

Annual Accounts for the year ended **31 March 2025**



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Introduction

Local authority accounting is extremely complex, reflecting the range of services we deliver and the regulations under which we operate. Trends in spending and income are reported regularly but our day-to-day financial position changes constantly. The annual accounts are a snapshot of our position at the end of the financial year. How we present our Annual Accounts is governed by the Code of Practice on Local Authority Accounting in the United Kingdom.

The Annual Accounts are presented in four core statements:

- **Comprehensive Income and Expenditure Statement (CIES):** What we spent on delivering services to the public during the year and how that expenditure was funded; any other changes in our net worth (for example as a result of revaluation of council assets).
- **Movement in Reserves Statement (MIRS):** The balance of funding held for various purposes and how that has changed since last year.
- **Balance Sheet:** The value of our assets and liabilities.
- **Cash Flow Statement:** The movement of cash for the year.

The Annual Accounts also include the accounts of the charitable trusts and Common Goods funds which we administer.

We have interests in other organisations which, under accounting regulations, have to be incorporated into the group accounts. These include the charitable trusts, Common Good funds, Grampian Valuation Joint Board, Moray Integration Joint Board and Moray Leisure Limited.

This management commentary is to help those reading the Annual Accounts understand our financial performance in 2024/25. It summarises the key facts from the accounts, illustrates our main achievements in the past year, and highlights some of the risks and challenges we face in the coming years.

The management commentary also contains a high level summary of the council's capital expenditure during the year. We need to invest in assets to carry out our day-to-day business and to meet the infrastructure requirements of a changing population in Moray. The basis for investment in the Council's assets is the Council's [Capital Strategy](#). The principles used to manage our day-to-day finance requirements and longer term borrowing requirement to fund capital investment are captured in the [Treasury Management Strategy](#) and performance against targets reported in the annual [Treasury Management report](#). All these documents are approved by councillors.

The commentary also looks at the Council's performance during the year and Key Performance Indicators relating to the Council's Corporate Priorities for 2024/25 can be found on our website as well as detailed performance information. http://www.moray.gov.uk/moray_standard/page_92320.html

The management commentary gives some context to the way in which we deliver our services and relate to our local businesses and communities as well as identifying other significant influences on the Council as an organisation.

About us

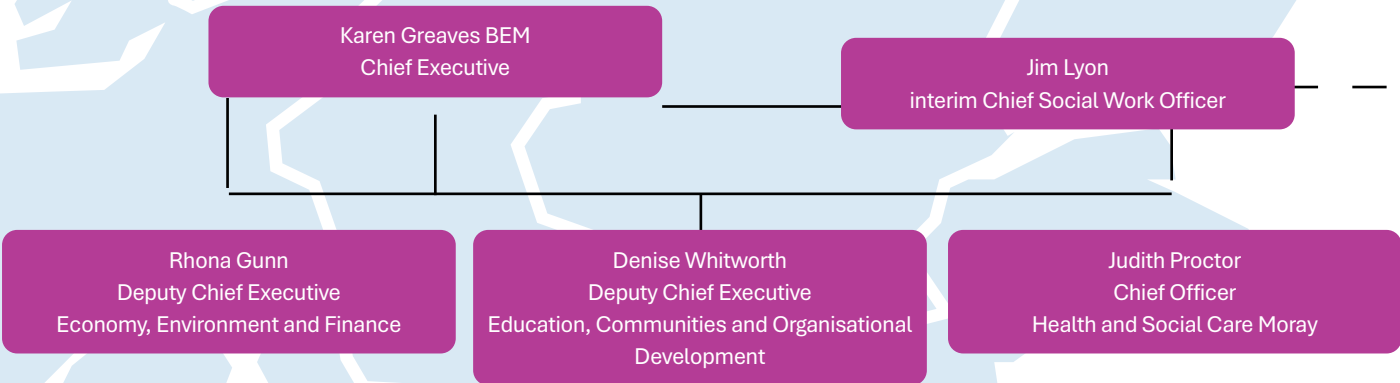
Moray is a largely rural area covering a land mass of 2,238km². It has a long coastline on the Moray Firth with harbours, fishing villages and world-class beaches. The area’s population for 2023 was projected to be 94,280. The main centre of population is Elgin, which is home to more than one quarter of the people living in Moray. Other towns of population between 5,000 and 10,000 are Forres, Buckie, Lossiemouth and Keith.

Current Party Balance

- 10 Scottish Conservatives and Unionist Party
- 7 Scottish National Party
- 4 Independent
- 3 Scottish Labour Party
- 1 Scottish Green Party
- 1 Scottish Conservative / Non Aligned

Our Structure

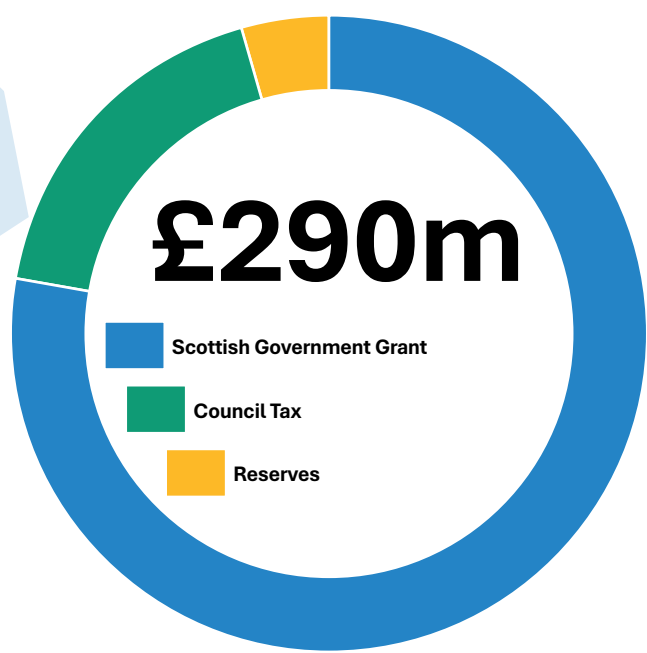
The Council is structured into three main directorates and is led by the Chief Executive who is responsible for ensuring the Council delivers its services efficiently and effectively to the residents of Moray.



Our Services

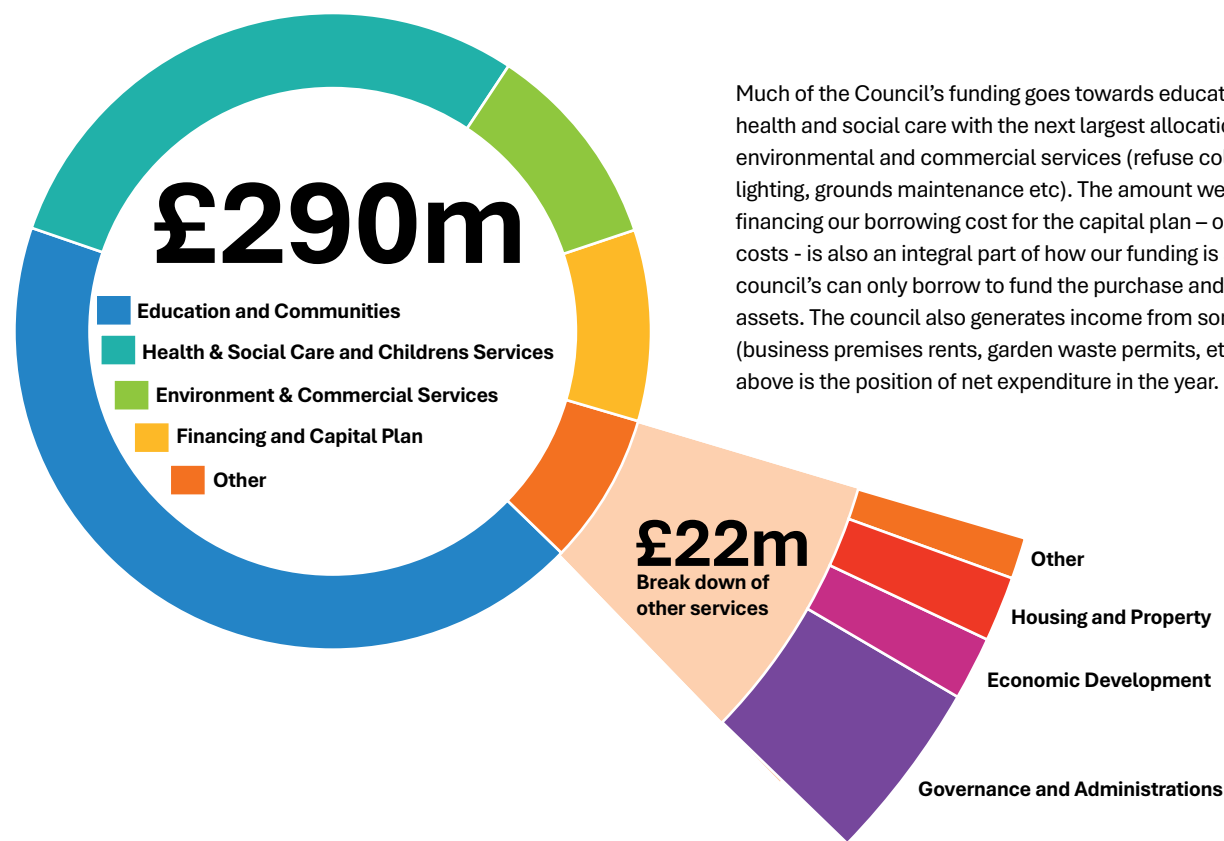


How we funded our services in 2024/25



We receive the majority of our funding from Scottish Government grant, which includes Non-Domestic Rates. For the financial year ended 31 March 2025 78% of our funding was from this grant. The rest comes from the Council’s ability to raise council tax (18%) as well as any money it has set aside from previous years, known as reserves (4%). We also get a separate grant from Scottish Government to fund capital expenditure, which in turn lowers our borrowing requirement.

How our funding was allocated in 2024/25



Much of the Council’s funding goes towards education and health and social care with the next largest allocation being on environmental and commercial services (refuse collection, street lighting, grounds maintenance etc). The amount we spend on financing our borrowing cost for the capital plan – our borrowing costs - is also an integral part of how our funding is allocated, as council’s can only borrow to fund the purchase and improvement of assets. The council also generates income from some of its service (business premises rents, garden waste permits, etc) so the data above is the position of net expenditure in the year.

Strategy, planning and performance

We agree priorities for public services in Moray with our Community Planning Partners, and these priorities are set out in our Local Outcome Improvement Plan (LOIP). Our own priorities – specific to council services – are set out in our Corporate Plan. The latest version of the Corporate Plan (for 2024 – 2027) was approved by Council on 28 February 2024 and identifies the top three priorities:



Our strategic approach to financial planning is embodied in the Medium to Long Term Financial Plan which accompanies the Corporate Plan and we aim to achieve financial stability by the end of 2025/26. This Plan was last updated and approved by Council on 4 December 2024. An increasing amount of our funding from Scottish Government is directed in terms of how it is spent, and this creates additional commitments for the council. This puts pressure on our ability to deliver other core services. We have made savings of £11.240m and we have also made planned use of reserves to cushion the effect on services of reduced funding. However, this is not sustainable. Recent planning has focused also on our vision for the council of the future. These elements are brought together in the Council's Transformation Strategy, the first iteration of which was approved by Council on 24 April 2024.

Although our financial planning process in normal times focuses on the medium term, successive single-year settlements from the Scottish Government have resulted in annual budgets being approved. The revenue budgets for 2024/25 (General Fund revenue and HRA revenue and capital) were approved by Council on 28 February 2024. The General Fund capital budget was approved by Council on 24 January 2024.

We operate two main funds within the council: the General Fund and the Housing Revenue Account (HRA).

The HRA is self-funding, with all expenditure covered by income raised, primarily from council house rent. We have a programme of affordable house-building, supported by grant from the Scottish Government.

The General Fund is mainly funded by grants from the Scottish Government. Council Tax meets less than 20% of general revenue expenditure. Scottish Government called a halt to the Council Tax freeze in 2017/18 but capped the level of increase which councils could set in successive years. A freeze was reintroduced for 2021/22 (for the one year only) and again in 2024/25. Successive freezes have reduced the proportion of our budget funded by Council Tax.

In addition to general grant funding, we receive specific grant funding for certain services. Increasingly, general grant funding is linked to Scottish Government priorities such as teacher numbers. The effect of this is to increase the pressure on those services not identified as a priority by Scottish Government, as they have to bear the brunt of the reduction in core funding. Expenditure is driven by legislative requirements, government priorities and local priorities, as set out in the LOIP and in the Council's Corporate Plan.

We can charge for some of the services we deliver and income generation is seen as an important means of protecting service delivery.

We measure our performance using the Council's Performance Management Framework. Performance is reported to the appropriate service committee on a six monthly basis. Quarterly reports on our financial performance against the budget for the Council's general fund are reported to the Corporate Committee or (depending on the committee cycle) to the full Council.

Successes and Challenges

Highlights of successes and challenges for strategic objectives are summarised below (these have been extracted from final 2024/25 performance reports to committees, which also include service level performance information).

Education Resources and Communities:

Successes: The 'Moray Multiply' programme completed 31 March 2025 as anticipated. A coordinated approach was taken with all partners contributing to the success of the programme

Challenges: Actions to support the delivery of Participatory Budgeting (PB) with council and partner services has not progressed due to the staffing changes following budget savings.

Housing and Property Services:

Successes: The Strategic Housing Investment Plan and revised HRA business case were both improved.

Challenges: Three performance indicators measuring response to repairs of council houses failed to meet target throughout 2024/25

Education Services:

Success: Continued improvements in Achievement of Curriculum for Excellence levels with next steps identified including a growing number of schools being involved in the National Children and Young People's Improvement Cycle (CYPIC) work on literacy (writing) in Primary 4.

Challenge: Delay in policy development linked to the ASN review and setting up the Flexible Learning Resources (FLRs)

HR, ICT and Organisational Development:

Successes: The leadership development programme has been revised with a phased approach agreed.

Challenges: Resourcing issues and staff absence affected progress relating to recruitment and retention and pay and conditions.

Environmental and Commercial Services:

Successes: Additional vehicles to the Council's EV fleet surpassed target; Implementation of a rolling programme of headstone inspections is complete.

Challenges: The Buckie Harbour Masterplan remains ongoing; Work to create a Burials Administration Service was delayed

Governance, Strategy and Performance:

Success: A Corporate reporting regime has been established with timely reporting of performance across Best Value, Corporate Plan, Local Government Benchmarking Framework (LGBF) and Service Plans.

Challenges: Reestablishing a format and timetable for Public Sector Improvement Framework (PSIF) self-assessments has slipped due to competing demands within the Strategy and Performance Team.

Economic Development and Growth:

Successes: Elgin Neighbourhood Board established, and Investment Plan submitted successfully to UK Government.

Challenges: Delivery of the Community Wealth Building Strategy and Action Plan was affected by both staff and financial resourcing issues.

Financial Services:

Success: Improved financial reporting for Moray Growth Deal with reports meeting target timescales; Online Council Tax payment service launched.

Challenges: Participatory Budgeting continues to be a challenge.

Key Performance Indicators (KPIs)

Key



The Performance Report for 2023/24 can be found at:

<http://www.moray.gov.uk/downloads/file148356.pdf>

Tackling Poverty and Inequality

Key Performance Indicators	Target	Benchmarking Comparator Averages	2022/23	2023/24	2024/25	Short term trend
Proportion of children living in poverty (after housing costs)	20.8%	23.1% Family Group	23.9%	23%	June 2026	↑
Literacy Attainment Gap (P1,4,7 Combined) – percentage point gap between the least deprived and most deprived pupils	23.7%	23.7% Family Group	32.1%	See Note 1	December 2025	↓
Numeracy Attainment Gap (P1,4,7 Combined) – percentage point gap between the least deprived and most deprived pupils	20.3%	20.3% Family Group	26.6%	See Note 2	December 2025	↓
Percentage of pupils achieving expected level in Literacy (P1,4,7 Combined)	77.1%	72.8% Family Group	67.9%	70.6%	December 2025	↑
Percentage of pupils achieving expected level in Numeracy (P1,4,7 Combined)	82.9%	78.9% Family Group	75.5%	76.5%	December 2025	↑
Percentage of pupils gaining 5+ awards at Level 5	62%	64% Family Group	62%	62%	March 2026	●
Percentage of pupils gaining 5+ awards at Level 6	33%	36% Family Group	28%	30%	March 2026	↑
Overall Average Total Tariff	837	873 Family Group	834	825	October 2025	↓
Percentage of pupils entering Positive Destinations	95.2%	95.2% Family Group	95.1%	93.8%	February 2026	↓

Tackling Poverty and Inequality indicators: are showing mixed results with more children achieving higher levels of numeracy and literacy but with a widening attainment gap between the least and most deprived pupils, and whilst less children are living in poverty the percentage of children moving on to positive destinations is decreasing.

Note 1: Attainment Gap is calculated by taking the percentage point difference in achievement of CFE levels in between those pupils from SIMD quartiles 1 and 5. 2023/24 values are suppressed to protect against the risk of disclosure of personal information or cases where the value is zero. In the source data those values were suppressed for SIMD Quintile 1 (most deprived).

Note 2: Numeracy Gap is calculated by taking the percentage point difference in achievement of CFE levels in between those pupils from SIMD quartiles 1 and 5. 2023/24 values are suppressed to protect against the risk of disclosure of personal information or cases where the value is zero. In the source data those values were suppressed for SIMD Quintile 1 (most deprived).

Build stronger, greener vibrant economy

Key Performance Indicators	Target	Benchmarking Comparator Averages	2022/23	2023/24	2024/25	Short term trend
Proportion of 16-29 year olds within Moray	Data only	16.9% Scotland	14.4%	14.6%	14.7%	⬆️
Moray median weekly earnings – by place of work (ONS – ASHE based on provisional data for 2024 – aligned with SLAED indicator)	Data only	£739.70 Scotland	£619.50	£647.20	£688.80	⬆️
Moray median weekly earnings – by place of residence (ONS – ASHE based on provisional data for 2024 – aligned with SLAED indicator)	Data only	£740.00 Scotland	£509.80	£647.10	£638.60	⬇️
Proportion of people earning less than the living wage	11.4%	9.4% Family Group	13.8%	14.4%	14.0%	⬆️
Gender Pay Gap – Moray being place of work (ONS – ASHE based on provisional data for 2024 - aligned with SLAED indicator)	Data only	9.2% Scotland	7.6%	12.5%	16.3%	⬇️

Build stronger, greener vibrant economy indicators: are showing a general increase with the median weekly earnings improving and less people earning lower than the minimum wage. However, the gender pay gap is increasing.

Build thriving, resilient, empowered communities

Key Performance Indicators	Target	Benchmarking Comparator Averages	2022/23	2023/24	2024/25	Short term trend
Town Vacancy Rates	9.0%	13.1% Family Group	10.6%	14.1%	November 2025	⬇️
Number of new Community Action Plans in place	3	N/A	3	3	3	●
Percentage of Council services who have devolved funding to PB processes	100%	N/A	36%	36%	36%	●
Number of affordable housing completions at end of current financial year	Data only	N/A	146	97	85	⬇️
Percentage of schools that are rated B or better for condition	50.9%	N/A	46.3%	41%	41%	⬇️
Percentage of schools that are rated B or better for suitability	100%	N/A	98.1%	100%	100%	⬆️
CO2 emissions area wide per capita	Data Only	5.5 Family Group	4.64	N/A	July 2026	⬆️
CO2 emissions within scope of LA per capita	Data only	5.17 Family Group	6.94	N/A	July 2026	⬆️

Build thriving, resilient, empowered communities indicators: are showing a steady decline with higher town vacancy rates and lower delivery of new affordable houses. The school estate is seeing improvement in its suitability, but a lower condition.

HIGHLIGHTS OF THE YEAR

A selection of highlights taken from Moray Council's News Room

<https://newsroom.moray.gov.uk/news>



April 2024

Energy from Waste facility formally opened

'Leaders from Aberdeen City, Aberdeenshire, and Moray Councils cut the ribbon to formally open the NESS Energy from Waste facility.'



July 2024

Moray students complete career ready internship

'Two S5 pupils from Moray finished a four-week internship at Moray Council as part of the Career Ready Programme.'



August 2024

Moray welcomes 40 Newly Qualified Teachers for 2024/25

'This year's cohort includes 26 primary teachers and 14 secondary teachers, all set to start their teaching careers across various schools in the area.'



May 2024

Design Team appointed to lead restoration of Grant Lodge

'The design team appointed to bring Grant Lodge in Elgin back to life under the Moray Growth Deal Cultural Quarter project was announced as award winning architectural practice Page \ Park Architects.'



June 2024

Moray Council agrees long-term expansion plan for Mosstodloch

'Feedback from a 12-week public consultation on the draft plan has been used to develop the [final masterplan](#), setting out the development of the village over the next 20 years.'



September 2024

m.connect expansion plan agreed

'Moray Council has agreed the expansion of m.connect services in Moray as part of the second phase of the Moray Growth Deal Bus Revolution project.'



October 2024

Kingston drop-in to showcase coastal protection plans

'A plan for managing coastal erosion in Kingston will be on show at a drop-in event next week.'



November 2024

Forres active travel route finished with rain garden information panel

'The finishing touches have been made to a walking, wheeling and cycling route in Forres.'



December 2024

Moray Council appoints new Chief Executive

'Moray Council has announced its new Chief Executive is Karen Greaves BEM, due to take up the post in Spring 2025.'



January 2025

Work begins on South Street regeneration project

'Ground clearance has officially started on Elgin's South Street regeneration project, marking a key, and very visible, milestone in this transformative development.'



February 2025

Online council tax payment service launched

'Moray Council has launched a new service, which allows residents to sign up to pay their council tax online by Direct Debit.'



March 2025

Approval for Dallas Dhu Masterplan

'Plans for phase one of the wider Dallas Dhu Masterplan have been approved today Tuesday 11 March by Moray Council's Planning and Regulatory Services Committee.'

Financial Results for the year

The Council's Annual Accounts are prepared on a different basis from the basis on which it sets its budget. The net income for 2024/25 in the Comprehensive Income and Expenditure Statement (CIES) is £32.263m (2023/24: £15.711m net expenditure). This adds together the General Fund and HRA, to give an overall picture of the Council's financial activities in the year. It also includes a number of accounting entries required by the accounting regulations but which are not a charge on the income the Council receives to deliver services and which cannot create income which the Council can use. The impacts of these accounting entries are reflected in the Council's unusable reserves. The Council's usable reserves show what the Council has available to spend, either on a planned basis or to meet unexpected contingencies.

Usable reserves

• General Fund	£ 29.284 million
• HRA	£ 2.233 million
• Other	£ 10.436 million

Unusable reserves

£ 877.884 million

The Movement in Reserves Statement shows the net income to the Council per the CIES analysed across the General Fund, HRA, other usable reserves and unusable reserves. The net income of £36.263m shown in the CIES is the increase in overall reserves: a decrease of £8.553m in usable reserves and an increase of £40.816m in unusable reserves. Note 11 to the accounts further analyses the movement in the General Fund, showing a breakdown of the various ear-marked reserves (reserves set aside for specific purposes) and a balance of £6m in free general reserves (2023/24 £6m). The free general reserves are a cushion against unexpected events and the Council looks at various financial risks in setting the balance it requires to keep.

General fund revenue expenditure

We set the budget for 2024/25 on 28 February 2024. During the year the budget was revised, mainly to reflect additional funding from Scottish Government. The original and revised budgets and actual out-turn are set out below, with explanations of main variances on [page 12](#):

Expenditure	2024/25 We planned £m	We revised to £m	2024/25 We out turned £m	2023/24 results £m
Departmental	247.358	264.795	260.974	244.151
Loans Fund	16.407	22.353	28.780	16.148
Additional provisions – monies held centrally	15.029	1.600	–	–
	278.794	288.747	289.754	260.299
Funded from:				
SG Grant	215.396	225.659	225.659	204.358
Council Tax	51.375	51.854	51.836	50.799
Use of reserves	12.023	11.234	12.259	5.142
	278.794	288.747	289.754	260.299

Commentary on year-end position

Main reasons for variance from budget.

	Amount
Underspends:	
Staff vacancies	£1.443m
Other net underspend in services (exc MIJB)	£2.378m
Central provision for MIJB overspend	£5.000m
	£8.821m
Overspends:	
Share of Moray Integration Joint Board overspend	(£2.001m)
Additional call on inflation provision	(£1.399m)
Net impact of loans charges and interest on revenue balances	(£6.428m)
	(£9.828m)
Overspend for year against budget	(£1.007m)
Transfer to ear-marked reserves	(£3.149m)
Final overspend	(£4.156m)

Ear marked reserves

	Amount
Note 11 shows the detail of this Movement in Reserves:	
Free general reserves	Nil
Devolved School Management – reduction in balance held	(£0.540m)
Transformation – reduced by in-year spend	(£0.260m)
Council priorities – for supernumerary posts, early retirement and then used to meet otherwise unfunded spend	(£3.435m)
Working reserve – planned to balance budget and fully consumed	(£8.686m)
Retrospective service concession reserve	Nil
Other ear-marked reserves – increase	£0.831m
Total movement in general reserves – decrease	(£12.040m)

In order to better track some significant amounts of government funding – e.g. for refugee resettlement – ear-marked reserves were set up to hold unspent balances and give greater clarity as to the amount available for the council to allocate to spend on council priorities. These are described as ‘Other ear-marked reserves’.

Service expenditure

The adjustments to service expenditure from the accounting basis to the funding basis is shown in Note 8 to the accounts. The table below compares budgeted expenditure to actual expenditure on the funding basis and highlights the main reason for the variance in each service.

Service	Budget £000s	Actual £000s	Main Reasons for Variance
Education	118,797	117,898	£1.259m carried forward in separate ear-marked reserves, largest being. DSM and PEF which are spent across the academic year and carry forward is expected. Offset by overspend on out-of-area placements as well as payments to ELC providers.
Education Resources and Communities	6,985	6,555	Mainly staff vacancies as well as higher leisure income.
Health & Social Care and Children Services	84,416	84,323	Budget adjusted to meet overspend as part of year end process. Actual overspend of £2.001 million.
General Services Housing and Property Service	4,018	3,640	Lower repairs and maintenance costs on corporate buildings alongside increased surplus property sales.
Environmental and Commercial Services	29,360	30,171	Overspend on roads maintenances including winter maintenance.
Economic Growth and Development	3,908	2,558	Staff vacancies and delays in projects. Building Control and Planning fees above budget.
HR, ICT & OD	6,085	6,006	Underspend on corporate training budget.
Financial Services	1,735	620	Interest on Revenue Balances (higher interest rates) offsetting higher loans interest paid.
Governance, Strategy and Performance	6,259	5,817	Mainly staff vacancies.
Other expenditure	3,233	3,386	Additional pensions costs re early retirement.
Total departmental spend	264,795	260,974	

Management Commentary (cont.)

The out-turn figures are those reported to Council on 25 June 2025 – these are expressed on the same basis as the budget figures. The out-turn included in the CIES is calculated in accordance with accounting requirements. The main difference between the 2 bases are set out in Note 8 to the accounts and can be summarised as below:

Description	Amount £000s
Departmental Outturn per Management Commentary	260,974
Statutory Adjustments (Note 8)	41,737
less Statutory Adjustments HRA (Note 8)	(11,915)
Interest and Investment income – reflected in service outturn but in Finance and Investment Income in the CIES	2,717
Bad Debt provision (Note 13)	(461)
Net Cost of Services in CIES excluding HRA	293,052
Net cost of service HRA	3,834
Net Cost of Service in CIES	296,886

The Council reports both bad debt and interest payments within its departmental outturn.

Savings

When the council set its budget for 2024/25 it identified a funding gap of £19.526m. At the time of approving the budget £7.919m of savings had already been approved, of which £0.112m were non-recurring, with a further £1.451m identified. This left a funding gap of £10.156m to be covered by reserves whilst exploring further saving proposals. During the year an additional £2.959m of savings were approved and total savings of £11.240m were achieved, which included £0.245m from the transformation programme (target £0.474m).

Housing Revenue Account

Our 6,400 houses (2023/24: 6,370) are held on the Housing Revenue Account (HRA).

The balance on the HRA is shown in the Movement in Reserves Statement – at the end of 2024/25 the balance had increased by £0.646m from the balance at the end of 2023/24 bringing the total balance to £2.233m. The HRA budgeted for net expenditure of £0.215m in 2024/25, with planned expenditure of £26.190m met from rent, other income and HRA reserve.

As budgeted	Budget £000s	Actual £000s	Reason for variance
Rental income	(25,126)	(24,990)	Additional rent-free week.
Other income	(849)	(814)	
Supervision and management	6,081	5926	Challenges in recruiting to new posts.
Repairs and maintenance	9,694	10,976	Accelerated improvement programme.
Financing cost	7,188	7,774	Increased interest rates on borrowing.
Capital Funded from Revenue / transfer to General Fund	2,641	13	Reduction in amount available to fund. Capital
Other expenditure	586	469	Improved rent recovery.
Use of/ (return to reserves)	215	(646)	Net Underspend

Reconciliation to accounts	£000s
Use of/ (return to reserves)	(646)
Statutory Adjustments	5,591
Adjustments to Usable Reserves Permitted by Accounting Standards	6,324
CFCR (net of Council tax Discount on 2nd Homes)	(13)
IORB – included in outturn but not in the Net Cost of Services	352
Financing Costs – included in outturn but not in the Net Cost of Services	(7,774)
Net Cost of Services per CIES	3,834

*The unbudgeted transfer to the General Fund of capital grant received to be used for pay awards resulted in a deficit on the HRA in 2023/24.

We invest in building new homes and improve the existing ones, supported where possible by government grant.

New build and open market acquisitions

- 2024/25 – planned £15.037m, actual £8.047m – 53% of planned
- 2023/24 – planned £8.993m, actual £1.904m – 21% of planned

Planned expenditure for 2024/25 included new build at Speyview in Aberlour. This project was delayed due to protracted negotiations over development costs in the context of current volatility in the construction industry, along with infrastructure difficulties on site, with the outcome that this project was delayed. Construction at Speyview commenced at the end of May 2024 and is expected to complete in Winter 2025/26

The project at Bilbohall, Elgin was deemed to be not financially viable in the form originally tendered, following detailed cost review. Alternative options were considered and subsequently a revised planning application was submitted in May 2024, with consent granted on 22 October for 102 units. Officers had intended to publish a tender for procurement of a construction contractor in December 2024, to deliver 28 units plus shared infrastructure at the earliest possible opportunity, with the aim of achieving site start in February/March 2025. However, in November 2024 SSEN further reduced the electrical capacity to the site, to a level where delivery was not viable and therefore the tender was paused. Following formal engagement with SSEN at a senior level, proposals for electricity supply to the site by 2027 have been provided, at additional cost, sufficient to supply 106 units. It is now anticipated that tendered costs for the first phase of development (28 units) will be presented to Committee for approval in November 2025.

The Open Market Purchase Scheme was launched in June 2023. Initial efforts focused on establishing and refining the assessment and acquisition processes, resulting in a single property purchase during 2023/24. In 2024/25, five properties were successfully acquired under the scheme. Of these, three benefited from additional funding streams aimed at supporting rural key workers and alleviating pressures on temporary accommodation. Notably, three of the acquired properties will bring previously empty homes back into use. Four additional acquisitions were approved during 2024/25 but, due to negotiation/conveyancing processes, their transactions did not conclude in the same period.

Housing improvements

- 2024/25 – planned £16.941m, actual £15.209m – 90% of planned
- 2023/24 – planned £10.678m, actual £3.978m – 37% of planned

The Housing Investment Capital Programme has seen a significant increase in delivery of improvements to the council's housing stock in the last financial year with actual spend increasing by over £10m in relation to capital spend in financial year 2024/25.

There was an underspend on the budget of 10% compared with an underspend of over 60% in the previous financial year, this significantly smaller underspend was due to contracts not being in place at the start of the financial year to allow works to start early in the financial year.

The council's compliance with the Scottish Housing Quality Standard has improved significantly however at 31 March 2025 continues to lag behind other local authorities. Budget has been set for this financial year to continue the investment in this area with the intention that by the end of financial year 2025/26 the council will be at a similar level of compliance as other local authorities.

General Services Capital Programme

We originally planned to spend £49.6m on capital projects in 2024/25, which was amended to £30.3m during the year, reflecting changed timescales for projects. Following delays on a range of projects we actually spent £27.2m (2022/23: £30.4m).

£27.2m

Invested in Moray during the year – main items summarised below:



£5.8m

Moray Growth Deal



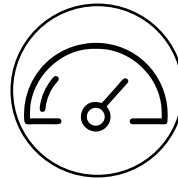
£1.4m

Harbour improvements



£4.7m

Vehicles and electric car chargers



£1.3m

Other economic development, including Levelling Up Fund



£4.4m

Learning Estate including improvements to existing schools and faculties for Early Learning and Childcare



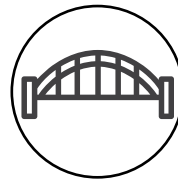
£0.8m

Street lighting



£3.9m

Road improvements, road safety measures and sustainable travel



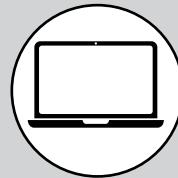
£0.7m

Bridge renovations



£1.9m

Other land and buildings



£0.6m

ICT and other equipment



£1.4m

Waste management facilities and equipment, including a joint project with Aberdeen City and Aberdeenshire councils to build an energy from waste plant.



£0.5m

Flood alleviation and coastal protection

Balance sheet

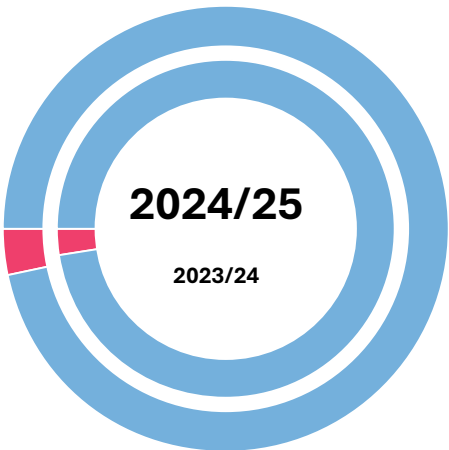
Management Commentary (cont.)

The balance sheet records our assets and liabilities and is a snapshot of our value or financial position at 31 March 2025.

Our Assets

Assets include those such as plant, property and equipment, investments and cash in the bank. The majority of assets held by the Council are the various land and buildings it owns.

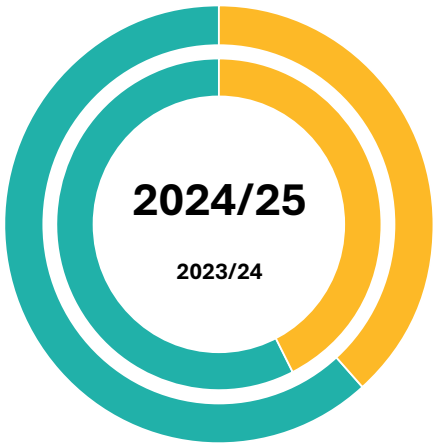
	2024/25 £000	2023/24 £000
Fixed Assets	£1,301,261	£1,240,548
Current Assets	£40,754	£29,546
	£1,342,015	£1,270,094



Less our liabilities

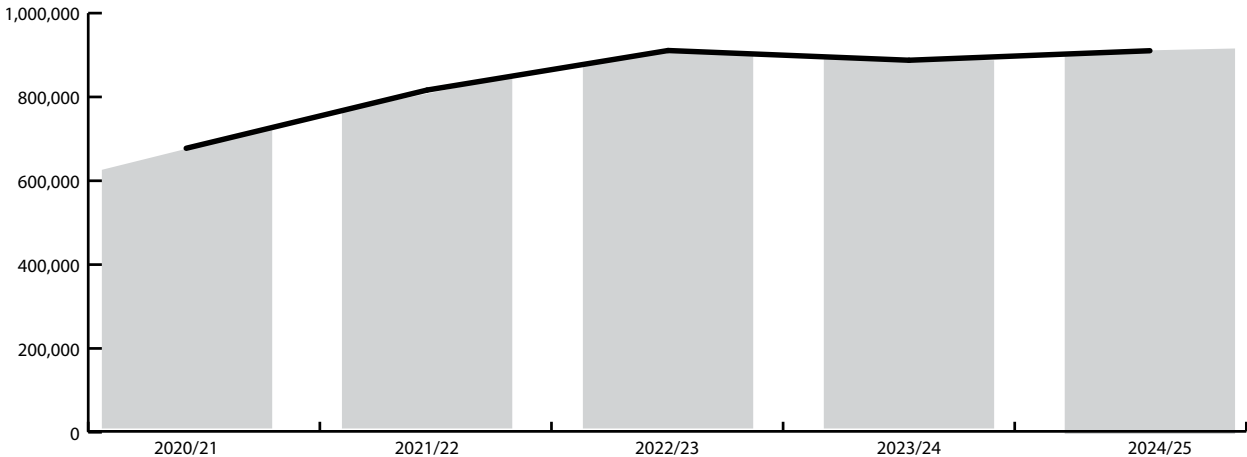
Liabilities include those such as amounts we owe suppliers at 31 March 2025, our pension commitments and the amount of borrowing we hold.

	2024/25 £000	2023/24 £000
Current Liabilities	£162,433	£163,048
Long Term Assets	£259,745	£219,472
	£422,178	£382,520



Give our net value

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Our Net Value	£677,527	£816,433	£910,769	£887,574	£919,837



Our net value has increased by £32.2m during 2024/25.

Significant movements are:

- £61m increase in the value of property, plant and equipment, through additions and revaluations.
- £39m increase in borrowing (both short and long term).

Future risks

The council maintains and keeps under review a corporate Risk Register, with risks grouped under nine themes, including financial risk. This section of the management commentary identifies the council's main concerns for financial risk and also areas of planned development.

We expect to need to make significant savings over the next two years with the ultimate goal of balancing our budget without relying on reserves. However, there is considerable lack of clarity about our future financial position given the number of material risks and variables.

Our main risks are:

- Future funding, with Scottish Government finances under pressure and being targeted to specific priorities;
- Significant funding at UK and Scottish Government level coming from bid funds, requiring expertise and effort to access and with considerable monitoring requirements;
- Risks arising from recent higher inflation and increased interest rates, with impact on pay claims and general increases in prices across the board;
- Demographic pressures and emerging social needs;
- Significant difficulties in recruiting staff and attracting suppliers to bid for works;
- Moray Integration Joint Board (MIJB) has potential to overspend against its budget and we will have to fund our share of any overspend.
- Increasing demand and investment required to maintain standard of asset base, including learning estate, leisure estate and roads infrastructure;
- Meeting our target of carbon neutral by 2045 at the latest will be a financial and technical challenge;
- Continuing to find budget savings after a prolonged period of making increasingly challenging savings will be difficult.

How we are managing these risks:

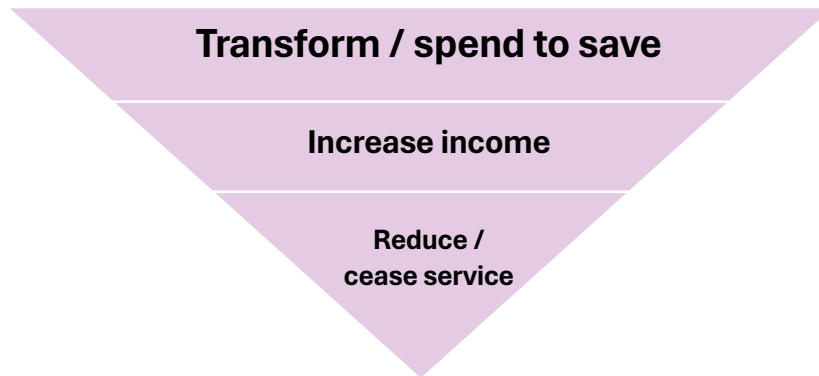
- Implementing our Best Value Action Plan;
- Financial planning, monitoring and review, including planning in the short to medium and medium to long term;
- Working within Moray Economic Partnership to support the local economy;
- Developing Community Wealth Building;
- Developing teams with expertise in bidding for funds;
- Workforce planning;
- Tackling capital plan slippage by implementing stronger capital reporting and challenging budget manager optimism.
- Joint monitoring reviews with MIJB officers and officers and Board members from NHS Grampian;
- We are carrying out a comprehensive Learning Estate Review;
- We have mapped out a high-level route map to net zero.

... and potential opportunities:

- The Moray Growth Deal, which is continuing to see significant investment in Moray's economy;
- The Levelling Up Fund and Neighbourhood Fund for Elgin provide further opportunities to improve Moray's economy;
- Regional Transformation Opportunities per Highlands and Islands Regional Economic Partnership (HiREP), harnessing social benefits from offshore wind and related developments.
- Our Community Wealth Building Strategy also looking to strengthen Moray's economy;
- Our Transformation Strategy, redesigning how we deliver services in today's world to deliver efficiencies, building on our investment in ICT for flexible working and a range of other projects
- Our Learning Estate Review, looking at how we can improve the learning experience by enhancing the environment in which it takes place;
- Our Leisure Estate Review, looking to develop a strategic network of good quality leisure facilities across Moray;
- Our Climate Change Strategy, looking to become carbon neutral by 2045 at the latest

Next steps

The council approved significant savings as part of its budget for 2025/26. The indicative budgets for 2026/27 and 2027/28 show the need to make further significant savings in early course. Although our level of funding from Scottish Government will not be confirmed for some months, we expect the need to make savings to continue.



The Council is taking forward a continued focus on delivering transformation projects already in progress, accelerating and expanding where there is opportunity and developing new areas of work to support the Council's financial sustainability. An update to the Strategy, including the development of new projects, was agreed by the Council on 13 August 2024 and this also shows the links between the projects and the council's corporate priorities. Recent additions to the programme of transformation projects include Future Workforce, with a business case being developed for investment in absence management systems. The Council's Corporate Plan – a key strategic document along with the LOIP – has been refreshed. The Accounts Commission published its Best Value report on Moray in March 2024 and we have agreed an Action Plan to implement agreed improvements to the council's ways of working.

There are other factors external to the council, such as the ongoing impact of war and of Scottish Government proposals for a National Care Service which affect the council's plans. In addition to these discussions are on-going between COSLA and Scottish Government officers regarding the potential make up of a Fiscal Framework for Scottish Local Authority funding.

We work in a constantly changing environment and strive to be an agile organisation, well equipped to cope with the many changes we encounter.

Kathleen Robertson

Councillor Kathleen Robertson
Leader of Moray Council
24 September 2025

Karen Greaves

Karen Greaves BEM
Chief Executive
24 September 2025

Lorraine Paisey

Lorraine Paisey CA
Chief Financial Officer
24 September 2025

Statement of Responsibilities for the Annual Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the 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 the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021), 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 Council at its meeting on 24 September 2025.

Signed on behalf of Moray Council.



Councillor Kathleen Robertson
Leader of Moray Council
24 September 2025

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council'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 2024/25 (the Accounting Code).

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

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with legislation.
- complied with the 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.

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.



Lorraine Paisey CA
Chief Financial Officer
24 September 2025

Annual Governance Statement

Scope of Responsibility

The council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The council has a statutory duty to make arrangements to secure Best Value under the Local Government in Scotland Act 2003.

In discharging these responsibilities, elected members and the corporate leadership teams are responsible for putting in place proper arrangements for the governance of the council's affairs and for facilitating the effective exercise of its functions. In delivering these functions, there is a requirement to maintain effective partnership working with others, principally with NHS Grampian and the Moray Integration Joint Board, Grampian Valuation Joint Board, tsi Moray, and the Moray Leisure Centre, as well as with other bodies involved in Community Planning and in the delivery of projects forming part of the Moray Growth Deal.

This annual governance statement, which covers the period from 1 April 2024 through to the date of signing of these annual accounts, explains how the council has used the CIPFA/SOLACE 2016 Framework 'Delivering Good Governance in Local Government' as a basis for considering the effectiveness of its own governance arrangements.

Framework for Good Governance

The overall aim of the 'Delivering Good Governance in Local Government' Framework 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 key elements of the council's governance arrangements are described in terms of the seven principles defined in the Framework, summarised as follows:

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

The roles and responsibilities of elected members and senior officers and the processes to govern the conduct of the council's business are defined in procedural Standing Orders, a Scheme of Administration, a Scheme of Delegation, and Financial Regulations. These are updated annually following consideration and review of changes necessary for the effective functioning of the council's affairs. These changes are prompted by new legislation, audit recommendations, or to incorporate identified revisions necessary to improve governance practice

Supplementary (second tier) documents providing additional guidance on specific constitutional matters have also been updated to support improvements in collaborative leadership; these covering councillor roles and responsibilities, councillor/senior officer relations, and the role of councillors serving on outside bodies. Early stages of a plan to implement a revised management structure, to include new ways of working and a refreshed corporate culture have also been progressed.

Codes of Conduct for both elected members and officers are in place, and these define the ethical values and standards of behaviour expected. The Codes draw on the 'Standards in Public Life' covering issues including leadership, fairness and integrity. Refresher training on the Code of Conduct for elected members was delivered in conjunction with the Improvement Service. Two referrals in respect of councillor conduct were made to the Standards Commission during the year; neither resulted in formal action being taken.

The council's Head of Governance, Strategy and Performance is the designated Monitoring Officer responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. External support was secured to support the development of collaborative leadership as an aid to good governance in decision making, with elected members acknowledging the benefits of collegiate working where practicable to do so.

Ensuring openness and comprehensive stakeholder engagement;

In developing improvement and modernisation opportunities, meetings of the council and its committees are delivered using a hybrid format that enables attendance in person or via web link. Meetings of the council and main service Committees are live streamed and available for public viewing, with matters discussed and determined in confidence relating only to those deemed confidential in terms of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973. The rationale for all decisions proposed and taken is fully set out in committee reports.

Stakeholder engagement is central to the council's work at a strategic level, notably in the development of the updated Corporate Plan which sets out strategic priorities for the period from 2024-29. Both staff and the public were surveyed, and the results reported to a meeting of the council to aid and inform consideration of the priorities to be taken forward. Service consultations are also conducted as appropriate, recent examples including a tenant satisfaction survey in housing, engagement on town centre redevelopment, and on options for future school provision in communities across Moray.

Wide consultation with both internal and external stakeholders also informed the preparation of a comprehensive Evidence Report, one of the first to be approved by Scottish Government ahead of the council formulating its Moray Local Development Plan for 2027.

The council seeks and obtains feedback on delivery of its services having adopted a comprehensive complaints procedure based on a model scheme developed by the Office of the Scottish Public Services Ombudsman. All complaints are responded to as appropriate and inform improvements to service delivery. A comprehensive report on complaints handling is prepared and presented annually to a council committee.

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

The creation and implementation of a vision for the local area, including expected outcomes for the community, is encompassed in the Local Outcomes Improvement Plan (LOIP). The overarching aim and purpose of this 10-year Plan is ‘to raise aspirations by creating an enabling environment where our residents can achieve expanded choices, improved livelihoods and wellbeing’.

In particular, the LOIP recognises the importance of and benefits from reducing inequalities and poverty, with outcomes focused on the need for a growing, diverse and sustainable economy, building a better future for our children and young people in Moray, empowering and connecting communities, and improving the wellbeing of our population.

The LOIP is a partnership plan, and its strategic delivery is overseen by a Community Planning Board, which meets quarterly. The Board comprises representatives from a broad range of organisations as reflected in agenda items considered during the year. These included reports on School Age Childcare, Climate Change, Moray Growth Deal, Community Learning and Development, Promotion of Physical Activity, and Community Wealth Building.

Development sessions have been held to strengthen good governance arrangements, recognising the benefits that working in partnership can bring. A self-assessment facilitated by the Improvement Service has also been completed with a feedback development session planned to consider outcomes from the self-assessment and any further actions arising therefrom.

Currently the LOIP sits alongside a refreshed Corporate Plan Moray 2024-2029, the latter setting out the vision and priorities of the council for the next five years. The council plan updates council priorities focussing on three key themes: tackling poverty and inequality, building a stronger greener vibrant economy, and seeking to build thriving, resilient, empowered communities. The plan sets targets for outcomes consistent with maintaining a sustainable council that provides valued services to its communities.

The period also saw the council agree a Sustainable Development Statement aligned to the Corporate Plan, council priorities and the Climate Change Strategy. The statement acknowledges sustainable development as a fundamental aspect of Best Value and provides a framework against which the council can monitor progress and demonstrate compliance.

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

The strategic partnership and corporate plans are translated into service plans prepared within each council service area. These facilitate delivery of agreed outcomes and assist in securing continuous improvement. Service plans are reported to a meeting of the council or appropriate service committee for consideration and approval, in reports that provide information on planned activity. More generally, all committee reports contain a ‘Summary of Implications’ section that links report content to strategic plans, legal and policy issues; financial implications, risk, staffing and property matters; equalities; social impact; and climate change and biodiversity considerations. The format of these reports has been updated during the period based on advice from the Improvement Service with the principal objective of providing enhancements to current reporting arrangements. A particular focus continues to be given to financial implications of any proposals given the current economic climate.

The council is fully aware of the financial challenges it faces, and elected members are provided with an extensive volume of information on both the availability of resources and options for future service delivery. This has been made available during workshops for elected members; in reports to the council on budget setting, including projections for the medium to longer term; and in regular budget monitoring reports covering both capital and revenue expenditure submitted to service committees. A formal budget protocol was developed during the year to aid governance in this area, which set a framework of engagement and consultation to support the process.

A balanced budget for 2025/26 was secured without use of reserves for the first time in several years. This was achieved through a combination of an improved financial settlement from Scottish Government, an increase in Council Tax, and savings delivered in line with the council’s short to medium term financial strategy. A number of unknowns including impacts of inflation and arising from future pay awards were highlighted during the budget setting process, as were continued pressures in respect of the council’s funding obligations to the Moray Integration Joint Board. Longer term financial planning projections note that further council tax rises and additional savings will be required going forward, and a transformation strategy was agreed during the year to aid in the delivery of these savings.

The achievement of agreed outcomes is monitored through an established Performance Management Framework that calls for frequent reporting on key performance measures developed for each service. In addition, the council participates in the Local Government Benchmarking Framework which compares a range of established performance measures with those of other Scottish local authorities. Service Committees are provided with reports to review, scrutinise and note actions undertaken by services to meet performance objectives. An illustrated annual Public Performance Report is prepared and published to demonstrate the outcomes and achievements of the council during the year, together with an annual report on progress relative to delivery of the Corporate Plan objectives.

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

The Chief Executive is responsible and accountable to the council for all aspects of management including promoting sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers, and building relationships with all elected members. For the majority of the period covered by this statement, the Chief Executive role was filled on an interim basis following retirement of the permanent jobholder. A permanent replacement Chief Executive has been appointed and commenced in post in March 2025.

Leadership capacity of senior officers is supported through the promotion of a Leadership Forum, which brings together senior managers from all services to provide a wider perspective to the consideration of issues facing the council. Forum meetings ensure consistent messaging is available from senior management to managers. Human Resources has continued to review and refine workforce development opportunities, including on leadership development, and to provide training opportunities for all staff online.

An external review of the roles and responsibilities of senior employees has been progressed during the period to ensure corporate management arrangements remain appropriate in terms of capacity and capability in the current operating environment. A revised senior management structure was agreed by council in April 2025. Actions arising therefrom will be progressed over the summer period with a target date for full implementation of September 2025. The revisions stress the importance of prioritising leadership, in consequence the corporate management arrangements that applied for most of the period covered by this statement have been revised. A Corporate Leadership Team (CLT) comprising the Chief Executive, three Executive Directors, the Monitoring Officer, the Chief Financial Officer and the Chief Officer (Health and Social Care Moray) has been established. This is supported by an Extended Corporate Leadership Team (ECLT) that additionally includes Heads of Services.

The council has an agreed elected members' development strategy that includes an on-going training programme of learning, development and briefings. Members appointed to certain committees also receive specific training related to the responsibilities of these committees. A Strategic Leadership Forum has been established involving both elected members and senior officers to facilitate collaborative cross-party discussions on the future direction of council services. Senior Officers also meet regularly with Chairs of the council and its committees.

In addition, elected members represent the council on a range of outside bodies, including on boards of other Community Planning partners, across partnership bodies such as the Moray Economic Partnership, various national bodies such as COSLA and its themed Boards, and a broad range of charitable and third sector organisations. This representation provides valuable learning and networking opportunities for those members.

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

The council has a risk management policy designed to support the identification, evaluation and mitigation of risks that may impact on its ability to meet its objectives. The policy was updated during the year. A Corporate Risk Register is also maintained providing summary information on issues the CLT considers are the principal risks facing the council. The register describes how these risks are managed and controlled. Risk implications are also detailed in all committee reports to inform decision-making processes.

The council's system of internal control is based on a framework of financial regulations, regular management information, administrative procedures, management supervision and a scheme of delegation that defines accountabilities of senior officers. Establishing and maintaining an effective system of internal control is a management function. An Audit and Scrutiny Committee, through its consideration of reports by internal and external auditors, monitors the effectiveness of the system of internal control.

Strong financial management is secured through the work of the Chief Financial Officer appointed in terms of s.95 of the Local Government (Scotland) Act 1973. This officer advises the Council on all financial matters and ensures the timely production and reporting of budget estimates, budget monitoring reports and annual accounts. Draft and audited Annual Accounts are published on the council website.

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

Council business is conducted through an established cycle of webcast committee meetings. Webcasts remain available for viewing for 12 months following a meeting. Meeting dates are published in advance, and agenda papers are made available at least one week before meetings take place. Minutes of meetings are prepared, and important decisions are publicised on the council website and through social media.

The council's website provides a platform from which to disseminate a wide range of information including news items on policy decisions, guidance on council services, and on service disruptions/interruptions arising from weather events or similar. The website increasingly facilitates efficient access to digital services across a range of service areas and allows for consultations to be undertaken and for interested parties to provide feedback electronically.

The council responds to the findings and recommendations of Internal Audit, External Audit, and other Scrutiny and Inspection bodies by developing improvement Action Plans. The Audit and Scrutiny Committee is integral to overseeing independent and objective assurance processes that make recommendations for improvements to the system of internal control. Training for elected members on the specifics of effective scrutiny was provided during the period.

A particular and continuing focus in the period was the council's response to the latest Accounts Commission Best Value review report. The report was considered in detail at a meeting of the Council in June 2024, with an action plan developed in response to the Commission's findings. Progress towards meeting the action plan objectives, which covers issues including the council's vision, leadership, effective use of resources and sustainable development, has been considered by the council's Corporate Committee at quarterly intervals for the remainder of the period covered by this statement, with actions taken to address the agreed recommendations from the report being closely monitored.

The council responds to requests for information under Freedom of Information legislation having processed some 1,500 such requests during the period covered by this statement.

Review of the Adequacy and Effectiveness of the Council's Governance Framework

In order to assess the effectiveness of the governance framework, including the system of internal control, it is necessary to consider the role of the functions and individuals who contribute to it, as follows:

Elected Members

Governance arrangements at a political level emanate from the council, its committees and from other roles that elected members fulfil. These include participation in the Community Planning Board and associated groups for multi-agency issues. Elected members also have substantive roles on the Moray Integration Joint Board for Health and Social Care, the Grampian Valuation Joint Board, and the Moray Leisure Arm's Length External Organisation (ALEO), each of which has its own governance arrangements. In addition, elected members have membership and represent Moray Council interests in partnerships that contribute to meeting council aims and objectives, notably in the development and delivery of projects forming part of the Moray Growth Deal. Acknowledging political difference, elected members have been encouraged to strengthen collegiate working where possible. This has been evident during the period with improved opportunities for informal discussion and engagement on development of policy proposals. A survey of elected members and chief officers on collaborative leadership and working relationships also returned positive results.

Audit and Scrutiny Committee

The council has an Audit and Scrutiny Committee where elected members consider reports on audit matters. These reports provide assurances on the adequacy and effectiveness of the system of internal controls including those relative to the delivery of plans, compliance with laws and regulations, accuracy of information and safeguarding of assets. The Committee functions in line with best practice guidance published by the Chartered Institute of Public Finance and Accountancy. Two external members sit on the committee to provide an independent perspective on issues under consideration.

This committee is a key component of good governance, distinguished from other committees by the role elected members are required to fulfil, not in setting policy or considering service matters, but by providing independent oversight and challenge in support of the council's duty to secure continuous improvement. These functions are delivered independently from the supervisory oversight roles of the Leadership Teams.

The Corporate Leadership Team

The Corporate Leadership Team (CLT) has overarching operational responsibility for good governance arrangements. The team for much of the year comprised the Chief Executive, two Deputy Chief Executives with portfolio responsibilities for Education, Communities and Organisational Development; and Economy, Environment and Finance respectively, the Chief Officer (Health and Social Care Moray), the Monitoring Officer and the Chief Financial Officer. As reported above, the roles and responsibilities of officers within the Corporate Management Team have been revised and, in some cases, redesignated to strengthen strategic leadership arrangements.

The Corporate Leadership Team / Extended Corporate Leadership Team

This is an extended management team comprising the CLT and Heads of Services. The role and remit of this group is to support the formulation and implementation of policies, strategies and plans to achieve local and national outcomes, to share and promote good practice from an inter-service perspective, to act with the wider objectives of the council in mind to

ensure the resources are effectively deployed, and to assist CLT in keeping the governance of the council and its services under review.

Individual Heads of Service, including the Chief Financial Officer and Monitoring Officer, have considered the effectiveness of governance arrangements within their respective services by reference to the principal risks identified in the council's Corporate Risk Register and provided assurance statements for use in the preparation of this corporate statement. This affirms the broad ownership of good governance and recognition of its importance within the senior leadership of the council.

Overall, the assurance statements provided confirm that governance arrangements within services are working as intended, and in support commentary has been given on elevated risks and on mitigating actions taken in response. The main issues raised in these returns are:

- Staffing shortages and vacancies, and their impact on capacity to deliver change at pace in a number of service areas.
- Continuing risk of data breaches, and the response being taken by services to mitigate these through provision of training on data security and reminder on data security considerations when using email.
- Ongoing obligations on the Housing Service to monitor homelessness data and progress electrical safety improvements in council houses in support of national initiatives directed by the Scottish Housing Regulator.
- A need for continued focus on Health and Safety requirements thereby protecting the workforce and minimising the number of reportable incidents.
- Reported progress made to strengthen governance arrangements around delivery of Additional Support Needs in Education, and to embed climate change implications into procurement practice.
- A need to ensure due consideration is given to equalities impacts in all cases where persons or groups potentially affected have protected characteristics.

The Head of Governance, Strategy and Performance (Monitoring Officer) / Chief Financial Officer

The Head of Governance, Strategy and Performance and the Chief Financial Officer perform their respective statutory duties as outlined elsewhere in this statement. In discharging the responsibilities of the role, the Chief Financial Officer complies with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer, and the Head of Governance, Strategy and Performance provides an annual information report on discharging the duties of a Monitoring Officer to a meeting of the council.

The Chief Social Work Officer

The Head of Service, Health and Social Care Moray fulfils the statutory role of Chief Social Work Officer (CSWO) as part of the duties of the post. The latest available CSWO annual report for the year to 31 March 2024 notes continuing challenges, with increased service needs set against financial and recruitment pressures.

This report covers the first year Children & Young People and Criminal Justice Social Work services have been fully integrated into the Health and Social Care Partnership, and, in the period covered by this statement, work has continued to better align governance structures across Health and Social Care.

Improvements under way include replacement of the case management system, development of data used for performance reporting, and progressing the review of adult commissioning arrangements in response to a recently completed audit of current practice by an external firm.

The report also noted an impending change in the holder of the CSWO post and in a number of other senior manager roles and stressed the importance of ensuring services remain as stable as possible during a period of further transition. The post of CSWO has been filled on an interim basis since June 2024, and arrangements are being finalised for the recruitment of a permanent CSWO.

Internal Audit

The Internal Audit activity adds value to the Council by considering strategies, objectives, and risks; offering ways to enhance governance, risk management and control processes; and objectively providing relevant assurances.

The Audit and Risk Manager is accountable on a day-to-day basis to the Head of Governance, Strategy and Performance and to the Audit and Scrutiny Committee. Internal Audit applies mandatory Public Sector Internal Audit Standards (PSIAS) in delivering the Internal Audit Service. An external quality assessment of the service during the year confirmed compliance with the PSIAS.

Annual Governance Statement (cont.)

The Council has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The internal audit plan for the year includes a range of audit projects covering main financial systems, other systems operating within services and several ad-hoc/unplanned projects. The outcomes from these projects, together with any recommendations to enhance the control environment, are reported to the Audit and Scrutiny Committee. This Committee is chaired by an elected member who is not part of the council Administration. Almost all planned reviews detailed within the Annual Internal Audit Plan for 2024/25 were completed as scheduled.

PSIAS requires an internal audit opinion to be provided annually. As planned audit work was substantially completed by the year-end and based on this and other knowledge of the organisation and its control systems, it is the opinion of the Audit and Risk Manager that reasonable assurance can be placed upon the adequacy and effectiveness of the internal control environment which operated in the council during the year.

Health & Social Care Partnership

The council, as a key partner of Health and Social Care Moray has an interest in the governance arrangements of the Moray Integration Joint Board (MIJB). This given its financial exposure as a principal funder and continuing statutory responsibilities for Social Work services and the role and function of the Chief Social Work Officer. Governance was improved during the period with the Chief Officer (Health and Social Care Moray) now attending council meetings and providing reports summarising details of the Board's activities.

Audit arrangements for the MIJB are provided jointly by the council's Internal Audit Service and NHS Grampian's Internal Auditors. The council's Audit and Risk Manager (as Chief Internal Auditor for the MIJB) provides assurance over social care services, and oversight of the MIJB governance arrangements. In prior years there was no formal reporting to the MIJB of internal audit work relative to NHS services delivered under its direction. This position has been reviewed to strengthen governance practice, with agreement now reached to enable relevant NHS Internal audit reports to be considered by the MIJB.

From audit work completed in this role, the Chief Internal Auditor has provided an opinion of only limited assurance that the Moray Integration Joint Board has adequate systems of governance and internal control for the year ended 31st March 2025.

A continuing governance consideration for the council on a recurring basis is the financial sustainability of the MIJB, with any overspend against budget requiring to be met by NHS Grampian and the council as principal funders, pro-rata in line with an agreed funding agreement. For the 2024/25 financial year, an overspend was forecast and work undertaken to identify savings. A recovery plan was also agreed and is being delivered. Service pressures in Health and Social Care are likely to continue and will require close monitoring going forward.

External Agencies

In addition to the various internal review processes and the external audit of the Annual Accounts, aspects of the council's governance arrangements are considered in various inspection reports produced by the external auditor and other inspectorate agencies.

The latest Accounts Commission Best Value Report on the council, while highlighting areas of good practice, made a number of recommendations to further strengthen systems and processes in key strategic areas. The report called on the council to accelerate plans to transform how it works and deliver services, and to demonstrate its ability to create capacity to sustain the pace and momentum necessary to effect change. In particular, the report highlighted a need for the council's Improvement and Modernisation Programme to set out clear deliverables, deadlines and lines of accountability, and for arrangements to be put in place to ensure the accuracy of financial forecasting and in-year budget monitoring.

The council in response has reviewed its governance arrangements around priorities and strategic direction and prepared a comprehensive Best Value Action Plan and Transformation Strategy to aid progress. The Best Value Report findings were formally accepted at a special meeting of the council on 12 June 2024.

The External Audit Plan for 2024/25 notes there is potentially a risk that the council does not meet its key priorities due to delayed progression of objectives and the pace of change being limited or slow, and the external audit assessment of progress will be undertaken as part of the annual audit work due to take place during the summer of 2025 and reported in the Annual Audit Report.

Separately, an external audit Best Value thematic review of the council's transformation arrangements was completed and a report published in July 2025. The report acknowledges the extensive volume of work undertaken to progress change aligned to the council's refreshed Transformation Strategy, including effective community engagement, working with partners, and assessment of the impacts of change on communities and individuals with protected characteristics. The report also notes

the council's achievement in setting a balanced budget for 2025/26 without use of reserves as part of its commitment to on-going sound financial management. An improvement action plan has been provided which the Corporate Committee approved at its meeting on 27 August 2025; this will usefully guide further planned transformation work going forward.

Overall Assessment of the Effectiveness of Governance Arrangements

Having regard to the information provided in the preceding paragraphs, it is considered that established systems and processes are consistent with the seven principles identified in the 'CIPFA/SOLACE' Framework 'Delivering Good Governance in Local Government.' Implementation of the Best Value Action Plan has further strengthened these arrangements, and work will continue as outlined below to optimise governance arrangements that deliver Best Value for Moray.

Significant Governance Issues

Issues reported as requiring attention in the Annual Governance Statement for the prior year (2023/24) were aligned to the Best Value report, and to reports prepared by external advisers who provided consultancy support to the Council. These reports informed a Best Value self-assessment exercise completed by council managers which included the following priority areas for improvement:

- Continue work to establish a clear shared vision for Moray that supports delivery of sustainable public services.
- Maintain current activity to ensure leadership is effective and there is good collaboration between elected members and senior officers.
- Increase the pace of transformation and identify savings with the intention of securing longer term financial sustainability.
- Revisit governance arrangements covering partnerships; principally for Health and Social Care Moray in respect of performance and early identification of any significant financial and service risks.

While good progress has been made on all of these areas, the plan for improvement is a three-year plan and will need further refinement as the council responds to change both internally and in response to emerging issues impacting on local government.

Specifically:

- The potential to further articulate a clear shared vision for Moray remains under consideration in terms of developing a single high-level plan that consolidates the Moray Local Outcomes Improvement Plan and the council's Corporate Plan. The absence of a single plan of itself has not prevented effective working in partnership in multiple areas, including community safety, leisure and health, child protection, and economic development.
- Measures to strengthen governance arrangements around leadership have been developed to enhance collegiate working and a review of senior management roles and responsibilities has been progressed, primarily to address workload capacity issues. Notwithstanding interim arrangements in a number of key roles, the council has continued to drive forward multiple initiatives across all services, including the management and oversight of substantial external funding streams including those for the Moray Growth Deal.
- Transformation opportunities are being pursued with specific funding allocated from earmarked reserves aimed at securing service improvements and efficiencies. Financial sustainability has been secured short-term through delivery of a balanced budget for 2025/26, with medium to longer term financial plans updated to evidence a continuing commitment to sound financial management.
- While Health and Social Care Moray has taken steps to generate savings from its operations during the period, a significant operating deficit in 2024/25 is expected, and further significant budget pressures are forecast in 2025/26. The council is obliged to meet its share of any overspend and has made provision to mitigate this risk.

Looking forward, key governance challenges relate to:

- Supporting elected members to sustain the benefits derived from collaborative working, while recognising and respecting political difference;
- Rebuilding a strong and effective corporate leadership team under the recently appointed Chief Executive in line with the agreed revised senior management structure.
- Continuing to explore transformation opportunities where these are likely to generate improved, modern and sustainable ways of working.

Annual Governance Statement (cont.)

- Monitoring closely capital and revenue spend, including allocations to partner bodies, to ensure the ongoing financial sustainability of the council.
- Reviewing committee meeting timetables to ensure these fully align with recently revised reporting arrangements.
- Giving consideration to the mechanism for discharging the scrutiny role of elected members and distinguishing that from their decision-making roles on service committees.
- Progressing the review of other staffing structures to create capacity necessary to deliver agreed priorities; this will require on-going engagement with staff, service users and other stakeholders and provide clarity around changes to service aims, delivery models, standards and levels of performance.

Concluding Remarks

Good governance is key to the successful operation of the council and during the period covered by this statement, governance arrangements have been strengthened further through the development and application of a best value action plan. External support has also been secured to improve organisational culture. A number of changes in senior management roles have taken place with interim management arrangements applying for much of the period. A permanent replacement Chief Executive is now in post and a new senior management structure designed to strengthen leadership capacity approved.

The council is now better placed to meet the challenges that undoubtedly lie ahead. Working together we are committed to securing continuous improvement in governance practice in order to deliver the best possible outcomes for the citizens and communities of Moray.



Kathleen Robertson
Leader of the Council
24 September 2025



Karen Greaves BEM
Chief Executive
24 September 2025

Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 require Local Authorities in Scotland to prepare a Remuneration Report as part of the statutory Annual Accounts.

All information disclosed in the tables in this Remuneration Report, with the exception of Table 2: Remuneration paid to Councillors, the Tiered Contribution Pay Rates table on page 33 and the Trade Union disclosures has been audited by the appointed auditors, Grant Thornton UK LLP, and the information reviewed by them to ensure it is consistent with other sections of the Annual Accounts.

Remuneration Policy for the Leader of the Council, the Civic Leader and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Civic Leader are set out by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2024 (SSI No. 2024/24) which amended the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2023 (SSI No. 2023/21). The salary for the Leader of the Council is £35,580 per annum (2023/24 £33,503) and for the Civic Leader is £26,686 per annum (2023/24 £25,128).

In terms of the same Regulations, Moray Council can nominate up to nine Senior Councillors (in addition to the Leader of the Council and the Civic Leader) whose salaries in aggregate must not exceed a specified amount, currently £216,135 (2023/24 £203,517) and whose salaries individually must be on a specified scale, currently £21,345 to £26,686 (2023/24 £20,099 to £25,128).

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

Under the Regulations, remuneration disclosures are to be made for the Leader of the Council, the Civic Leader and any Councillor designated a Senior Councillor. In 2024/25, Moray had eight Senior Councillors, (seven committee chairs/depute chairs and the Leader of the largest opposition group), each paid a salary of £26,686 per annum (2023/24 £25,128). The Convener of the Grampian Valuation Joint Board received an allowance for this responsibility which was reimbursed to the Council by the Board. The Vice-Chair of the Moray Integration Joint Board received an allowance for the additional responsibility which was funded in full by Moray Council.

Table 1 shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2025. All salaries are paid monthly.

Remuneration Report (cont.)

TABLE 1: Remuneration of Senior Councillors and Conveners and Vice-Conveners/Chairs of Joint Boards

Councillor Name	Responsibility	Total Remuneration 2023/24 £	Salary, Fees and Allowances £	Total Remuneration 2024/25 £
Kathleen Robertson	Leader of the Council Chair of Education, Children's and Leisure Services	33,503	35,580	35,580
John Cowe	Civic Leader	25,128	26,686	26,686
Graham Leadbitter	Chair of Audit and Scrutiny Committee until 13 August 2024 Joint Leader of the largest Opposition Group until 13 August 2024	25,128	9,828	9,828
Shona Morrison	Joint Leader of the largest Opposition group until 13 August 2024. Full Leader of the largest Opposition group from 14 August 2024 until 9 September 2024	25,128	11,786	11,786
Peter Bloomfield	Chair of Police and Fire and Rescue Services	25,128	26,686	26,686
Tracy Colyer	Vice Chair of Moray Integration Joint Board until 26 September 2024	23,872	13,046	13,046
Amber Dunbar	Chair of Housing and Community Safety	25,128	26,686	26,686
Donald Gatt	Convener of Grampian Valuation Joint Board	24,917	26,686	26,686
David Gordon	Chair of Planning and Regulatory Services Committee	25,128	26,686	26,686
Elaine Kirby	Vice Chair of Moray Integration Joint Board from 4 December 2024	-	8,680	8,680
Scott Lawrence	Leader of the largest Opposition Group from 10 September 2024 Chair of Audit and Scrutiny from 25 September 2024	-	14,900	14,900
Marc Macrae	Chair, Economic Development and Infrastructure Services Committee	25,128	26,686	26,686
Paul McBain	Chair of Licensing Committee	25,128	26,686	26,686
Bridget Mustard	Chair of Corporate Committee	25,128	26,686	26,686
Total		308,444	307,308	307,308

No taxable expenses were paid in 2024/25 or 2023/24.

Remuneration Report (cont.)

TABLE 2: Remuneration paid to Councillors

The annual return of Councillors' salaries and expenses is available to view on the Council's website at http://www.moray.gov.uk/moray_standard/page_90017.html

The annual return of Councillors' salaries and expenses is compiled under Scottish Local Authority Remuneration Committee (SLARC) guidance for public records whereas the Remuneration Report is compiled under a Scottish Statutory Instrument (SSI).

The Council paid the following salaries, allowances and expenses to all Councillors (including the Senior Councillors above) during the year.

Type of Remuneration	2023/24	2024/25
	£	£
Salaries	589,830	618,584
Expenses	17,753	16,963
Total	607,583	635,547

Remuneration Policy for Senior Officers

The salaries of Senior Officers are set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets out the salary for the Chief Executives of Scottish Local Authorities (SPPA). Circular CO-154 was issued 10 December 2024 and covers salary scales to be paid to Chief Officers for the period of 1 April 2024 to 31 March 2025. Depute Chief Executives receive 84% of the Chief Executive's salary. The Depute Chief Executive for Education, Communities and Organisational Development is also the Presiding Officer and therefore the amount included in table 3 is higher than this. Moray Council does not pay bonuses or performance related pay.

The Regulations define a Senior Officer as an employee who meets one or more of the following criteria:

- i) A person who has responsibility for the management of the Local Authority to the extent that the person has the power to direct or control the major activities of the Authority, whether solely or collectively with other persons;
- ii) A person who 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; or
- iii) A person whose annual remuneration, including any annual remuneration from a Local Authority subsidiary body, is £150,000 or more.

The term *remuneration* means gross salary, fees and bonuses, allowances and taxable expenses, and compensation for loss of employment. Remuneration details are shown in Table 3. The table shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2025. Salaries are paid monthly.

Remuneration Report (cont.)

TABLE 3: Remuneration of Senior Employees of the Council

	Post Title	Total Remuneration 2023/24 £	Salary, fees and allowances £	Taxable Expenses £	Total Remuneration 2024/25 £
Roderick D Burns	Chief Executive - Note 1	130,458	25,813 (Full year equivalent £134,746)	-	25,813
John Mundell	Interim Chief Executive - Note 2	-	170,572	-	170,572
Karen Greaves	Chief Executive - Note 3	-	5,433 (Full year equivalent £134,746)	-	5,433
Rhona Gunn	Depute Chief Executive for Economy, Environment and Finance	110,091	114,167	-	114,167
Denise Whitworth	Depute Chief Executive for Education, Communities and Organisational Development	109,550	115,285	-	115,285
Vivienne Cross	Chief Education Officer	99,986	105,253	-	105,253
Tracy Stephen	Head of Community Care (Chief Social Work Officer) - Note 4	94,596	21,251 (Full year equivalent £94,989)	-	21,251
James Lyon	Interim Head of Community Care (Chief Social Work Officer) - Note 5	-	98,990 (Full year equivalent £131,986)	4,414	103,404
Alasdair McEachan	Head of Governance, Strategy and Performance (Monitoring Officer)	92,288	96,278	-	96,278
Lorraine Paisey	Chief Financial Officer (s95)	91,918	95,581	-	95,581
Total		728,887	848,623	4,414	853,037

Note 1 - Roderick Burns was Chief Executive until his retirement on 31st May 2024.

Note 2 - John Mundell was appointed as Interim Chief Executive starting from 2nd April 2024.

Note 3 - Karen Greaves was appointed as permanent Chief Executive starting on 17th March 2025.

Note 4 - Tracy Stephen vacated the Chief Social Work officer post on 17 June 2024.

Note 5 - James Lyon was appointed as Interim Chief Social Work Officer on 3rd June 2024.

Pension Entitlement

Pension benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS) and for teachers and former teachers through the Scottish Public Pensions Agency. The pension is based on the person's pensionable service (how long he or she has been a member of the pension scheme) and his or her pay. For Councillors, the pension is based on "career average" - the aggregate of each year's pay (adjusted by inflation) is divided by the total number of years and part years they have been a member of the LGPS.

For officers, from 1 April 2015 the pension is a Career Average Revalued Earnings (CARE) scheme. For service before this date, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. The normal retirement age (NRA) for service post 1 April 2015 is the same as for the state pension; the NRA for service pre 1 April 2015 is 65. Pensions payable are increased annually in line with changes in the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004.

LGPS regulations require that contribution rates are applied according to ranges of pay bands rising from 5.5% to 12% depending on the member's rate of pensionable pay. The table for the allocation of rates for 2024/25 is shown below and can be found on the Scottish Public Pensions Agency website:

https://pensions.gov.scot/sites/default/files/2024-03/2024-04_LGPS_Circular-Tiered_Contribution_Rate_System%20.pdf

Tiered Contribution Pay Rates

Pensionable Pay 2023/24	Rate (%) 2023/24	Pensionable Pay 2024/25	Rate (%) 2024/25
On earnings up to and including £25,300	5.5%	On earnings up to and including £27,000	5.5%
On earnings above £25,301 and up to £31,000	7.25%	On earnings above £27,001 and up to £33,000	7.25%
On earnings above £31,001 and up to £42,500	8.5%	On earnings above £33,001 and up to £45,300	8.5%
On earnings above £42,501 and up to £56,600	9.5%	On earnings above £45,301 and up to £60,400	9.5%
On earnings of £56,601 and above	12%	On earnings of £60,401 and above	12%

The value of benefits in Tables 4 and 5 below have been provided by the North East Scotland Pension Fund (NESPF) and are calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date; without exercising any option to commute pension entitlement into a lump sum and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued because of their total Local Government service and not just their current appointment.

The 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 to each Senior Councillor's pension during the year.

Remuneration Report (cont.)

TABLE 4: Senior Councillors

Councillor Name	Responsibility	In-year pension contributions			Accrued pension benefits	
		For the year to	For the year to		As at 31	Difference
		31 March 2024	31 March 2025		March 2025	from March 2024
		£	£		£'000	£'000
Kathleen Robertson	Leader of the Council	6,466	5,088	Pension	2	1
	Chair of Education, Children's and Leisure Services			Lump Sum	-	-
John Cowe	Civic Leader	1,212	-	Pension	-	(8)
				Lump Sum	-	-
Graham Leadbitter	Chair of Audit and Scrutiny Committee until 13 August 2024	4,850	1,405	Pension	9	-
	Joint Leader of the largest Opposition Group until 13 August 2024			Lump Sum	2	-
Shona Morrison	Joint Leader of the largest Opposition group until 13 August 2024.	4,850	1,685	Pension	4	-
	Full Leader of the largest Opposition group from 14 August 2024 until 9 September 2024			Lump Sum	-	-
Peter Bloomfield	Chair of Police and Fire and Rescue Services	2,829	-	Pension	-	(1)
				Lump Sum	-	-
Tracy Colyer	Vice Chair of Moray Integration Joint Board until 26 September 2024	4,607	1,866	Pension	2	1
				Lump Sum	-	-
Amber Dunbar	Chair of Housing and Community Safety	4,850	3,816	Pension	2	1
				Lump Sum	-	-
Donald Gatt	Convener of Grampian Valuation Joint Board	4,809	3,816	Pension	4	1
				Lump Sum	-	-
David Gordon	Chair of Planning and Regulatory Services Committee	4,850	3,816	Pension	2	1
				Lump Sum	-	-
Elaine Kirby	Vice Chair of Moray Integration Joint Board from 4 December 2024	-	1,241	Pension	-	-
				Lump Sum	-	-
Scott Lawrence	Leader of the largest Opposition Group from 10 September 2024	-	2,131	Pension	1	1
	Chair of Audit and Scrutiny from 25 September 2024			Lump Sum	-	-

TABLE 4: Senior Councillors (cont.)

		In-year pension contributions		Accrued pension benefits		
		For the year to 31 March 2024	For the year to 31 March 2025		As at 31 March 2025	Difference from March 2024
		£	£		£'000	£'000
Councillor Name	Responsibility					
Marc Macrae	Chair, Economic Development and Infrastructure Services Committee	4,850	3,816	Pension	4	1
				Lump Sum	-	-
Paul McBain	Chair of Licensing Committee	4,850	3,816	Pension	2	1
				Lump Sum	-	-
Bridget Mustard	Chair of Corporate Committee	4,850	3,816	Pension	2	1
				Lump Sum	-	-
		53,873	36,312		36	0

Remuneration Report (cont.)

TABLE 5: Senior Employees

The pension entitlements of Senior Employees for the year to 31 March 2025 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

Name	Post Title	In-year pension contributions			Accrued pension benefits	
		For the year to	For the year to		As at 31	Difference
		31 March 2024	31 March 2025		March 2025	from March 2024
		£	£		£'000	£'000
Roderick D Burns	Chief Executive - Note 2	25,172	3,117	Pension	83	2
				Lump Sum	130	-
Karen Greaves	Chief Executive - Note 2	-	777	Pension	-	-
				Lump Sum	-	-
Rhona Gunn	Depute Chief Executive for Economy, Environment and Finance	21,242	16,320	Pension	48	4
				Lump Sum	39	2
Denise Whitworth	Depute Chief Executive for Education, Communities and Organisational Development	21,239	16,717	Pension	62	6
				Lump Sum	80	3
Vivienne Cross	Chief Education Officer	19,288	15,043	Pension	19	3
				Lump Sum	-	-
Tracy Stephen	Head of Community care (Chief Social Work Officer) - Note 2	17,916	2,835	Pension	11	1
				Lump Sum	-	-
Alasdair McEachan	Head of Governance, Strategy and Performance	17,803	13,671	Pension	44	4
				Lump Sum	45	2
Lorraine Paisey	Chief Financial Officer (s95 officer)	17,737	13,662	Pension	48	4
				Lump Sum	59	2
Total		140,397	82,142		668	33

Note 1 - John Mundell and James Lyon are not in the local government pension scheme.

Note 2 - In-year pension contributions are part year. See Notes per Table 3 for the relevant start/end dates of employment.

Remuneration of Officers receiving more than £50,000

The following table provides details of the number of people paid by the Council whose remuneration is £50,000 or more. Remuneration includes early retirement/voluntary severance costs. The table includes the remuneration of the Senior Employees detailed above.

TABLE 6: General Disclosure by Pay Band

Remuneration Band	Number of Employees	
	2023/24	2024/25
£50,000-£54,999	140	155
£55,000-£59,999	164	143
£60,000-£64,999	59	107
£65,000-£69,999	48	49
£70,000-£74,999	36	40
£75,000-£79,999	15	27
£80,000-£84,999	4	17
£85,000-£89,999	3	1
£90,000-£94,999	10	2
£95,000-£99,999	1	8
£100,000-£104,999	1	2
£105,000-£109,999	1	1
£110,000-£114,999	1	1
£115,000-£119,999	-	1
£130,000-£134,999	1	-
£170,000-£174,999	-	1
Total	484	555

In Table 6 the number of officers whose remuneration was £50,000 or more during 2024/25 increased by 71 from 2023/24 for a number of reasons:

- 2024/25 nationally agreed pay awards for all staff, including Teachers
- Incremental salary progression

Exit Packages of Employees

The Council has agreed 14 exit packages as detailed in Table 7. Exit packages are split between compulsory redundancies and other departures. The figures shown include redundancy, settlement costs for loss of employment and payments to the pension fund for early retirements agreed by Committee. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives and where the savings accruing from an individual ceasing employment with the Council exceed the costs of the exit package within an acceptable period.

TABLE 7: Exit Packages

Banding	2023/24			2024/25		
	Compulsory Redundancies	Other Departures	Total Cost	Compulsory Redundancies	Other Departures	Total Cost
	Number of Employees	Number of Employees	£	Number of Employees	Number of Employees	£
£0-£20,000	-	-	-	3	4	47,743
£20,001-£40,000	-	1	26,061	1	3	116,716
£40,001-£60,000	-	3	146,622	-	1	52,961
£100,001-£150,000	-	1	113,931	-	1	107,098
£200,001-£250,000	-	-	-	-	1	206,880
Total	-	5	286,614	4	10	531,398

Termination Benefits

During 2024/25 the Council terminated the contracts of 14 employees. The contracts were terminated because of budget savings, the redesign of Council services or Council restructuring. The cost to the Council in 2024/25 was £0.520m (2023/24 £0.287m) comprising £0.179m of redundancy payments and £0.340m strain on pension fund costs. Settlement costs of £0.008m as compensation for loss of employment was also agreed in 2024/25 (2023/24 nil).

Trade Union (Facility Time Publication Requirements) Regulations 2017

The following tables show the information required to be published under the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Table 8: Relevant Union Officials**

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period		Full-time equivalent employee number	
2024/25		2024/25	
Teaching	Non-Teaching	Teaching	Non-Teaching
10	11	9.8	9.62

Table 9: Percentage of Time Spent on Facility Time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Remuneration Report (cont.)

Percentage of time	Number of employees	
	2024/25	
	Teaching	Non-Teaching
0%	-	2
1%-50%	9	8
51%-99%	1	-
100%	-	1

Table 10: Percentage of Pay Bill Spent on Facility Time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

	2024/25	
	Teaching	Non-Teaching
Provide the total cost of facility time	£88,979	£68,227
Provide the total pay bill	£72,785,751	£126,961,862
Provide the percentage of the total pay bill spent on facility time calculated as: (total cost of facility time/total pay bill) x 100	0.12%	0.05%

Table 11: Paid Trade Union Activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

	2024/25	
	Teaching	Non-Teaching
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on trade union activities by relevant union officials during the relevant period/total paid facility time hours) x 100	3.81%	1.96%

Kathleen Robertson

Councillor Kathleen Robertson

Leader of the Council

24 September 2025

Karen Greaves

Karen Greaves BEM

Chief Executive

24 September 2025

Comprehensive Income and Expenditure Statement

This Statement for the Council and its Group shows the accounting cost for the year ended 31 March 2025 of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note 8.

2023/24					2024/25				
Council		Net	Group Net		Council		Net	Group Net	
Expenditure	Income				Expenditure	Income			
£000	£000	£000	£000		£000	£000	£000	£000	
134,640	(12,731)	121,909	121,909	Education	132,953	(3,513)	129,440	129,440	
14,345	(5,154)	9,191	9,337	Education Resources & Communities	13,649	(5,666)	7,983	8,141	
20,494	(15,818)	4,676	4,674	General Services Housing and Property Services	21,125	(16,359)	4,766	4,766	
62,312	(17,141)	45,171	45,207	Environmental & Commercial Services	59,782	(14,921)	44,861	44,910	
10,528	(6,778)	3,750	3,767	Economic Growth & Development	13,604	(10,812)	2,792	2,792	
7,396	(425)	6,971	6,971	HR, ICT & Organisational Development	7,456	(468)	6,988	6,988	
19,144	(12,984)	6,160	6,928	Governance, Strategy & Performance	19,253	(13,403)	5,850	6,621	
3,785	(1,001)	2,784	2,784	Financial Services	4,656	(1,206)	3,450	3,450	
1,933	(108)	1,825	1,972	Other	2,573	(138)	2,435	2,526	
180,792	(102,983)	77,809	78,021	Health and Social Care	187,693	(103,206)	84,487	84,550	
31,866	(22,937)	8,929	8,929	Housing Revenue Account	29,749	(25,915)	3,834	3,834	
487,235	(198,060)	289,175	290,499	Cost Of Services	492,493	(195,607)	296,886	298,018	

During 2024/25, Social Work budget and associated income and expenditure grouped together with Health & Social Care. The prior year figures have been amalgamated to a single line.

Comprehensive Income and Expenditure Statement (cont.)

2023/24					2024/25				
Expenditure	Council Income	Net	Group Net		Expenditure	Council Income	Net	Group Net	
£000	£000	£000	£000		£000	£000	£000	£000	
487,235	(198,060)	289,175	290,499	Cost Of Services	492,493	(195,607)	296,886	298,018	
		3,169	4,207	Other Operating Expenditure (Note 12)			449	472	
		11,709	11,061	Financing and Investment Income and Expenditure (Note 13)			21,337	20,943	
		(266,966)	(266,966)	Taxation and Non-Specific Grant Income (Note 14)			(299,359)	(299,359)	
		-	1,413	Associates and Joint Venture accounted for on an equity basis			-	187	
		37,087	40,214	Deficit on Provision of Services			19,313	20,261	
		(24,933)	(31,039)	(Surplus) on revaluation of Property, Plant and Equipment (Notes 15 & 23)			(47,982)	(48,370)	
		-	(161)	(Surplus)/Deficit on revaluation of available for sale financial assets			-	(74)	
		3,557	3,557	Remeasurement of the net defined benefit liability (Note 28 & 43)			(3,594)	(3,594)	
		-	(51)	Share of other Comprehensive (Income) and Expenditure of Associates and Joint Ventures			-	(24)	
		(21,376)	(27,694)	Other (Income)/Expenditure			(51,576)	(52,062)	
		15,711	12,520	Total Comprehensive Net (Income)			(32,263)	(31,801)	

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council and its Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Statement shows how the movements in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax (or housing rents) for the year. The Net Increase or Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023	45,698	2,418	5,348	2,145	4,239	59,848	843,437	903,285	34,163	2,509	939,957
Movement in Reserves 2023/24											
Total Comprehensive Expenditure and Income	(28,647)	(8,440)	-	-	-	(37,087)	21,376	(15,711)	(288)	(1,362)	(17,361)
Adjustments to usable reserves permitted by accounting standards (Note 10)	8,625	5,597	-	-	-	14,222	(14,222)	-	-	-	-
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility (Note 10)	8,332	-	-	-	-	8,332	(8,332)	-	-	-	-
Adjustments between accounting basis & funding basis under regulations (Note 10)	5,725	3,415	(3,948)	-	-	5,192	(5,193)	-	-	-	-
Net increase/(decrease) before transfers to/from earmarked and other statutory reserves	(5,965)	572	(3,948)	-	-	(9,341)	(6,371)	(15,711)	(288)	(1,362)	(17,361)
Transfers to/from statutory reserves	1,591	(1,403)	264	106	(558)	-	-	-	-	-	-
Increase/Decrease in 2023/24	(4,374)	(831)	(3,684)	106	(558)	(9,341)	(6,371)	(15,711)	(288)	(1,362)	(17,361)
Balance at 31 March 2024	41,324	1,587	1,664	2,251	3,681	50,507	837,066	887,573	33,875	1,147	922,598
Note											
Minority Interest									748		748
Total Reserves as per Balance Sheet									34,623		923,343

Movement in Reserves Statement (cont.)

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants and Receipts Unapplied Account £000	Revenue Statutory Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Subsidiaries Reserves £000	Authority's Share of Associates Reserves £000	Total Group Reserves £000
Balance at 31 March 2024	41,324	1,587	1,664	2,251	3,681	50,507	837,066	887,573	33,875	1,147	922,598
Movement in Reserves 2024/25											
Total Comprehensive Expenditure and Income	(16,132)	(3,181)	-	-	-	(19,313)	51,576	32,263	(301)	(140)	31,822
Adjustments to usable reserves permitted by accounting standards (Note 10)	8,104	6,324	-	-	-	14,428	(14,428)	-	-	-	-
Adjustments between accounting basis & funding basis under regulations (Note 10)	1,140	(3,073)	(2,033)	-	-	(3,966)	3,966	-	-	-	-
Net increase/(decrease) before transfers to/from earmarked and other statutory reserves	(6,888)	70	(2,033)	-	-	(8,851)	41,114	32,263	(301)	(140)	31,822
Transfers to/from statutory reserves	(5,151)	576	1,408	3,286	179	298	(298)	-	-	-	-
Increase/Decrease in 2024/25	(12,039)	646	(625)	3,286	179	(8,553)	40,816	32,263	(301)	(140)	31,822
Balance at 31 March 2025	29,284	2,233	1,039	5,537	3,860	41,953	877,884	919,837	33,574	1,007	954,420

Note

Minority Interest

Total Reserves as per Balance Sheet

771	771
34,345	955,191

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council and its Group. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are Usable Reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services (Unusable Reserves). This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold) and reserves that hold differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2024			Notes	31 March 2025	
Council	Group			Council	Group
£000	£000			£000	£000
1,238,574	1,260,887	Property, Plant & Equipment	15	1,299,348	1,321,264
1,151	1,355	Heritage Assets	16	1,151	1,355
395	3,116	Investment Property	17	395	2,884
22	22	Intangible Assets	18	14	14
-	3,159	Long Term Investments		-	3,233
-	1,147	Investments in Associates and Joint Venture		-	1,007
406	406	Long Term Debtors	19	353	353
1,240,548	1,270,092	Long Term Assets		1,301,261	1,330,110
1,108	1,109	Inventories	20	1,161	1,162
18,009	18,036	Short Term Debtors	21	18,997	19,012
485	485	Assets held for sale	23	455	455
9,944	12,196	Cash and Cash Equivalents	24	20,141	20,141
29,546	31,826	Current Assets		40,754	40,770
(105,146)	(105,146)	Short Term Borrowing	19	(113,165)	(113,165)
(56,687)	(52,741)	Short Term Creditors	25	(48,770)	(42,281)
(1,215)	(1,215)	Grants Received in Advance	36	(498)	(498)
(163,048)	(159,102)	Current Liabilities		(162,433)	(155,944)
(149)	(149)	Provisions	26	(149)	(149)
(154,495)	(154,495)	Long Term Borrowing	19	(185,892)	(185,892)
(48,774)	(48,774)	Other Long Term Liabilities	19	(58,827)	(58,827)
(4,235)	(4,235)	Capital Grants Received in Advance	35	(5,271)	(5,271)
(11,819)	(11,819)	Pensions Liability	43	(9,606)	(9,606)
(219,472)	(219,472)	Long Term Liabilities		(259,745)	(259,745)
887,574	923,344	Net Assets		919,837	955,191

Balance Sheet (cont.)

31 March 2024		Notes	31 March 2025	
Council	Group		Council	Group
£000	£000		£000	£000
41,323	41,323	General Fund Balance	29,284	29,284
-	9,392	Revenue Reserves - Trust Funds and Common Good	-	9,436
1,587	1,587	Housing Revenue Account	27	2,233
1,664	1,664	Capital Receipts Reserve	27	1,039
2,251	2,251	Capital Grants & Receipts Unapplied Account	27/29	5,537
3,681	3,681	Revenue Statutory Funds	27	3,860
50,506	59,898	Usable Reserves	41,953	51,389
461,895	481,237	Revaluation Reserve	28	495,326
401,357	404,599	Capital Adjustment Account	28	402,686
(5,080)	(3,180)	Financial Instruments Adjustment Account	28	(4,766)
(9,285)	(9,285)	Employee Statutory Adjustment Account	28	(5,756)
(11,819)	(11,819)	Pensions Reserve	28	(9,606)
837,068	861,552	Unusable Reserves	877,884	902,024
-	1,147	Share of Associates and Joint Venture Reserves	-	1,007
-	748	Minority Interest	-	771
887,574	923,345	Total Reserves	919,837	955,191

There is an immaterial error of £2.252m in the 23/24 Group Balance Sheet figure for both Cash and Cash Equivalents and Short Term Creditors related to funds held on behalf of the Trust Funds and Common Good.

The notes on pages 48 to 125 form part of the financial statements.

Lorraine Paisey

Lorraine Paisey CA

Chief Financial Officer

24 September 2025

The unaudited Annual Accounts were issued on 25 June 2025 and the audited Annual Accounts were authorised for issue by Lorraine Paisey, Chief Financial Officer, on 24 September 2025.

Cash Flow Statement

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

2023/24			2024/25	
Council	Group		Council	Group
£000	£000		£000	£000
(37,087)	(40,214)	Net deficit on the provision of services	(19,313)	(20,265)
		Adjust net deficit on the provision of services for non cash movements:		
38,975	39,757	Depreciation	41,431	42,236
10,765	10,765	Impairments and downward revaluations	2,836	2,836
7	7	Amortisation	8	8
3,773	3,794	Increase/(decrease) in creditors	(8,774)	(8,787)
(1,735)	(1,745)	Increase/(decrease) in debtors	(827)	(815)
57	57	Increase/(decrease) in inventories	(53)	(53)
(1,995)	(1,995)	Movement in Pension Liability	1,381	1,381
4,236	4,236	Carrying amount of non-current assets sold or derecognised	846	846
-	1,413	Associates & Joint Ventures accounted for on an equity basis	-	191
(15)	906	Other non-cash items charged to the net surplus or deficit on the provision of services	(5)	(48)
54,068	57,195		36,843	37,795
		Adjust for items included in the net deficit on the provision of services that are investing and financing activities:		
(14,250)	(14,250)	Capital grants credited to the surplus or deficit on the provision of services	(22,871)	(22,871)
2,731	2,731	Net cash flows from Operating Activities	(5,341)	(5,341)
(20,901)	(20,901)	Investing Activities (Note 31)	(21,293)	(21,293)
17,080	17,080	Financing Activities (Note 32)	36,831	36,831
(1,090)	(1,090)	Net increase or (decrease) in cash and cash equivalents	10,197	10,197
11,034	11,034	Cash and cash equivalents at the beginning of the financial year	9,944	9,944
9,944	9,944	Cash and cash equivalents at the end of the financial year (Note 24)	20,141	20,141
(1,090)	(1,090)		10,197	10,197

Notes to the Accounts

Notes to the accounts, particularly from Note 8 onwards, are related to the Council only and does not cover group activities.

Note 1 Accounting Policies

1. General

The Local Authority Accounts (Scotland) Regulations 2014 require the Council to prepare an annual statement of accounts. Section 12 of the Local Government in Scotland Act 2003 requires such accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS). These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a “true and fair view” of the financial performance of the Council and its Group. The Annual Accounts have been prepared on a “going concern” basis. The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current and financial assets.

2. Accruals of Expenditure and Income

Income and Expenditure activities are accounted for in the year in which they take place, not simply when cash payments are made or received.

Where income and expenditure has 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 the 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.

3. Bad and Doubtful Debts

Amounts owed to the Council are reviewed annually and provision made for possible non-collection of bad or doubtful debts. All debts greater than 12 months old are provided for in full. For debt aged between 6 months and 12 months old, other than those relating to Council Tax arrears and Non Domestic Rates collected on behalf of the Scottish Government, provision of 50% is made. No provision is made on debt less than 12 months old relating to Council Tax arrears and Non Domestic Rates collected on behalf of the Scottish Government.

4. Borrowing Costs

The Council capitalises borrowing costs incurred whilst material assets are under construction.

5. 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 investments that mature in three months or less from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

6. Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.

7. Contingent Assets and Liabilities

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

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Accounts if they are deemed material.

Note 1 Accounting Policies (cont.)**8. Employee Benefits Payable during Employment**

Short-term employee benefits such as salaries, wages, overtime and paid annual leave for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

9. Fair Value Measurement

The Council measures the carrying value of some of its non-financial assets, mostly surplus assets, at fair value at each reporting date. Fair value is broadly the amount for which an asset could be exchanged or a liability settled.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

10. Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (for revenue grants) or Taxation and Non-Specific Grant Income (for capital grants). Where capital grants are credited to the Comprehensive Income and Expenditure Statement (CIES), they are reversed out in the General Fund balance in the Movement in Reserves Statement (MIRS).

11. Impairment

Assets are assessed at each year end for 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.

12. Inventories

Depending on the category of inventory, the values included in the Annual Accounts are either on the basis of the average price or the cost of the last item received. Work in Progress is stated at cost or value of work done. Although the Code recommends different valuation bases for these items, the effect on final valuations is immaterial.

13. Loans Fund

A Loans Fund is maintained under powers contained in the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. All loans raised by the Council are paid into the Fund and all advances to finance capital expenditure are made from the Fund except for capital projects financed directly from Revenue Accounts. The basis of recharging for loans is by half-yearly instalments on an annuity basis. This is only the case for pre 1 April 2022 and new loans fund repayments now follow option 3 permitted by Finance Circular 7/2016. Loans Fund interest and expenses have been charged to the CIES in accordance with the Code.

14. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes are made by adjusting the opening balances and comparative amounts for the prior period.

15. Provisions

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

Note 1 Accounting Policies (cont.)

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council 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 carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

16. Reserves

Reserves are created by appropriating amounts from the General Fund balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within 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.

17. VAT

VAT is included in the CIES only to the extent that it is irrecoverable. The net amount due to or from HM Revenue and Customs in respect of VAT is included as part of debtors or creditors.

18. Right of Use Assets

The Council has adopted IFRS 16 Leases with effect from 1 April 2024, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. The adoption of IFRS 16 results in the recognition of right-of-use assets and corresponding lease liabilities on the Balance Sheet for leases that were previously classified as operating leases under IAS 17. The Council has elected to apply recognition exemptions to low value assets (below £6,000 when new) and to short-term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For leases previously classified as finance leases under IAS 17, the carrying amounts of the right-of-use assets and lease liabilities at 1 April 2024 are based on the carrying amounts of the lease assets and liabilities immediately before that date.

For right-of-use assets for peppercorn or nominal lease payments a right-of use asset shall be recognised at fair value on 1 April 2024, with any gain, being the difference between that fair value and the lease liability, recognised as a donated asset.

The weighted average of the incremental borrowing rate applied to lease liabilities recognised at the date of initial application was 5.02%.

Note 2 Prior Period Amendments

There have been no prior period adjustments for the unaudited annual accounts to 31 March 2025.

Note 3 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires the Council to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. This applies to the adoption of the following new or amended standards within the 2024/25 Code:

- IAS 21 The Effects of Changes in Foreign Exchange Risk (Lack of Exchangeability) issued August 2023
- IFRS 17 Insurance Contracts issued May 2017
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The above amendments are not anticipated to have a material impact on the information provided in the financial statements.

Note 4 Nature of the Group and Group Members

The Council has an interest in a number of Subsidiary and Associate entities.

For the purposes of combination and incorporation within the Group Accounts, recognition has been made of the Council's controlling interest in six subsidiary entities and three associate entities.

Moray Council Group consists of subsidiaries, joint ventures and associate companies that are combined with Moray Council to produce group net assets of £932.639m. This is an increase against the net assets of the Council, which are £897.287m, and is principally due to the inclusion of the net assets of the Common Good and Trust Funds (the in-year performance of which are detailed on pages 111-125).

Subsidiaries

The Entities which have been combined as subsidiaries are:

Name of Subsidiary	Principal Place of Business	% of ownership interest held by the Group	% of ownership interest held by the non-controlling interests (NCI)
Banffshire Educational Trust	Moray	50	50
Donald Manson Edinkille Trust Fund	Moray	67	33
Donald Manson Forbes Trust Fund	Moray	67	33
Auchernack Trust	Moray	80	20
Other Trust Funds	Moray	100	-
Common Good Funds	Moray	100	-

The Council acts as joint trustee with other parties for four trust funds which have a combined net asset balance of £2.241m. The Council acts as sole trustees for various other trust funds which have a net asset balance of £8.578m.

The Council is responsible for the administration of Common Good Funds which were all the property of a Burgh not acquired under statutory powers or held under specific trusts. Council Members have responsibility for decisions on the distribution of these funds. The Common Good Funds have a net asset balance of £22.587m.

Moray Council holds the cash and cash equivalents of these subsidiaries. As such, balances due are reported within the short-term creditors on the balance sheet. This results in the balance of short-term creditors being lower for the group than the single entity.

The individual accounts for these entities are shown separately on pages 111 to 125.

Associates and Joint Venture

The Entities that have been combined as Associates and Joint Venture are:

Name of Associate/Joint Venture	Principal Place of Business	Moray Council's Share of Voting Control	Moray Council's Share of Requisition	Measurement Method
Associate				
Grampian Valuation Joint Board	Moray	20%		17% Equity
Moray Leisure Limited	Moray	33%		- Equity
Joint Venture				
Moray Integration Joint Board	Moray	50%		47% Equity

Grampian Valuation Joint Board has been consolidated on the basis of share of requisition.

Copies of Accounts for Associates are available at the following addresses:

Name of Associate	Address where Accounts are Available
Grampian Valuation Joint Board	Council Building, High Street, Elgin, IV30 1BX
Moray Leisure Limited	Borough Briggs Road, Elgin, IV30 1AP
Moray Integration Joint Board	Council Building, High Street, Elgin, IV30 1BX

Note 4 Nature of the Group and Group Members (cont.)

The tables below provide summarised financial information for those associates and joint ventures that are material to the Council. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the reporting entity's share of those amounts.

Summarised balance sheet

	Grampian Valuation Joint Board		Moray Leisure Limited		Moray Integration Joint Board (Joint Venture)	
	*2023/24 £000	2024/25 £000	*2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
Current assets						
Cash and cash equivalents	1,463	1,709	143	163	-	-
Other current assets	38	70	143	178	1,986	1,450
Total current assets	1,501	1,779	286	341	1,986	1,450
Non-current assets	680	872	301	301	-	-
Current liabilities	(817)	(795)	(505)	(533)	-	-
Non-current liabilities	(304)	(295)	(168)	(60)	-	-
Net assets/(liabilities)	1,060	1,561	(86)	49	1,986	1,450
Reconciliation to carrying amounts:						
Opening net assets/(liabilities)	1,151	1,200	(95)	(83)	4,683	1,986
Surplus/(deficit) for the period	(91)	362	9	132	(2,697)	(536)
Closing net assets/(liabilities)	1,060	1,562	(86)	49	1,986	1,450
Reporting entity's share (%)	17	17	30	33	50	50
Reporting entity's share	180	266	(26)	16	993	725
Carrying amount	180	266	(26)	16	993	725

*2023/24 - Values shown are based on audited figures from Moray Council annual accounts for 2023/24. The below noted group entities had their 2023/24 annual accounts signed off after Moray Council.

Note 4 Nature of the Group and Group Members (cont.)

Summarised Statements of Comprehensive Income and Expenditure

	Grampian Valuation Joint Board		Moray Leisure Limited		Moray Integration Joint Board (Joint Venture)	
	*2023/24	2024/25	*2023/24	2024/25	2023/24	2024/25
	£000	£000	£000	£000	£000	£000
Revenue	4,490	4,582	(3,692)	4,002	(200,086)	(209,779)
Interest Income	(82)	(77)	-	-	-	-
Depreciation and Amortisation	34	34	86	68	-	-
Interest Expense	-	-	-	-	-	-
(Surplus)/deficit for the period	(179)	(220)	66	132	2,697	536
Other Comprehensive Income and Expenditure	270	(142)	-	-	-	-
Total Comprehensive Income and Expenditure	91	(362)	66	132	2,697	536

Inclusion of Associate entities has increased reserves and net assets in the group by £1.007m due mainly to the reserves of Moray Integration Joint Board, as well as a smaller increase in reserves for Grampian Valuation Joint Board and a small decrease for Moray Leisure Limited.

*2023/24 - Values shown are based on audited figures from Moray Council annual accounts for 2023/24. The below noted group entities had their 2023/24 annual accounts signed off after Moray Council.

Note 4 Nature of the Group and Group Members (cont.)

Other Entities in which the Council has an Interest

During the year the Council had an interest in Grampian Venture Capital Fund Limited and the Highlands and Islands Transport Partnership (HITRANS). These companies have been excluded from the Group Accounts on the basis that the Council has no exposure to commercial risk from the companies and the Council has not passed on control of any of its assets to the companies. The financial transactions of the companies would also have no material effect on the Council's accounts.

	Grampian Venture Capital Fund	HITRANS
Nature	Economic development	Local Government
Purpose	Provide equity funding for small and medium sized enterprises	To prepare transport strategies for the region
Size	Small business	Small business
Activities	Provider equity funding	Transport strategy preparation
Financed	455,000 ordinary shares issued	Contributions from 5 Constituent Authorities (Highland, Moray and 3 others)
Moray Council's share of voting control	20.44%	25%

Carrying amounts of the entities:

	Grampian Venture		HITRANS	
	2022/23	2023/24	2023/24	2024/25
	£000	£000	£000	£000
carrying amount of receivables	44	47	1,094	481
carrying amount of liabilities	-	-	987	434
Maximum exposure to loss	44	47	107	47

Note 5 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in these financial statements, the Council and its associates have 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:

In applying the accounting policies set out in these financial statements, the Council and its associates have had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in these Annual Accounts are:

- Assets held at current value are revalued on a five year rolling basis as set out in the accounting policy for Property, Plant and Equipment. For assets not revalued in the new year, a desktop valuation review is carried out to compare the current value and carrying value and updating where necessary as advised by the Council's Asset Manager who is a qualified Royal Institution of Chartered Surveyors (RICS) Valuer. The Chief Financial Officer is content with this assertion.
- The Council has entered into a Public Private Partnership (PPP) for the construction, maintenance and operation of two schools in Keith and Elgin (Keith Primary School and Elgin Academy). The Council has also entered into a Design, Build, Finance and Maintain (DBFM) contract for the construction, maintenance and operation of Elgin High School. The Council has considered the tests under IFRIC 12 and concluded there are service concessions.
- The valuation of Right-of-Use assets and associated lease liabilities recognised under IFRS 16 involves a number of estimation uncertainties. These include judgments about the lease term where extension or termination options exist, the discount rate applied to future lease payments, and the identification of leases embedded within service contracts. The lease term is assessed based on the likelihood of exercising extension or termination options, which may be influenced by operational requirements and strategic decisions. The discount rate used to calculate the present value of lease liabilities is based on the authority's incremental borrowing rate, which reflects current market conditions and the authority's credit profile. Changes in these assumptions could materially affect the carrying value of Right-of-Use assets and lease liabilities.
- Moray Council has entered into a joint operation with Aberdeen City Council and Aberdeenshire Council for the Ness Energy from Waste (EfW) facility. Moray Council holds a 13.98% share of the asset, which has been recognised on its balance sheet. Its proportionate share of associated expenses has been recorded in the Comprehensive Income and Expenditure Statement.

Note 6 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment (£1.299 billion)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual buildings. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £1.595m for every year that useful lives had to be reduced.
	Assets held at fair value are revalued on a five year rolling basis by a professionally qualified Royal Institution of Chartered Surveyors (RICS) valuer otherwise indexed against relevant market indices. Additional valuations are carried out on an ad hoc basis outwith the tolling programme arrangements where it is deemed necessary. The valuer also assess assets not formally revalued for material movements and a desktop valuation review is carried out to compare the current value and carrying value and updating where necessary	The estimated effect of a 1% change in the rate used for valuations would be a change up or down of £2.260m.
Pension Liability (£9.606 million)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Estimates for the Fund have been based on the latest full valuation of the scheme as at 31 March 2023, with the next triennial valuation due at 31 March 2026.	The effects on the net pensions liability of changes in individual assumptions can be measured and are detailed in Note 43.

Note 7 Events after the Reporting Period

The unaudited Annual Accounts were issued on 25 June 2025, and the audited Annual Accounts were authorised for issue by Lorraine Paisey, Chief Financial Officer on 24 September 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 8 Expenditure and Funding Analysis

2023/24				2024/25				
Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and the Accounting Basis	Adjustments to Usable Reserves Permitted by Accounting Standards	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and the Accounting Basis	Adjustments to Usable Reserves Permitted by Accounting Standards	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000		£000	£000	£000	£000
104,540	11,539	5,830	121,909	Education	117,896	5,286	6,258	129,440
8,064	(45)	1,172	9,191	Education Resources & Communities	6,545	716	722	7,983
3,706	97	873	4,676	General Services Housing and Property Services	3,462	1,304	-	4,766
30,131	14,140	900	45,171	Environmental & Commercial Services	30,117	14,076	668	44,861
3,781	(31)	-	3,750	Economic Growth & Development	2,547	245	-	2,792
6,288	683	-	6,971	HR, ICT & Organisational Development	6,007	635	346	6,988
6,272	(112)	-	6,160	Governance, Strategy & Performance	5,800	50	-	5,850
2,811	(27)	-	2,784	Financial Services	3,342	108	-	3,450
2,718	(893)	-	1,825	Other	3,386	(951)	-	2,435
78,379	(685)	115	77,809	Health & Social Care and Social Work	84,128	249	110	84,487
(6,049)	9,210	5,768	8,929	Housing Revenue Account	(8,081)	5,591	6,324	3,834
240,641	33,876	14,658	289,175	Cost of Services	255,149	27,309	14,428	296,886
(235,249)	(16,839)	-	(252,088)	Other Income and Expenditure	(248,330)	(29,243)	-	(277,573)
5,392	17,037	14,658	37,087	(Suplus)/Deficit	6,819	(1,934)	14,428	19,313
			(48,115)	Opening General Fund and HRA Balance	(42,911)			
			5,392	(Surplus) Deficit on General Fund and HRA Balance in year	6,819			
			(188)	Transfers from Reserves	4,575			
			(42,911)	Closing General Fund and HRA Balance at 31 March*	(31,517)			

*A split of this balance between the General Fund and the HRA is shown on the Movement in Reserves Statement. During 2024/25, Social Work budget and associated income and expenditure grouped together with Health & Social Care. The prior year figures have been amalgamated to a single line.

Note 8 Expenditure and Funding Analysis (cont.)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services as reported during the year. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The Net Expenditure Chargeable to the General Fund and HRA balances differs from the outturn reported in the Management Commentary due to the movement in the bad debt provision, which is included in Financing and Investment Income and Expenditure.

The Adjustments to Useable Reserves Permitted by Accounting Standards is the charge applied to each service for Notional Depreciation in the year £14.428m (2023/24 £14.658m).

Adjustments between the Funding and the Accounting Basis 2023/24

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a £000	Net Change for the Pensions Adjustments Note b £000	Other Differences Note c £000	Elimination of Internal Recharges Note d £000	Total Adjustments £000
Education	11,148	(233)	876	(252)	11,539
Education Resources & Communities	122	(71)	-	(96)	(45)
Social Work	20	(88)	27	(67)	(108)
General Services Housing and Property Services	554	(95)	(30)	(332)	97
Environmental & Commercial Services	12,792	(205)	45	1,508	14,140
Economic Growth & Development	136	(57)	(28)	(82)	(31)
HR, ICT & Organisational Development	762	(46)	(23)	(10)	683
Governance, Strategy & Performance	-	(45)	(24)	(43)	(112)
Financial Services	8	(25)	(10)	-	(27)
Other	-	(878)	(6)	(9)	(893)
Health and Social Care	298	(262)	4	(617)	(577)
Housing Revenue Account	9,250	(32)	(8)	-	9,210
Net Cost of Services	35,090	(2,037)	823	-	33,876
Other Income and Expenditure (Note e)	(16,557)	42	(324)	-	(16,839)
Total Adjustments	18,533	(1,995)	499	-	17,037

Note 8 Expenditure and Funding Analysis (cont.)

Adjustments between the Funding and the Accounting Basis 2024/25

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a £000	Net Change for the Pensions Adjustments Note b £000	Other Differences Note c £000	Elimination of Internal Recharges Note d £000	Total Adjustments £000
Education	8,369	400	(3,085)	(398)	5,286
Education Resources & Communities	589	103	118	(94)	716
Social Work	-	-	-	-	-
General Services Housing and Property Services	1,511	159	18	(384)	1,304
Environmental & Commercial Services	12,995	346	(702)	1,437	14,076
Economic Growth & Development	184	90	18	(47)	245
HR, ICT & Organisational Development	547	70	28	(10)	635
Governance, Strategy & Performance	29	72	(7)	(44)	50
Financial Services	8	40	60	-	108
Other	-	(945)	(3)	(3)	(951)
Health and Social Care	107	599	-	(457)	249
Housing Revenue Account	5,508	58	25	-	5,591
Net Cost of Services	29,847	992	(3,530)	-	27,309
Other Income and Expenditure	(29,318)	389	(314)	-	(29,243)
Total Adjustments	529	1,381	(3,844)	-	(1,934)

a) Adjustments for Capital Purposes

This column adds back depreciation and impairment and revaluation gains and losses in the services line.

Adjustments to Other Income and Expenditure reflect:

Other Operating Expenditure - capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets and the movement on revaluation of held for sale financial assets.

Financing and Investment Income and Expenditure - the removal of statutory charges for capital financing, i.e. loans pool principal charges are deducted from Other Income and Expenditure. These amounts are not chargeable under generally accepted accounting practice.

Taxation and Non-Specific Grant Income - capital grants adjustments whereby income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

b) Net Change for the Pensions Adjustments

This column reflects the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related income and expenditure.

For **Services** this reflects the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

Note 8 Expenditure and Funding Analysis (cont.)

For **Financing and Investment Income and Expenditure** the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

c) Other Differences

This column adjusts for differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable recognised under statute.

For **Services** this reconciles the impact of accruals for accumulating compensated absences, e.g. holiday pay as required by IAS 19 Employee Benefits, to the salaries actually payable in the financial year in accordance with statute (£0.823m)

For **Financing and Investment Income and Expenditure** the entry recognises adjustments to the General Fund for the timing differences for premiums and discounts (-£0.314m)

d) Elimination of Internal Recharges

The Code requirements prohibit the inclusion of income and expenditure on a trading basis between segments in the Comprehensive Income and Expenditure Statement (CIES). As a consequence, internal transactions are not to be included in the CIES.

e) Other Income and Expenditure

These values include loans fund principal, capital grants received and applied in the year.

Note 9 Expenditure and Income Analysed by Segment and Nature

The authority's expenditure and income is analysed as follows. Segments have been identified based on the organisational structure used by the Council for internal management reporting.

Income and Expenditure 2023/24

	Education £000	Education Resources & Communities £000	General Services Housing & Property Services £000	Environmental & Commercial Services £000	Economic Growth & Development £000	HR, ICT & Organisational Development £000	Governance, Strategy & Performance £000	Financial Services £000	Other Services £000	Health & Social Care £000	Housing Revenue Account £000	Costs not included in a Service £000	Total £000
Employee expenses	91,677	8,233	10,802	22,927	5,989	4,886	4,521	2,569	833	38,279	3,562	42	194,320
Other service expenses	25,985	4,818	8,265	25,694	4,404	1,749	14,623	1,208	1,100	142,080	13,286	225	243,437
Depreciation, amortisation and impairment	16,978	1,294	1,427	13,691	135	761	-	8	-	433	15,018	-	49,745
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	14,726	14,726
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	3,169	3,169
Total Expenditure	134,640	14,345	20,494	62,312	10,528	7,396	19,144	3,785	1,933	180,792	31,866	18,162	505,397
Fees, charges & other service income	(748)	(2,111)	(9,121)	(15,995)	(2,418)	(425)	(847)	(883)	(108)	(87,896)	(22,825)	-	(143,377)
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-	(3,284)	(3,284)
Income from council tax Government grants and contributions	-	-	-	-	-	-	-	-	-	-	-	(51,538)	(51,538)
	(11,983)	(3,044)	(6,697)	(1,146)	(4,360)	-	(12,136)	(118)	-	(15,087)	(112)	(215,428)	(270,111)
Total Income	(12,731)	(5,155)	(15,818)	(17,141)	(6,778)	(425)	(12,983)	(1,001)	(108)	(102,983)	(22,937)	(270,250)	(468,310)
Net Expenditure	121,909	9,190	4,676	45,171	3,750	6,971	6,161	2,784	1,825	77,809	8,929		

(Surplus) or deficit on the provision of services

37,807

Note 9 Expenditure and Income Analysed by Segment and Nature (cont.)

Income and Expenditure 2024/25

	Education £000	Education Resources & Communities General Services Housing & Property £000	Environmental & Commercial Services £000	Economic Growth & Development HR, ICT & Organisational Development £000	Governance, Strategy & Performance £000	Financial Services £000	Other Services £000	Health & Social Care £000	Housing Revenue Account £000	Costs not included in a Service £000	Total £000		
Employee expenses	91,372	7,442	12,033	22,694	5,907	4,562	4,488	2,634	1,599	40,424	4,056	389	197,600
Other service expenses	26,955	4,896	7,581	23,424	7,513	2,001	14,736	2,014	974	147,052	13,861	461	251,468
Depreciation, amortisation and impairment	14,626	1,311	1,511	13,664	184	893	29	8	-	217	11,832	-	44,275
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	23,643	23,643
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	449	449
Total Expenditure	132,953	13,649	21,125	59,782	13,604	7,456	19,253	4,656	2,573	187,693	29,749	24,942	517,435
Fees, charges & other service income	(817)	(2,275)	(14,746)	(14,024)	(2,720)	(468)	(909)	(1,206)	(138)	(88,347)	(25,915)	-	(151,565)
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-	(3,156)	(3,156)
Income from council tax	-	-	-	-	-	-	-	-	-	-	-	(52,553)	(52,553)
Government grants and contributions	(2,696)	(3,391)	(1,613)	(897)	(8,092)	-	(12,494)	-	-	(14,859)	-	(246,806)	(290,848)
Total Income	(3,513)	(5,666)	(16,359)	(14,921)	(10,812)	(468)	(13,403)	(1,206)	(138)	(103,206)	(25,915)	(302,515)	(498,122)
Net Expenditure	129,440	7,983	4,766	44,861	2,792	6,988	5,850	3,450	2,435	84,487	3,834		
(Surplus) or deficit on the provision of services													19,313

Note 10 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2023/24	Usable Reserves						
	General Fund £000	HRA £000	Capital Receipts Reserve £000	Capital Grants & Receipts Unapplied £000	Revenue Statutory Funds £000	Total Usable Reserves £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,	-	-	-	-	-	-	-
Pensions costs (transferred from the Pensions Reserve)	(1,961)	(34)	-	-	-	(1,995)	1,995
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(228)	(96)	-	-	-	(324)	324
Holiday pay (transferred to the Employee Statutory Adjustment Account)	831	(8)	-	-	-	823	(823)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	28,878	12,028	-	-	-	40,906	(40,906)
Total Adjustment to Revenue Resources	27,520	11,890	-	-	-	39,410	(39,410)
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(948)	(119)	1,067	-	-	-	-
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	-	-	-	-	-	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(3,890)	(2,020)	-	-	-	(5,910)	5,910
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	(739)	-	-	-	(739)	739
Total Adjustments between Revenue and Capital Resources	(4,838)	(2,878)	1,067	-	-	(6,649)	6,649
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(5,015)	-	-	(5,015)	5,015
Total Adjustments to Capital Resources	-	-	(5,015)	-	-	(5,015)	5,015
Total Adjustments	22,682	9,012	(3,948)	-	-	27,746	(27,746)

Note 10 Adjustments between Accounting Basis and Funding Basis under Regulations (cont.)

2024/25	Usable Reserves						
	General Fund £000	HRA £000	Capital Receipts Reserve £000	Capital Grants & Receipts Unapplied £000	Revenue Statutory Funds £000	Total Usable Reserves £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,	-	-	-	-	-	-	-
Pensions costs (transferred from the Pensions Reserve)	1,315	66	-	-	-	1,381	(1,381)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(218)	(96)	-	-	-	(314)	314
Holiday pay (transferred to the Employee Statutory Adjustment Account)	(3,554)	25	-	-	-	(3,529)	3,529
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	22,162	6,229	-	-	-	28,391	(28,391)
Total Adjustment to Revenue Resources	19,705	6,224	-	-	-	25,929	(25,929)
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(288)	(109)	397	-	-	-	-
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	-	-	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(10,180)	(2,169)	-	-	-	(12,349)	12,349
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	7	(695)	-	-	-	(688)	688
Total Adjustments between Revenue and Capital Resources	(10,461)	(2,973)	397	-	-	(13,037)	13,037
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(2,430)	-	-	(2,430)	2,430
Total Adjustments to Capital Resources	-	-	(2,430)	-	-	(2,430)	2,430
Total Adjustments	9,244	3,251	(2,033)	-	-	10,462	(10,462)

Note 11 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund

This note sets out the amounts set aside from the General Fund and HRA balances in Revenue Statutory Funds to provide financing for future expenditure plans and the amounts posted back from Revenue Statutory Funds to meet General Fund and HRA expenditure in 2024/25.

	Repairs and Renewals Fund £000	Insurance Fund £000	Total £000
Balance at 31 March 2023	2,797	1,442	4,239
Transfers Out 2023/24	(768)	-	(768)
Transfers in 2023/24	138	72	210
Balance at 31 March 2024	2,167	1,514	3,681
Transfers Out 2024/25	-	-	-
Transfers in 2024/25	106	73	179
Balance at 31 March 2025	2,273	1,587	3,860

Earmarked portions of the General Fund

Portions of the General Fund are earmarked for specific purposes as described below. Underspends or overspends against budget for these activities are transferred in or out of the earmarked funds at the year end.

	General Services £000	Devolved School Management £000	Whole Family Wellbeing Fund £000	Education Attainment Fund £000	Transformation £000	Council Priorities £000	Working Reserve £000	Retrospective Service Concession £000	Refugee Resettlement £000	Other Funds £000	Total £000
Balance at 31 March 2023	5,000	852	-	757	5,480	9,881	22,897	-	-	831	45,698
Transfers Out 2023/24	-	(99)	-	-	-	(2,747)	(14,211)	-	-	(581)	(17,638)
Transfers In 2023/24	1,000	-	827	162	672	-	-	7,526	2,449	628	13,264
Balance at 31 March 2024	6,000	753	827	919	6,152	7,134	8,686	7,526	2,449	878	41,324
Transfers Out 2024/25	-	(540)	-	-	(260)	(3,435)	(8,686)	-	(225)	(360)	(13,506)
Transfers In 2024/25	-	-	174	101	-	-	-	-	-	1,191	1,466
Balance at 31 March 2025	6,000	213	1,001	1,020	5,892	3,699	-	7,526	2,224	1,709	29,284

Devolved School Management (DSM)

This ring fenced reserve is a consolidation of the balances held by schools that are retained for the specific purpose of investing in services delivered at each individual school. The DSM scheme enables a policy of retaining resources at each school rather than returning the balances to a corporate fund. This policy aims to encourage schools to plan financially over the medium term.

Whole Family Wellbeing Fund

The Council receives grant funding from the Whole Family Wellbeing Fund, expenditure plans for which must be approved by Community Planning Partners. Unspent funds are held in an ear-marked reserve as the Council cannot determine the use of these funds.

Note 11 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund (cont.)

Education Attainment Fund

This ring fenced fund is the unspent balance of grant received the Scottish Government to provide targeted support for children and young people affected by poverty. The grant is paid on a financial year basis but spent over the academic year.

Transformation

The purpose of this fund is to set aside funding to initiate and advance the transformation of services and Transformation Strategy projects.

Council Priorities

The purpose of this fund is to meet one-off expenditure which assists in achieving financial stability, as well as other measures facilitating the achievement of Council priorities.

Working Reserve

The original source of this reserve was Scottish Government funding related to the Covid-19 pandemic, some related to specific areas such as Education, others (mainly from Barnett consequentials) not linked to particular issues. The unspent portions of this funding have been carried forward in an ear-marked reserve and released as appropriate. As the Council moved out of pandemic recovery this reserve was deployed to balance the budget until the structural deficit was eliminated. The reserve is now exhausted.

Retrospective Service Concession

This ear-marked reserve was created by the exercise of the flexibility to account for service concessions over the expected life of the asset rather than the length of the contract. The reserve relates to the impact of prior year expenditure and is purely an accounting entry. It therefore differs from other ear-marked reserves in that it is not cash backed.

Refugee Resettlement

The Council has received funds in support of various refugee resettlement programmes and unspent funds are held in this ear-marked reserve and will be released as required.

Other Funds

These funds are grants and contributions unspent at the reporting year end which have restrictions on their use. The largest individual component of these funds is for Scottish Welfare Fund, which is to be used to provide individuals with assistance for short term need and community care. Other large balances relate to Employability, Long Term Town Capacity Funding, SSEN Community Resilience Project, Place Based Investment Fund and Coastal Communities Fund. Other funds held include monies to be used to upgrade/maintain Sanquhar Loch in Forres, amounts to cover core path maintenance and upgrading within and outside the boundary of Dorenell Windfarm, Nursery snack funds and Youth Work Communities grants.

Note 12 Other Operating Expenditure

	2023/24	2024/25
	£000	£000
Losses on disposal of non-current assets	3,169	449
	3,169	449

Note 13 Financing and Investment Income and Expenditure

	2023/24	2024/25
	£000	£000
Interest payable and similar charges	14,726	23,643
Net interest on the net defined benefit liability	42	389
Interest receivable and similar income	(3,280)	(3,152)
Income and expenditure in relation to investment properties	(4)	(4)
Expected credit losses on financial assets	225	461
	11,709	21,337

Note 14 Taxation and Non-Specific Grant Income

Note 14 Taxation and Non-Specific Grant Income

	2023/24 £000	2024/25 £000
Council tax income	(51,538)	(52,553)
Non domestic rates	(55,314)	(67,225)
Non-ring fenced government grants	(147,037)	(158,434)
Capital grants and contributions	(13,077)	(21,147)
	(266,966)	(299,359)

Note 15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of 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. Operational PPE is analysed between Council Dwellings, Other Land and Buildings, Vehicle, Plant, Furniture and Equipment, Community assets, Surplus assets, Assets Under Construction and Infrastructure Assets. The following tables set out the gross carrying amount, accumulated depreciation and the movements in value over the year for non-current assets (excluding infrastructure assets which are shown separately below).

Right of Use Assets

The non current assets leased in by the Council and recognised under IFRS16 Leases, have been brought on to the balance sheet as at 1 April 2025; these assets are classed as Right of Use assets. Note 40 Leases provides more details.

Recognition

All expenditure on the acquisition, creation, enhancement or replacement of a part of an asset is capitalised providing the asset yields benefit for more than one year to the Council and the services it provides and the cost can be reliably measured. Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price, and
- Any costs attributable to bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated using the straight-line method. In the year of acquisition, a full year's depreciation is provided for on all assets except for vehicles, where the calculation is pro-rata based on the month of acquisition. In the year of disposal, no depreciation is charged. The following useful lives and depreciation rates have been used in the calculation of depreciation:-

Council Dwellings - up to 50 years
 Other Land and Buildings - Buildings up to 65 years, land is not depreciated
 Vehicles, Plant, Furniture and Equipment - 3 to 12 years
 Infrastructure - up to 40 years
 Community Assets - up to 40 years
 Surplus Assets - Buildings up to 60 years, land is not depreciated

Where a material item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Note 15 Property, Plant and Equipment (cont.)

Comparative Movements in 2023/24

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or valuation							
At 1 April 2023	413,074	520,895	58,090	1,058	2,313	35,105	1,030,535
Additions	3,978	4,919	6,817	379	-	5,359	21,452
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	24,758	(28,883)	-	1	(21)	-	(4,145)
Revaluation (decreases) recognised in the Surplus on the Provision of Services	(4,480)	(6,285)	-	-	-	-	(10,765)
Derecognition – disposals	(152)	(3,167)	(1,722)	-	-	-	(5,041)
Derecognition – other	-	-	(678)	-	-	-	(678)
Assets reclassified (to)/ from Held for Sale	-	(154)	-	-	(489)	-	(643)
Other movements in cost or valuation	8,814	11,363	16,399	-	-	(36,576)	-
At 31 March 2024	445,992	498,688	78,906	1,438	1,803	3,888	1,030,715
Accumulated Depreciation and Impairment							
At 1 April 2023	1,000	760	38,045	375	121	-	40,301
Depreciation charge	10,301	17,323	4,027	18	19	-	31,688
Depreciation written out to the Revaluation Reserve	(11,300)	(17,732)	-	(29)	(17)	-	(29,078)
Depreciation written out to the Surplus on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	-	(1,422)	-	-	-	(1,422)
Derecognition – other	-	-	(678)	-	-	-	(678)
Assets reclassified (to)/ from Held for Sale	-	-	-	-	(4)	-	(4)
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2024	1	351	39,972	364	119	-	40,807
Net Book Value							
at 31 March 2023	412,074	520,135	20,045	683	2,192	35,105	990,234
at 31 March 2024	445,991	498,337	38,934	1,074	1,684	3,888	989,908

Note 15 Property, Plant and Equipment (cont.)

Movement in 2024/25

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation	445,992	498,688	78,906	1,438	1,803	3,888	-	1,030,715
At 1 April 2024								-
Recognition of Right of Use Assets	-	(93,046)	-	-	-	-	93,046	-
Additions	15,376	5,396	5,704	149	-	10,304	12,076	49,005
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	34,341	(3,865)	-	-	(2)	-	(9,791)	20,683
Revaluation (decreases) recognised in the Surplus on the Provision of Services	-	(2,859)	-	-	-	-	23	(2,836)
Derecognition – disposals	(109)	(144)	(13,340)	-	-	-	-	(13,593)
At 31 March 2025	495,600	404,170	71,270	1,587	1,801	14,192	95,354	1,083,974
Accumulated Depreciation and Impairment								
At 1 April 2024	1	351	39,972	364	119	-	-	40,807
Depreciation charge	11,584	13,186	5,039	24	18	-	4,070	33,921
Depreciation written out to the Revaluation Reserve	(11,584)	(12,376)	-	-	-	-	(3,338)	(27,298)
Depreciation written out to the Surplus on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition – disposals	-	-	(12,777)	-	(3)	-	-	(12,780)
At 31 March 2025	1	1,161	32,234	388	134	-	732	34,650
Net Book Value								
at 31 March 2024	445,991	498,337	38,934	1,074	1,684	3,888	-	989,908
at 31 March 2025	495,599	403,009	39,036	1,199	1,667	14,192	94,622	1,049,324

Note 15 Property, Plant and Equipment (cont.)

In accordance with the temporary relief offered by Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

	2023/24	2024/25
	£'000	£'000
Net Book Value at 1 April	243,201	248,666
Additions	12,752	8,870
Depreciation	(7,287)	(7,512)
At 31st March	248,666	250,024

	31/03/2024	31/03/2025
Infrastructure Assets	248,666	250,024
Other PPE Assets	989,908	1,049,324
Total PPE Assets	1,238,574	1,299,348

The authority had applied the statutory override as set out in Local Government Finance Circular 09/2022 and, subsequently, Finance Circular 08/2024, which extended the temporary accounting treatment for infrastructure assets. In accordance with this guidance, where a component of an infrastructure asset is replaced, the carrying amount of the replaced part is treated as nil and derecognised. This approach reflects the practical challenges in applying component accounting, primarily due to limitations in historical data. As such, the authority is not required to make subsequent adjustments to the carrying amount of the asset in respect of the replaced component. The Scottish Government have extended the current override arrangements in Scotland until 31 March 2027.

Capital Commitments

At 31 March 2025, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2024/25 and future years budgeted to cost £7.116m (2023/24 £6.158m). The major contracts are:

	£000
HRA - Banff Road, Keith	7,116
	7,116

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current or fair value is revalued at least every five years, with an a desktop valuation review carried out to compare the current value and carrying value and updating where necessary in the intervening years. All valuations are carried out internally by the Council's Asset Manager (Commercial Property) in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). A proportion of assets are subject to a desktop valuation on the basis of local market related indices at 31 March 2025. Such valuations were applied following consultation with the Council's Asset Manager (Commercial Property).

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

- Infrastructure, community assets and assets under construction - depreciated historical cost;
- Council dwellings - current value, determined using the basis of existing use value for social housing (EUV-SH);
- School buildings - current value, but because of their specialised nature are measured at depreciated replacement cost (DRC) which is used as an estimate of current value;
- Surplus assets - current value as estimated as highest and best use from an open market perspective (fair value);
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value) except for the Headquarters Campus buildings which are too large to be marketed as office accommodation and are measured at depreciated replacement cost as an estimate of current value.

Note 15 Property, Plant and Equipment (cont.)

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	-	71,270	1,587	-	14,192	-	87,049
Valued at current value as at:								
31 March 2025	49,608	(58,140)	-	-	1,280	-	95,354	88,102
31 March 2024	44,995	246,273	-	-	1,150	-	-	292,418
31 March 2023	19,749	50,109	-	-	(476)	-	-	69,382
31 March 2022	47,728	123,808	-	-	41	-	-	171,577
31 March 2021	333,520	42,120	-	-	(194)	-	-	375,446
Total cost or valuation	495,600	404,170	71,270	1,587	1,801	14,192	95,354	1,083,974

Note 16 Heritage Assets

The Council holds and conserves heritage assets for future generations in support of the primary objective of increasing the knowledge, understanding and appreciation of the history of the area of Moray.

The Council's policy (including its Common Good and Trusts) for the acquisition, presentation, management and disposal of museum and art collections is contained in the Museum's Service "Acquisition and Disposal Policy" and for the Council's archives within the Local Heritage Service Collection Policy, both of which are available on the Council's website.

The movement in Heritage Assets during 2024/25 is as follows:

	Cultural	Modern Statues	Museums Collections	Total Heritage Assets
	£000	£000	£000	£000
Valuation at 1 April 2023	126	105	920	1,151
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
At 31 March 2024	126	105	920	1,151
Valuation at 1 April 2024	126	105	920	1,151
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
At 31 March 2025	126	105	920	1,151

The amount included above for the museum's collections is based on insurance valuations. Other Heritage Assets are valued at historic cost.

Notes to the Accounts (cont.)

Note 16 Heritage Assets (cont.)

The following table shows assets that may be regarded as Heritage Assets but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held and the lack of comparable market values. The Code therefore permits such assets to be excluded from the Balance Sheet.

Assets excluded from Heritage Assets		Estimated number of assets 31 March 2025
Archive Material	circa	1,000,000
Monuments and Fountains		11
War Memorials		46

Note 17 Investment Property

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

Investment Property is measured initially at cost and thereafter at fair value, being the price that would be received by selling such an asset in an orderly transaction between market participants at the measurement date. Investment Property is measured at highest and best use and the properties are not depreciated. Properties are reviewed each year and if it is deemed that there has been a material change in value or circumstance are revalued. Gains and losses on revaluation are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES). The same treatment applies to gains and losses on disposal.

Gains and losses on revaluation and disposal reflected in the CIES are not charges to the General Fund and are transferred to the Capital Adjustment Account and Capital Receipts Reserve and reported in the Movement in Reserves Statement.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2023/24 £000	2024/25 £000
Rental Income from investment property	4	7
Net gain	4	7

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

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

	2023/24 £000	2024/25 £000
Balance at start of the year	395	395
Transfers (to)/from Property, Plant and Equipment	-	-
Balance at end of the year	395	395

Note 18 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and is accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are purchased licences. All software is given a finite life based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the software suites used by the Council are:

Expected Useful Life	Licences £000
5 - 6 years	252

The carrying amount of licences is amortised on a straight line basis. The amortisation of £0.008m charged to revenue in 2024/25 (2023/24 £0.007m) was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Assets during the year is as follows:-

	2023/24 £000	2024/25 £000
Balance at start of the year:		
Gross carrying amount	252	252
Accumulated amortisation	(223)	(230)
Net carrying amount at start of year	29	22
Amortisation for the period	(7)	(8)
Net carrying amount at end of year	22	14
Comprising:		
Gross carrying amount	252	252
Accumulated amortisation	(231)	(238)
	21	14

Note 19 Financial Instruments

Financial Instruments – Classifications

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

Financial Liabilities

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

The financial liabilities held during the year are measured at amortised cost and comprised:

- Long term loans from the Public Works Loan Board (PWLB) and commercial lenders;
- Short term loans from other local authorities;
- Lease payables detailed in note 40;
- Public Private Partnership contracts detailed in note 41;
- Trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

The financial assets held during the year are accounted for under the following classification:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:
 - Cash in hand;
 - Bank current and deposit accounts with Bank of Scotland, Standard Life Liquidity Fund, Federated Short Term Sterling Liquidity Fund, Blackrock Liquidity Fund, Insight Liquidity Fund and CCLA Public Sector Fund;
 - Trade receivables for goods and services provided.

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

Financial Instruments – Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories.

	2023/24		2024/25	
	Long Term £000	Short Term £000	Long Term £000	Short Term £000
Amortised Cost:				
Borrowing	154,495	105,146	185,892	113,165
Creditors	48,775	41,470	58,827	36,788
Total	203,270	146,616	244,719	149,953

Note 19 Financial Instruments (cont.)

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement are made up as follows:

	2023/24			2024/25		
	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets measured at amortised cost £000	Total £000
Interest Expense	14,726	-	14,726	23,643	-	23,643
Impairment Losses	-	249	249	-	538	538
Total expense in Surplus or Deficit on the Provision of Services	14,726	249	14,975	23,643	538	24,181
Interest income	-	(3,280)	(3,280)	-	(3,152)	(3,152)
Total income in Surplus or Deficit on the Provision of Services	-	(3,280)	(3,280)	-	(3,152)	(3,152)
Net (gain)/loss for the year	14,726	(3,031)	11,695	23,643	(2,614)	21,029

Financial Instruments – Fair Value

Financial instruments are carried in the Balance Sheet at fair value. For most assets, the fair value is the market price.

The fair value of financial instruments classified at amortised cost have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans;
- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lender’s options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their option when the market rates have risen above the contractual loan rate;
- The fair value of other long-term loans have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March;
- The fair values of finance lease assets and liabilities and of PPP scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield;
- No early repayment or impairment is recognised for any financial instrument;
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Financial Assets

		2023/24		2024/25	
	Fair Value Level	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Short term debtors	2	14,278	14,278	14,681	14,681
Long term debtors	2	406	406	353	353
Cash & Cash Equivalents	2	9,944	9,944	20,141	20,141
Total		24,628	24,628	35,175	35,175

Note 19 Financial Instruments (cont.)

At 31 March 2025 the Council's financial assets show the carrying value equal to fair value, the same as the previous year. This is mainly due to a large proportion of the amount being short term financial assets (£15.034m).

		2023/24		2024/25	
Financial liabilities	Fair Value	Carrying	Fair Value	Carrying	Fair Value
	Level	Amount £000	£000	Amount £000	£000
Financial Liabilities held at amortised cost:-					
Short Term Creditors	2	41,470	41,470	36,787	36,787
Short Term Borrowing	2	97,250	97,250	101,697	101,697
Short Term Borrowing - PWLB		7,896	7,896	11,468	11,468
Other Long Term liabilities	2	276	276	272	272
Long Term Borrowing	2	33,884	36,588	33,879	31,758
Long Term Borrowing - PWLB	2	120,611	143,296	152,013	163,755
PPP, Finance Leases and Other Liabilities	2	48,499	61,084	58,555	-
Total		349,886	387,860	394,671	345,737

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans with the Public Works Loan Board (PWLB) which are not based on market terms. It also includes the Education Services Public Private Partnership 30 year finance lease for Elgin Academy and Keith Primary and the Design, Build, Finance and Maintain 25 year lease for Elgin High School.

Fair Value Disclosure of PWLB Loans

The fair value of PWLB loans of £175.223m 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 additional interest that the Council 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.

As the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, a supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £185.892m of total long term borrowing would be valued at £195.513m. However, if the Council sought to repay the loans to the PWLB, the exit price for the PWLB loans including the penalty charge would be £202.836m.

Note 20 Inventories**2023/24**

	Balance at 1	Purchases	Recognised as an expense in the year	Balance at 31
	April			March
	£000	£000	£000	£000
Building Services	374	887	(992)	269
Fleet Services	287	2,954	(2,914)	327
Roads Maintenance	199	818	(808)	209
Donated PPE	649	-	(649)	-
Other	305	1,888	(1,890)	303
Total	1,814	6,547	(7,253)	1,108

2024/25

	Balance at 1	Purchases	Recognised as an expense in the year	Balance at 31
	April			March
	£000	£000	£000	£000
Building Services	269	1,125	(1,168)	226
Fleet Services	327	2,752	(2,832)	247
Roads Maintenance	209	849	(700)	358
Donated PPE	-	-	-	-
Other	303	1,905	(1,878)	330
Total	1,108	6,631	(6,578)	1,161

Note 21 Short Term Debtors

	2023/24	2024/25
	£000	£000
Trade Receivables	3,392	3,046
Prepayments	1,046	1,562
Other Receivable Amounts	2,474	2,458
Central Government	8,412	9,177
Debtors from local taxation	2,685	2,754
	18,009	18,997
Taxation debtors included above	(2,685)	(2,754)
Prepayments included in debtors	(1,046)	(1,562)
Total Financial Assets Current Debtors	14,278	14,681

Note 22 Debtors from Local Taxation

	2023/24	2024/25
	Council Tax	Council Tax
	£000	£000
Less than 1 year	2,347	2,396
One to two years	2,776	3,128
Three to five years	3,171	3,473
More than 5 years	11,171	11,769
	19,465	20,766
Impairment Allowance	(16,780)	(18,012)
Total (net of impairment)	2,685	2,754

Note 23 Assets Held-for-Sale

When it becomes probable that the carrying amount of an asset (land and buildings) will be recovered through a sale rather than through its continued 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. Non-current assets held-for-sale are not depreciated.

Vehicles, Plant, Furniture and Equipment and assets that are to be abandoned or scrapped are not reclassified as Assets Held-for-Sale.

	Current Assets	Current Assets
	2023/24	2024/25
	£000	£000
Balance at 1 April	463	485
Assets reclassified from Property, Plant and Equipment	639	-
Disposals	(617)	(30)
Balance at 31 March	485	455

Note 24 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 investments that mature in three months or less from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

	2023/24	2024/25
	£000	£000
Cash Held by the Council	17	13
Bank Current/Call Accounts	9,927	20,128
Total	9,944	20,141

Note 25 Short Term Creditors

	2023/24	2024/25
	£000	£000
Trade Payables	29,380	25,628
Other Payables	25,797	21,489
PPP Creditor (Note 41)	1,510	1,538
Right of Use Assets (Note 40)	-	115
Total	56,687	48,770
Tax Creditors included above	(5,933)	(6,226)
Annual Leave Accrual included in above	(9,285)	(5,756)
Total Financial Liabilities Current Creditors	41,469	36,788

Note 26 Provisions

	Equal Pay	Total
	£000	£000
Balance as at 1 April 2024	149	149
Settlements made/provision released in 2024/25	-	-
Increase in provision in 2024/25	-	-
Balance as at 31 March 2025	149	149

The Council believes that the amounts provided represent the best estimate of the total liability.

Note 27 Usable Reserves

The Council has several reserve funds within this category:

- The Insurance Fund covers the main classes of insurance and is earmarked to pay any uninsured losses on school buildings. The Repairs and Renewal Fund provides for the upkeep of property assets held by the Council. Together these are the Revenue Statutory Funds on the Balance Sheet;
- The Capital Fund is used to meet the costs of capital investments in assets and for the repayment of the principal element of borrowings;
- Capital Grants and Receipts Unapplied 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;
- During the financial year, a review of grant income identified that a grant previously recorded within the Capital Grants Unapplied Reserve was incorrectly classified. The grant, amounting to £212,000, was intended to fund revenue activities and should have been recognised as a revenue grant. In accordance with proper accounting practice and to ensure accurate presentation of reserves, a reclassification was made as follows: £212,000 was transferred from the Capital Grants Unapplied Reserve (a usable capital reserve) to the Earmarked Reserves within the General Fund (a usable revenue reserve). This adjustment has no impact on the General Fund balance, the Comprehensive Income and Expenditure Statement (CIES), or the authority's overall financial position. It is presented in the Movement in Reserves Statement under the line "Transfers between Usable Reserves".
- The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

The movements on the Usable Reserves are detailed in the Movement in Reserves Statement and in Notes 10 and 11. A summary of the Reserves is also shown on the Balance Sheet.

Note 28 Unusable Reserves

2023/24		2024/25
£000		£000
401,357	Capital Adjustment Account	402,686
461,895	Revaluation Reserve	495,326
(5,080)	Financial Instruments Adjustment Account	(4,766)
(9,285)	Employee Statutory Adjustment Account	(5,756)
(11,819)	Pensions Reserve	(9,606)
837,068		877,884

Capital Adjustment Account

The Capital Adjustment Account absorbs the 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 also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2023/24		2024/25
£000		£000
414,984	Balance at 1 April	401,357
-	Correction of prior period audit adjustment	(564)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(38,975)	Charges for depreciation and impairment of non-current assets	(41,431)
(10,765)	Revaluation losses on Property, Plant and Equipment	(2,836)
(7)	Amortisation of Intangible Assets	(8)
	Amounts of non-current assets written off on disposal or sale as part of the loss on	
(4,236)	disposal to the Comprehensive Income and Expenditure Statement	(846)
(53,983)		(45,121)
15,615	Adjusting amount written out of the Revaluation Reserve	14,551
(38,368)	Net written out amount of the cost of non-current assets consumed in the year	(30,570)
	Capital financing applied in the year:	
5,015	Use of the Capital Receipts Reserve to finance new capital expenditure	2,430
	Capital grants and contributions credited to the Comprehensive Income and	
13,077	Expenditure Statement that have been applied to capital financing	16,730
	Statutory provision for the financing of capital investment charged against the General	
14,242	Fund and HRA balances	12,349
(8,332)	Service Concession arrangement	-
739	Capital expenditure charged against the General Fund and HRA balances	954
24,741		32,463
	Movements in the market value of Investment Properties debited or credited to the	
-	Comprehensive Income and Expenditure Statement	-
401,357	Balance at 31 March	402,686

Note 28 Unusable Reserves (cont.)**Revaluation Reserve**

The Revaluation Reserve contains gains made by the Council arising from increases in the value of its Property, Plant and Equipment, Heritage Assets and Intangible Assets. The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

2023/24		2024/25
£000		£000
452,576	Balance at 1 April	461,895
24,933	Upward Revaluation of assets	47,982
	Surplus /(deficit) on revaluation of non-current assets not posted to the Surplus on the	
24,933	Provision of Services	47,982
(14,222)	Difference between fair value depreciation and historical cost depreciation	(14,429)
(1,392)	Accumulated gains on assets sold or scrapped	(122)
(15,614)	Amount written off to the Capital Adjustment Account	(14,551)
461,895	Balance at 31 March	495,326

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on early redemption of loans. As a result, the balance on the Account at 31 March 2024 will be charged to the General Fund over the next 35 years

2023/24		2024/25
£000		£000
(5,405)	Balance at 1 April	(5,080)
	Proportion of premiums incurred in previous financial years to be charged against the General Fund	
325	balance in accordance with statutory requirements	314
	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement	
-	are different from finance costs chargeable in the year in accordance with statutory requirements	-
(5,080)	Balance at 31 March	(4,766)

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 entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2023/24		2024/25
£000		£000
(8,462)	Balance at 1 April	(9,285)
8,462	Settlement or cancellation of accrual made at the end of the preceding year	9,285
(9,285)	Amounts accrued at the end of the current year	(5,756)
	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure	
	Statement on an accruals basis is different from remuneration chargeable in the year in accordance	
(823)	with statutory requirements	3,529
(9,285)	Balance at 31 March	(5,756)

Note 28 Unusable Reserves (cont.)**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 Comprehensive Income and Expenditure Statement as the benefits are earned by 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 pensions for which it is directly responsible. The debit balance on the Pensions Reserve, therefore, shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24		2024/25
£000		£000
(10,257)	Balance at 1 April	(11,819)
(3,557)	Remeasurements (assets and liabilities)	3,594
	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	
(16,895)	Employer's pensions contributions and direct payments to pensioners payable in the year	(16,516)
18,890		15,135
(11,819)	Balance at 31 March	(9,606)

Note 29 Capital Grants and Receipts Unapplied Account

The Capital Grants and Receipts Unapplied Accounts holds the grant 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. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and the financial year in which this can take place.

	2023/24	2024/25
	£000	£000
Capital Grants		
Opening Balance	2,128	2,234
Additions	-	4,715
Applied	-	(1,539)
Closing Balance	2,128	5,410
Capital Receipts		
Opening Balance	17	17
Additions	-	-
Applied	-	-
Closing Balance	17	17
Interest on Revenue Balances	106	110
Total opening balance at 1 April	2,145	2,251
Total closing balance at 31 March	2,251	5,537

Note 30 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2023/24	2024/25
	£000	£000
Interest Received	3,280	3,152
Interest Paid	(13,333)	(23,643)

Note 31 Cash Flow Statement - Investing Activities

	2023/24	2024/25
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	(35,322)	(45,092)
Other payments for investing activities	(151)	(1)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,067	1,724
Other receipts from investing activities	13,505	22,076
Net cash flows from investing activities	(20,901)	(21,293)

Note 32 Cash Flow Statement - Financing Activities

	2023/24	2024/25
	£000	£000
Cash receipts of short-term and long-term borrowing	109,000	159,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(1,324)	(1,875)
Repayment of short and long-term borrowing	(91,767)	(120,055)
Other payments/(receipts) for financing activities	1,171	(239)
Net cash flows from financing activities	17,080	36,831

Note 33 Reconciliation of Liabilities Arising from Financing Activities

	2024/25				
	Financing				
	Balance at	Cash	Changes which are not	Balance at	
	1 April	Flows	Financing Cash Flows	31 March	
			Acquisition	Other	
	£000	£000	£000	£000	£000
Long Term Borrowing	154,495	31,402	-	(5)	185,892
Short Term Borrowing	105,146	5,357	-	2,662	113,165
On balance sheet PFI liabilities	50,008	(1,509)	-	-	48,499
Right of Use Assets	-	(366)	-	12,076	11,710
Other deferred liabilities	276	(4)	-	-	272
Total Liabilities from Financing Activities	309,925	34,880	-	14,733	359,538

Note 34 External Audit Costs

The agreed total external audit fee for 2024/25 was £0.357m for work undertaken in accordance with the Code of Audit Practice (2023/24 £0.359m). This included fees of £0.007m for audit work performed on Connected Charity Trust Funds.

Note 35 Councillors Remuneration

Details of Councillors Remuneration can be found in the Remuneration Report.

Note 36 Grant Income and Contributions

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25.

	2023/24 £000	2024/25 £000
Credited to Taxation and Non-Specific Grant Income		
General Revenue Grant	147,037	158,434
National Non Domestic Rate Income	55,314	67,225
Capital Grants and Contributions	13,077	21,147
Total	215,428	246,806
Credited to Services		
Housing Benefit Subsidy	11,979	11,976
Central Government Bodies	16,326	5,595
Criminal Justice	1,627	1,606
Other Grants and reimbursements	615	987
NHS Grampian	12,748	12,521
Employability External SG funding	421	1,223
Shared Prosperity Funding	181	2,521
Home Energy Efficiency Programme Scotland	4,980	801
Pupil Equity Funding (PEF)	1,484	1,482
Moray Growth Deal	2,102	3,111
PPP Funding	2,219	2,219
Total	54,683	44,042

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver.

The balances at the year-end are as follows:

	2023/24 £000	2024/25 £000
Grants received in advance		
Capital Grants	4,235	5,271
Other Grants	1,215	498
Total	5,450	5,769

Note 37 Related Parties

The Council is required to disclose material transactions with related parties - bodies or individuals that have potential to control or influence the Council, or to be controlled or influenced by the Council.

The Scottish Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills). Government grants and contributions are included in note 36. The amounts outstanding at the year-end are included in creditors in note 25.

Members of the Council have direct control over the Council's financial and operating policies. During 2024/25 no works or services were commissioned from companies in which any member had a noted interest. Details of members' expenses are included in the Remuneration Report.

Moray Integration Joint Board

The Moray Integration Joint Board was established on 1 April 2016 as a partnership between Moray Council and NHS Grampian and is responsible for planning and overseeing the delivery of a full range of community health and social work services including those for older people. In the year 2024/25 the following financial transactions were made with Moray Council relating to the integrated and social care functions:

Transactions with other bodies are as follows:

	2023/24 £000	2024/25 £000	Debtors/(Creditors)	
			2023/24 £000	2024/25 £000
NHS Grampian				
Funding received	238	377	117	43
Moray Integration Joint Board				
Funding received from MIJB	95,800	98,517	(263)	-
Contribution to MIJB	84,615	88,411	-	-
Grampian Valuation Joint Board				
Contribution to GVJB	827	826	-	-

During the year there were the following transactions between the Council and its subsidiaries:

	2023/24 £000	2024/25 £000
Trust Funds	(85)	2
Common Good	26	66

Within the cash and cash equivalents balance as disclosed by the Council are a number of balances held on behalf of other bodies as follows:

	2023/24 £000	2024/25 £000
Grampian Valuation Joint Board	1,463	1,709
Trust Funds	2,252	2,381
Common Good	3,993	4,143

The Council provided material financial assistance to Moray Leisure Limited of £0.557m in 2024/25 (2023/24 £0.508m).

Note 37 Related Parties (cont.)

The Council participates in the following partnerships:

	2023/24	2024/25
	£000	£000
The Highlands and Islands Transport Partnership - contribution	47	47

Note 38 Capital Expenditure and Capital Financing

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

	2023/24	2024/25
	£000	£000
Opening Capital Financing Requirement	368,481	377,944
Capital Investment:		
Property, Plant and Equipment (incl Held for Sale)	34,204	57,875
Intangible Assets	-	-
Heritage Assets	-	-
Sources of Finance:		
Capital receipts	(5,015)	(2,430)
Government grants and other contributions	(13,077)	(16,730)
Sum set Aside from Revenue:		
Direct revenue contributions	(739)	(954)
Loans fund principal	(14,242)	(12,349)
Service Concession Arrangements	8,332	-
Closing Capital Financing Requirement	377,944	403,356
Explanation of movements in year:		
Increase in underlying need to borrow (supported by government financial assistance)	9,463	25,412
Increase in Capital Financing Requirement	9,463	25,412

During 2024/25 the Council has recognised £15.375m of loans fund advances (2023/24 £19.368m).

Note 39 Capitalisation of Borrowing Costs

There was no capitalisation of borrowing costs during 2024/25 (2023/24 £0.661m).

Note 40 Leases

Council as Lessee

Right of Use Assets

The Council has adopted IFRS 16 Leases from 1 April 2024, in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. This standard replaces the previous distinction between operating and finance leases for lessees. IFRS 16 will mean that the majority of leases where the Council acts as lessee will come onto the balance sheet and lessor accounting is effectively unchanged. Under IFRS 16, the Council recognises a right-of-use asset and a corresponding lease liability at the commencement of each lease, except for leases that meet the exemption criteria. These include short-term leases (with a term of 12 months or less) and leases of low value assets (£6k or less). The Council has elected to apply these recognition exemptions and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. Right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased equipment, property and land as an asset and future rents as a liability), a right-of-use asset and a lease liability are now on the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

As a lessee, the Council has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Properties and other vehicles, plant and equipment that fall under the scope of IFRS 16 have now been reclassified as right of use assets on the balance sheet. The table below shows the change in the value of right-of-use assets held under leases by the Council and their liabilities.

	PPP £000	Land and Buildings £000	Vehicles Plant and Equipment £000	Total £000
Cost of Valuation				
At 1 April 2024				
Recognition of Right of Use Assets	93,046	-	-	93,046
Additions	11,457	225	394	12,076
Revaluation decreases	(9,768)	-	-	(9,768)
Depreciation charge	(630)	(23)	(79)	(732)
Value at 31 March 2025	94,105	202	315	94,622

	2023/24 £000	2024/25 £000
Finance Lease Liabilities		
Not later than one year	1,510	1,653
Later than one year and not later than five years	6,500	9,091
Later than five years	41,998	49,464
Total Liabilities	50,008	60,208
Analysed by:-	£000	£000
Current	1,510	1,653
Non-Current	48,498	58,555
	50,008	60,208

Note 40 Leases (cont.)

Right-of-use assets are measured at the amount for the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024. This has resulted in the following additions (after discounting) to the Balance Sheet as at 1 April 2024: £12.076 million Right-of-Use assets, £58.555 million non-current creditors (lease liabilities), £1.653 million current creditors (lease liabilities).

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

	£000
Finance lease liability at 31 March 2024	50,008
Recognition of Right of Use Assets at 1 April 2024	12,076
Opening finance lease liability at 1 April 2024	62,084
Add: interest accrued	4,515
Less: repayments made in year	(6,391)
Lease liabilities recognised after adoption of IFRS 16 as at 31 March 2025	60,208

Exemptions:

Payments relating to short-term leases (i.e. end on or before 31 March 2025)	80
Payments relating to low value leases	6

Council as Lessee

PPP, Finance Leases and Other Liabilities

From 1 April 2024, the Council adopted IFRS 16 Leases, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. As a result, all consolidation adjustments from 2024/25 onwards reflect the recognition of right-of-use assets and associated lease liabilities for arrangements previously classified as operating leases.

Leases that substantially transfer the risks and rewards of ownership of a non-current asset to the Council are accounted for as if the asset had been purchased outright. The asset is recognised within non-current assets at the lower of its fair value or the present value of the minimum lease payments. The corresponding liability is recorded as a finance lease obligation within creditors. Lease payments are apportioned between capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged to revenue on a straight line basis over the term of the lease.

	Note	2023/24 £000	2024/25 £000
Short Term Creditors			
PPP Education	41	1,509	1,538
Right of Use Assets	40	-	115
		1,509	1,653
Other Long Term Liabilities			
PPP Education	41	48,499	46,961
Right of Use Assets	40	-	11,594
		48,499	58,555

Council as Lessor

Lessor accounting remains substantially unchanged under IFRS 16.

Operating Leases

Where the Council grants an operating lease, the asset is retained on the Balance Sheet. The Council leases out various properties, predominately industrial units.

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

	RESTATED	
	2023/24	2024/25
	£000	£000
Not later than one year	1,401	1,635
Later than one year and not later than two years	1,341	1,470
Later than two years and not later than three years	1,220	1,358
Later than three years and not later than four years	1,165	1,080
Later than four years and not later than five years	926	1,004
Later than five years	51,152	54,933
Total	57,205	61,480

The 2023/24 comparative figures have been restated to correct an error identified during the 2024/25 lease calculations. The amendment ensures consistency and accuracy in the disclosure of lease payments. The impact of the restatement is limited to the lease note and does not affect the primary financial statements.

Note 41 Public Private Partnership and Similar Contracts

Public Private Partnership (PPP) and similar contracts are agreements to receive services, where responsibility for making available the property, plant and equipment needed to provide those services passes to the contractor. As the Council is deemed to control the services that are provided under its scheme and as ownership of the property, plant and equipment will pass to the Council at the end of the contract for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

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

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

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

- fair value of services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost - an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is currently 8.39% for the Elgin Academy/Keith Primary School PPP scheme and 5.67% for the Elgin High School Design, Build, Finance and Maintain (DBFM) contract.
- payment towards liability - applied to write down the Balance Sheet liability towards the operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs - debited to the relevant service in the Comprehensive Income and Expenditure Statement or recognised as additions to Property, Plant and Equipment when the relevant capital works are carried out.

Educational Services PPP Scheme

In 2011/12, the Council entered into a 30 year PPP contract for the construction, maintenance and operation of two schools in Keith and Elgin. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition. The annual unitary charge in 2024/25 was £5.850m (2023/24 £5.705m).

Educational Services DBFM Contract

In 2017/18, the Council entered into a 25 year DBFM contract for the construction, maintenance and operation of a new school in Elgin. The contractor took on the obligation to construct the school and maintain it in a minimum acceptable condition. The Annual Service Charge in 2024/25 was £2.705m (2023/24 £2.674m).

Note 41 Public Private Partnership and Similar Contracts (cont.)**Property, Plant and Equipment**

	2023/24 £000	2024/25 £000
Cost or valuation		
at 1 April	96,150	93,046
Additions	4	11,456
Revaluations	(3,108)	(9,767)
	93,046	94,735
Accumulated Depreciation		
At 1 April	-	-
Revaluations	-	-
Depreciation charge	3,449	3,969
Depreciation write back	(3,449)	(3,338)
	-	631
Net Book Value	93,046	94,104

Payments

Under the contracts the Council makes agreed payments each year which are increased by inflation. They can be reduced if the contractors fail to meet availability and performance standards in any year but are otherwise fixed. Payments remaining to be made under the contract at 31 March 2025 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2025/26	1,184	1,538	3,481	6,203
Payable within 2 to 5 years	4,735	7,148	12,835	24,718
Payable within 6 to 10 years	5,918	11,802	12,837	30,557
Payable within 11 to 15 years	5,919	17,696	7,759	31,374
Payable within 16 to 20 years	2,491	10,315	1,245	14,051
Total	20,247	48,499	38,157	106,903

Although the payments made to the contractors 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 liability outstanding to pay the contractors for capital expenditure incurred is as follows:

Note 41 Public Private Partnership and Similar Contracts (cont.)

	2023/24	2024/25
	£000	£000
Balance outstanding at start of year	51,331	50,008
Payments during the year	(1,323)	(1,509)
Capital expenditure incurred in the year	-	-
Other Movements	-	-
Balance outstanding at year-end	50,008	48,499

Note 42 Pension Schemes Accounted for as Defined Contribution Schemes

The Council participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary.

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme administered by the Scottish Public Pensions Agency (SPPA), an executive agency of the Scottish Government. It is a defined benefit scheme providing 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.

As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the scheme at a level to meet the cost of pensions as they accrue. It is not possible, however, for the Council to identify a share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of the annual accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25 the Council paid £13.330m in respect of teachers' retirement benefits, of which £1.125m was outstanding at 31 March 2025. The amount payable represents 23% of pensionable pay. In 2023/24 the amounts paid were £11.543m of which £0.981m was outstanding at 31 March 2024, and 23% of pensionable pay.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme.

Note 43 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 one scheme:

- The North East Scotland Local Government Pension Scheme (NESPF) which is administered by Aberdeen City Council. This is a funded defined benefit 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 over a period of time.

There are also arrangements in place 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, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

Principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute.

Note 43 Defined Benefit Pension Schemes (cont.)**Transactions Relating to Post-employment Benefits**

In relation to the Local Government Pension Scheme, the Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The transactions in the following table have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

The presentation of the Defined Benefit Pension Scheme note has been amended due to a change in actuary from Mercer to Hymans Robertson. This change has affected the format and categorisation of pension figures. The comparative figures for 2023/24 have been restated accordingly to ensure consistency and transparency, but the overall totals remain unchanged.

Virgin Media Pension Case – Potential Impact on LGPS

In June 2023, the High Court ruled in the case of *Virgin Media Limited v NTL Pension Trustees II Limited and others* that certain historical amendments to pension schemes made without the required actuarial confirmation under regulation 42 of the Contracting-out Regulations 1996 were invalid. This decision was upheld by the Court of Appeal in July 2024. While the case concerned a private occupational pension scheme, its implications for public service schemes, including the LGPS, remain uncertain.

The Government has acknowledged the potential impact and confirmed its intention to legislate to retrospectively validate affected amendments. Draft amendments to the Pension Schemes Bill were published on 2 September 2025, but the final timing of the legislation coming into force remains uncertain. There has also been no formal legal clarification on whether the Virgin Media judgment applies directly to the LGPS. The Scheme Advisory Board has engaged with the Government, and the Government Actuary's Department has been reviewing historical records, although no complete set of section 37 certificates has been identified. HM Treasury has indicated that it does not believe the judgment applies to public service schemes, though this view is not universally accepted.

Management has applied judgement in concluding that no adjustments have been made to the defined benefit obligation in these financial statements, pending legal clarification. The potential impact cannot be reliably quantified at this stage due to the absence of complete historical data and the ongoing legislative process. Management does not consider the issue to be material to the financial position of the employer at this time, but this will be kept under review.

Note 43 Defined Benefit Pension Schemes (cont.)

Local Govt Pension Scheme	Teachers Pension Scheme		Local Govt Pension Scheme	Teachers Pension Scheme	Total
2023/24 £000	2023/24 £000		2024/25 £000	2024/25 £000	2024/25 £000
RESTATED					
Comprehensive Income and Expenditure					
Statement Cost of Services:					
16,340	-	- Current Service Cost	16,083	-	16,083
33	-	- Past Service Cost	44	-	44
113	-	- Curtailment Cost	-	-	-
-	-	- Settlement Cost	-	-	-
367	-	- Administration Expenses	-	-	-
16,853	-		16,127	-	16,127
Financing and Investment Income and Expenditure:					
(8,291)	129	Net Interest Expense	(9,234)	120	(9,114)
8,204	-	Interest on asset ceiling	9,503	-	9,503
16,766	129	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	16,396	120	16,516
Other Post Employment Benefit Charged to the CIES					
Remeasurement of the net defined benefit					
-	-	- liability comprising:	-	-	-
(25,996)	-	- Return on plan assets	7,432	-	7,432
(9,265)	-	- Actuarial losses arising from changes in financial assumptions	(87,766)	(159)	(87,925)
(6,978)	(38)	- Actuarial gains/(losses) arising from demographic changes	7,101	22	7,123
14,807	-	- Change in effect of the asset ceiling	80,840	-	80,840
31,011	16	- Other	(11,328)	264	(11,064)
20,345	107	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	12,675	247	12,922
Movement in Reserves Statement					
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code					
(16,766)	(129)		(16,396)	(120)	(16,516)
Actual amount charged against the General Fund Balance for pensions in the year:					
18,602	288	Employers' contributions payable to scheme	14,851	284	15,135

Note 43 Defined Benefit Pension Schemes (cont.)

Assets and Liabilities Recognised in the Balance Sheet

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

Local Govt Pension Scheme	Teachers Pension Scheme		Local Govt Pension Scheme	Teachers Pension Scheme	Total
RESTATED					
2023/24	2023/24		2024/25	2024/25	2024/25
£000	£000		£000	£000	£000
(600,038)	(2,592)	Present Value of the defined benefit obligation	(539,610)	(2,555)	(542,165)
784,744	-	Fair value of plan assets	816,835	-	816,835
184,706	(2,592)	Net Asset/(Liability) (Unadjusted)	277,225	(2,555)	274,670
(193,933)	-	Asset ceiling adjustment for economic benefit	(284,276)	-	(284,276)
(9,227)	(2,592)	Net Asset/(Liability)	(7,051)	(2,555)	(9,606)

IAS 19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The Council has applied the asset ceiling test as prescribed by IFRIC 14 which limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.' The pension asset can be recognised as the lower of the net pension asset or the present value of any economic benefits available. The Council's actuaries undertook this assessment and the asset value in the accounts has reduced as the present value of the benefits available were lower than the pension asset.

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Local Govt Pension Scheme	Teachers Pension Scheme		Local Govt Pension Scheme	Teachers Pension Scheme	Total
RESTATED					
2023/24	2023/24		2024/25	2024/25	2024/25
£000	£000		£000	£000	£000
558,677	2,773	Opening Balance at 1 April	600,038	2,592	602,630
16,340	-	Current Service Cost	16,083	-	16,083
26,425	129	Interest Cost	29,217	120	29,337
5,445	-	Contributions from scheme participants	5,730	-	5,730
		Remeasurement (gains)/losses:			
(9,265)	16	Actuarial (gains)/losses arising from changes in financial assumptions	(87,766)	(159)	(87,925)
(6,978)	(38)	Actuarial (gains)/losses arising from demographic changes	7,101	22	7,123
31,011	-	Other	(11,328)	264	(11,064)
33	-	Past Service Cost	44	-	44
113	-	(Gains)/Losses on curtailment/settlements	-	-	-
(21,763)	(288)	Benefits paid	(19,509)	(284)	(19,793)
600,038	2,592	Closing Balance at 31 March	539,610	2,555	542,165

Note 43 Defined Benefit Pension Schemes (cont.)**Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets**

Local Govt Pension Scheme	Teachers Pension Scheme		Local Govt Pension Scheme	Teachers Pension Scheme	Total
RESTATED					
2023/24	2023/24		2024/25	2024/25	2024/25
£000	£000		£000	£000	£000
722,115	-	Opening fair value of scheme assets	784,744	-	784,744
34,716	-	Interest Income	38,451	-	38,451
		Remeasurement Gains:			
		The return on plan assets, excluding the			
25,996	-	amount in the net interest expense	(7,432)	-	(7,432)
18,602	288	Contributions from employer	14,851	284	15,135
		Contributions from employees into the			
5,445	-	scheme	5,730	-	5,730
(21,763)	(288)	Benefits paid	(19,509)	(284)	(19,793)
(367)	-	Other - administration expenses	-	-	-
784,744	-	Closing fair value of scheme assets	816,835	-	816,835
(23,011)	-	Effect of the Asset Ceiling	(90,343)	-	(90,343)
		Adjusted Closing Fair Value of Scheme			
761,733	-	Assets	726,492	-	726,492

Asset Ceiling

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

The closing position at 31 March 2025 is a net asset of £284.276 million (net asset of £193.933 at 31 March 2024) before any adjustment for the asset ceiling. The council's chosen methodology assumes that it has no unconditional right to a refund from the Fund and therefore there is no economic benefit available as a refund. The methodology assumes that economic benefit is available to the council as a reduction in future contributions; the asset ceiling therefore reflects the economic benefit that may be achieved through future contributions and has been calculated on this basis. The economic benefit available as a reduction in future contributions cannot be negative and is therefore restricted to the size of the net asset.

The impact of the asset ceiling is shown in the table below:

	2023/24	2024/25
	£000	£000
Opening impact of asset ceiling	170,922	193,933
Interest on impact of asset ceiling	8,204	9,503
Actuarial losses/(gains)	14,807	80,840
Closing impact of asset ceiling	193,933	284,276

Note 43 Defined Benefit Pension Schemes (cont.)**Local Government Pension Scheme assets comprised:**

	Fair Value of Plan Assets 2023/24 £000	%	Fair Value of Plan Assets 2024/25 £000	%
Equity Securities				
Other	454,007.0	58%	449,758.3	55%
Debt Securities				
UK Government	43,787.0	6%	51,833.0	6%
Other	-		11,170.8	1%
Private Equity				
All	-		57,576.0	7%
Real Estate				
UK Property	48,616.0	6%	54,900.6	7%
Overseas Property	-		3,295.4	1%
Investment Funds and Unit Trusts				
Bonds			87,822.4	11%
Infrastructure	12,154.0	1%	66,400.3	8%
Other	204,930.0	26%	-	
Derivatives				
Other	-		15,697.4	2%
Cash and Cash Equivalents				
All	21,250.0	3%	18,380.8	2%
Totals	784,744.0		816,835.0	

Following a change in actuary between 2023/24 and 2024/25, asset class categorisation has been revised. The fair value breakdown for 2023/24 has been restated to align with the categories used in the 2024/25 actuary report.

Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit method and assets are measured at their fair value. An estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels, etc.

The most recent actuarial valuation was carried out as at 31 March 2025 and has been updated by Mercer Limited, independent actuaries to the North East Scotland Pension Fund (NESPF), to take account of the requirements of IAS 19 in order to assess the liabilities of the Pension Funds as at 31 March 2025. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded Liabilities Discretionary Benefits	
	2023/24	2024/25	2023/24	2024/25
Mortality Assumptions:				
Longevity at 65 for current pensioners				
Men	20.7	20.9	20.7	20.9
Women	23.0	23.3	23.0	23.3
Longevity at 65 for future pensioners				
Men	22.0	22.2	-	-
Women	24.8	25.1	-	-
Rate of Inflation	2.70%	2.75%	2.70%	2.80%
Rate of increase in salaries	4.20%	4.25%	4.20%	4.20%
Rate of increase in pensions	2.80%	2.75%	2.80%	2.75%
Rate for discounting scheme liabilities	4.90%	5.80%	4.90%	5.80%

Note 43 Defined Benefit Pension Schemes (cont.)

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant.

	Increase in Assumption £000	Decrease in Assumption £000
Impact on the Defined Benefit Obligation in the Scheme		
Longevity (increase of 1 year in life expectancy)	21,584	(21,584)
Rate of inflation (increase or decrease by 0.1%)	9,292	(9,292)
Rate of increase in salaries (increase or decrease by 0.1%)	754	(754)
Rate of increase in pensions (increase or decrease by 0.1%)	8,781	(8,781)

Funding Strategy Statement

The Funding Strategy Statement sets out how the administering authority balances the potentially conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions and prudence in the funding basis.

The Pensions Committee's long-term funding objective is to achieve and maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis. The current actuarial valuation of the Fund is effective as at 31 March 2020 and the results indicate that overall the assets represented 103% of projected accrued liabilities at the valuation date.

Investments that would most closely match the pension liabilities would be gilts, predominately index-linked, reflecting the nature of the Fund's liabilities. The Fund, however, invests in other assets in the expectation that these will provide higher returns albeit without any guarantee that higher returns will be achieved over any particular period. The benefit of higher investment return is that, over the long term, a higher level of funding should achieve lower employer contribution rates. However the additional investment returns from growth assets come with a price: greater volatility relative to the liabilities thus introducing risk. There is a trade-off between the benefits of additional investment return from greater exposure to growth assets and the greater predictability from having greater exposure to liability matching assets.

The asset proportions of the Fund at 31 March 2025, with March 2024 in brackets were: equities, including alternatives 81% (86%), bonds 8% (6%), property 7% (6%) and cash 2% (2%) and derivatives 2% (0%).

Impact on the Council's Cash Flows

While the Fund's main objective is to ensure solvency of the NESPF they also aim to keep employers' contributions at as constant a rate as possible. Following the 2023 valuation the Pensions Committee has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average surplus spread period of 13 years and have approved an employer contribution rate requirement of 14.3% for local authorities across the scheme from 1 April 2024. During the valuation process employer rates are set for a period of three years. The latest triennial valuation was as at 31 March 2023 to determine a funding level and set the rates for 2024/25 onwards.

The employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2026 is £13.855m.

Note 44 Contingent Liabilities

Bilbohall South Land

On 30 March 2016 the Council decided to remove the Western Link Road from the capital plan. Due to the cancellation of this project, the Council will be unable to comply with the terms of the purchase agreement with Grampian Housing Association (GHA) to buy land at Bilbohall South in Elgin. As a result, the Council may have to re-purchase this site. This presents a potential financial risk to the Housing Revenue Account (HRA).

Both the Council and GHA agreed to alter the missives to extend the buy-back period until 31 March 2024. In agreeing to the extension to the buy-back period both parties sought consent of the Scottish Government. A masterplan for development of a wider area at Bilbohall has been finalised and a planning application was approved on 23 March 2021. After a prolonged tender period, a single bid was received with clarifications. HUB North were appointed as Employers Agent, however were unsuccessful in their discussions with the contractor to resolve the clarifications and arrive at a fixed price Design and Build contract that is acceptable to all parties.

More Homes Board considered procurement options on 11 May 2023 and approved re-engagement with the previous design team to develop a denser, more commercial layout using the consented road structure, and bring the design to RIBA4 to minimise inclusion of amounts to cover risk in a future tender. The development continues to feature prominently in the Strategic Housing Investment Plan approved in November 2023, with high priority for allocation of Scottish Government More Homes Division Funding. A planning application for 106 units was approved on 22 October 2024, pending reassessment of the Section 75 Agreement, but the tender exercise intended to follow was paused as SSEN advised of a constraint on electrical supply to the site until 2030. Following high level engagement between the Council and SSEN, a possible alternative supply may be available, which could result in a site start during autumn 2025.

Energy from Waste Project

The Energy from Waste (EfW) facility at Ness formally moved into operation on 12 December 2023 and will run for 20 years. The Council was a minority partner in a project carried out in collaboration with Aberdeen City (Lead Partner) and Aberdeenshire Councils, to procure an EfW facility that will deal with all residual waste from the three authorities.

Litigation in connection with the above

There are currently several adjudications regarding performance, delivery and delay of the energy from waste project and sums due under the contract as a result. Parties are too far apart at present to put an exact figure on any liability or quantum.

Decommissioning costs with the above

The inter-authority agreement covering the EfW plant states that the parties will share any decommissioning costs not taken by the contractor at the end of the project in accordance with their project share percentages. The Council is currently in discussion with Aberdeen City Council who are current seeking specialists to provide a valuation for these costs which will result in a future financial liability.

Building Dilapidations

The Council leases a number of buildings which will required to be returned to their original leased condition at the end of the lease. Every attempt is made to maintain leased buildings in reasonable order, however, the Council has a potential liability to incur re-instatement costs where the condition has deteriorated below that of the original state, the extent of which cannot be reliably estimated.

Scottish Child Abuse Enquiry

Survivors of Historic Child Abuse in Care have the option of pursuing claims through civil proceedings and where the historical care provision crossed current local authority boundaries, any potential financial liability arising from such proceedings will be subject to agreement on a case by case basis amongst the local authorities concerned. It is therefore not possible to quantify any future claims.

Asbestos Related Illness

The Council is aware of three claims for asbestos related illness and is aware of others which may be pursued at a later date. Work is currently ongoing with other neighbouring Local Authorities on the detail of these. At the moment the extent of any costs to the Council is unknown but could be significant.

Dallachy landfill site

The Dallachy landfill site ceased to accept landfill waste on 28 March 2025. The final cell of the site was capped in July 2025 as part of operator compliance with the site now entering the monitoring phase. Moray Council has an obligation to monitor the site for until no longer deemed an environmental concern. An estimated value of any monitoring costs could not be reliably measured as at the time of preparing the accounts.

Note 45 Nature and Extent of Risks Arising From Financial Instruments

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

- credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The procedures for risk management are set out through a legal framework based on the Local Government (Scotland) Act 2003 and associated regulations, which were both revised in December 2017. These require the Council to comply with CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management and Investment Regulations. The Council's management of treasury risks are structured to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services by:

- formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- the adoption of a Treasury Management Strategy Statement and incorporating this into the Council's Financial Regulations;
- approving annually in advance the Council's prudential and treasury indicators and reporting on performance;
- approving an Investment Strategy for the forthcoming year.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks, building societies and Money Market Funds whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The credit criteria in respect of financial assets held by the Council at 31 March 2025 are detailed below.

Financial Asset Category	Criteria
Banks	Long-Term BBB+
Building Societies	Long-Term BBB+
Money Market Funds	Long-Term AAmmf (Fitch) or equivalent

The maximum investment with the Council's own bankers (Bank of Scotland) is £10m and other organisations meeting the above criteria is £5m.

In addition to the above, the Council can also invest in Local Authorities and the Debt Management Office. A limit of £5m is set for any Local Authority and there is no limit for the Debt Management Office as it is part of HM Treasury which has the UK Government's AA+ rating.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year. The Council does not expect any losses from non- performance by any of its counterparties in relation to deposits and bonds.

	Estimated maximum exposure to default and uncollectability 2024	Amounts at 31 March 2025	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 25	Estimated maximum exposure to default and uncollectability
	£000	£000	%	%	£000
Customers	3,666	4,410	20.09	20.09	887
Total	3,666	4,410			887

Note 45 Nature and Extent of Risks Arising from Financial Instruments (cont.)**Debtors**

The Council does not generally allow credit for customers. As a result, £4.174m of the £4.410m balance is past its due date for payment (2023/24 £3.290m). The past due but not impaired amount can be analysed by age as follows:

	2023/24	2024/25
	£000	£000
Less than six months	1,894	2,202
Six months to one year	496	849
More than one year	1,112	1,175
Total	3,502	4,226

The impairments made, analysed by age are as follows:

	2023/24	2024/25
	£000	£000
Less than six months	-	-
Six months to one year	248	425
More than one year	1,112	1,175
Total	1,360	1,600

Liquidity Risk

The Council can borrow from the Public Works Loan Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Although the Council has 36.44% of its current debt maturing within the period 2051/52 to 2055/56, it is continually reviewing its borrowing position to minimise the financial impact of debt maturing at any one time in the future and possibly exposing the Council to unfavourable interest rates. With the assistance of its treasury advisers, the Council manages this risk through prudent planning of new loans taken out where economic to do so.

The maturity structure of financial liabilities is as follows (at nominal value):

	2023/24	2024/25
	£000	£000
Repayment less than 1 year	105,146	113,165
Repayment between 1 and 2 years	7,282	19,086
Repayment between 2 and 5 years	15,138	27,689
Repayment between 5 and 10 years	22,328	37,836
Repayment between 10 and 15 years	16,187	9,731
Repayment in more than 15 years	93,560	91,550
	259,641	299,057

The above figures are the contractual maturity amounts of the loans.

Note 45 Nature and Extent of Risks Arising from Financial Instruments (cont.)**Market Risk****Interest Rate Risk**

The Council is exposed to interest rate risk in two different ways: the first being the uncertainty of interest paid/received on variable rate instruments and the second being the effect of fluctuations in interest rates of the fair value of an instrument.

The current interest rate risk for the Council is summarised below:

- Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement.
- The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost but will impact on the disclosure note for fair value.
- The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance sheet for the majority of liabilities held at amortised cost but will impact on the disclosure note for fair value.

The Council has a number of strategies for managing interest rate risk:

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 25% of total borrowing.
- During periods of falling rates and where it is economically advantageous, the Council will consider the repayment or restructuring of fixed interest rate loans.
- The Council monitors interest rates daily to assist in decisions for lending of surplus cash and new borrowings.

The Council has a strategy for assessing interest rate exposure. The analysis will advise whether new borrowing taken out is fixed or variable. During 2022/23 the Council did take out several variable rate temporary borrowing loans.

According to this assessment strategy, at 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2023/24	2024/25
	£000	£000
Increase in interest payable on variable rate borrowing	621	995
Impact on Comprehensive Income and Expenditure Statement	621	995

Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost for the year ended 31 March 2025 of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2023/24 £000		2024/25 £000
	Income	
(22,082)	Dwelling Rents	(24,988)
(187)	Non Dwelling Rents	(196)
(668)	Other Income	(731)
<u>(22,937)</u>	Total Income	<u>(25,915)</u>
	Expenditure	
5,169	Supervision and Management	6,226
10,983	Repairs and Maintenance	10,814
129	Bad and Doubtful Debts	183
10,538	Depreciation and Impairment of Non-Current Assets	11,832
4,480	Revaluation losses on Non-Current Assets	-
79	HRA Share of Corporate and Democratic Core Costs	110
488	Other Expenditure	584
<u>31,866</u>	Total Expenditure	<u>29,749</u>
8,929	Net Cost of HRA Services	3,834
33	(Gain)/loss on sale of HRA non-current assets	-
3,139	Interest Payable and Similar Charges	5,509
(517)	Interest and Investment Income	(458)
(2)	Net Interest on the Defined Benefit Liability	8
(3,142)	Capital Grants and Contributions Receivable	(5,712)
<u>8,440</u>	(Surplus)/Deficit for the Year on HRA Services	<u>3,181</u>

Movement on the Housing Revenue Account Statement

2023/24	2024/25
£000	£000
8,440 (Surplus)/Deficit for the Year on the HRA Income and Expenditure Account	3,181
(5,597) Adjustments to Usable Reserves permitted by Accounting Standards	(6,324)
Adjustments between accounting basis and funding basis under regulations	
Difference between interest payable and similar charges determined in accordance with the Code	
96 and those determined in accordance with statute	96
(33) Gain or loss on sale of HRA non-current assets	-
739 Capital expenditure funded by the Housing Revenue Account	695
34 HRA share of contributions to/(from) the Pensions Reserve	(66)
8 Employee Statutory Adjustment Account	(25)
Transfers to/from the Capital Adjustment Account:	
(4,941) Depreciation and Impairment of Non-Current Assets	(5,508)
(4,480) Revaluation losses on Property, Plant and Equipment	-
2,020 Loans fund principal repayments	2,169
3,142 Capital Grants applied	5,712
(572) Net Decrease Before Transfers to Reserves	(70)
Transfers to/(from) Reserves	
102 IORB and Statutory Funds	106
1,301 Transfers to / (from) Reserves	(682)
1,403	(576)
831 (Increase)/decrease in the year on the HRA	(646)
(2,418) Housing Revenue Account Balance Brought Forward	(1,587)
(1,587) Housing Revenue Account Balance Carried Forward	(2,233)

Notes to the Housing Revenue Account

1. Number and Type of Dwelling House

The Council dwelling house stock as at 31 March was as follows:-

		2023/24 Number of Dwellings	2024/25 Number of Dwellings
Bedsit	Houses and Bungalows	20	20
	Flats and Maisonettes	24	24
1 bedroom	Houses and Bungalows	1,079	1,079
	Flats and Maisonettes	732	740
2 bedroom	Houses and Bungalows	2,238	2,249
	Flats and Maisonettes	691	693
3 bedroom	Houses and Bungalows	1,305	1,311
	Flats and Maisonettes	99	99
4 or more bedroomed	Houses and Bungalows	182	185
	Total	6,370	6,400

2. Rent Arrears

The total rent arrears, including rents outstanding from former tenants, as at 31 March 2025 was £0.720m which is 2.88% of gross rental income. This is equivalent to £112.50 per house (2023/24 £0.926m, 4.15%, £145.36).

3. Impairment of Debtors

The provision for uncollectable debts has increased by £0.019m (increase in 2023/24 £0.006m). The total provision for uncollectable debts including rechargeable repairs is £0.400m (2023/24 £0.381m).

4. Voids

The loss of rental on void properties for the year was £0.189m (2023/24 £0.175m).

Council Tax Income Account

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

On 1 April 1993, the Council Tax replaced the Community Charge. It is a property based tax which relates to the capital value of domestic properties at 1st April 1991, as determined by the Assessor, with each property being placed in a Valuation Band, between A and H. The Assessor publishes a Valuation List which contains information on each property and the band to which it has been assigned. All properties in the Valuation List are liable for Council Tax, but some may be exempt from payment or may attract a discount depending on whether they are unoccupied, the number of persons in occupation and/or the status of the person(s) resident.

2023/24		2024/25
£000		£000
66,575	Council Tax Levied and Contributions in Lieu	68,213
	Deduct:	
(4,317)	Local Council Tax Reduction Scheme	(4,335)
(9,889)	Other discounts and reductions	(10,036)
52,369	Total for Year	53,842
5	Council Tax adjustment in respect of prior years	(57)
(836)	Allowance for impairment of uncollectable debts	(1,232)
51,538	Transfers to General Fund	52,553

Council Tax Levy

In order to encourage empty home owners to bring their properties back into use to increase the supply of housing in Scotland, the Scottish Government introduced the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012. This legislation allowed Councils to remove the discount for Council Tax on certain types of unoccupied homes and to increase the level of Council Tax payable on these properties.

New powers came into effect on 1 April 2013 and Moray Council decided to use these new powers to introduce an Additional Council Tax Charge on all Long Term Empty properties (i.e. properties which have been unoccupied for more than twelve months). This Additional Council Tax Charge was set at 50% from 1 April 2014, rising to 100% from 1 April 2015. It remains a 100% Additional Council Tax Charge.

Council Tax Second Home Premium

From 1 April 2024, local authorities received the discretion to increase by up to 100% the Council Tax charge on properties defined as Second Homes (i.e. properties which are no person's residence but are occupied in excess of 25 days per annum). This new power was contained in The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023.

Moray Council, following consideration by the Corporate Committee on 30 January 2024 of the report Proposed 100% Additional Council Tax Premium on Second Homes, chose to impose a 100% Additional Council Tax Premium on all Second Homes.

Cumulative Impact

In 2024/25 Moray Council collected £1.476m (2023/24 £0.521m – note no Council Tax Premium was levied in that year) from the implementation of its policies on the 100% Additional Council Tax Charge and 100% Additional Council Tax Premium. This amount is included in the figures above.

Council Tax Income Account (cont.)

Notes to the Council Tax Income Account

Calculation of Council Tax Base Number of Dwellings

	Number of Dwellings	Number of Exemptions	Disabled relief	Discounts		Total Equivalent Dwellings	Ratio to Band D	Band D Equivalent
				25%	Other			
Band A (dbr)*	-	-	22	(3)	-	19	5/9	11
Band A	11,997	(790)	5	(1,573)	(243)	9,377	6/9	6,251
Band B	10,620	(515)	6	(1,075)	(217)	8,819	7/9	6,859
Band C	7,379	(431)	18	(613)	(160)	6,193	8/9	5,505
Band D	6,928	(519)	(4)	(436)	(99)	5,870	9/9	5,870
Band E	6,735	(253)	(22)	(318)	(79)	6,063	473/360	7,966
Band F	2,561	(63)	(19)	(90)	(26)	2,363	585/360	3,840
Band G	733	(24)	(6)	(24)	(17)	662	705/360	1,296
Band H	107	(54)	-	(1)	(7)	45	882/360	110
	47,060	(2,649)	-	(4,133)	(848)	39,411		37,708
Add: Contributions in Lieu								970
Less: Provision for non-collection								(573)
Council Tax Base 2024/25								38,105

* Band A (dbr) - properties with disabled relief band reduction

Calculation of Council Tax

In 2024/25, the charges for each band were as follows:

Band	Property Value £	Number of Properties	Council Tax Charge £
A	27,000 or under	9,396	£953.79
B	27,001 - 35,000	8,819	£1,112.72
C	35,001 - 45,000	6,193	£1,271.72
D	45,001 - 58,000	5,870	£1,430.69
E	58,001 - 80,000	6,063	£1,879.77
F	80,001 - 106,000	2,363	£2,324.87
G	106,001 - 212,000	662	£2,801.76
H	Above 212,000	45	£3,505.19

Non-Domestic Rate 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.

The occupiers of non-domestic properties are liable to pay rates which are assessed on their property's rateable value. Each property is assigned a rateable value by the Assessor, which is published in the Valuation Roll. The Non-Domestic Rate poundage, which is used to calculate the amount of rates payable, is set by Scottish Government Ministers.

In 2024/25 the rate poundage was 49.8p (unchanged from 2023/24). In 2024/25 the rate poundages payable by properties with a rateable value in excess of £0.051m was increased by the levy of additional rates: properties with rateable values in excess of £0.051m and up to £0.100m attracted an Intermediate Property Rate of 4.7p (increased by 3.4p from the previous year); properties with rateable values in excess of £0.100m incurred a Higher Property Rate of 6.1p (increased by 3.5p from the previous year).

In 2024/25 the Small Business Bonus Scheme remained unchanged. Properties with a rateable value of up to £0.012m qualified for a reduction on a sliding scale of between 25% and 100% of their rates bill under the Small Business Bonus Scheme.

The rates collected from non-domestic ratepayers during the year are shown below. Any difference between the rates collected and the amount the Council is guaranteed to receive under the National Pooling arrangements is adjusted via the General Revenue Grant paid by the Scottish Government to the Council.

The Scottish Government introduced the Non-Domestic Rates Incentivisation Scheme (NDRIS), previously known as Business Rates Incentivisation Scheme (BRIS), from April 2012 to encourage local authorities to maximise their existing business rates income and encourage new business start-up. It set a target for each local authority which can retain 50% of any additional income above the target. The NDRIS scheme recommenced in 2023/24, having been suspended for the years 2020/21, and 2021/22 and 2022/23 due to the impact of COVID-19. The last NDRIS distribution being for growth in 2019/20. The target for Moray Council in 2024/25 under the new NDRIS scheme is a 1.0% increase in the Non-Domestic Rates tax-base (1.1% target in 2023/24).

2023/24	2024/25
£000	£000
75,031 Gross Rates Levied	79,000
Deduct:	
(9,556) Reliefs and Other Deductions	(9,479)
- Payment of interest	(371)
(12) Write-offs of uncollectable debts and allowance for impairment	(53)
65,463 Net Non-Domestic Rate Income	69,097
(1,030) Adjustments to previous years' National Non-Domestic Rates	(10,492)
64,433	58,605
- Business Rates Incentivisation Scheme (BRIS) retention	-
(9,119) Contribution (to)/from National Pooling	8,620
55,314 Guaranteed Rate Income	67,225
- BRIS retention	-
55,314 Amount credited to the Comprehensive Income and Expenditure Statement	67,225

Non-Domestic Rate Account (cont.)

Notes to the Non-Domestic Rate Account

Analysis of Rateable Values and Numbers of Entries at 1 April 2024

	Number of Entries	2024/25 Rateable Value £000
Shops	920	18,498
Public Houses	58	1,059
Offices (including Banks)	494	5,961
Hotels, Boarding Houses, etc.	106	3,118
Industrial and Freight Transport Subjects	1,360	64,475
Leisure, Entertainment Caravans and Holiday Sites	895	4,925
Garages and Petrol Stations	120	1,599
Cultural	19	217
Sporting Subjects	563	1,257
Education and Training	82	8,537
Public Service Subjects	273	21,829
Communications (Non-Formula)	18	1,688
Quarries, Mines, etc.	35	496
Petrochemical	5	734
Religious	156	1,410
Health Medical	50	2,294
Other	430	731
Care Facilities	47	1,977
Advertising	18	34
Undertaking	24	5,812
	5,673	146,651

The Council administers 37 trust funds, acting as sole trustee for 33 trusts and as one of several trustees for a further 4 funds. These accounts do not represent a charge to Council Tax payers but form part of the statutory reporting requirements of the Council. They represent funds set up by various individuals and organisations for the benefit of the community or organisations within the Moray area.

The statements below summarise the trust funds' income and expenditure for the year and the funds' assets and liabilities at 31 March 2025.

Trust Reorganisation

The Council undertook a review of its trusts, in consultation with the Office of the Scottish Charities Regulator (OSCR), and restructured its charitable trusts in order to create a smaller number of trusts with improved governance arrangements and with the opportunity to maximise the use of these resources to the benefit of the citizens of Moray. In August 2016, The Moray Council Charitable Trust (TMCCT) was awarded charitable status under the Charities and Trustee Investment (Scotland) Act 2005. The trusts being reorganised into this new single trust will be utilised, as far as possible, in a manner consistent with the original trust purposes. To date, 24 trusts have been approved by OSCR for reorganisation into TMCCT and this is reflected in the accounts and notes on the following pages. The process of reorganisation is ongoing.

Accounting Policies

Basis of Preparation

The financial statements for the charitable trusts have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice 2015, applicable to charities preparing their accounts, in accordance with the Financial Reporting Standard 102 (FRS 102), applicable for the UK and Republic of Ireland, commonly referred to as the Charities SORP which is effective for accounting periods beginning on or after 1 January 2019. The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at fair value, in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

In line with Regulation 7 of the 2006 Regulations, these financial statements have been prepared on the basis that the trust funds for which it acts as sole trustee are connected charities. As such the accounts for these individual charities have been prepared on a collective basis for the Council. Separate financial statements covering all the Council's charitable trusts are published on the Council's website.

The financial statements for the non-charitable trusts have been prepared in accordance with the code of practice on Local Authority Accounting in the United Kingdom 2024/25.

As far as concerns the trusts reported in these financial statements, application of different reporting standards does not produce inconsistent results.

Investment Income

Investment income is accounted for in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

Resources Expended

Expenditure is included in the financial statements on an accruals basis.

Investments

Investments are included at fair value at the balance sheet date in accordance with the principles of the SORP. Investment gains and losses include any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to fair value at the end of the period.

Trust Funds Income and Expenditure Account

2023/24		2024/25	
Connected Charitable £000	Other £000	Connected Charitable £000	Other £000
Income			
(28)	(115)	(42)	(178)
-	(76)	-	(96)
-	(206)	-	154
(31)	(130)	(14)	(60)
-	(236)	(10)	(9)
(59)	(763)	(66)	(189)
Expenditure			
20	68	29	72
8	11	9	14
-	298	-	87
-	151	-	150
28	528	38	323
(31)	(235)	(28)	134
(Surplus)/Deficit for the year			
31	185	14	(244)
-	(50)	(14)	(110)
(Increase)/Decrease in Revenue Reserves			

Trust Funds Balance Sheet

2023/24			2024/25		
Connected			Connected		
Charitable	Other		Charitable	Other	
£000	£000		£000	£000	
-	6,372	Property, Plant and Equipment	-	6,088	Note 1
-	100	Investment Properties	-	80	Note 3
615	2,544	Long Term Investments	630	2,604	Note 4
615	9,016	Long Term Assets	630	8,772	
1	8	Debtors	1	6	
438	1,814	Loans Fund Balance	452	1,928	
439	1,822	Current Assets	453	1,934	
(7)	(19)	Creditors	(7)	(21)	
(7)	(19)	Current Liabilities	(7)	(21)	
1,047	10,819	Net Assets	1,076	10,685	
-	3,242	Capital Adjustment Account	-	3,242	
-	3,206	Revaluation Reserve	-	2,902	
370	1,530	Financial Instruments Adjustment Account	385	1,590	
677	2,841	Revenue Balance	691	2,951	
1,047	10,819	Total Reserves	1,076	10,685	

Notes to the Trust Fund Accounts

Note 1 Property, Plant and Equipment

Property, plant and equipment is valued on the basis recommended by CIPFA and the valuation report is produced by the Council's Asset Manager who is a Member of the Royal Institute of Chartered Surveyors. The assets are valued on a 5 year rolling programme and have been prepared in accordance with the provisions of the Royal Institution of Chartered Surveyors Valuation - Professional Standards January 2014.

Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Assets have been valued on the following basis:-

- | | | |
|--------------------------|---|--|
| Other Land and Buildings | - | Existing Use Value (EUV) or Depreciated Replacement Cost (DRC) |
| Community Assets | - | Historic Cost where available |

Depreciation:

The following useful lives and depreciation rates have been used in the calculation of depreciation:-

- | | | |
|--------------------------|---|---|
| Other Land and Buildings | - | Buildings up to 55 years, land is not depreciated |
| Community Assets | - | Rights and land are not depreciated |

Movements of property, plant and equipment were as follows:

Note 1 Property, Plant and Equipment (cont.)

2023/24

	Other Land and Buildings	Community Assets	Total
	£000	£000	£000
Gross Book Value at 1 April 2023	6,302	15	6,317
Revaluations	55	-	55
Additions	-	-	-
Disposals	-	-	-
Gross Book Value at 31 March 2024	6,357	15	6,372
Accumulated Depreciation at 1 April 2023	-	-	-
Revaluations	(151)	-	(151)
Disposals	-	-	-
Charge for the Year	151	-	151
Depreciation at 31 March 2024	-	-	-
Net Book Value at 31 March 2024	6,357	15	6,372

2024/25

	Other Land and Buildings	Community Assets	Total
	£000	£000	£000
Gross Book Value at 1 April 2024	6,357	15	6,372
Revaluations	(284)	-	(284)
Additions	-	-	-
Disposals	-	-	-
Gross Book Value at 31 March 2025	6,073	15	6,088
Accumulated Depreciation at 1 April 2024	-	-	-
Revaluations	(150)	-	(150)
Disposals	-	-	-
Charge for the Year	150	-	150
Depreciation at 31 March 2025	-	-	-
Net Book Value at 31 March 2025	6,073	15	6,088

Note 2 Heritage Assets

The following table shows assets which may be regarded as Heritage assets, but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. The Code therefore permits such assets to be excluded from the Balance Sheet.

	Estimated number of assets 31 March 2025
Assets Excluded from Heritage Assets	
Monuments and Fountains	2

Note 3 Investment Properties

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

	2023/24 £000	2024/25 £000
Balance at start of the year	100	100
Net gains/(losses) from fair value adjustments	-	(20)
Balance at end of the year	100	80

2024/25

Note 4 Trust Details

Funds for which The Moray Council act as Sole Trustee

Fund	Income £000	Expenditure £000	Assets £000	Liabilities £000
Registered Charitable Trusts				
6 Registered Charitable Trusts, each with Assets less than £50,000	(3)	3	56	(1)
The Moray Council Charitable Trust <i>Established to reorganise trusts with out of date purposes. 23 trusts were approved for reorganisation in 2021/22. Split into sub categories by location and purpose.</i>	(13)	2	270	(1)
Moray & Nairn Educational <i>Grants payable to persons resident in the former combined County of Moray & Nairn, including University & Central Institution Bursaries; Adult Education; School Equipment; Sports facilities; Travel Grants and School Excursions</i>	(50)	33	757	(5)
	(66)	38	1,083	(7)
Other Trusts				
6 Non Registered Trusts, each with Assets less than £50,000	(4)	2	90	-
Longmore Hall <i>Village Hall for the use of the community</i>	-	291	1,178	-
Glenisla Comforts Fund <i>For the benefit of the residents of Glenisla Care Home</i>	(10)	-	191	-
John Pringle Bequest <i>For the benefit of students at Aberdeen University who have previously attended Elgin Academy</i>	(3)	-	60	-
Speyside Comforts Fund <i>For the benefit of the residents of Speyside Nursing Home</i>	(4)	-	85	-
The Pringle Trust <i>Established to make payments annually to Ministers, serving and emeriti of the Church of Scotland, Baptist and Free Church of Scotland</i>	(5)	4	106	(1)

Note 4 Trust Details (cont.)

<u>Fund</u>	Income £000	Expenditure £000	Assets £000	Liabilities £000
William Lawtie <i>For the Poor of Cullen</i>	(7)	21	213	-
The MacDonald Benevolent Fund <i>Established in 1989 for persons in need of financial assistance particularly in Dufftown as decided by the Social Work Department</i>	(16)	4	317	-
Milne's Institution Trust <i>The free annual income to be applied as The Moray Council thinks fit for the purposes of the educational enrichment of pupils attending Milne's High School and Milne's Primary School. The income shall be apportioned to the schools on a pro rata basis by reference to attendance rolls of the respective schools</i>	(18)	9	331	-
Laing Mortification <i>For the benefit of a decayed merchant resident in Elgin.</i>	(17)	-	346	-
Craigmoray Bequest (Bishopmill) <i>For the benefit of the residents of Craigmoray Care Home</i>	(27)	-	538	-
Ladyhill Public Trust <i>Provides homes for two veterans from the Elgin area</i>	(16)	8	143	(2)
Jubilee Cottages Public Trust <i>Trust established by monies raised during Queen Victoria's Diamond Jubilee for the purposes of providing low cost housing</i>	(74)	17	798	-
Cooper Park Public Trust <i>Trust established at turn of last century to provide Elgin library and reading rooms and parkland for recreation – all for the inhabitants of Elgin</i>	(81)	70	537	(2)
River Lossie Public Trust <i>Established mid 1800's to provide ground for recreation for the people of Elgin</i>	(88)	43	1,082	-
Grant Park Public Trust <i>Trust incorporating the public convenience, tea room/shop and the cricket and bowling pavilions, to be used for the benefit of the community of Forres</i>	(62)	37	1,167	-
Miltoduff Hall <i>Established to provide space for local groups for education, recreation etc</i>	(22)	12	512	-

Trust Funds (cont.)

Note 4 Trust Details (cont.)

<u>Fund</u>	<u>Income</u> <u>£000</u>	<u>Expenditure</u> <u>£000</u>	<u>Assets</u> <u>£000</u>	<u>Liabilities</u> <u>£000</u>
Logie Cottage <i>Proceeds from the sale of Logie cottage which was previously established to provide a free home or house of rest to a respectable retired couple or single woman in Forres</i>	(5)	-	90	-
Fife Park, Keith Public Trust <i>Trust incorporating the playing field and public convenience</i>	-	-	-	-
Flemming Hall Aberlour	-	135	650	-
	<u>(459)</u>	<u>653</u>	<u>8,434</u>	<u>(5)</u>

Funds for which The Moray Council acts as one of several trustees

Registered Charitable Trusts

Auchernack Trust <i>For the benefit of the elderly community of the Forres Area who are in need of relief by reason of advanced age</i>	(47)	30	902	(1)
	<u>(47)</u>	<u>30</u>	<u>902</u>	<u>(1)</u>

Other Trusts

Donald Manson (Edinkillie) Fund <i>3 Bursaries for children living in the Parish of Edinkillie in S1 as well as one Further Education Bursary for a student aged under 18. The annual balance of the fund is payable to Forres Academy</i>	(22)	13	411	(12)
Donald Manson (Forres) Fund <i>One bursary for a child living in the Burgh of Forres in S1. The annual balance of the fund is payable to Forres Academy</i>	(6)	4	112	(3)
Banffshire Educational Trust <i>Grants payable to persons resident in the former County of Banffshire, including University, Post Graduate, Apprentices & Trainees; School Equipment; Sports Facilities; Support of Clubs; Promoting Education in Drama, Music & Visual Arts; Travel Grants and School Excursions.</i>	(44)	12	847	-
	<u>(72)</u>	<u>29</u>	<u>1,370</u>	<u>(15)</u>

<u>Fund</u>	<u>Income</u> <u>£000</u>	<u>Expenditure</u> <u>£000</u>	<u>Assets</u> <u>£000</u>	<u>Liabilities</u> <u>£000</u>
Summary				
Connected Charitable Trusts	(66)	38	1,083	(7)
Other Trusts	<u>(578)</u>	<u>712</u>	<u>10,706</u>	<u>(21)</u>
Total	<u>(644)</u>	<u>750</u>	<u>11,789</u>	<u>(28)</u>

Common Good Funds

The Council administers the Common Good Funds which consist of all property of a Burgh not acquired under statutory powers or held under specific trusts. These funds were transferred to Moray District Council in 1975 and then to The Moray Council in 1996 as the successor Council under the reorganisation of local government.

These funds do not represent a charge to Council Tax payers but form part of the statutory reporting requirements of the Council. They represent funds set up for the benefit of the community or organisations within the Moray area.

The Accounts for Common Good have been prepared according to the LAASAC Guidance *Accounting for Common Good (December 2007)* which is consistent with proper accounting required by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Accounting Policies

Accounting Policies adopted for the Common Good are the same as those adopted for the Moray Council with the exception of the application of IAS 16 and IAS 40. IAS 16 requires that assets be depreciated and that the charge for depreciation be set against any surplus in the Income and Expenditure Account. IAS 40 requires any movement in the fair value of investment properties to be recognised in the surplus or deficit in the Income and Expenditure Account.

Common Good Funds Income and Expenditure Account

31 March 2024		31 March 2025
£000		£000
Income		
(6) Property		(6)
(143) Investment Income		(271)
(10) Other Income		(19)
(50) Net Movement in Fair Value of Investment Property		-
(209)	Total Income	(296)
Expenditure		
7 Property Costs		4
9 Administrative Costs		8
98 Donations, Grants etc		38
39 Other Costs		91
631 Depreciation	Note 1	655
1,006 Loss on Disposal of Asset		-
- Net Movement in Fair Value of Investment Property		212
1,790	Total Expenditure	1,008
1,581	(Surplus)/Deficit for the Year	712
(1,059) Deficit/(Surplus) on revaluation of Non-current Assets		(542)
522	Total Comprehensive Net Expenditure	170

Common Good Funds Balance Sheet

31 March 2024

31 March 2025

£000			£000
15,941	Property, Plant & Equipment	Note 1	15,828
204	Heritage Assets	Note 2	204
2,621	Investment Property	Note 3	2,409
18,766	Long Term Assets		18,441
1	Inventories		1
18	Debtors		8
3,993	Loans Fund Balance		4,143
4,012	Current Assets		4,152
(21)	Creditors		(6)
(21)	Current Liabilities		(6)
22,757	Net Assets		22,587
16,135	Revaluation Reserve		16,022
6,622	Revenue Reserve		6,565
22,757	Total Reserves		22,587

31 March 2024

31 March 2025

Total Funds		Invested in Loans	
£000		Fund £000	Total Funds £000
-	Millbuies	7	7
4,128	Buckie	1,703	4,089
201	Cullen	194	211
16	Dufftown	16	16
13,527	Elgin	1,645	13,484
2,531	Forres	501	2,526
54	Portknockie	57	57
360	Keith	12	314
1,935	Lossiemouth	-	1,876
5	Findochty	8	7
22,757	TOTAL	4,143	22,587

Notes to the Common Good Accounts

Note 1 Property, Plant and Equipment

Property, plant and equipment is valued on the basis recommended by CIPFA and the valuation report is produced by the Council's Estates Manager who is a Member of the Royal Institute of Chartered Surveyors. The assets are valued on a 5 year rolling programme and have been prepared in accordance with the provisions of the Royal Institution of Chartered Surveyors Valuation - Professional Standards January 2014. Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

A copy of the asset register can be found at <https://data-moray.opendata.arcgis.com>:

Assets have been valued on the following basis:-

Other Land and Buildings	-	Existing Use Value (EUV) or Depreciated Replacement Cost (DRC)
Community Assets	-	Historic Cost where available
Surplus Assets	-	Market value
Assets Held for Sale	-	Lower of carrying amount and fair value less costs to sell

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:-

Other Land and Buildings - Buildings up to 60 years, land is not depreciated
Surplus Assets - land is not depreciated

Movements of Property Plant and Equipment were as follows:

Note 1 Property, Plant and Equipment (cont.)

2023/24

	Other Land & Buildings £000	Surplus Assets £000	Total £000
Gross Book Value at 1 April 2023	16,519	-	16,519
Revaluations	442	3	445
Reclassifications	(101)	101	-
Disposals	(1,006)	-	(1,006)
Gross Book Value at 31 March 2024	15,854	104	15,958
Accumulated Depreciation at 1 April 2023	-	-	-
Revaluations	(613)	(1)	(614)
Reclassifications	-	-	-
Disposals	-	-	-
Charge for the Year	630	1	631
Depreciation at 31 March 2024	17	-	17
Net Book Value at 31 March 2024	15,837	104	15,941

2024/25

	Other Land & Buildings £000	Surplus Assets £000	Total £000
Gross Book Value at 1 April 2024	15,854	104	15,958
Revaluations	(96)	2	(94)
Reclassifications	-	-	-
Disposals	-	-	-
Gross Book Value at 31 March 2025	15,758	106	15,864
Accumulated Depreciation at 1 April 2024	17	-	17
Revaluations	(635)	(1)	(636)
Reclassifications	-	-	-
Disposals	-	-	-
Charge for the Year	654	1	655
Depreciation at 31 March 2025	36	-	36
Net Book Value at 31 March 2025	15,722	106	15,828

Note 2 Heritage Assets

	Fine Art	Chains of Office	Total Heritage Assets
	£000	£000	£000
Valuation at 1 April 2023	125	79	204
Revaluations	-	-	-
At 31 March 2024	125	79	204
Valuation at 1 April 2024	125	79	204
Revaluations	-	-	-
At 31 March 2025	125	79	204

The Chains of Office were independently valued during 2012/13 and 2013/14 by William Windwick, PJDip FGA FNAG MIRV, a member of the Institute of Registered Valuers.

The following table shows assets that may be regarded as Heritage Assets, but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. The Code therefore permits such assets to be excluded from the Balance Sheet.

Assets excluded from Heritage Assets

	Estimated number of assets 31 March 2025
Monuments and Fountains	2
Nelson Tower	1

Note 3 Investment Property

The following items of income and expense have been accounted for in Investment Income in the Income and Expenditure Account:-

	2023/24	2024/25
	£000	£000
Rental income from investment property	50	56
Net gain	50	56

There are some restrictions from the original benefactors on the Common Good's ability to realise the value inherent in its investment property. The Common Good has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

Note 3 Investment Property (cont.)

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

	2023/24	2024/25
	£000	£000
Balance at start of the year	2,571	2,621
Net gains /(loss) from fair value adjustments	50	(212)
Balance at end of the year	2,621	2,409

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

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Moray Council and its group for the year ended 31 March 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic Rate Account, the Trust Funds Income and Expenditure Statement, the Trust Funds Balance Sheet, the Common Goods Funds Income and Expenditure Accounts, the Common Goods Funds Balance Sheet and notes to financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2025 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the council and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue. These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, we report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Chief Financial Officer and Moray Council for the financial statements

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of Moray Council and the Accounts Commission (cont.)

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the ability of the council and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the operations of the council and its group.

Moray Council is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the council and its group;
- inquiring of the Chief Financial Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the council and its group;
- inquiring of the Chief Financial Officer concerning the policies and procedures of the councils and its group regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report

We have audited the parts of the Remuneration Report described as audited. In our opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities for the Annual Accounts and the unaudited parts of the Remuneration Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be

Independent auditor's report to the members of Moray Council and the Accounts Commission (cont.)

materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Angela Pieri, (for and on behalf of Grant Thornton UK LLP),

120 Bothwell Street,
Glasgow
G2 7JS

Date: 24 September 2025

Glossary of Terms

Capital Expenditure

This is expenditure incurred in creating, acquiring or improving assets. The expenditure is normally financed by borrowing over a period of years, or utilising the income from the sale of existing assets.

CIPFA

Chartered Institute of Public Finance and Accountancy

Current value

For operational land and buildings, current value is the amount that would be paid for the asset in its existing use.

Economic Cost

The total cost of performing an activity or following a decision or course of action.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS

International Financial Reporting Standard

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

Public Works Loan Board (PWLb)

A Government Agency which provides loans to the Council.

Revenue Expenditure

This is expenditure incurred in providing services in the current year and which benefits that year only.

SeRCOP

Service Reporting Code of Practice

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom

Sources of Additional Information

The Annual Accounts is one of several documents published by Moray Council and CIPFA giving financial information on the services provided in the Moray Area. Other annual publications are: -

- The Capital and Revenue Budget, published on the Council's website giving detailed expenditure plans for the following financial year.
- Council Tax Information Leaflets (forming Part 2 of the Council Tax Demand Notice) issued by the Council giving a summary of expenditure plans for the following year.
- Rating Review published by the Scottish Branch of CIPFA giving comparative statistics for all Scottish Local Authorities on local authority expenditure and service provision.

