets of £2.244 million (2023/24 £2.238 million), and comprehensive net income of £0.021 million (2023/24: £0.054 million).

Note G4 Financial Impact of Consolidation

The effect of inclusion of the associate and subsidiary companies on the Group Balance Sheet is to increase Net Assets and Reserves by £32.433 million (2023/24: £35.936 million). This is largely due to the value of Common Good and Trust Funds property and investment values, and the Council's share of the East Lothian Integration Joint Board's net assets.

Note G5 Non Material Interest

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

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

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

Note G6 Reconciliation of the Council Deficit to the Group Deficit

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

2023/24 £000s	Reconciliation of the Council Surplus / Deficit to the Group Surplus / Deficit	2024/25 £000s
81,278	Deficit for the Year on Authority Comprehensive Income & Expenditure Account	(4)
3,317	Associates	2,291
(951)	Subsidiaries	(162)
83,644	**(Surplus) / Deficit for the Year on the Group Income & Expenditure Account**	**2,125**

Financial Statements: Other accounts

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Housing Revenue Account

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

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

2023/24 £000s	Housing Revenue Account	2024/25 £000s
	Income	
(36,024)	Dwelling Rents	(39,255)
(684)	Non-Dwelling Rents	(731)
(269)	Non-Current Assets Revaluation Gains	-
(673)	Service Charges	(717)
(140)	Other Income	(208)
(37,790)	**Total Income**	**(40,911)**
	Expenditure	
11,606	Repairs and Maintenance	13,111
8,938	Supervision and Management	8,683
43,728	Depreciation, Impairment and Revaluation Losses of Non-Current Assets	15,900
117	Impairment of Debtors	187
2,873	Other Expenditure	3,157
67,262	**Total Expenditure**	**41,038**
29,472	**Net Expenditure of HRA Services as Included in the Whole Authority Comprehensive Income and Expenditure Statement**	**127**
442	HRA Services Share of Corporate and Democratic Core	442
-	HRA Share of Other Amounts Included in the Whole Authority Net Cost of Services but not Allocated to Specific Services	-
29,914	**Net Expenditure of HRA Services**	**569**
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement	
(66)	Losses on Sale of HRA Non-Current Assets	76
6,979	Interest Payable and Similar Charges	7,755
(208)	HRA Interest and Investment Income	(183)
22	Pensions Interest Cost and Expected Return on Pension Assets	15
(10,494)	Capital Grants and Contributions Receivable	(4,333)
26,147	**Deficit for the year on HRA Services**	**3,899**

Movement on the HRA Statement

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

2023/24 £000s	Movement on the HRA Statement	2024/25 £000s
(1,487)	Balance on the HRA at the End of the Previous Period	(1,535)
26,147	Deficit for the year on the HRA Income and Expenditure Statement	3,899
(4,011)	Depreciation charged to the Revaluation Reserve	(4,262)
(22,184)	Adjustments between Accounting Basis and Funding Basis under Legislative Framework	(119)
(48)	Net Decrease in the Balance before Transfer to or from Reserves	**(482)**
-	Adjustment for the Elimination of Internal Recharges	-
-	HRA Balance Transferred to General Services	-
(48)	Decrease in year on the HRA	**(482)**
(1,535)	**Balance on the HRA at the End of the Current Period**	**(2,017)**

Note to the Movement on the HRA Statement

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

2023/24 £000s	Note to the Movement on the HRA Statement	2024/25 £000s
(39,447)	Depreciation, Revaluation and Impairment of Fixed Assets	(11,638)
10,494	Capital Grant and Contributions Applied	4,334
66	(Loss) on sale of HRA Non-Current Assets	(76)
28	HRA share of contributions to or from the pensions reserve	(86)
5,382	Loans Fund Principal Repayments	5,831
1,293	Capital Expenditure Funded by the HRA	1,516
(22,184)	**Adjustments between Accounting Basis and Funding Basis under Legislative Framework**	**(119)**

Number of HRA Houses

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

Number Of HRA Houses	1 Apt	2 Apt	3 Apt	4 Apt	5 Apt	6 Apt	7 Apt	8 Apt	Total
As at 31 March 2024	43	1,941	4,745	2,394	256	8	1	1	9,389
As at 31 March 2025	43	1,941	4,763	2,399	261	11	1	1	9,420
Increase/(Decrease) in Year	**-**	**-**	**18**	**5**	**5**	**3**	**-**	**-**	**31**

Housing Rent Debtors

As at 31 March 2025 housing rent debtors amounted to £2.331 million (2023/24: £2.548 million). In the interests of prudent financial management the council has made an allowance for non-collection of £1.676 million (2023/24: £1.693 million).

Common Good Account

There are separate Common Good Funds which are related to the former Burghs of Dunbar, Haddington, Musselburgh, North Berwick and Cockenzie, Port Seton & Tranent. The funds are used to further the common good of the residents of these areas. Although the Common Good Funds are part of the Council and follow council accounting policies, the finances of the Common Good must be kept separate from council funds.

Common Good Movement in Reserves Statement

Usable Reserves 2023/24 £000s	Unusable Reserves 2023/24 £000s	Total Fund Reserves 2023/24 £000s	Movement in the Common Good Reserves	Usable Reserves 2024/25 £000s	Unusable Reserves 2024/25 £000s	Total Fund Reserves 2024/25 £000s
(13,133)	(4,690)	**(17,823)**	**Opening Balance**	(13,774)	(5,239)	**(19,013)**
			Movement in reserves during the period			
(548)	-	(548)	(Surplus) or deficit on provision of services	(148)	-	**(148)**
-	(642)	(642)	Other Comprehensive Expenditure and Income	-	(708)	**(708)**
(548)	**(642)**	**(1,190)**	Total Comprehensive Expenditure and Income	**(148)**	**(708)**	**(856)**
			Adjustments between usable and unusable reserves			
(93)	93	-	Depreciation charged to the Revaluation Reserve	(101)	101	-
(93)	**93**	**-**	**Total adjustments between usable and unusable reserves**	**(101)**	**101**	**-**
(641)	**(549)**	**(1,190)**	**Increase/Decrease in Year**	**(249)**	**(607)**	**(856)**
(13,774)	**(5,239)**	**(19,013)**	**Balance at 31 March 2025 carried forward**	**(14,023)**	**(5,846)**	**(19,869)**

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

Common Good Comprehensive Income and Expenditure Statement

The Common Good returned a surplus for the year of £0.856 million (2023/24: Surplus £1.190 million). The change is largely attributable to gains on property asset revaluations (£0.708 million) and investment and interest returns (£0.258 million).

A key factor in the change in investment and interest returns relates to the performance of the investment portfolio. Over the course of the year, the investment portfolio remained relatively stable. For 2024/25 there was only a slight increase in the investment portfolio's value.

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

2023/24 £000s	Common Good Comprehensive Income and Expenditure Statement	2024/25 £000s
	Income	
(522)	Rents and Other Income	(672)
-	Property Asset Transfers from General Services Recognised in Usable Reserves	-
-	Revaluation Gains for Property Assets Recognised in Usable Reserves	-
(522)	**Total Income**	**(672)**
	Expenditure	
105	Premises-related Expenditure	199
67	Supplies and Services	184
142	Third Party Grants and Payments	209
-	Revaluation losses for non-current assets recognised in usable reserves	-
188	Depreciation	190
502	**Total Expenditure**	**782**
(20)	**Cost Of Services**	**110**
(209)	(Gains)/Loss on the sale of investments	(91)
(254)	Interest receivable and similar income	(193)
(65)	Changes in the fair value of investments	26
(548)	**(Surplus) or Deficit on Provision of Services**	**(148)**
(642)	Gains on Revaluation of Property, Plant & Equipment	(708)
-	Property Asset Transfers from General Services Recognised in Revaluation Reserve	-
(642)	**Other Comprehensive (Income) and Expenditure**	**(708)**
(1,190)	**Total Comprehensive (Income) and Expenditure**	**(856)**

Common Good Balance Sheet

The Common Good Balance Sheet shows the consolidated position of the combined Common Good Funds. Included within this is a debtor of £5.382 million (2023/24: £5.171 million) that is East Lothian Council. This is due to the Common Good Funds not having banking facilities of their own, instead the Council releases monies held on behalf of the Common Good as required.

Long-term financial investment values have remained stable with a slight increase from 2023/24. Liquidity has also improved with an increased balance due from East Lothian Council, generally reflecting cash from sale of investments and increased interest earned on the cash balances held by East Lothian Council.

The unaudited accounts were submitted for audit on 27 June 2025.

Sarah Fortune CPFA
Executive Director for Council Resources (CFO)
26 June 2025

2023/24 £000s	Common Good Balance Sheet	2024/25 £000s
9,129	Property Plant & Equipment	9,684
3,833	Long Term Investments	3,873
553	Long Term Debtors	507
13,515	**Long Term Assets**	**14,064**
350	Sundry Debtors	425
5,171	Operating Balance Debtor (East Lothian Council)	5,382
5,521	**Current Assets**	**5,807**
(23)	Short Term Creditors	(2)
(23)	**Current Liabilities**	**(2)**
19,013	**Net Assets**	**19,869**
(5,239)	Property Revaluation Reserve	(5,846)
(13,774)	Usable Reserves	(14,023)
(19,013)	**Total Reserves**	**(19,869)**

Notes to the Common Good Account

Non-Current Assets

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

2023/24 £000s	Common Good Property, Plant & Equipment	2024/25 £000s
8,676	Opening Net Book Value	9,129
-	Additions	37
-	Disposals and Derecognitions	-
642	Revaluations	708
-	Assets Transferred from General Services (Revaluation Balances)	-
(188)	Depreciation	(190)
-	Impairments	-
9,130	**Closing Net Book Value**	**9,684**

Finance Lease

Details of Common Good Finance Leases

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

Brunton Theatre Structural Defects

The Brunton Theatre is a Musselburgh Common Good property which is treated as being leased to East Lothian Council. It therefore is not included on the Common Good balance sheet. In February 2023 structural defects related to the historic use of Reinforced Autoclaved Aerated Concrete (RAAC) were identified. Consequently parts of the building have been removed from use. On 29 October 2024 the Council considered a report which recommended decommissioning of the building, after relocating the services still using the facility, and a public consultation on potential demolition. The Council recognised a further impairment charge in 2023/24 to reflect the expected reduction in the future use of the building.

Rental Income

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

2023/24 Minimum Lease Payments £000s	2023/24 Inclusive of Debtor Repayments £000s	Common Good Finance Leases	2024/25 Minimum Lease Payments £000s	2024/25 Inclusive of Debtor Repayments £000s
287	69	Income Receivable in the next year	288	72
1,028	207	Income Receivable in years 2 to 5	951	161
3,505	363	Income Receivable after 5 years	3,299	338
4,820	**639**	**Total Receivable**	**4,538**	**571**

Fund Analysis

The separate funds are valued at 31 March 2024 as:

Common Good Fund Analysis	Dunbar £000s	Haddington £000s	Musselburgh £000s	North Berwick £000s	Cockenzie, Port Seton & Tranent £000s	Total £000s
Balance Brought forward at 1 April 2024	(929)	(848)	(9,823)	(1,751)	(423)	**(13,774)**
(Surplus) Deficit in the Year	2	(42)	(86)	(22)	-	**(148)**
Depreciation charged to the Revaluation Reserve	(5)	-	(82)	(14)	-	**(101)**
Fund Balance at 31 March 2025	**(932)**	**(890)**	**(9,991)**	**(1,787)**	**(423)**	**(14,023)**
Property Revaluation Reserve	**(446)**	**(61)**	**(2,772)**	**(2,083)**	**(484)**	**(5,846)**
Total Reserves	**(1,378)**	**(951)**	**(12,763)**	**(3,870)**	**(907)**	**(19,869)**

Fund balances at 31 March 2025 include accumulated fair value gains on financial instrument investments of £0.705 million (2023/24: £0.728 million). The change reflects market value losses recorded in the year. The accumulated gains are unrealised and should be regarded as deferred gains. It would not be considered prudent for these gains to be used until they are realised. The fund balances also reflect the value of Common Good property assets. Some properties are inalienable and therefore their values cannot be realised through sale of the assets. The fund balances for Cockenzie, Port Seton & Tranent arise solely from the recognition of land assets transferred from the Council’s balance sheet.

Trust Funds Account

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

Trust Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Trust funds, analysed between usable reserves i.e. those that can be applied to fund expenditure, and other reserves. Fund balances at 31 March 2025 include accumulated fair value gains on financial instruments. These gains are unrealised and should be regarded as deferred gains. It would not be considered prudent for these gains to be used until they are realised.

Usable Reserves 2023/24 £000s	Unusable Reserves 2023/24 £000s	Total Fund Reserves 2023/24 £000s	Movement in the Trust Reserves	Usable Reserves 2024/25 £000s	Unusable Reserves 2024/25 £000s	Total Fund Reserves 2024/25 £000s
(5,645)	(871)	**(6,516)**	**Opening Balance at 1 April brought forward**	(6,061)	(852)	**(6,913)**
			Movement in reserves during the period			
(389)	-	**(389)**	(Surplus) on provision of services	(64)	-	**(64)**
-	(8)	**(8)**	Other Comprehensive Expenditure and Income	-	24	**24**
(389)	**(8)**	**(397)**	Total Comprehensive Expenditure and Income	**(64)**	**24**	**(40)**
			Adjustments between usable and unusable reserves			
(27)	27	-	Depreciation charged to the Revaluation Reserve	(28)	28	-
(27)	**27**	**-**	**Total adjustments between usable and unusable reserves**	**(28)**	**28**	**-**
(416)	**19**	**(397)**	**Increase/Decrease in Year**	**(92)**	**52**	**(40)**
(6,061)	**(852)**	**(6,913)**	**Balance at 31 March carried forward**	**(6,153)**	**(800)**	**(6,953)**

Trust Comprehensive Income and Expenditure Statement

During the year 2024/25, the Trust Funds returned a surplus for the year of £0.040 million (2023/24: Surplus £0.397 million).

The main factors contributing to the change since last year are an increase in premises-related expenditure and decrease in gains on the sale of investments:

- Premises-related expenditure - increased significantly due property and maintenance charges at Bleaching fields at Dunbar.
- Gains on the sale of investments - Over the course of the year, the investment portfolio remained relatively stable. For 2024/25 there was only a slight increase in the investment portfolio's value.

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

2023/24 £000s	Trusts Comprehensive Income and Expenditure Statement	2024/25 £000s
	Income	
(46)	Rents and Other Income	(52)
(46)	**Total Income**	**(52)**
	Expenditure	
3	Premises-related expenditure	105
40	Supplies and Services	34
12	Third Party Grants and Payments	17
31	Depreciation	31
86	**Total Expenditure**	**187**
40	**Cost Of Services**	**135**
(262)	(Gains) on the sale of investments	(66)
(164)	Interest receivable and similar income	(137)
(3)	Changes in the fair value of investments	4
(389)	**(Surplus) or Deficit on Provision of Services**	**(64)**
(8)	(Surplus) on Revaluation of Property, Plant & Equipment	24
(8)	**Other Comprehensive Income and Expenditure**	**24**
(397)	**Total Comprehensive Income and Expenditure**	**(40)**

Trust Fund Balance Sheet

Trust Fund net assets increased in the year to £6.953 million (2023/24: £6.913 million) largely due to increases in the market value of financial investments. Cash and short term liquid assets have also increased.

The unaudited accounts were submitted for audit on 27 June 2025.

Sarah Fortune CPFA
Executive Director for Council Resources (CFO)
26 June 2025

2023/24 £000s	Trusts Balance Sheet	2024/25 £000s
913	Property Plant & Equipment	858
3,807	Long Term Investments	3,844
54	Long Term Debtors	47
4,774	**Long Term Assets**	**4,749**
24	Short Term Debtors	25
2,225	Operating balance debtor (East Lothian Council)	2,374
2,249	**Current Assets**	**2,399**
(2)	Short Term Creditors	(103)
(2)	**Current Liabilities**	**(103)**
(108)	Other Long Term Liabilities	(92)
(108)	**Long Term Liabilities**	**(92)**
6,913	**Net Assets**	**6,953**
(852)	Property Revaluation Reserve	(800)
(6,061)	Usable Reserves	(6,153)
(6,913)	**Total Reserves**	**(6,953)**

Property Asset Valuation

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

Market Investment Valuation

Investments are valued each year by the Trusts' investment managers, based on the listed market value of each investment on 31 March. The largest investments held by the Trusts on 31 March 2025 are shown in the Trust Investments table.

2023/24 £000s	Trust Investments	2024/25 £000s
	Investments >£100,000 at End of Each Year:	
339	JPMorgan ETFS (Ire JPM Us Rei Equity Esg Etf	356
270	Vanguard Funds Plc S&P 500 Ucits Etf USD Dis	284
149	JPMorgan Fund Icvc JPM Us Eq Inc C2 GBP Net Di	178
249	Brown Advisory Fds BWN Adv Us Sust Gth Si GBP	173
166	BA Beutel Goodman BA Beutel Goodman Us Val C	171
151	Blackrock Fm Ltd Blackrock European Dynamic	130
122	JH Inv Fds Srs I JH EURP Seld Opps G GBP Dis	119
	Investments <£100,000 at End of Each Year:	
2,342	Other stocks and shares	2,324
19	Held as Cash / Liquid Assets	109
3,807	**Total Investments**	**3,844**

Council Tax Income Account

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

The tax level depends on the value of the property. Certain prescribed dwellings are exempt and discounts are given to eligible taxpayers (e.g. single occupants).
A Council Tax Reduction Scheme is available to assist taxpayers on a low income.

2023/24 £000s	Council Tax Income Account	2024/25 £000s
(84,655)	Gross Council Tax Levied and Contributions in Lieu	(86,459)
	Adjusted For:	
6,148	Council Tax Reduction Scheme	6,271
6,673	Other Discounts and Reductions	5,678
2,601	Provision for Non Collection	1,522
(69,233)	Council Tax Income in Year	**(72,988)**
452	Adjustments to Previous Years' Council Tax	122
(68,781)	**Transfer to General Fund**	**(72,866)**

Council Tax Base

The Council Tax base is calculated as follows:

Council Tax Base	A	B	C	D	E	F	G	H	Total
Charge for Each Band (£)	957.08	1,116.59	1,276.11	1,435.62	1,886.25	2,332.88	2,811.42	3,517.27	
Effective Properties	919	7,779	13,499	6,307	6,674	5,941	5,030	668	**46,817**
Ratio to Band D	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360	
Band D Equivalents	612	6,050	11,999	6,307	8,769	9,654	9,850	1,637	**54,878**
Provision for non-payment (2.85%)									**(1,564)**
Council Tax Base									**53,314**

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

Non-Domestic Rate (NDR) Income Account

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

2023/24 £000s	Non Domestic Rate Income Account	2024/25 £000s
(72,741)	Gross Rates Levied and Contributions in Lieu	(76,778)
13,449	Relief and Other Deductions	13,034
26		45
(59,266)	**Net Non-Domestic Rate Income**	**(63,699)**
301	Adjustments to Previous Years' National Non-Domestic Rates	1,649
(58,965)	**Total Non-Domestic Rate Income (Before Authority Retentions)**	**(62,050)**
-	Non-Domestic Rate Income retained by the Council (BRIS)	-
(58,965)	**Contribution to the National Non-Domestic Rate Pool**	**(62,050)**
(58,108)	**Non Domestic Rate income credited to the General Fund**	**(59,925)**

Business Rate Incentivisation Scheme (BRIS)

The Business Rates Incentivisation Scheme (BRIS) permits the authority to retain half of the NDR income which exceeds the income target set by the Scottish Government. There was no BRIS income retained in 2024/25 (2023/24: Nil retained).

Rateable Values

An analysis of the rateable values at 01 April 2024 is detailed in the Rateable Values table.

Rateable Values	Number	Rateable Value £000s
Shops, Offices and other Commercial Subjects	1,689	29,591
Industrial and Freight Transport	984	12,896
Miscellaneous (Schools etc.)	1,073	98,435
Total	**3,746**	**140,922**

Rate Level

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

- 49.8p (2023/24: 49.8p) per pound for properties with a rateable value of up to £51,000 (2023/24: £51,000),
- 54.5p (2023/24: 51.1p) per pound for properties with a rateable value of over £51,000 and up to £100,000 (2023/24: £51,000 up to £100,000),
- 55.9p (2023/24: 52.4p) per pound for properties with a rateable value of £100,000 or over (2023/24: £100,000 or over)
- 49.8p (2023/24: 49.8p) per pound for newly re-occupied properties with rateable value of £100,000 or less, subject to conditions relating to being unoccupied on or after 1 April 2024; being continuously unoccupied for at least 6 months before re-occupation; and re-occupation having occurred in the last 12 months.

From 1 April 2024 levels of rates relief were set at:

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

The reliefs in 2024/25 were:

Single Property

- 100% for eligible properties with a Rateable Value (RV) of less than £12,000
- Tapering percentages ranging from 100% (RV £12,001, 0.00p) to 25% (RV £15,000, 37.4p) for eligible properties with a Rateable Value (RV) of Over £12,000 to £15,000
- Tapering reliefs ranging from 25% (RV over £15,001, 37.4p) to 0% (RV £20,000, 49.8p) for eligible properties with a Rateable Value (RV) of Over £15,000 up to £20,000

Multiple Properties

- 100% for eligible properties with a combined Rateable Value (RV) of up to £12,000
- For each individual property with RV £15,000 or less 25% rate relief (37.4p); For individual properties with RV over £15,000 and less than £20,000 a tapering rate relief from 25% (£15,000, 37.4p) to 0% (£20,000, 49.8p)

Glossary of Terms

6

Glossary of Terms

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

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

12. The Code of Practice on Local Authority Accounting – The Code specifies the principles and practices of accounting required to prepare a Statement of Accounts which gives a true and fair view of the financial position and transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), and has been developed by CIPFA/LASAAC under the oversight of the Financial Reporting Advisory Board.

13. Creditor - Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

14. Current Service Costs (Pensions) - The increase in the present value of a defined benefit scheme's liabilities, expected to arise from employee service in the current period.

15. Debtor - Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

16. Defined Benefit Pension Scheme - Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

17. Depreciation – A charge measuring the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

18. Discretionary Benefits (Pensions) - Retirement awards, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers.

19. Employee Statutory Adjustment Account - This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

20. Fair Value - The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

21. Finance Lease - A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

22. Government Grants - Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be for a specific scheme or may support the revenue or capital spend of the Council in general.

23. Heritage Asset - An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained

principally for its contribution to knowledge and culture.

24. Impairment - A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

25. Insurance Fund - This covers the main classes of insurance and is earmarked for insurance purposes.

26. Interest Cost (Pensions) - For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

27. Inventories - Items of raw materials and stock the Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

28. Liability - A liability is where the Council owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A long-term liability is an amount which, by arrangement, is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

29. National Non-Domestic Rates Pool - All rates paid by businesses based on the rateable value of the premises they occupy collected by local authorities are remitted to the national pool and thereafter distributed to councils by the Scottish Government.

30. Net Book Value (NBV) - The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

31. Non-Current Assets - These are created by capital expenditure incurred by the Council. They include property, vehicles, plant, machinery, roads, computer equipment, etc.

32. Operating Lease - A lease where the ownership of a non-current asset remains with the lessor.

33. Past Service Cost (Pensions) - For a defined benefit scheme, the increase in the present value of the scheme liabilities relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

34. Pension Reserve - The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Council's share of actuarial gains and losses in the Lothian Pension Fund and the change in the Council's share of the Pension Fund net liability chargeable to the CIES.

35. Pension Scheme Liabilities - The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. The scheme liabilities, measured using the "projected unit method", reflect the benefits that the employer is committed to provide for service up to the valuation date.

36. Post-Employment Benefits - All forms of consideration given by an employer in exchange for services rendered by employees that are payable after

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

37. Provision - An amount put aside in the accounts for future liabilities or losses which are certain, or very likely to occur, but the amounts or dates of when they will arise are uncertain.

38. Public Works Loan Board (PWLB) - A Central Government Agency, which provides loans for one year and above to councils at interest rates only based on those at which the Government can borrow itself.

39. Rateable Value - The annual assumed rental of a non-housing property, which is used for national Non-Domestic Rates purposes.

40. Related Parties - Entities or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council.

41. Remuneration - All sums paid to or receivable by an employee and sums due by way of expenses, allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than cash.

42. Reserves - The accumulation of surpluses, deficits and appropriation over the past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves, such as the Revaluation Reserve, cannot be used to meet current expenditure.

43. Revaluation Reserve - The Revaluation Reserve represents the store of gains on revaluation of fixed assets not yet realised through sale.

44. Revenue Expenditure - The day-to-day running costs associated with the provision of services within one financial year.

45. Subsidiary - An entity over which the Council has overall control through the power to govern its financial and operating policies so as to obtain benefits from the entity's activities.

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

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