

Scottish Borders Council

annual accounts

for the year to 31 March 2024



Scottish Borders Council

Annual Accounts 2023/24

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Management Commentary

Introduction

This management commentary provides a summary of Scottish Borders Council’s financial performance for the year and how this has supported delivery of the 2023/24 Council Plan. It also outlines the financial strategy and the challenges the Council faces delivering its priorities for the Scottish Borders. A new [Council Plan](#) was approved on 29 February 2024 which sets out the Council’s priorities for 2024/25 and highlights the Council’s 2033 Vision for the Scottish Borders.

About Scottish Borders Council



SCOTTISH BORDERS AREA PROFILE

OUR KEY FACTS

POPULATION

116,820

(Mid 2022 Estimate, NRS)

- **15.5%** aged 0 to 15 years (Scotland = 16.4%)
- **58.0%** aged 16 to 64 years (Scotland = 63.5%)
- **26.4%** aged 65+ years (Scotland = 20.1%)



SQ KM

4,732 sq km

(1,827 sq miles)

- **25 persons per sq km** (Scotland = 70)
- **4th most sparsely-populated mainland area in Scotland**



HOUSEHOLDS

55,296

(2021 Estimate, NRS)

- **0%** of the population live in large urban areas (Scotland = 38%)
- **25%** of the population live in other urban areas (Scotland = 34%)
- **28%** of the population live in small towns (Scotland = 11%)
- **47%** of the population live in rural areas (Scotland = 17%)



Source: <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/mid-year-population-estimates/mid-2022>

Source: <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/mid-year-population-estimates/mid-2022>

Source: <https://www.gov.scot/publications/scottish-government-urban-rural-classification-2020/documents/>

ELECTED MEMBERS

COUNCILLORS

34 councillors



MULTI-MEMBER WARDS

11 multi-member wards

SERVICE DIRECTORATES

7 service directorates managed Council services during 2023/24

ADMINISTRATION

During 2023/24 the Council had a **coalition administration** which consisted of **Conservative and Independent Councillors**

EMPLOYEES

EMPLOYEE NUMBERS

5,114 total

FTE: 4,178.32

1,287 male

3,827 female



AGE

- **13.71%** aged 16 to 29 years
- **30.74%** aged 30 to 44 years
- **42.57%** aged 45 to 59 years
- **12.98%** aged 60+ years

DISABILITY

2.39% of our employees have a disability

ETHNIC MINORITY

0.68% of our employees are from ethnic minority

EMPLOYMENT

2,510 full time

2,604 part time



Strategic Direction

Summary

The Council has faced a challenging year however has continued to deliver its key priorities.

Highlights are:

- The Council is the highest performing authority in Scotland for least waste sent to landfill
- Increased access and training for all, across the digital landscape
- Ultra-fast broadband rollout has continued
- Collaboration with South of Scotland Enterprise (SOSE) on the delivery of the wider Regional Economic partnership

Council Plan

The Council Plan provides the strategic direction for the Council with specific annual actions planned for delivery. It was agreed that the 2022/23 Plan would serve as template for future years, and that the plan would be reviewed yearly to ensure that it remains responsive to events and provides the basis for the Council's Performance Management.

The Council Plan from April 2023 continued to build on and develop this approach and includes a 'Strategic Context and Vision' section which, in responding to strategic challenges and opportunities, outlines a long-term vision for the Council. Second, a 'Scottish Borders-Wide Actions' section lists key strategic priorities and outcomes for the Council over the next financial year. The final section comprises a 'Locality Actions' section featuring key actions and priorities in each of the Borders' five Area Partnership localities.

The updated 2024/25 [Council Plan](#) was approved on 29th February 2024.

The Council Plan 2023/24 was agreed with the objectives of creating a Plan that:

- a) is short, simple and relatable for the public, but SMART, meaning it is composed of actions which are specific, measurable, achievable, relevant and time-bound.
- b) sets the strategic framework for the Council and for the Council's Financial Plans.
- c) operates in sync with the Council's Budget Setting Process.
- d) is informed by strong engagement with Elected Members.
- e) is effectively linked with a Performance Management Framework and an embedded culture of continuous improvement.

The Council Plan is based on 6 outcomes that the Council aims to deliver for the Scottish Borders. Five of the outcomes focus on improving the wellbeing of citizens within the Scottish Borders and making our region a more sustainable and better place to live, work in and to visit. The sixth outcome is developing a Council that is as effective and efficient as it can be – the Council needs to do this in order to deliver on the other five outcomes.

 <p>Clean, green future</p>	<p>*We tackle climate change and we value, protect and enhance our local environment and nature, so that the Scottish Borders can be enjoyed now and by future generations</p>	 <p>Empowered, vibrant communities</p>	<p>*The Scottish Borders has thriving, inclusive communities where people support each other and take responsibility for their local area</p>
 <p>Fulfilling our potential</p>	<p>*From child to adult, everyone in the Scottish Borders has access to high quality education and the opportunities they need to fulfil their potential</p>	 <p>Good health and wellbeing</p>	<p>*The people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life</p>
 <p>Strong inclusive economy, transport and infrastructure</p>	<p>*Built upon strong and effective physical and digital connections and infrastructure, the benefits of a productive and sustainable economy are widely shared, enabling us to fulfil our potential in the Scottish Borders and attract others to live, work and visit</p>	 <p>Working together improving lives</p>	<p>*Scottish Borders Council will be a well-run and efficient organisation. We will have well informed, timely and effective decision making, which is evidence led and focused on the needs of customers and communities; and we will have a positive and open culture</p>

Equalities Mainstreaming

Scottish Borders Council takes a positive approach to equalities and human rights through taking forward the actions in its Mainstreaming Report and Equality Outcomes. The current Mainstreaming Report covers the period 2021-2025.

The report covers previous progress made in advancing equalities and contains an action plan to further embed equalities and human rights into the work of the Council.

Key elements of the action plan are:

- Better equality performance indicators in relation to performance data
- More effective training of Council employees and Elected Members in relation to equalities
- Ensuring service business plans and commissioned services are fully embedding equalities in their development and implementation; and
- Greater effort to be made to engage with equality groups in the development of plans and policies.

The Council also promotes the Fairer Scotland duty, which places a legal responsibility on the Council to actively consider how they can reduce inequalities of outcome caused by socio-economic disadvantage when making strategic decisions.

To achieve this, the Council uses an Integrated Impact Assessment, which assesses both the impact of any proposal, plan or policy on groups with protected characteristics under the Equality Act and also, where relevant, the groups who may experience socio-economic disadvantage.

More information can be found on the Council's website:

[Equality and diversity/Fairer Scotland Duty | Scottish Borders Council \(scotborders.gov.uk\)](https://www.scotborders.gov.uk/equality-and-diversity/fairer-scotland-duty)

Financial Strategy

The Financial Strategy objectives have been met during 2023/24 in supporting the delivery of the Council's Priorities and Council Plan. In order to support the delivery of the Council's priorities, the Financial Strategy has:

- a) **ensured funding is in place** to meet approved service levels in the most effective manner
- b) **managed the effective deployment of those funds** in line with the Council's corporate objectives and approved service plans
- c) ensured the **changes required** to services are delivered in a properly planned manner; and
- d) **provided stability** in resource planning and service delivery.

The Strategy is influenced by the need to ensure that the Council's budget is targeted so that it:

- provides the most effective possible **stimulus to the local economy**;
- **protects the environment** of the Scottish Borders;
- **protects** those who are **most vulnerable** in society;
- seeks to **focus spend on prevention** designed to reduce future demand for Council services by stopping problems arising or by addressing problems early.

Financial Plans

The Revenue and Capital Financial Plan provides a financial representation of the Council's priorities and Corporate Plan covering 5 and 10 years respectively. These Financial Plans can be found on the [Council's website](#):

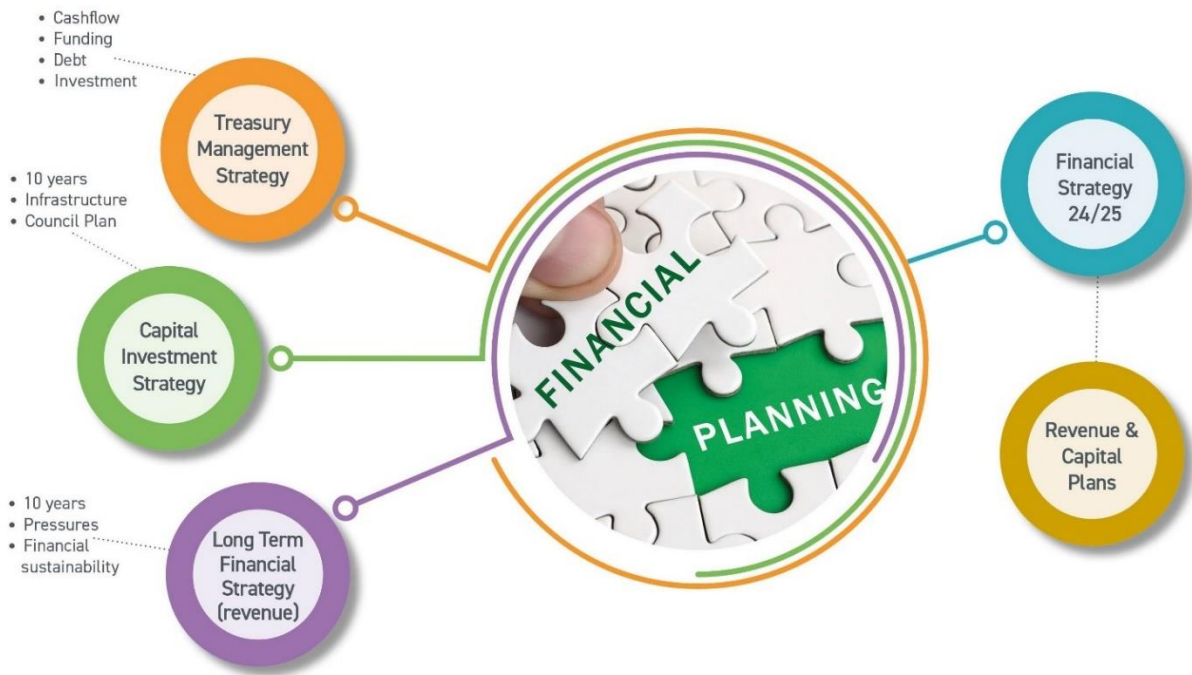
2023/24 represented the first year of the current Administration's 5 year Revenue Financial Plan, which has since been updated to cover the period 2024/25 – 2028/29 and was approved by Council on 29th February 2024. The challenging financial landscape across Scottish Local Authorities has been widely acknowledged as detailed in the Audit Scotland Report: [Local Government in Scotland Financial Bulletin 22/23](#), and the long-term impact across the Scottish Borders should not be underestimated. The Financial Plan presented to Council, although balanced, relies heavily on one-off funding to support the first year of the plan allowing the Council time to make difficult decisions on service provision and delivery in a planned and engaged manner through the Transformation Programme.

A [longer term Revenue Financial Strategy](#) is approved each year covering a 10 year timeframe. Adopting a consistent 10 year revenue planning horizon assists the Council to plan service and strategic change appropriately and ensure the financial implications of the Council Plan are properly considered, affordable and reflected in future budgets as well as aligning them to the Council's Capital Plan.

The Capital Investment Strategy (CIS), which highlights the capital investment priorities and explains how these priorities will assist with the delivery of the Council's Corporate Plan, was approved with the budget papers in February 2023. The document brings together the Council's 10 year Capital Investment Plan 2023 – 2033 and the 10 year Treasury Strategy which sets out how the investment plans can be funded.

The Capital Financial Plan aims to ensure that capital borrowing is within prudential borrowing limits and remains sustainable in the longer term. In this regard it is important to recognise that capital investment decisions taken now have longer term borrowing and revenue implications which have the potential to place an undue burden on future tax payers. The Council's Treasury Management Strategy provides the linkage between the Financial Strategy, Capital Investment Plan and the Borrowing Strategy. The Financial Strategy, the Financial Plans and the [Treasury Management Strategy](#) are approved by Council annually in February.

The links between the various financial documents approved in February are shown in the diagram below.



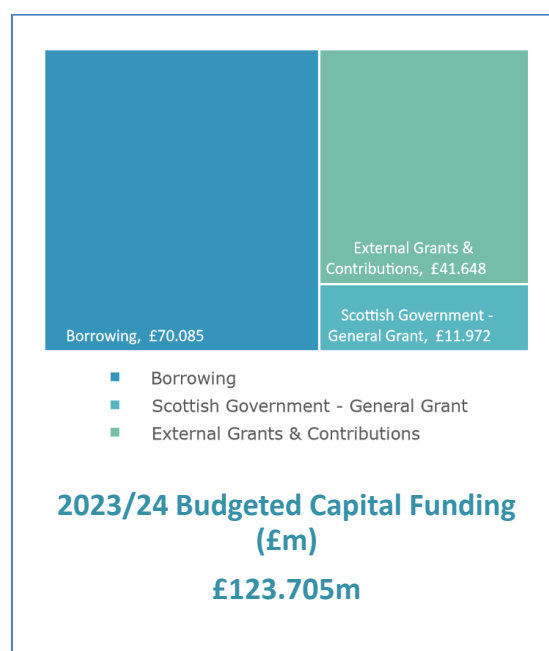
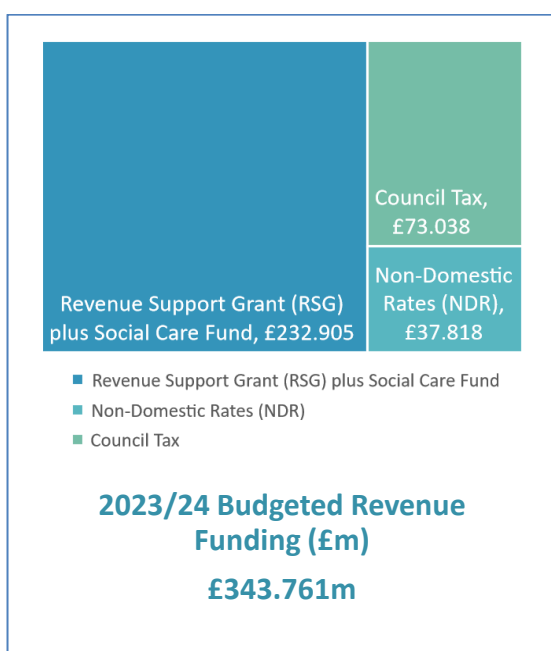
How are we are doing?

Financial Performance

2023/24 Financial Resources Available

The financial resources of the Council are categorised into Revenue and Capital budgets. Expenditure on recurring day to day costs of providing the Council's services (e.g. salaries) is Revenue, whereas spending on the creation or enhancement of assets (e.g. school buildings) that have a useful value to the Council over multiple years is referred to as Capital. The financing of Revenue and Capital expenditure comes from different sources. The Comprehensive Income and Expenditure Statement on page 58 has further analysis.

The diagrams below show the budgeted position for 2023/24 which was approved in February 2023.



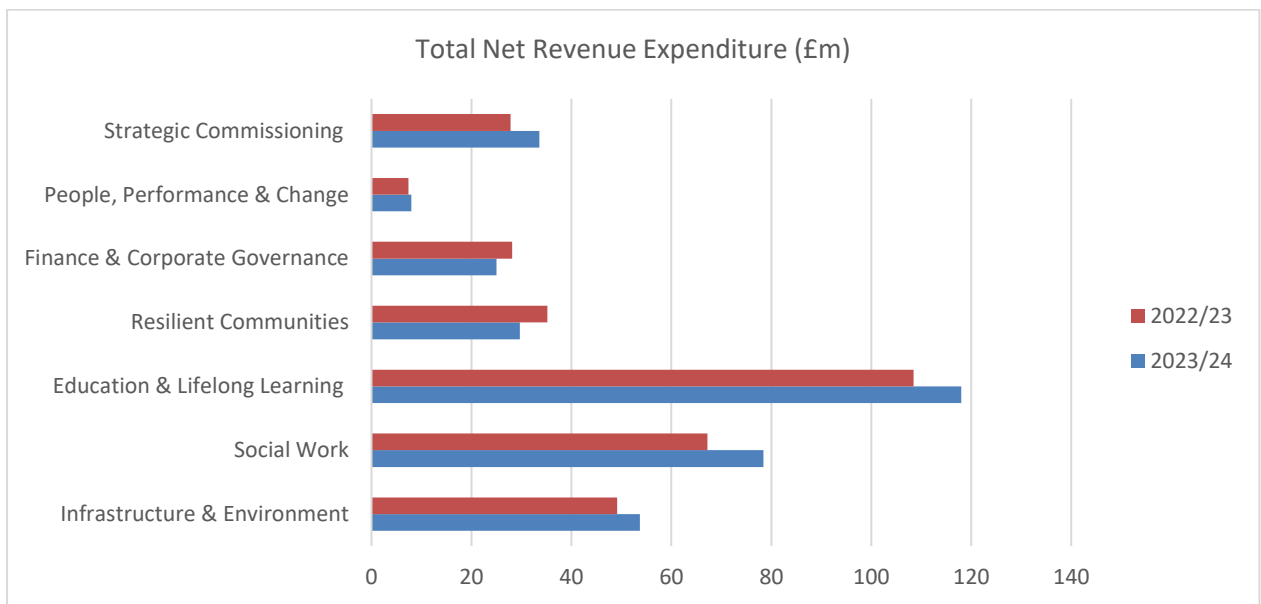
Financial Position at 31 March 2024

The approved budget was subject to a number of amendments during the year, as service pressures and savings were identified, additional revenue grant income was received and budget adjustments including Earmarked Balances were approved.

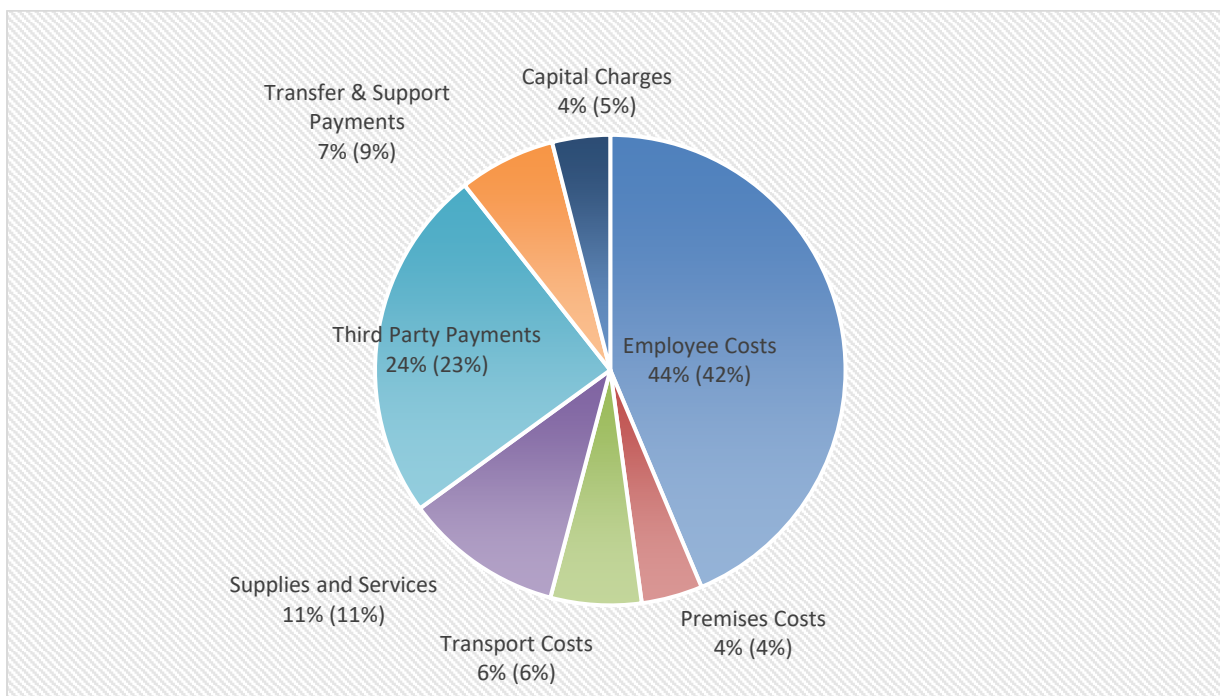
Revenue

The actual outturn for the financial year 2023/24 was a revenue expenditure of £346.5m representing a net underspend of £0.6m (0.17%) against the final approved budget.

The following chart analyses the revenue spend by Council department and includes a comparison to 2022/23 spend:



Revenue net expenditure of £346.5m for the year includes income of £153.0m and gross expenditure of £499.5m. Gross expenditure is analysed in the chart below with last year's percentage provided in brackets for comparison.



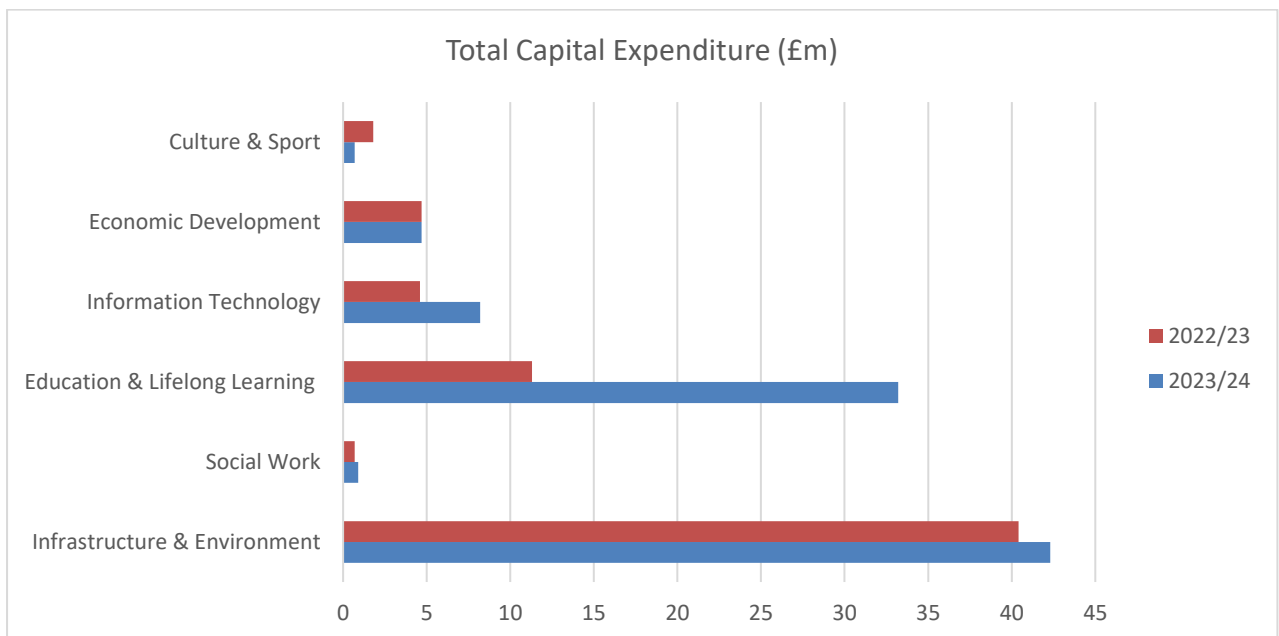
A breakdown of income streams is provided in the table below.

Income Stream	2023/24 £m	2022/23 £m
Internal Recharges	52.9	51.1
Government Grants	42.2	44.3
Other Grants, Reimbursements	26.0	25.7
Fees & Charges	22.0	21.4
Sales of Products	4.7	4.4
Interest	2.5	1.4
Rents/Rates	2.8	2.7
Total	153.0	151.0

- Internal recharges are used for reporting purposes only and do not generate any surplus.

Capital

The actual outturn for the financial year 2023/24 was capital expenditure of £90.0m with a year end under spend budget variance of £6.9m against revised budget. The capital spend by Directorate, with prior year spend shown for comparison, can be seen in the table below.



The capital programme delivered significant investment in the Scottish Borders during 2023/24 and the following table highlights some of the major projects undertaken:

Infrastructure & Environment

•Flood Protection Works	£22.3m
•Roads & Bridges	£8.5m
•Land & Property Infrastructure	£3.8m
•Plant & Vehicle	£4.7m

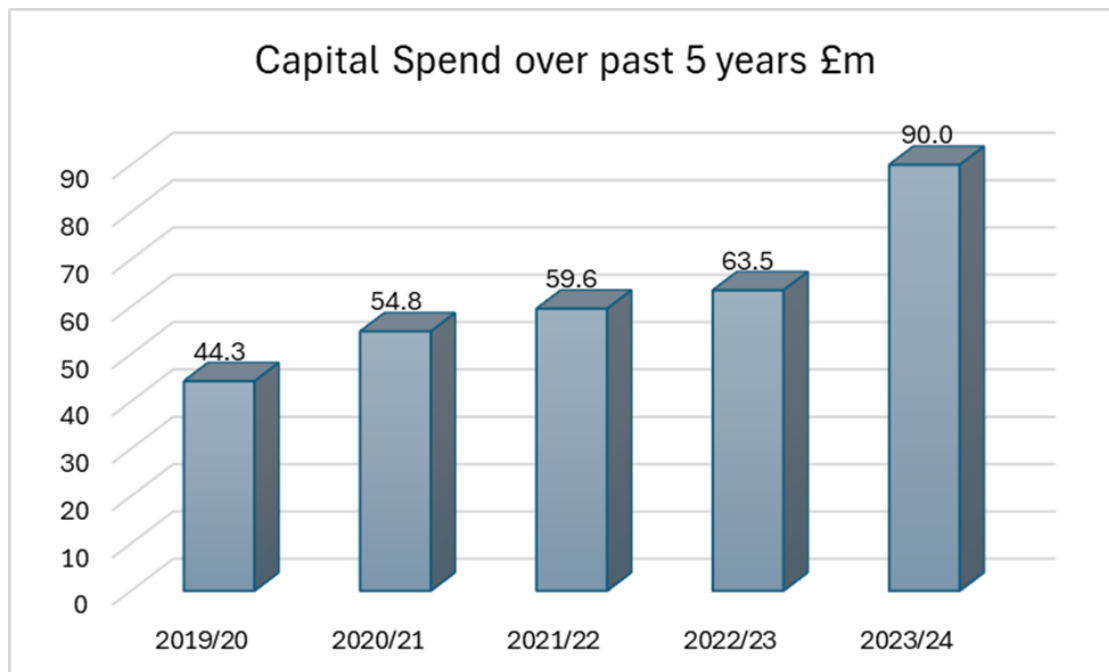
Learning Estate & Social Care Infrastructure

•Learning Estate Block	£1.0m
•Earlston Primary School	£6.7m
•Galashiels Academy	£15.5m
•Peebles High School	£8.1m
•Social Care Infrastructure	£0.9m

IT/Economic Development/Culture & Sport

•ICT Transformation	£6.4m
•Economic Regeneration	£4.1m
•Culture & Sport	£0.7m
•Housing Strategy & Services	£0.5m

The £90m Capital spend in 2023/24 represents the highest capital spend the Council has delivered demonstrating significant investment in key projects across the Borders. This continues the positive trend in spend levels over the past 5 years as shown in the graph below.

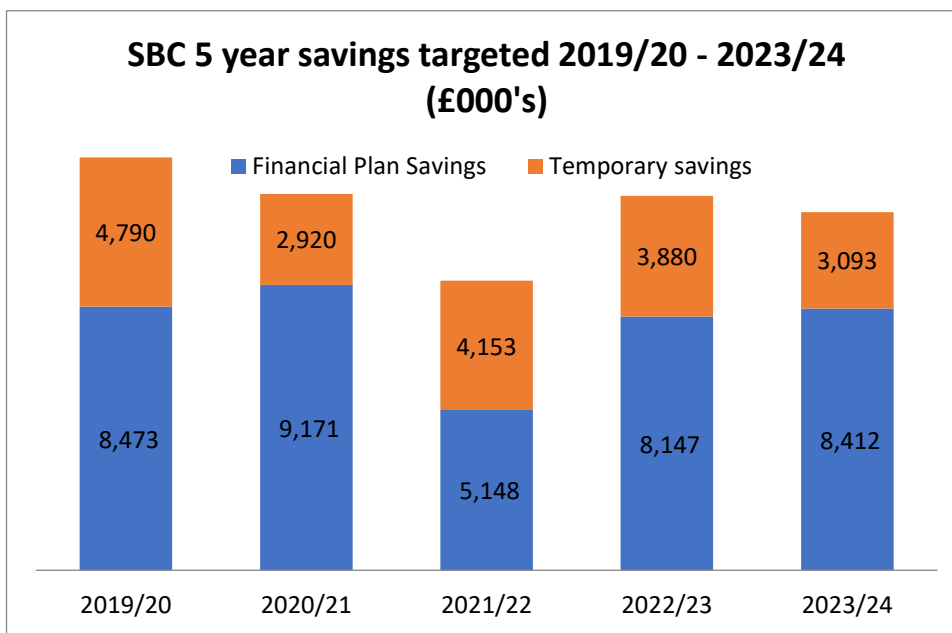


Delivery of Targeted Savings

Overall, Financial Plan savings of £11.5m were delivered during 2023/24 in order to balance the costs of delivering services and the available resources. The regular budget monitoring reports to the Executive Committee tracked the delivery of these savings against the Financial Plan proposals.

The total savings of £11.5m shown below are made up of £8.4m savings included in the 2023/24 Financial Plan plus £3.1m brought forward from previous years. Of the savings delivered during 2023/24 £6.6m (58%) were delivered permanently (down from 74% last year) leaving a balance of £4.9m (42%) to be carried forward from 2023/24 for permanent delivery in 2024/25. The 2024/25 plan includes savings of £4.4m giving a total target of £9.3m in 2024/25. This increasing level of brought forward savings increases the challenge of delivering savings.

The chart below highlights the level of savings being delivered within the Council on an ongoing basis, demonstrating the scale of change undertaken within the Council over the last 5 years. The savings are categorised into those established as part of the Financial Plan in each year and those brought forward from previous years for permanent delivery.



To date the Council's approach to longer term financial planning has delivered **permanent** savings of £85m in the last 11 years. Ongoing effort will be required going forward to successfully deliver the Financial Plan due to the scale of further savings required in 2024/25 and beyond and the challenges now posed through the current economic position. A long term plan to ensure the financial sustainability of the Council is being developed and will form the basis of a new Transformation plan during 2024/25. The delivery of the large scale and far reaching change required to maintain financial balance will be supported by the 9 workstreams formed under the SBC Way, further details are on page 24.

Performance

Scottish Borders Council key highlights 2023/24



Clean, green future

•We tackle climate change and we value, protect and enhance our local environment and nature, so that the Scottish Borders can be enjoyed now and by future generations

- The recycling rate of household waste is currently 2nd highest in Scotland
- Latest figures show the Council as the highest performing authority in Scotland for least waste sent to landfill
- On target to complete works on the £92m Hawick Flood Protection scheme and active travel network in 2024
- School resource pack rolled out to promote sustainability, recycling and eco friendly practices
- Local Heat & Energy Efficiency Strategy (LHEES) developed to set out how we will decarbonise buildings across the region
- Extension of Eddleston Waterpath



Fulfilling our potential

•From child to adult, everyone in the Scottish Borders has access to high quality education and the opportunities they need to fulfil their potential

- The percentage of Pupils Gaining 5+ Awards at Level 6 is higher in our region than it is in our Family Group or with Scotland.
- 51 Modern Apprentices employed by SBC during the year
- Increased access and training across the digital landscape
- Identified opportunities for young people to develop skills in new technologies such as green energy or esports



Strong inclusive economy, transport and infrastructure

•Built upon strong and effective physical and digital connections and infrastructure, the benefits of a productive and sustainable economy are widely shared, enabling us to fulfil our potential in the Scottish Borders and attract others to live, work and visit

- The proportion of people earning less than the real living wage has reduced within the region between 21/22 and 22/23.
- Feasibility study undertaken to look at installing electric vehicle chargers across the region
- Delivering and supporting events held in the Borders, such as the UCI Cycling World Championship
- Ultra-fast broadband roll out has continued
- Investment of £12.9m on Roads infrastructure in 2023/24
- Hawick Business Centre opened in April 2024

Empowered, vibrant communities

- The Scottish Borders has thriving, inclusive communities where people support each other and take responsibility for their local area
- Continuing to provide funding to families in Financial Hardship
- Delivering the Anti-Poverty Strategy Action Plan
- Continue to work with Area Partnerships and progress Place Making across communities
- Continuing to embed Community Choices
- Increasing demand from applicants requiring assistance with housing issues

Good health and wellbeing

- The people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life
- Health and Social Care Strategic Framework for 2023-2026 launched
- Increase the use of Technology Enabled Care
- Developing services for unpaid carers
- The proportion of children meeting developmental milestones is in-line with the Family Group and Scottish Average.
- Investment of £0.8m in play parks as part of a wider programme of investment across our play areas and outdoor community spaces
- Support given to Macmillan Improving the Cancer Journey

Working together improving lives

- Scottish Borders Council will be a well-run and efficient organisation. We will have well informed, timely and effective decision making, which is evidence led and focused on the needs of customers and communities; and we will have a positive and open culture
- Delivery of Digital Transformation across Adult Social Work
- The percentage of invoices that we pay within 30 days has been consistently high over 23/24.
- The Council is making positive progress on delivering its Digital Strategy
- We are exploring further opportunities to support local suppliers

The 22/23 Annual Accounts noted some specific challenges and opportunities being faced in 23/24. Progress on these is noted, in italics, below.

- the Council's progress towards 'post Covid' service delivery; *Services are largely running as pre covid although ongoing pressures in Education and Children's services remain.*
- commence delivery of two new social care 'villages' in Tweedbank and Hawick; *Construction of Tweedbank Care Village anticipated to start during 2024/25, plans for Hawick are still being developed.*

- the continued delivery of the Council's transformation programme, including IT transformation through the digital strategy; *Fit for 24 was concluded during 2023/24 and a new Transformation Programme is under development during 2024/25.*
- delivery of the final construction elements of the Hawick Flood Protection Scheme; *The scheme and active travel network are due to complete in 2024.*
- progress delivery of Galashiels (*handover expected October 2025*), Peebles (*handover expected September 2025*) and Hawick (*plans still under development, submission of a planning application expected autumn 2024*) High Schools and Earlston (*handover expected August 2024*) and Eyemouth (*plans still under development*) Primary Schools.
- collaborate with South Of Scotland Enterprise (SOSE) on the delivery of the wider Regional Economic Partnership including Borderlands Inclusive Growth Deal. *Business case for Business Infrastructure – Coldstream approved.*

Reinforced Autoclaved Aerated Concrete (RAAC)

All of the Council's operational assets have now been checked for RAAC with it found to be present in two locations, ongoing reporting to Scottish Government is undertaken as required:

- Katherine Elliot Centre, Hawick - building is safe and in good condition with a monitoring regime in place.
- Old Jedburgh Grammar School – building is unoccupied and planned for demolition later this year.

Performance against our corporate priorities

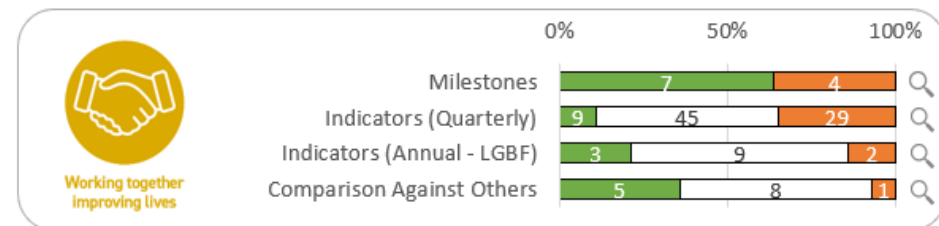
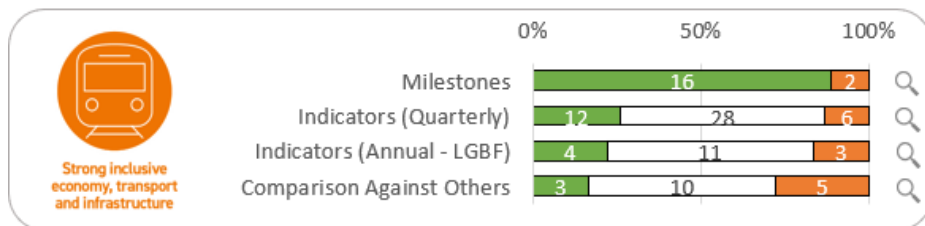
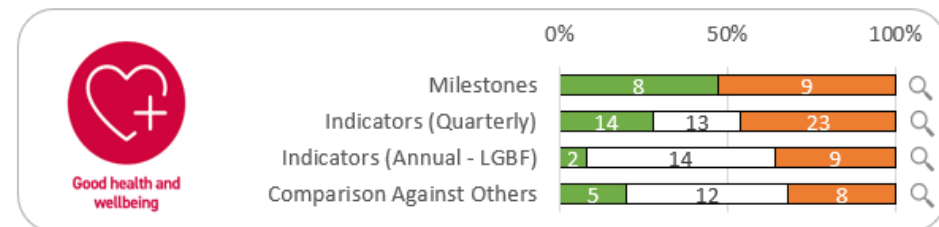
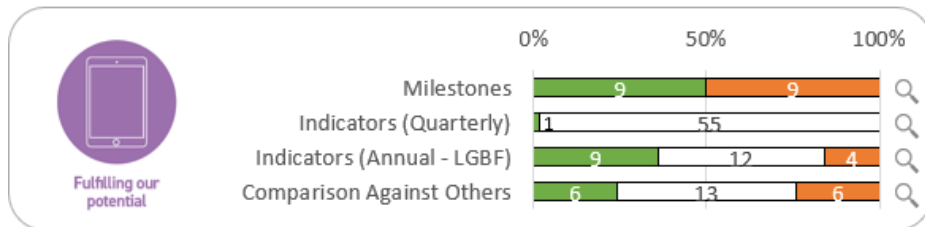
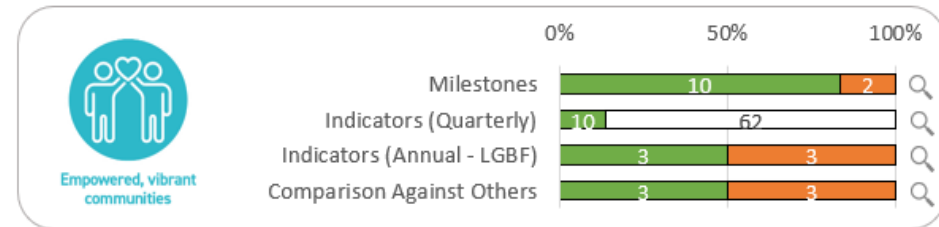
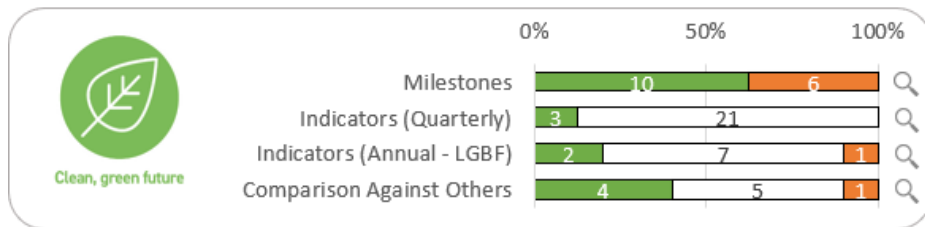
The Council reports and presents its performance information relating to each corporate priority on a quarterly basis to the Council Management Team and the Executive Committee of the Council. Below is a summary of the key performance information for 2023/24 and the priorities that we need to focus on moving forward to ensure that our priorities continue to be addressed.

The full Annual Performance Report can be accessed at [Our performance as a Council: 2018-19 onwards | Scottish Borders Council \(scotborders.gov.uk\)](https://www.scotborders.gov.uk/our-performance-as-a-council-2018-19-onwards)

Summary



A summary of performance against each outcome is shown by milestones achieved, Indicators (both quarterly and annual) and comparison against other Local Authorities in Scotland. Green indicates completion of a milestone, or a particularly positive position. White indicates that performance is on-track and/or satisfactory. Orange indicates areas that have been challenging or, in the case of comparisons against others, areas where it's worthwhile considering why we differ from others.



CLEAN GREEN FUTURE

We tackle climate change and we value, protect and enhance our local environment and nature, so that the Scottish Borders can be enjoyed now and by future generations



Summary of Performance



Milestones

- The majority of milestones that were set out for 23/24 have been met. Positive progress has been made on:
 - engaging with schools to promote sustainability, recycling and eco-friendly practices
 - an increased number of allotments
 - properties in fuel poverty targeted to have energy efficient improvements made
 - progress made on achieving emission targets
 - Net Zero targets promoted
- Some work will be completed at a later date, including:
 - The completion of an extreme weather assessment of key coastal infrastructure and bridges



Indicators

- The recycling rate of households has remained high and consistent in each quarter of 23/24. The rate of landfilled waste remains low and had reduced in every quarter of 23/24.
- Although Gas and Electricity consumption has remained at similar levels to last year, it has increased slightly. This has resulted in an increased cost due to higher fuel prices.
- The percentage of adults satisfied with street cleaning remained consistent between 21/22 and 22/23 as did the street cleanliness score of 94%.
- CO2 emissions within scope of the Local Authority increased from 20/21 to 21/22.



Comparison with Others

- The net cost of waste collection per premise is lower than both our Family Group and the Scotland Average.
- The net cost of Waste Disposal per premise is lower than our Family Group.
- The cost of parks & open spaces per 1,000 population is higher in the Borders than in our Family Group and in Scotland. More work will need to take place to look into this further as it could be to do with different accounting approaches between different authorities.
- CO2 emissions within the scope of the Local Authority were the same as the average for our Family Group.



FULFILLING OUR POTENTIAL

From child to adult, everyone in the Scottish Borders has access to high quality education and the opportunities they need to fulfil their potential



Summary of Performance



Milestones

- 50% of the milestones were met in the specified quarter. This includes:
 - Increased access and training across the digital landscape
 - Actions identified in the 2022 Well-being Survey have been implemented
 - A revised Positive Relationship Policy implemented
 - A successful 'Get into Summer' programme was delivered
 - Partnerships continued with further and higher education establishments, employers and training agencies
 - Esports course promoted with Borders College
- Work will continue in areas including:
 - A programme of curriculum reform
 - The implementation of a young person's advisory board



Indicators

- The number of Modern Apprentices employed by SBC remains high and is positive.
- The average school attendance across both primary and secondary schools have remained consistent over all quarters of 23/24.
- The number of exclusion incidents and pupils excluded are within usual boundaries but have been on an upward trend throughout 23/24.
- The Literacy Attainment Gap has narrowed between 21/22 and 22/23.
- The proportion of funded early years provision which is graded good/better has remained consistent between 21/22 and 22/23.



Comparison with Others

- The percentage of Pupils Gaining 5+ Awards at Level 6 is higher in our region than it is in our Family Group or with Scotland.
- Although Literacy Attainment Gap has narrowed from the previous year within SBC, the gap is still larger than the average from our Family Group or Scotland as a whole.
- The percentage of adults satisfied with local schools is significantly lower than the average for our family group and Scotland. However, a March 2024 survey of parents reported 97% of parents of early years children, 82% of parents of primary school children and 54% of parents of secondary school children were satisfied with their child's school.
- The overall average total tariff is consistent with the family group average.



STRONG INCLUSIVE ECONOMY, TRANSPORT AND INFRASTRUCTURE

Built upon strong and effective physical and digital connections and infrastructure, the benefits of a productive and sustainable economy are widely shared, enabling us to fulfil our potential in the Scottish Borders and attract others to live, work and visit



Summary of Performance



Milestones

The majority of milestones set out for 23/24 have been met. These have included:

- Delivering and supporting events held in the Borders, such as the UCI Cycling World Championship
- Progress made on Borderlands inclusive Growth Deal
- Feasibility study undertaken to look at installing electric vehicle chargers across the region
- Ultra-fast broadband roll out has continued
- Off-shore wind opportunities pursued
- Community Wealth Building strengthened
- Developing Tourism & Culture across the South of Scotland
- Encouraging and supporting new housing development
- No One Left Behind employability programme continues to be delivered

Indicators

- The number of capital projects whose RAG status is either Amber or Green has remained consistent and positive over 23/24.
- The occupancy rates of industrial and commercial Units has remained at a consistent level throughout the financial year.
- There has been an increase throughout the year of capital projects with a Red RAG status. Steps are being taken to address this.
- The proportion of people earning less than the real living wage has reduced within the region between 21/22 and 22/23.
- The percentage of unclassified roads that should be considered for maintenance treatment has increased by 2% since the previous measurement period.

Comparison with Others

- We have a lower average time to process business and industry planning applications than our Family Group and the Scottish average.
- The percentage of unemployed people assisted into work from council operated / funded employability programmes is lower in the Scottish Borders than it is in our Family Group or in Scotland.
- The cost of planning and building standards per planning application in the Scottish Borders is in-line with the Family Group and Scotland average.
- The investment in Economic Development & Tourism per 1,000 population is lower in our region than it is in both our Family Group and Scotland.

EMPOWERED VIBRANT COMMUNITIES

The Scottish Borders has thriving, inclusive communities where people support each other and take responsibility for their local area



Summary of Performance



Milestones

- Only 2 milestones were not met in the specified quarter of 23/24. The completed milestones include:
- Helping to reduce the impacts of poverty through the Anti-Poverty Strategy
 - Assistance provided in relation to the cost of living crisis
 - Delivery of 177 new affordable homes
 - Supporting and engaging with local communities
 - Support provided to Community Councils
 - Supporting the transfer of Asset Transfers to communities



Indicators

- The number of people registered with SB Alert has consistently increased over 23/24.
- Over £330k of Community Funding has been awarded across the Scottish Borders.
- Over £400k has been awarded from the Neighbourhood Small Schemes Fund.
- The cost per library visit has reduced by £2.60 Between the previous 21/22 and 22/23.
- However, the percentage of adults satisfied with libraries has also reduced.



Comparison with Others

- The cost to attend sports facilities, libraries, museums & galleries in the region is lower than that of both the Family Group and Scotland averages.
- However, the percentage of adults satisfied with leisure facilities, libraries, museums & galleries is also lower in the Scottish Borders than in the Family Group or Scotland.



GOOD HEALTH AND WELLBEING

The people of the Scottish Borders have the opportunities and are supported to take control of their health and wellbeing, enjoying a high quality of life



Summary of Performance



Milestones

Just under 50% of the milestones that were set out in 23/24 have been completed in the specified quarter. The completed milestones include:

- Health and Social Care Framework launched
- Language used in relation to care experienced children has been reframed
- The use of Technology Enabled Care has increased
- Support given to Macmillan Improving Cancer Journeys
- Developing services for unpaid carers
- Increased Day Support services

Work will be completed on some milestones at a later date. These include:

- Development of a Commissioning Work Plan
- Development of Cycling, Sport & Physical Education and Library Strategies

Indicators

- There has been a consistently high number of affordable homes provided in the Borders.
- We continue to have a higher number of Looked After Children, and Looked After Children in residential placements than we would like.
- There continues to be a high number of bed days associated with delayed discharges in residents aged 75+.
- There has been an increase between 21/22 and 22/23 in the proportion of adult care services graded good or better in the Scottish Borders.
- The proportion of children living in poverty (after housing costs) has risen in the Scottish Borders.

Comparison with Others

- The home care costs per hour for people aged 65 or over for people in the Scottish Borders is lower than the Family Group and Scotland averages.
- The percentage of children being looked after in the community is lower in our region than the average in our Family Group or Scotland.
- The number of days people spend in hospital when they are ready to be discharged, per 1,000 population (75+) is significantly higher in the Scottish Borders than in either our Family Group or Scotland.
- The proportion of children meeting developmental milestones is in-line with the Family Group and Scottish Average.

WORKING TOGETHER, IMPROVING LIVES

Scottish Borders Council will be a well-run and efficient organisation. We will have well informed, timely and effective decision making, which is evidence led and focussed on the needs of customers and communities, and we will have a positive open culture



Summary of Performance



Milestones

- The majority of milestones set out in 23/24 have been met. Positive progress includes:
 - A plan of Digital Transformation has been implemented across SBC
 - Work underway to redesign business process to improve services for the customer
 - SBC are sharing staffing resources with key partners when appropriate
- Further work will continue with:
 - Identifying and addressing gaps in available customer intelligence
 - Full implementation of the new Performance Management Framework



Indicators

- The percentage of invoices that we pay within 30 days had been consistently high over 23/24.
- Our staff absence rate has remained consistent over the financial year and is within usual boundaries.
- The time taken to respond to complaints is higher than we would like and this is a focus for improvement.
- We continue to look at streamlining the FOI process to ensure we can answer more FOIs on time.
- The percentage of the highest paid 5% employees who are women has increased in the region from 21/22 to 22/23.
- The percentage of operational buildings that are suitable for their current use has decreased from 21/22 to 22/23.



Comparison with Others

- The percentage of invoices sampled that were paid within 30 days was higher in the Scottish Borders than the average of our Family Group or Scotland.
- The percentage of internal floor area of operational buildings in satisfactory condition is lower in our region than in our Family Group or Scotland.
- The Scottish Borders sickness absence days per teacher is in-line with the Family Group and Scottish averages. However, our sickness absence days for non-teachers is better than our Family Group and Scotland.



Our Plans for the Future

The Council has successfully delivered £86m of savings over the past 10 years through a Corporate Transformation Programme. This is a key pillar of the Council's longer term planning which aims to deliver a Council that is adaptable, efficient and effective, and one ultimately capable of not only meeting the challenges ahead, but of fully optimising outcomes for the citizens and communities for which it is responsible. Transformation is designed to reduce costs in a cross cutting, permanent and sustainable way. The Fit for 2024 programme was launched at the start of 2019/20 to deliver significant savings, ensure sustainability and deliver service improvements over the 5 years from 2019/20 to 2023/24. This programme has now concluded with a new Transformation Programme in development during 2024/25. Directorates have been tasked with re-designing their future services, within the framework of the Council strategy without causing detriment to any other Council directorate. This will ensure the Council remains financially sustainable and the changes which result from this work will become the Council's new Transformation Programme, the delivery of which will be supported by the SBC Way which is a collection of 9 workstreams designed to support the evolution of a new operating model for SBC. [Item No. 6 - Future Transformation FF24 Closeout - Council - 29 February 2024.pdf \(modern.gov.co.uk\)](#)

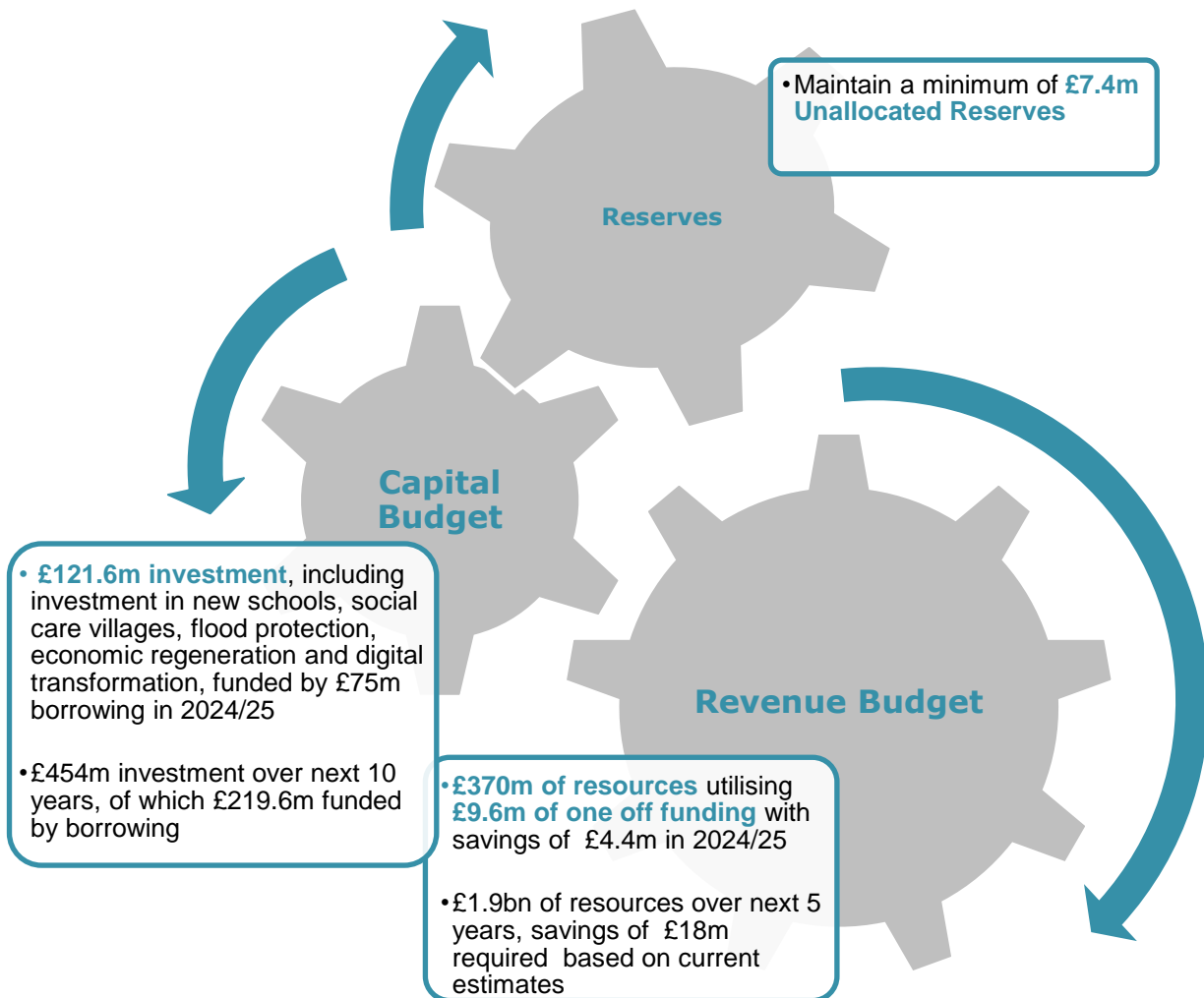
The Revenue and Capital Financial Plans from 2024/25 onwards can be found on the Council's webpages at www.scotborders.gov.uk

The next year presents many opportunities and challenges for the Council including:

- Ongoing challenges around the lack of certainty over funding being made available from Scottish Government and ongoing inflationary increases in areas such as transport;
- The opening of the new Earlston Primary School in the autumn of 2024;
- The development of a new Transformation Programme for the Council, including IT transformation through the digital strategy;
- Progressing construction of new High Schools in Galashiels and Peebles ready for handover in 2025;
- An option review process over the future delivery of our sport, leisure and culture services;
- Collaboration with South of Scotland Enterprise (SOSE) on the delivery of the Regional Economic Partnership with a focus on improving housing, skills and transport connectivity, and delivery of the Borderlands Inclusive Growth Deal.
- Working with UK Government to finalise the business case for investing £20 million in local projects via the Levelling Up Partnership.
- Addressing the increasing numbers of children who require placements out with their families and the associated budgetary implications by reviewing the local family support available to children.

- The relocation of adults with complex needs and learning disabilities to ensure they are respected, protected and empowered to live their lives the same as everyone else, as set out in the Scottish Government's [Coming Home implementation](#) report issued February 2022.
- Following the Scottish Government's declaration of a housing Emergency a Scottish Borders Housing emergency was declared by the Council in May 2024.

Future Financial Plans - 2024/25



Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement on page 58 shows the accounting cost of providing services rather than the cost of services which requires to be funded by taxation.

Reconciliation of Outturn to Financial Statement Comprehensive Income & Expenditure Statement

The table below shows the effect on the Council's reported outturn position of statutory accounting adjustments and provides a reconciliation to the Comprehensive Income and Expenditure Statement on page 58. It should be noted that the net impact of these Statutory Adjustments has no impact on the Council Taxpayer.

These accounting adjustments include depreciation, Loans Fund principal repayments and accrued holiday leave not taken by 31 March 2024.

Further statutory adjustments are then made as shown on page 59. These include net gains/losses on disposal and revaluation of assets and interest payable. These accounting adjustments result in an overall Deficit on the Provision of Council Services for the year of £9.6m.

This position needs to be finally adjusted to reflect Actuarial (Gains)/losses on the Pension Fund Net Assets/Liabilities (£21.9m) calculated on an IAS19 basis and Revaluations of Non-Current Assets (£32.8m) at the balance sheet date of 31st March 2024. This revises the £9.6m deficit position on the Provision of Council Services to a Net Comprehensive Income surplus of £45.1m (surplus of £254.3m in 22/23).

	£m
Net Surplus on Revenue Out-turn	(0.6)
Net Statutory Adjustments to Net Cost of Services (inc. Depreciation/Impairment on Revaluation/Loan Charges/PPP/Non Distributed Costs)	39.5
Other Asset (Gains)/Losses	(32.3)
Net Interest Costs	12.0
Net Changes on Pension Assets/Liabilities (IAS19 at 31 st March 2024)	(24.9)
Capital Grants & Contributions Applied (exc.Reserves used)	(38.7)
SBC Contracts External Operating Surplus	(0.1)
Net Surplus - Total Comprehensive Income & Expenditure	(45.1)

Balance Sheet

During 2023/24 the Net Asset position increased by £45.1m to £530.3m (£485.2m 2022/23). The table below details the movement during the year.

	Balance Sheet as at		
	31-Mar-23	31-Mar-24	Movement
	£m	£m	£m
Long Term Assets	802.5	900.2	97.7
Current Assets	68.6	54.2	(14.5)
Current Liabilities	(56.4)	(111.6)	(55.2)
Long Term Liabilities	(329.5)	(312.5)	17.1
Net Assets	485.2	530.3	45.1

More details in relation to the Net Assets can be found within the Balance Sheet on page 60.

The net position includes the pension asset which is as a result of the underlying assumptions used in the actuarial valuation. The actuarial valuation for the accounts are calculated in accordance with IAS19 and uses a number of high level assumptions including pension increases, salary increase and discount rate.

Treasury and Debt Management

The Council publishes an annual [Treasury Management Strategy](#) to coincide with the approval of the financial plans in February. This strategy links the Council's capital investment plans to its treasury management activities including borrowing and investment strategies.

Cash Management

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. A major aspect of the treasury management operations during the year was to ensure that the cash flow was adequately planned, with cash being available when needed. Any surplus monies were invested in instruments appropriate for the Council's low risk appetite and which meet the criteria set within the Investment Strategy.

Debt Management

The Council continued to maintain its' under-borrowed position only borrowing £40m in year (in quarter 4) to support capital spend compared to £70m originally anticipated. This means that the capital financing need was not fully funded by external loan debt and instead internal cash supporting the Council's reserves, balances and cash flow has continued to be used as a temporary tactical measure. This strategy remains both prudent and cost effective.

External Debt

The Council's outstanding external debt as at 31 March 2024 was £251m. The average rate of interest paid on outstanding external debt was 4.53%.

Accounting for Service Concessions

The Scottish Government's 2022 Resource Spending Review contained details of a Service Concession Arrangement (SCA) flexibility that related to the council's PPP schools. The flexibility permits councils to undertake internal accounting changes that extend the period over which the principal repayment of the unitary charge can be made, resulting in a one-off credit to the General Fund (shown in the Movement in Reserves Statement) and ongoing annual savings for a period of time. In the remaining years following the end of the SCAs, the rescheduled debt repayments continue until the debt liability has been extinguished.

The annual unitary charge will continue to be paid to the contractor over the contract period. The guidance applies to principal and not to interest, service charge costs or grant. These will continue to be accounted for over the contract period.

The council has applied the permitted change in the calculation of the statutory charge in 2023/2024 and the adopted approach has been applied across the Schools PPP arrangement. This has resulted in a credit of £32.665 million in 2023/2024, utilised as detailed on page 29.

Reserves

The Council maintains two types of reserves – usable and unusable – and the movement in these reserves are set out in the Movement in Reserves Statement (page 62).

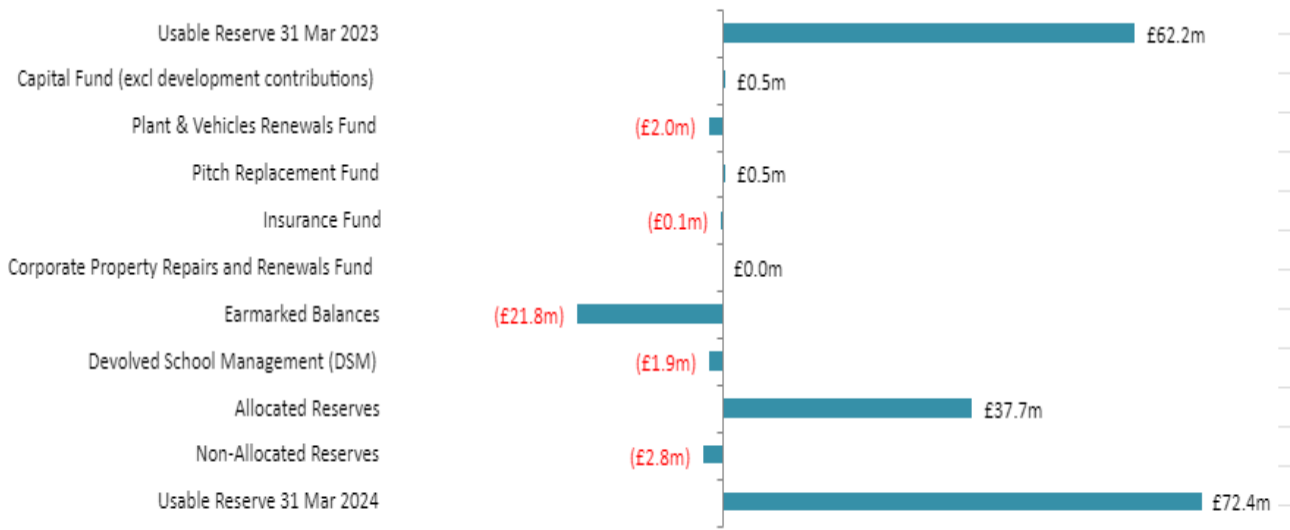
Unusable Reserves – result from accounting adjustments and cannot be spent
Usable Reserves – result from the Council’s activities and can be spent in the future

Note 31, page 114 provides additional information on the movement of the usable and unusable reserves held by the Council.

The Council’s principal usable reserve is the General Fund Reserve and is maintained for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and provide financial resilience to the Council;
- A contingency to cushion the impact of unexpected events or emergencies; and
- Earmarked balances to meet known or predicted liabilities.

As at 31 March 2024 the total Usable Reserves Balance is £72.4m (£62.2m at 31 March 2023) a net increase of £10.2m during the year. The net increase, as can be seen from the chart below, can mainly be attributed to a decrease in Earmarked balances of £21.8m being offset by an increase in Reserves Allocated for Specific Plans of £37.7m. No earmarking was permitted throughout the year (other than that which holds specific policy approval such as devolved school management and second home council tax) because of the forecast overspend position which was reported throughout the year. This has led to the significant reduction in the balance at year end. Allocated Reserves include the £20m Change Fund and £8.4m to support the Financial Plan funded by the change in accounting treatment to service concessions approved by Council in February 2023. There is a further £7 million available funding from 2023/24 which will be used towards supporting the 2024/25 budget. The remaining balance relates primarily to increases in the Treasury Reserve.



Risk

The management of risks is embedded throughout the Council and is recognised as an essential part of management practice, which is the key objective of the approved Corporate Risk Management Policy and Strategy 2021-2024. Effective Risk Management is a key enabler of informed decision-making and should help to ensure that decisions are taken with a comprehensive understanding of the associated risks. This is summarised in the Annual Governance Statement 2023/24 within Principle F 'Managing risks and performance through robust internal control and strong public financial management'.

In keeping with the Council's Risk Management Policy, the Corporate Risk Register is reported annually to the Audit Committee as an appendix to the Risk Management Annual Report 2023/24 (available on the Audit Committee 20 May 2024, Item 6). It details all of the strategic risks facing the Council in the delivery of its Services and Priorities as set out in the Council Plan, categorising them from High to Low Risk. Corporate Risks have received quarterly risk reviews, facilitated by the Corporate Risk Officer, and a summary of these were presented to Council Management Team (CMT) on a quarterly basis, in accordance with the Risk Management Strategy 2021-2024.

The Risk Management presentations by Directors to the Audit Committee during 2023/24 included a focus on the strategic risks facing their respective areas of responsibility and the internal controls and governance in place to manage and mitigate those risks, demonstrating how risk management is embedded at both corporate and service levels.

During 2023/24 the Corporate Risk Officer has facilitated risk reviews for all Service Risk Registers broadly in line with the Risk Management Strategy 2021-2024 (Red risks quarterly, Amber risks bi-annually and Green risks at least annually), balancing this with Risk Owner availability and other competing priorities.

The following risk table summarises the corporate risks of the Council which are underpinned by control measures to manage/mitigate the risks relevant to the Council's approved Risk Appetite.

Risk Title	Description	Risk Score	Status	Trend
IT Infrastructure	If we do not have appropriate IT infrastructure then we may not be able to achieve our current business objectives or deliver the Transformation Programme in full resulting in significant service delivery issues and inability to deliver savings.	6 Moderate - Unlikely		
IT Data and System Security	Lack of appropriate IT data and system security could lead an inability to access data and systems, data being compromised resulting in service delivery failure, significant negative financial implications and reputational damage.	12 Major - Possible		
H&S Compliance	If someone is harmed because we do not have, or we fail to comply with health and safety policy and procedures, then we may face litigation, fines and significant reputational damage.	16 Major - Likely		
Major Incidents	If we are unprepared for major incidents then we may not be able to deliver our services, communities may be adversely affected and people may come to harm.	6 Moderate - Unlikely		
Legislative Compliance	If the Council fails to comply with the various legislation that it is bound by, then there is a risk of financial penalties, litigation, reputational damage and prosecution.	8 Major - Unlikely		
Insufficient Resources for the delivery of the Commissioning Framework	If we do not have sufficient resources for delivery of the Strategic Commissioning Framework for the IJB then there may be insufficient care and support for vulnerable people in the Scottish Borders leading to poor outcomes and reputational damage.	12 Major - Possible		
C&YP and Adults at Risk of Harm	Failure to protect C&YP and adults at risk of harm may result in harm to them and reputational damage for the Council and Integration Joint Board.	8 Major - Unlikely		
C&YP/Learners Placements (DEEP DIVE UNDERWAY)	If children, young people and learners are placed/educated outwith the local area to meet their needs, this may result in significant costs to SBC and by definition their needs may not be met locally.	25 Critical - Almost Certain		
Corporate Change and Transformation	If we fail to manage and appropriately resource major Transformation Programmes/projects being undertaken simultaneously and do not have effective change management processes in place to modernise the organisation then we may be unable to achieve corporate objectives, make savings, and conflicts with employees and their representative bodies may emerge.	6 Moderate - Unlikely		
Staff Recruitment and Retention	If we are unable to recruit and retain suitably qualified, experienced and motivated staff then we may not be able to deliver our objectives.	6 Moderate - Unlikely		
Property	If we do not identify opportunities for rationalisation, savings and investment in the Operational property portfolio then there may be negative financial implications.	9 Moderate - Possible		
Capital Projects	If Capital projects are not evaluated to take into account ROI and whole life costs then the benefits may not be realised or give value for money.	12 Major - Possible		
Community Planning Partnership	If we do not ensure effective partnership working with the CPP then we will not be able to deliver on agreed strategies or realise our intended objectives and outcomes.	6 Moderate - Unlikely		
Stakeholder Engagement	If we do not engage with our primary stakeholders (residents, businesses, partners, staff) then we may not gain the support and buy-in to enable the changes required to deliver services in the future.	9 Moderate - Possible		
Climate Change	If the Council and its partners do not act to assess and address climate change threats, the consequences of climate change may be more adverse and the Council could fail to meet its legislative obligations and the targets it has set.	20 Critical - Likely		
Financial Sustainability	If we do not ensure that the Council is financially sustainable then we may need to withdraw services, increase charges beyond planned levels (incl. Council Tax) and there could be a failure in the provision of statutory services and increased levels of public dissatisfaction in service provision.	9 Moderate - Possible		
National Care Service Partnership	Shared accountability of Adult Social Work and Social Care, as outlined in the current Scottish Government and Cosla Partnership on the National Care Service could potentially impact on local agility and decision making. However, this position continues to be negotiated at a national level and with Cosla so there could be further changes impacting on local arrangements and a subsequent need for the Council to adapt to these.	6 Moderate - Unlikely		
External Providers of Sport, Leisure and Culture Services (JCr)	If we fail to manage and monitor partnering arrangements with Trusts providing Sport, Leisure and Culture activities then we may be unaware of and unable to address any performance challenges or provide required support. This could lead to negative impacts on service delivery, the achievement of objectives and there could be significant negative financial implications.	25 Critical - Almost Certain		<i>New: Trend not yet available</i>

Red (score 15-25)

Amber (Score 6-12)

Green (Score 1-5)

*C&YP – children and young people

The Chief Officer Audit & Risk and the Corporate Risk Officer undertook a Risk Maturity Assessment in 2023/24 to evaluate the efficacy of the Council's Risk Management Framework with a view to identifying distinct examples of good performance and identify areas of required improvement. For each of the seven core areas of assessment, questions were answered using a combination of self-assessment evidence gathering and survey questions which were answered by Directors and Risk Owners across the Council. A graphic, which was presented to the Audit Committee on 20 May 2024 as an appendix to the Risk Management Annual Report 2023/24 [Item No. 06 b - Appendix 2- Risk Management Maturity Assessment Graphic May 2024.pdf \(moderngov.co.uk\)](#) illustrates the current Assessment of Scottish Borders Council's Risk Management Maturity 2023/24 in further detail.

The Council's Financial Strategy Risk Register was used as the basis for setting reserve levels in 2023/24 and future years. This approach seeks to quantify the risks facing the Council's finances, including over optimistic saving assumptions, unplanned employment and pension costs, the failure by managers to enact effective budgetary control, severe weather events, an economic downturn, potential contractual claims and unplanned emergencies in deriving an appropriate level of unallocated balances. This approach, despite being subject to an element of informed judgement, reflects the risks inherent in setting the revenue budget, the scale and complexity of the organisation and the core reason for holding reserves. The accumulated financial risk in the 2023/24 Risk Register was assessed to be £14.285m at the start of the financial year and the projected usable General Fund balance, at £8.448m, was sufficient to cover 59% of risks identified. The most significant financial risks identified in the Council's Financial Strategy Risk Register 2023/24 are as follows:

- Budgetary Control – If we are unable to deliver budgeted savings then expenditure may not be contained within approved budgets and there may be negative impacts on service provision.
- Budgetary Control – If there is a general failure of our budgetary control processes due to unexpected cost drivers, then there may be negative implications across wider areas of the Council.
- Government Funding – If there is a reduction in Government funding to Local Authorities in real terms it could result in a reduced ability to provide services.
- Pay – If the pay award exceeds the budgetary provision, then it will create a budgetary pressure for the Council.
- Environment – If there are severe floods in the Scottish Borders, then it could result in significant additional revenue and capital costs.

Scottish Borders Council Group Accounts

Group Accounts have been prepared for the year ending 31 March 2024 with a comparator year ending 31 March 2023. The Group Accounts for 2023/24 can be found from page 129 and includes information on changes to the Group in 2023/24. The Group comprises of the following:

Subsidiaries

- SBC Common Good Funds
- SBC Trust Funds:
 - *Registered Charities:*
 - SBC Charitable Trust
 - SBC Community Enhancement Trust
 - SBC Welfare Trust
 - SBC Education Trust
 - Ormiston Trust for Institute
 - 39 Non-Registered Trusts
- Bridge Homes LLP
- Live Borders

Joint Ventures

- Scottish Borders Health and Social Care Partnership

The following organisations have been excluded from the Group accounts on the basis of materiality:

Subsidiaries – Lowood Tweedbank Ltd and SB Inspires LLP
Associates – Jedburgh Leisure Facilities Trust.

Following a judicial review decision and the issue of a public consultation on the identification of Common Good assets in the Scottish Borders, a number of assets were transferred from Scottish Borders Council's Balance Sheet to the Common Goods in financial year 2021/22. Common Good building assets currently used by the Council to deliver services have been treated as finance lease assets and remain on the Council's balance sheet at a carrying value of £11.781m at 31 March 2024. This is based on continued Council use of the assets and formal lease agreements have been put in place in August 2024 for £11.415m. If this process requires further asset transfers the necessary adjustments will be made following agreement.

Conclusion

The operating environment for the Council continues to be very challenging. The Council is faced with a number of financial and economic influences such as increasing demands on services, restricted funding, the ongoing impact of high inflation in key areas and wider labour market factors affecting the Council's ability to recruit to fill key vacancies. These pressures have resulted in significant use of one-off funding during 2023/34 and further use of reserves is planned as part of the agreed budget for 2024/25. To ensure the continued financial sustainability of the Council it must reduce spend across services. A new Transformation Programme is being developed to support this work which will be supported by the SBC Way, a collection of workstreams designed to enable collaborative and supportive change across the Council. A key element of this will be through Digital Transformation building on the rollout of the Digital Pathfinder project within Adult Social Work which went live on 18th April 2024.

The Council remains committed to supporting communities and a new 'Plan for Engagement' was approved by Council in May 2024. This aims to ensure that the Council engages with Communities in a focussed and well-timed way on strategic issues and priorities.

The current operating environment also presents many opportunities for the Scottish Borders, including continued ever closer working with the NHS, South of Scotland Enterprise (SOSE), the Edinburgh and South East Scotland Regional City Deal and the Borderlands Inclusive Growth Deal. The Scottish Borders was also awarded £20m to invest in local projects through the Levelling Up Partnership and work to finalise the business case for this is underway. These initiatives combined with the Council's planned investment in infrastructure of the Borders and our annual procurement spend provide huge opportunities for economic growth and the creation of high quality employment in the South of Scotland. The Council will continue to work with our community planning partners and National Government to ensure we maximise this potential for our communities.

The Council, despite ongoing challenges, has met the aims of its Financial Strategy and has delivered record capital spend during 2023/24 whilst also delivering its planned services within budget. Scottish Borders Council remains financially sound and well placed to serve the people of the Scottish Borders in the future.



Euan Jardine
Council Leader

26 September 2024



David Robertson CPFA
Chief Executive

26 September 2024



Suzanne Douglas CPFA
Director of Finance

26 September 2024

Statement of Responsibilities

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 Council, that officer is the Director of Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by Scottish Borders Council at its meeting on 26 September 2024.

The Director of Finance responsibilities:-

The Director of Finance 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 (the Accounting Code).

In preparing the Annual Accounts, the Director of Finance 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 Director of Finance 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 local authority (and its group) for the year ended 31 March 2024.



Euan Jardine
Council Leader

26 September 2024



Suzanne Douglas CPFA
Director of Finance

26 September 2024

Annual Governance Statement 2023/24

Introduction

The Annual Governance Statement explains how the Council has complied with the terms of the CIPFA/SOLACE Framework (2016) for the year ended 31 March 2024, sets out the Council's governance arrangements and systems of internal control, and reports on their effectiveness. The statement also covers relevant governance matters as they affect those entities included as part of the Council's Group Accounts.

Scope of Responsibility

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

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

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

Framework for Good Governance

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

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

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Local Code of Corporate Governance for Scottish Borders Council, which is consistent with the principles and recommendations of the CIPFA/SOLACE Framework and the supporting guidance notes for Scottish authorities (November 2016), was approved by Council on 30 March 2023, following its review and update during the latter half of 2022 by the officer Governance Self-Assessment Working Group. This ensures it continues to be relevant in the ever-changing operating environment and sets out the framework of governance and control for the conduct of the Council's business to be a value-added tool for members and officers of the Council.

The Governance Framework

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

Annual Governance Statement 2023/24 continued

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

The roles and responsibilities of elected members and officers and the processes to govern the conduct of the Council's business are defined in procedural standing orders, scheme of administration, scheme of delegation, financial regulations, and procurement and contract standing orders which are regularly reviewed and revised where appropriate.

Codes of conduct supplemented by policies and protocols are in place for and define the high ethical values and standards of behaviour expected from elected members and officers to make sure that public business is conducted with fairness and integrity.

The Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of statutory social work duties is provided to the Council by the Chief Social Work Officer (CSWO). The CSWO promotes values and standards of professional practice and acts as the 'agency decision maker' taking final decisions on a range of social work matters including adoption, secure accommodation, guardianship, etc.

B. Ensuring openness and comprehensive stakeholder engagement.

Council Committee meetings are held in public, unless there are good reasons for not doing so on the grounds of confidentiality. Meetings are live-streamed and recordings are stored for 180 days to ensure public access. There is a new procedure whereby members of the public can submit questions to the Council, which are answered by Elected Members at Council meetings.

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

The Council seeks community views on a wide range of issues and undertakes regular consultation and engagement with citizens and service users, for example via Citizen Space. The Scottish Borders CPP Community Engagement Framework (2015) sets out principles for engagement and the Toolkit shares best practice methods to enable consistency, cost effectiveness and transparency. A refresh of this framework is underway.

The Council also seeks feedback from the public through its complaints and comments policy and procedures for Corporate and Social Work (statutory) service areas, responds to the outcomes, as appropriate, and reports the results annually.

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

The Community Planning Partnership, of which the Council is a partner, has an approved Community Plan 2023/2033 as the Local Outcomes Improvement Plan (LOIP), underpinned by 5 Locality Plans.

The Council's vision, strategic objectives, priorities and outcomes are reflected in the approved Council Plan, to outline the direction it wishes to take and to inform Service strategies, policies and plans based on priorities and outcomes to respond to the aspirations and expectations of its citizens.

Asset management planning (which continues to be developed) and capital investment is structured to consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.

Integrated Impact Assessments as well as the Climate Change, Sustainable Development and Rural Proofing implications of proposals are considered during the decision-making process to promote fair access to services and the Council's commitment to sustainability. Improvements have been implemented (IIAs) and further are planned (other aspects) to enhance their quality and consistency.

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

Decision makers receive detailed information indicating how intended outcomes will be achieved together with the implications associated with the proposals covering financial, risks and mitigations, integrated impact assessment, sustainable development goals, climate change, rural proofing, data protection impact statement, and changes to schemes, by way of the compulsory sections of the Committee report.

Annual Governance Statement 2023/24 continued

In determining how services and other courses of action should be planned and delivered the Council is increasingly engaging with internal and external stakeholders.

The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private, and voluntary organisations in planning and delivering services that meet the needs of the local community as stated within the priorities and outcomes in the Council Plan. Community benefit is an important consideration in the procurement of goods and services.

Corporate strategies and change programmes, including the Digital Strategy and the Corporate Transformation Programme, set out far-reaching programmes of change and investment in digital technology to enable the Council to respond to unprecedented social, demographic and economic challenges and still deliver high quality and improved services to its citizens through new ways of working and operational efficiency.

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

The corporate management structure during 2023/24 consisted of the Chief Executive and eight Directors plus a Joint Director of Health & Social Care Integration (joint post with NHS) (a restructure to six Directors from eight was approved by Council on 28 March 2024 with responsibilities realigned across Directorates with effect from 1 April 2024). The roles of officers are defined in agreed job profiles. The Appraisal and Competency Framework in place for all employees sets individual goals and development plans, and assesses performance on an annual basis, as part of the Council's Strategic People Plan. This is aligned to the Council Plan priorities and outcomes. All Directors have had an Appraisal and have objectives set in alignment with the Council Plan.

The Chief Executive is responsible and accountable to the Council for all aspects of management, including implementing strategy, leading the delivery of services and other outputs set by elected members, promoting sound governance, supporting other statutory officers, and building effective relationships with all Councillors.

Elected Members have an ongoing programme of learning and development (including induction, e-learning, seminars and courses) and briefings. Members appointed to certain committees also receive specific training related to the responsibilities on these committees e.g. licensing, planning, audit, and pensions.

The Council has put arrangements in place to comply with key elements of the Community Empowerment Act and recognises the importance of building community capacity and the role of volunteers as a key factor in building empowered, vibrant communities.

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

The Council which has overall responsibility for directing and controlling the organisation has approved an Executive / Scrutiny model of decision making. The Executive Committee is the key decision-making and performance monitoring committee with a Scrutiny and Petitions Committee (Scrutiny function) having responsibility for reviewing policy decisions. The role of the Audit Committee is to have high-level oversight of internal control, governance and risk management.

The Council has a risk management policy and approach whose main priorities are the robust systems of identification, evaluation and control of risks which threaten the Council's ability to meet its objectives to deliver services to the public. In-year activity, conclusion and planned improvements are set out within Risk Management Annual Report 2023/24 presented to the Audit Committee for assurance purposes.

The Director of Finance (the Section 95 officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.

The Council's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability.

The Council has a proactive, holistic approach to tackling fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively. Its counter fraud policy and approach led by an Integrity Group of officers is based upon the national counter fraud standard CIPFA's Code of Practice on 'Managing the Risk of Fraud and Corruption'. In-year activity, conclusion and planned improvements are set out within Counter Fraud Annual Report 2023/24 presented to the Audit Committee for assurance purposes.

Annual Governance Statement 2023/24 continued

The Council approves a 5-year Revenue Plan and 10-year Capital Plan in February each year which is supplemented by a longer term revenue strategy, which adopts a ten year forward view, and associated Financial Strategy Risk Register. These financial strategies and plans are aligned to the priorities and outcomes in the Council Plan.

Revenue and Capital Budget Monitoring, and Balances Forecast reports are presented to the Executive Committee on a quarterly basis for monitoring and control purposes including the annual outturn.

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

Quarterly Performance Reports (Annual Performance Report within the Quarter 4 report) are presented to the Executive Committee for monitoring and control of the achievement of strategic priorities and key performance indicators and outlining progress against Council Plan milestones.

The independent and objective audit opinion of the Chief Officer Audit & Risk (Chief Audit Executive) is that there are generally sound systems of governance, risk management and control in place across the Council. This is against a backdrop of challenging financial and people resources, increasing service demands and additional obligations on the Council. This opinion is stated within the Internal Audit Annual Assurance Report 2023/24 presented to the Audit Committee for assurance purposes. This is based on work carried out by an in-house team in conformance with the Public Sector Internal Audit Standards (PSIAS) to fulfil statutory Internal Audit provision with regular reports presented to the Audit Committee during the year.

The Accounts Commission appoints the External Auditors of the Council on a 5-year appointment: Audit Scotland have been appointed as the External Auditors for 2022/23 – 2026/27.

The Council responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies including associated Action Plans for improvement. The Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control, risk and governance. The Audit Committee undertakes its functions in compliance with the CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2022 Edition, including the production of an annual report on the performance of the Audit Committee against its remit for submission to the Council.

The Annual Report and Accounts, incorporating a Management Commentary, provides financial and other performance information regarding the operation of the Council, its wider achievements and areas for development. The Annual Accounts and Report is produced in accordance with statutory guidance and deadlines within relevant accounting regulations, presented for review by the Audit Committee as the draft unaudited version in June and then as the final audited version in September prior to submission to Council for approval.

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

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

The review was informed by assurances from the:

- Governance Self-Assessment Working Group.
- Directors, including the completion of comprehensive evidence within a checklist to assess compliance with the seven core principles of good governance and the financial regulations.
- Internal Audit annual opinion stated within the Internal Audit Annual Assurance Report 2023/24 and recommendations made during the year.
- Comments and recommendations made by External Auditors and other external scrutiny bodies and inspection agencies.

The conclusion from the review activity outlined above is that in 2023/24 the Council continued to demonstrate improvements to its governance arrangements by way of progressing the implementation of actions associated with the recommendations made by Internal Audit and External Audit as well as Management-initiated actions.

Annual Governance Statement 2023/24 continued

In respect of the three Improvement Areas of Governance identified by the Council in 2022/23 (nos. 1-3), there have been developments during the year. Specifically: completion of the Adult Social Work pathfinder to create digitally-enabled working practices and the utilisation of the benefits realisation methodology; reintroduction of the Departmental Delivery Plans (now evolved into Service Plans) for 2023/24 to demonstrate alignment with the Council Plan consistently for all Service areas and enhance quality and content of performance information, both internally within Services and published externally for transparency, within the refreshed Performance Management Framework; and review and updates of some service and corporate policies, procedures and guidelines. These improvement areas of governance are not fully implemented and therefore continue to be noted in the section below (nos. 1-3), with enhancements added.

Improvement Areas of Governance

The collective review activity outlined above has identified the following areas where further improvement in governance arrangements can be made plus new areas of improvement (nos.4-5):

- (1) Ongoing implementation of the refocussed digital transformation programme applying lessons learned from completed projects to meet priorities and achieve the scale of the expected benefits to respond to unprecedented challenges (ranging from customer expectations to demography to digital and, above all, to a financial sustainability imperative).
- (2) Continue to refresh the Performance Management Framework by further developing dashboards for performance reporting, effectively utilising the Service Plans to complete the links from the Council Plan to individuals' appraisals consistently across the Council, and further implementing a corporate approach to self-assessment across the Council.
- (3) Establish a risk-based framework for the review and update of the Policy Register to enable oversight of the ongoing review of policies, procedures and guidelines to ensure they are fit for purpose and meet current legislation.
- (4) Refresh the business cycle of the Council Management Team on a themed basis to enable the strategic focus on significant challenges and opportunities.
- (5) Commitment to the new Operating Model to implement major Transformation activity through 9 workstreams. The new approach will seek to effect positive change that enables Services to deliver excellence for all customers and communities in a sustainable way.

These actions to enhance the governance arrangements in 2024/25 will be driven and monitored by the Council Management Team on a quarterly basis to inform the next annual review. Internal Audit work planned in 2024/25 is designed to test compliance and improvements.

Conclusion and Opinion on Assurance

The conclusion from the review activity outlined above and our opinion is that Scottish Borders Council's systems of internal control and governance are appropriate and effective. Although areas for further improvement have been identified, the annual review demonstrates sufficient evidence that the Council's Local Code of Corporate Governance is operating effectively, and that the Council complies with that Local Code. Systems are in place to regularly review and improve governance and systems of internal control.



Euan Jardine
Council Leader

26 September 2024



David Robertson CPFA
Chief Executive

26 September 2024

Remuneration Report

The Local Authority Accounts (Scotland) Regulations 2014 require local authorities in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. The following information in this Remuneration Report has been audited by Audit Scotland:-

- Pay Bandings Information Page 43
- Senior Councillor Remuneration Page 44
- Senior Officer Remuneration Page 46
- Exit Packages Page 47
- Pension Benefits Information for Senior Councillors Page 49
- Pension Benefits Information for Senior Officers Page 51

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

Remuneration Policy

Remuneration of Senior Councillors

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as either the Leader of the Council, the Convener, Senior Councillors or Councillors. A Senior Councillor is a Councillor who holds a significant position of responsibility in the Council's political management structure.

The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2023/24 the salary for the Leader of Scottish Borders Council is £40,205. The regulations also set out the remuneration that may be paid to Senior Councillors and the total number of Senior Councillors the Council may have. The maximum yearly amount that may be paid to a Senior Councillor is 75 per cent of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all its Senior Councillors shall not exceed £351,764. The Council is able to exercise local flexibility in the determination of the precise number of Senior Councillors and their salary within these maximum limits. The policy for Scottish Borders Council is to have a maximum of 14 Senior Councillors plus a Council Leader and Convener.

The total remuneration for Scottish Borders Councils' Senior Councillors, excluding the Leader and Convener, is £351,757. Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those Councillors who elect to become members of the pension scheme.

The Scheme of Remuneration for Members which encompasses the salaries of all Elected Members including the Leader and Senior Councillors, was agreed at the meeting of the full Council on 25 May 2017 with subsequent changes agreed at the meetings held on 27 August 2020 and 26 May 2022.

Remuneration Report - continued

Remuneration of Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services provides a Scheme of Salaries & Conditions of Service that provides a basis for determining the salaries of Chief Executives of Scottish local authorities. Teaching staff salaries are set by the Scottish Negotiating Committee for Teachers (SNCT).

A senior employee is any employee who:

- Has responsibility for the management of the local authority to the extent that the person has power to direct or control the major activities of the authority whether solely or collectively with other persons; or
- 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
- Whose annual remuneration, including any annual remuneration from a local authority subsidiary body, is £150,000 or more.

Remuneration Disclosures

General Disclosure by Pay Band

The Local Authority Accounts (Scotland) Regulations 2014 also requires information to be provided on the number of persons whose remuneration was £50,000 or more. This information is to be disclosed in bands of £5,000. The numbers of employees at Scottish Borders Council whose remuneration was £50,000 or more, excluding employer's pension and national insurance contributions, is shown in the following table:

Remuneration Bands	Chief Officer		Teachers		Other Staff		Total	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£50,000 - £54,999	-	1	63	56	44	35	107	92
£55,000 - £59,999	-	-	77	88	15	25	92	113
£60,000 - £64,999	2	-	64	48	16	15	82	63
£65,000 - £69,999	1	-	25	59	1	16	27	75
£70,000 - £74,999	5	2	16	32	7	1	28	35
£75,000 - £79,999	-	5	3	9	1	-	4	14
£80,000 - £84,999	-	2	4	4	-	-	4	6
£85,000 - £89,999	2	-	2	2	1	-	5	2
£90,000 - £94,999	4	1	1	2	-	-	5	3
£95,000 - £99,999	4	3	1	2	-	-	5	5
£100,000 - £104,999	1	5	-	-	-	-	1	5
£105,000 - £109,999	-	-	-	1	-	-	-	1
£110,000 - £114,999	-	-	-	-	-	-	-	-
£115,000 - £119,999	-	-	-	-	-	-	-	-
£120,000 - £124,999	1	-	-	-	-	-	1	-
£125,000 - £129,999	-	-	-	-	-	-	-	-
£130,000 - £134,999	-	-	-	-	-	-	-	-
£135,000 - £139,999	-	-	-	-	-	-	-	-
£140,000 - £144,999	-	1	-	-	-	-	-	1
Total	20	20	256	303	85	92	361	415

Remuneration Report - continued

Remuneration of Senior Councillors

The table below provides details of the remuneration paid to the Council's Senior Councillors

Total Remuneration 2022/23 £	Councillor Name	Responsibility	Salaries, fees and allowances £	Taxable Expenses £	Total Remuneration 2023/24 £
3,814	M Rowley	Leader of the Council to 5 May 2022	0	0	0
33,255	E Jardine	Leader of the Council from 26 May 2022	40,205	0	40,205
2,841	D Parker	Convener to 5 May 2022	0	0	0
25,173	W McAteer	Convener from 26 May 2022	30,154	273	30,427
65,083		Leader and Convener Remuneration	70,359	273	70,632
2,489	S Haslam	Executive Member for Finance & Budget Oversight to 5 May 2022	0	0	0
2,489	A Aitchison	Executive Member for Sustainable Development to 5 May 2022	0	0	0
2,064	S Bell	Chair of Audit & Scrutiny to 5 May 2022	0	0	0
2,519	G Edgar	Executive Member for Infrastructure, Travel & Transport and Area Partnership Chair to 5 May 2022	0	0	0
2,516	G Turnbull	Executive Member for Public Protection to 5 May 2022	0	0	0
2,489	E Jardine	Executive Member for Wellbeing, Sport & Culture to 5 May 2022	0	0	0
2,064	J Fullarton	Area Partnership Chair to 5 May 2022	0	0	0
2,064	N Richards	Area Partnership Chair to 5 May 2022	0	0	0
24,004	M Rowley	Portfolio Holder for Service Delivery & Transformation from 26 May 2022	28,755	258	29,013
24,295	T Weatherston	Portfolio Holder for Social Work & Community Enhancement	26,219	135	26,354
24,176	C Hamilton	Portfolio Holder for Developing Our Children & Young People	26,219	0	26,219
24,456	S Mountford	Portfolio Holder for Estate Management & Planning	26,219	309	26,528
26,426	R Tatler	Portfolio Holder for Communities & Equalities	28,755	162	28,917
26,418	S Hamilton	Portfolio Holder for Community & Business Development	28,755	120	28,875
21,911	J Pirone	Portfolio Holder for Community & Culture	26,219	262	26,481
23,785	D Parker	Portfolio Holder for Health & Wellbeing	28,755	0	28,755
21,967	J Greenwell	Portfolio Holder for Roads Development & Maintenance	26,219	309	26,528
23,785	L Douglas	Portfolio Holder for Education & Lifelong Learning	28,755	0	28,755
21,839	J Linehan	Portfolio Holder for Environment & transport	26,219	178	26,397
23,980	C Cochrane	Portfolio Holder for Community Engagement	28,755	229	28,984
18,126	E Thornton-Nicol	Chair of Audit Committee	21,913	0	21,913
323,862		Total Other Senior Councillor Remuneration	351,757	1,962	353,719
388,945		Total Senior Councillor Remuneration	422,116	2,235	424,351

The total remuneration figures relate to the salary, fees and allowances for 2023-24 as included in the Comprehensive Income and Expenditure Statement. They are only in respect of monies paid to Councillors whilst actually holding a Senior Councillor position during that year.

Remuneration Report - continued

Total Remuneration paid to Councillors

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

2022/23 £'000		2023/24 £'000
775	Salaries	799
33	Expenses	39
808	Total	838

The draft annual return of Councillors' salaries and expenses for 2023/24 is available on the Council's website at [Members' expenses | Scottish Borders Council \(scotborders.gov.uk\)](https://www.scotborders.gov.uk/members-expenses).

Remuneration Report - continued

Remuneration of Senior Employees

The table below provides details of the remuneration paid to the Council's Senior Employees and reflects the Council corporate management restructure.

2022/23			2023/24				
Total Remuneration £	Name	Post Title	Salaries, fees and allowances £	Taxable Expenses £	Compensation for loss of employment £	Benefits other than in cash £	Total Remuneration £
Senior Employees in post as at 31/03/24							
123,164 (FYE 119,700) (FYE 135,665)	KD Robertson	Chief Executive	143,873	0	0	0	143,873
96,267	J Craig	Director - Resilient Communities	101,229	0	0	0	101,229
97,840	C Hepburn	Director - People, Performance & Change	101,229	24	0	0	101,253
97,359	LH Munro	Director - Education & Children's Services	103,954	0	0	0	103,954
93,442	JR Curry	Director - Infrastructure & Environment	100,146	0	0	0	100,146
62,275 (FYE 93,413)	SL Douglas	Acting Chief Financial Officer until 19 June 2023; Director - Finance from 20 June 2023 (1)	99,094	14	0	0	99,108
61,995 (FYE 86,457) (FYE 93,413)	NB McKinlay	Chief Legal Officer until 27 June 2023; Director - Corporate Governance from 28 June 2023 (2)	101,032	0	0	0	101,032
0	GS Lennox	Chief Officer Adult Social Work & Social Care from 1 October 2023	42,542 (FYE 80,451)	0	0	0	42,542
0	J Fyfe	Chief Officer Child & Families Social Work from 1 October 2023	46,040 (FYE 89,456)	0	0	0	46,040
Senior Employees departed post before 01/04/24							
99,125	SC Easingwood	Director - Social Work & Practice (Left 1 October 2023)	53,222 (FYE 101,229)	0	0	0	53,222
103,559	JM Holland	Director - Strategic Commissioning & Partnerships (Left 13 March 2024)	98,192 (FYE 101,229)	0	0	0	98,192
Senior Employees departed post before 01/04/23							
64,883 FYE (135,665)	N Meadows	Chief Executive (left 11 September 2022)	0	0	0	0	0
899,909	Total		990,553	38	0	0	990,591

Notes

- (1) SL Douglas figure of £99,094 includes £30 fees for the Local By Election on 22 February 2024.
- (2) NB McKinlay figure of £101,032 includes £63 fees for the Local By Election on 22 February 2024.
- (3) KD Robertson FYE figures for 2022/23 include remunerations for post of Director of Finance and Corporate Governance and Chief Executive.
- (4) The salary figure includes payment for untaken accrued annual leave in 2023/24 for the following:

LH Munro	2,725
NB McKinlay	1,905
SC Easingwood	2,335
JM Holland	1,862
GS Lennox	1,741
J Fyfe	1,312

Remuneration Report - continued

Exit Packages

The total cost and numbers of exit packages are set out in the tables below for 2022/23 and 2023/24:

2023/24

Exit Package Cost band (including special payments) 2023/24	Number of Compulsory Redundancies	Number of Other Agreed Departures	Total Number of Exit Packages by Cost Band	Total cost of Exit Packages in each band £
£0 - £20,000	3	-	3	6,831
£20,001 - £40,000	-	-	-	-
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
Total	3	-	3	6,831

The total costs of £0.007m in the table above includes exit packages that have been agreed and charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

2022/23

Exit Package Cost band (including special payments) 2022/23	Number of Compulsory Redundancies	Number of Other Agreed Departures	Total Number of Exit Packages by Cost Band	Total cost of Exit Packages in each band £
£0 - £20,000	-	-	-	-
£20,001 - £40,000	1	-	1	31,335
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	1	-	1	160,295
Total	2	-	2	191,630

Council Subsidiary Bodies

Separate disclosure of the remuneration and pension benefits of senior posts held in the Council's subsidiary companies are required to be disclosed.

Bridge Homes LLP – Designated Member, David Robertson – details disclosed in the Council Remuneration and Pension Benefits of Senior Employee tables.

Common Good and Trust Funds – Suzanne Douglas, Director of Finance - details disclosed in the Council Remuneration and Pension Benefits of Senior Employee tables.

SB Inspires LLP – Suzanne Douglas, Director of Finance - details disclosed in the Council Remuneration and Pension Benefits of Senior Employee tables.

Lowood Tweedbank Ltd – Suzanne Douglas, Director of Finance - details disclosed in the Council Remuneration and Pension Benefits of Senior Employee tables.

Live Borders – Chief Executive Officer, Ewan Jackson until 31 December 2023 – see table below. This amount includes a notice period payment and severance pay totalling £27,160. Please note current Acting Chief Executive, J Hutchison is paid on a consultancy basis and his fees from 17 November 2023 to 31 March 2024 amounted to £47,997.95.

Remuneration Report - continued

2022/23			2023/24					In-year pension contributions		Accrued Pension Benefits		
Total Remuneration £			Name	Post Title	Salaries, fees and allowances £	Taxable Expenses £	Benefits other than in cash £	Total Remuneration £	For year to 31 March 2023 £	For year to 31 March 2024 £	Type	As at 31 March 2024 £
87,917	Ewan Jackson	Chief Executive Officer to 31 December 2023	120,682	-	-	120,682	15,825	12,721	Pension	31	2	
									Lump Sum	18	1	

Pension Benefits

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

Pension benefits for Councillors are based on a career average pay. The pay for Councillors for each year or part year ending 31 March increases by the cost of living, as measured by the appropriate index between the end of the year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

For local government employees, there is a career average pension scheme. This means that pension benefits are based on the career average pay and the number of years the employee has been a member of the scheme.

The normal retirement age under the scheme for both Councillors and employees is per the state pension.

From 1 April 2009, a five tier contribution system was introduced with contributions from scheme members being based on how much of their pay falls into each tier. The tiers and members contributions rates for 2023/24 were as follows:

Whole Time Pay	2023/24
On earnings up to and including £23,000	5.50%
On earnings above £23,001 and up to £28,100	7.25%
On earnings above £28,101 and up to £38,600	8.50%
On earnings above £38,601 and up to £51,400	9.50%
On earnings above £51,401	12.00%

If the employee works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

Following the changes in 2009, there is no longer an automatic entitlement to a lump sum. Members of the Pension Fund may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

As of 1 April 2015, the Local Government Pension Scheme (Scotland) Regulations 2014 came into effect. This changed the accrual rate of guaranteed pension to 1/49th of career average salary, effective from 1 April 2015.

The value of accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive pension benefits on retirement without reduction (where benefits are paid on earlier than "normal date of retiral") and without the exercise of any option to commute pension entitlement into a lump sum and without any adjustment for the effects of inflation.

Remuneration Report - continued

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

Pension Benefits of Senior Councillors

The pension entitlements for Senior Councillors for the year to 31 March 2024 are shown in the following tables, together with the contribution made by the Council to each Senior Councillor's pension during the year. It should be noted all Councillor pensions reported below are calculated on career average earnings.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of total local government service, including any service with a Council subsidiary body.

Councillor Name	Responsibility	In year pension contributions for year to 31 March 2023 £	In year pension contributions for year to 31 March 2024 £
E Jardine	Executive Member for Wellbeing, Sport & Culture to 5th May 2022. Leader of the Council from 26th May 2022	6,623	7,438
W McAteer	Convener from 26th May 2022	5,020	5,578
S Haslam	Executive Member for Finance & Budget Oversight to 5th May 2022	448	-
D Parker	Portfolio Holder for Health & Wellbeing	4,982	5,320
A Aitchison	Executive Member for Sustainable Development to 5th May 2022	448	-
S Bell	Chair of Audit & Scrutiny to 5th May 2022	372	-
G Edgar	Executive Member for Infrastructure, Travel & Transport (also Area Partnership Chair) to 5th May 2022	448	-
T Weatherston	Portfolio Holder for Social Work & Community Enhancement	4,541	4,851
C Hamilton	Portfolio Holder for Developing Our Children & Young People.	4,541	4,851
G Turnbull	Executive Member for Public Protection to 5th May 2022	448	-
M Rowley	Portfolio Holder for Service Delivery & Transformation	5,153	5,320
S Mountford	Portfolio Holder for Estate Management & Planning	2,179	-
J Pirone	Portfolio Holder for Community & Culture	4,103	4,851
J Fullarton	Area Partnership Chair to 5th May 2022.	372	-
R Tatler	Portfolio Holder for Communities & Equalities	4,919	5,320
N Richards	Area Partnership Chair to 5th May 2022.	3,554	-
S Hamilton	Portfolio Holder for Community & Business Development	4,919	5,320
J Greenwell	Portfolio Holder for Roads Development & Maintenance	-	-
L Douglas	Portfolio Holder for Education & Lifelong Learning	4,480	5,320
J Linehan	Portfolio Holder for Environment & transport	4,434	4,851
C Cochrane	Portfolio Holder for Community Engagement	4,812	5,320
E Thornton-Nicol	Chair of Audit Committee	3,793	4,054
Total		70,589	68,394

Remuneration Report - continued

Councillor Name	Pension at 31 March 2024 £'000	Lump Sum at 31 March 2024 £'000	Pension Difference from 31 March 2023 £'000	Lump Sum Difference from 31 March 2023 £'000
E Jardine	5	-	1	-
W McAteer	5	-	1	-
S Haslam	-	-	-	-
D Parker	12	3	1	0
A Aitchison	-	-	-	-
S Bell	-	-	-	-
G Edgar	-	-	-	-
T Weatherston	15	21	1	1
C Hamilton	4	-	1	-
G Turnbull	-	-	-	-
M Rowley	4	-	1	-
S Mountford	-	-	-	-
J Pirone	1	-	1	-
J Fullarton	-	-	-	-
R Tatler	4	-	1	-
S Hamilton	4	-	1	-
J Greenwell	-	-	-	-
L Douglas	1	-	1	-
J Linehan	2	-	1	-
C Cochrane	3	-	1	-
E Thornton-Nicol	4	-	1	-

Notes

- (1) Some Senior Councillors have transferred in previous rights to the Local Government Pension Scheme which has purchased pension in addition to their statutory benefits.

Pension Benefits of Senior Employees

The pension entitlements for Senior Employees for the year to 31 March 2024 are shown in the tables below, together with the contribution made by the Council to each Senior Employee's pension during the full year to 31 March 2024.

Remuneration Report - continued

Name	Post Title	In year pension contributions for year to 31 March 2023	In year pension contributions for year to 31 March 2024
Senior Employees in post as at 31/03/24		£	£
KD Robertson	Chief Executive	22,133	26,616
J Craig	Director - Resilient Communities	17,182	18,727
C Hepburn	Director - People, Performance & Change	17,182	18,727
GS Lennox	Chief Officer Adult Social Work and Social Care	0	14,651
LH Munro	Director - Education & Children's Services	16,930	18,727
JD Fyfe	Chief Officer Children and Families Social Work	0	15,463
JR Curry	Director - Infrastructure & Environment	16,814	18,527
SL Douglas	Acting Chief Financial Officer (until 19 June 2023); Director - Finance from 20 June 2023	16,397	18,327
NB McKinlay	Chief Legal Officer (until 27 June 2023); Director - Corporate Governance from 28 June 2023	16,077	18,327
Senior Employees departed post before 31/03/24			
SC Easingwood	Director - Social Work & Practice (to 1 October 2023)	17,182	9,414
JM Holland	Director - Strategic Commissioning & Partnerships (to 13 March 2024)	18,634	17,821
N Meadows	Chief Executive (to 11 September 2022)	10,921	0
Total		169,452	195,327

No prior year figures are disclosed for GS Lennox and JD Fyfe as they did not hold senior management positions in 2022/23.

Senior Employee	Pension at 31 March 2024 £'000	Lump Sum at 31 March 2024 £'000	Pension Difference from 31 March 2023 £'000	Lump Sum Difference from 31 March 2023 £'000
KD Robertson	67	89	11	13
J Craig	54	73	5	4
C Hepburn	30	3	4	0
GS Lennox	31	30	5	4
LH Munro	54	-	6	-
JD Fyfe	27	11	4	1
JR Curry	6	-	2	-
SL Douglas	40	38	5	3
NB McKinlay	30	12	4	1
Senior Employees departed post before 31/03/24				
SC Easingwood	38	37	3	2
JM Holland	10	-	3	-

Notes

The lump sum figures in the above table show the statutory lump sum amounts payable to members of the LGPS, in respect of service under the scheme with the Council up to 31 March 2009 (after which there was no longer an automatic entitlement to a lump sum). The accrued pension benefits include any transfer of benefits from another pension scheme but do not include benefits relating to additional voluntary contributions (i.e. contributions which do not require to be made by an individual under the LGPS). The in-

year pension contributions represent the total contributions for the individual irrespective of the post(s) held for the year(s) that the post holder became/continued to be categorised as a Senior Employee.

Remuneration Report - continued

Trade Union (Facility Time Publication Requirements) Regulations 2017

The Council is required to publish details of Trade Union facility time incurred during the year, both in the financial statements and also on the Council website. The regulations apply from 1 April 2017 and require relevant public sector employers to collect and publish, on an annual basis, a range of information in relation to their usage and spend on trade union (TU) facility time in respect of their employees who are TU representatives. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake TU duties and activities as a TU representative.

The regulations require Local Authorities to collate and publish the following information:-

Scottish Borders council has 12 employees who are TU representatives.

The percentage of working time spent on TU activities by the 12 TU representatives can be broken down as follows:-

Percentage of Time	Number of TU Representatives
1% - 50%	9
51% - 99%	1
100%	2
Total	12

The percentage of the total pay bill spent on facility time is 0.082%

100% of paid facility time hours is spent on trade union activities.



Euan Jardine
Council Leader

26 September 2024



David Robertson CPFA
Chief Executive

26 September 2024

Independent Auditor's Report to the members of Scottish Borders Council and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Scottish Borders Council and its group for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Balance Sheets, Movement in Reserves Statements, and Cash Flow Statements, the Council Tax Income Account, and the Non-Domestic Rate Account, Trust Funds, Common Good Funds and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2024 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 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the council and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the council and its group. However, I report on the council's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Director of Finance and Audit Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Director of Finance 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 Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance 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.

The Audit Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Reporting on other requirements

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

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

Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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



John Boyd

Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

26 September 2024

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

Restated 2022/23			2023/24			
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000	£'000	£'000	£'000	
92,601	(13,192)	79,409	96,849	(14,869)	81,980	
39,420	(1,744)	37,676	44,445	(2,472)	41,973	
156,671	(86,202)	70,468	168,144	(89,651)	78,493	
112,338	(21,000)	91,338	130,549	(20,769)	109,779	
63,756	(25,623)	38,133	55,424	(27,078)	28,346	
19,604	(3,526)	16,079	15,572	(2,473)	13,098	
8,798	(163)	8,636	8,603	(360)	8,243	
493,188	(151,450)	341,739	519,585	(157,673)	361,912	
2,747	(2,672)	75	2,140	(2,286)	(146)	8
Other Operating Expenditure						
860	(803)	57	3,761	(3,020)	741	
Financing & Investment Income and Expenditure						
16,454	-	16,454	14,617	-	14,617	29
-	(1,425)	(1,425)	-	(2,592)	(2,592)	
25,525	(20,899)	4,626	-	(2,992)	(2,992)	20
Taxation and Non-Specific Grant Income						
-	(216,297)	(216,297)	-	(218,189)	(218,189)	
-	(35,294)	(35,294)	-	(37,818)	(37,818)	
-	(63,591)	(63,591)	-	(67,308)	(67,308)	
-	(44,532)	(44,532)	-	(38,662)	(38,662)	28
538,775	(536,963)	1,812	540,103	(530,539)	9,564	
(Surplus)/Deficit on Provision of Services						

Comprehensive Income and Expenditure Statement

Restated 2022/23				2023/24			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
538,775	(536,963)	1,812	(Surplus)/Deficit on Provision of Services	540,103	(530,539)	9,564	
		(3,660)	(Surplus)/Deficit on revaluation of Non Current Assets			(32,811)	
		-	Any Other (Gains) Or Losses			-	
		(252,455)	Actuarial (gains)/losses on pension assets/liabilities			(21,886)	
		(256,115)	Other Comprehensive Income and Expenditure			(54,697)	
		(254,303)	Total Comprehensive (Income)/Expenditure			(45,133)	

Balance Sheet

The Balance Sheet shows the value as at the 31st March of the assets and liabilities recognised by the authority. 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 authority 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 that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. 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 timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

2022/23 Restated £'000		2023/24 £'000	Notes
459,607	Property Plant and Equipment	474,685	} 12
30,932	Other Land and Buildings	32,662	
141,027	Vehicle, Plant, Furniture & Equipment	144,706	
6,738	Surplus Assets	6,446	
79,064	Assets Under Construction	135,405	
1,014	Heritage Assets	1,014	13
715	Intangible Assets	302	14
1,114	Long Term Debtors	1,185	29
82,306	Pension Asset	103,791	20
802,517	Long Term Assets	900,196	
1,597	Inventories	1,473	24
52,024	Short Term Debtors	63,307	30
(13,182)	less Impairment of Receivables	(13,827)	
28,142	Cash and Cash Equivalents	3,236	34
68,582	Current Assets	54,189	
(3,573)	Short Term Borrowing	(49,667)	29
(52,663)	Short Term Creditors	(61,431)	16/30
(203)	Provisions	(539)	25
(56,438)	Current Liabilities	(111,637)	
(209,912)	Long Term Borrowing	(201,484)	29
(79,757)	Other Long Term Liabilities	(75,122)	16
(1,042)	Due to Trust Funds and Common Good	(925)	
(3,367)	Provisions	(3,511)	25
(17,392)	Capital Grants Receipts in Advance	(13,863)	28
0	Pension Liability - Funded Obligations	0	
(18,009)	Pension Liability - Unfunded Obligations	(17,529)	
(329,479)	Long Term Liabilities	(312,434)	
485,181	Net Assets	530,313	

Balance Sheet

2022/23 £'000	Financed By:	2023/24 £'000	Notes
	Useable Reserves		
(11,210)	Capital Fund	(10,220)	} 31
(49,647)	General Fund Balance	(60,862)	
-	Property Maintenance Fund	-	
(1,386)	Insurance Fund	(1,273)	
	Unusable Reserves		
(214,626)	Capital Adjustment Account	(208,164)	} 31
5,511	Financial Instruments Adjustment Account	5,169	
(156,796)	Revaluation Reserve	(175,674)	
(64,297)	Pension Reserve	(86,262)	
7,269	Employee Statutory Adjustment Account	6,972	
(485,181)	Total Reserves	(530,313)	

The unaudited accounts were authorised for issue on 25 June 2024 and the audited accounts were authorised for issue on 26 September 2024.

Suzanne Douglas

Suzanne Douglas CPFA
Director of Finance

26 September 2024

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Balances of the General Fund line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked Balances of the General Fund undertaken by the Council. Further detail on the movement in reserves can be found at Note 31 on page 114.

Movement in reserves during 2022/23 - Restated

General Fund Balance	Capital Fund	Property Maintenance Fund	Insurance Fund	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Notes
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 01/04/2022	(51,991)	(10,816)	(51)	(1,623)	(64,482)	(166,395)	(230,877)

Movement in reserves during 2022/23

Total Comprehensive Income & Expenditure	1,812	-	-	-	1,812	(256,115)	(254,303)	C I & E
Depreciation charges to Revaluation Reserve	(9,579)	-	-	-	(9,579)	9,579	-	
Adjustments between accounting basis & Funding basis under regulations	10,111	(394)	51	237	10,006	(10,006)	-	31
(Increase) or Decrease In 2022/23	2,345	(394)	51	237	2,239	(256,542)	(254,303)	
Balance at 31/03/2023 carried forward	(49,647)	(11,210)	0	(1,386)	(62,243)	(422,937)	(485,181)	

Movement in reserves during 2023/24

General Fund Balance	Capital Fund	Property Maintenance Fund	Insurance Fund	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Notes
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 01/04/2023	(49,647)	(11,210)	0	(1,386)	(62,243)	(422,937)	(485,181)

Movement in reserves during 2023/24

Total Comprehensive Income & Expenditure	9,564	-	-	-	9,564	(54,697)	(45,133)	C I & E
Depreciation charges to Revaluation Reserve	12,975	-	-	-	12,975	(12,975)	-	
Adjustments between accounting basis & Funding basis under regulations	(33,755)	990	-	113	(32,652)	32,652	-	31
(Increase) or Decrease In 2023/24	(11,215)	990	-	113	(10,112)	(35,022)	(45,133)	
Balance at 31/03/2023 carried forward	(60,861)	(10,220)	0	(1,274)	(72,355)	(457,959)	(530,313)	

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority 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 authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2022/23		2023/24		Notes
		£'000	£'000	
1,812	Net (surplus) or deficit on the provision of services	9,564		
(55,148)	Adjustments to net (surplus) or deficit on the provision of services for non cash movements	(33,281)		32
44,532	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	38,662		32
(8,804)	Net Cash Flows From Operating Activities		14,945	
	Investing Activities			
57,504	Purchase of PP&E, investment property and intangible assets	83,670		
(803)	Proceeds from PP&E, investment property and intangible assets	(3,020)		
-	Purchase/(Disposal) of short & long term investments	-		
(34,405)	Other Items which are Investing Activities	(37,944)		
22,296	Net Cash Flows from Investing Activities		42,706	
	Financing Activities			
-	Cash received from loans & other borrowing	(46,381)		
2,506	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,683		
1,778	Repayments of short and long term borrowing	8,953		
-	Other items which are financing activities	-		
4,284	Net Cash Flows from Financing Activities		(32,745)	
17,776	Net (Increase) or Decrease in Cash and Cash Equivalents		24,906	
45,918	Cash and Cash Equivalents at the beginning of the reporting period		28,142	
28,142	Cash and Cash Equivalents at the end of the reporting period		3,236	34
17,776	Movement		24,906	

Notes to the Core Financial Statements

Accounting Policies

General Principles

The Annual Accounts summarise the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires that they are prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure

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

Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant service.

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

Works of a capital nature are charged as capital expenditure when they are completed, before which they are carried as Assets under Construction on the Balance Sheet.

Interest payable on borrowing and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

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 date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Notes to the Core Financial Statements

Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirements or loans fund principal charges. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wages and salary rates applicable in the following accounting year being the period in which the employee takes the benefit. The accrual is charged to the Surplus / Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate employment before the normal retirement date or a decision by an employee to accept voluntary severance. They are charged on an accruals basis to the appropriate service, or where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment.

Post Employment Benefits

Employees of the Council are members of either of two separate pension schemes:

- The Scottish Teachers Superannuation Scheme which is managed by the Scottish Public Pensions Agency, an executive agency of the Scottish Government.
- The Local Government Pension Scheme, administered by Scottish Borders Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. However the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet and the Education Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to teachers' pensions in the year.

Notes to the Core Financial Statements

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of Scottish Borders Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of earnings for current employees.

The assets of the Scottish Borders Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price and
- Property – market value

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

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

Notes to the Core Financial Statements

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events after the Reporting Period

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

Two types of events can be identified:

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

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

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

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

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

Financial Instruments

The following policies are the Council's interpretation of IFRS 9 requirements according to the financial instruments that the Council hold.

Financial assets and liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the instrument.

Notes to the Core Financial Statements

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable, are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amounts at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principle plus accrued interest. Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

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

Financial Assets

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

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

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument)

Financial Assets Measured at Amortised Cost

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

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Notes to the Core Financial Statements

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.

Government Grants

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement of Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council as a result of past events is capitalised when it will bring benefits to the Council for more than one financial year.

Notes to the Core Financial Statements

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

The balance is amortised to the relevant service line in the Comprehensive Income and Expenditure Statement over its useful life. The amortisation basis is reviewed on an annual basis to ensure any impairment is identified.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Inventories

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:-

- A charge for the acquisition of the interest in the property, plant and equipment – applied to write down the lease liability.
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as the rent becomes payable).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Notes to the Core Financial Statements

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Private Finance Initiative (PFI)

PFI Contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on the Balance Sheet.

The original recognition of the assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

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 PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and 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.

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

Notes to the Core Financial Statements

The Council has a de minimis limit of £5,000 for single items of expenditure and £20,000 for groups of items costing less than £1,000 each. Items below these amounts are charged to the Comprehensive Income and Expenditure Statement. These limits have been applied in order to exclude individual assets, or works below these amounts, from the asset register.

Measurement: assets are initially measured at cost, comprising:

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

The Council currently capitalises borrowing costs incurred whilst assets are under construction. Assets are then carried on the Balance Sheet using the following measurement bases:

- Infrastructure, vehicles, plant, furniture & equipment and assets under construction – depreciated historical cost. It is the Council's policy that infrastructure assets are replaced at the end of their useful life and therefore carrying value is zero.
- Surplus Assets – fair value estimated at highest and best use from market participants perspective.
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included on the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where material impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

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

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

Notes to the Core Financial Statements

Disposals : When an asset is disposed of or decommissioned, the carrying amount of the asset on the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

Depreciation: depreciation is provided for on all Property, Plant and Equipment assets by allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction). Depreciation is calculated on the following bases

- Land and Buildings
 - Land is not depreciated
 - Buildings are written off over their estimated life.
- Vehicles, Plant, Furniture and Equipment
 - Historic costs are written off over each asset's estimated life.
- Infrastructure
 - Historic costs are written off over the estimated useful life of the asset.
- Surplus Assets
 - Land is not depreciated
 - Buildings are written off over their estimated life.

Where an asset has major components with different estimated useful lives, these are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the accounts when:

- The Council has a present obligation (legal or constructive) as a result of a past event.
- It is probable that a transfer of economic benefits will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

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

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

Notes to the Core Financial Statements

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

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

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised on the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

Revenue Expenditure Funded from Capital under Statute

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

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

Notes to the Core Financial Statements

Note 1 First Time Adoption of Accounting Standards

There has been no first time adoption of Accounting Standards during 2023/24.

Note 2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The following adopted International Financial Reporting Standards (IFRS) have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- IFRS 16 Leases
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
 - Specify that an entity's right to defer settlement must exist at the end of the reporting period
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

In 2024/2025, the Council will apply IFRS 16 Leases as adopted by the Code of Accounting Practice. IFRS 16 will mean that the majority of leases where the Council act as lessee will come onto the balance sheet and lessor accounting is effectively unchanged.

The main impact of the new requirements is that, for arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value (£5k) and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 will be applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that 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.

As a lessee, the Authority 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 Authority. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Authority 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 Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The present expected impact of applying IFRS 16 in 2024/25 is additions to the balance sheet as below:

- £4,785,732.30 Property, plant and equipment – land and buildings (right-of-use assets)
- £0.00 Intangible assets (right-of-use assets)
- £2,086,023.29 Non-current creditors (lease liabilities)
- £1,321,032.75 Current creditors (lease liabilities)

The impacts given above are in relation to current operating leases that we have been able to assess and work is ongoing to calculate any potential changes with regard to our PPP/PFI contracts and any peppercorn rent arrangements.

Notes to the Core Financial Statements

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events. The critical judgments made in the Annual Accounts are:

Following a judicial review decision and the issue of a public consultation on the identification of Common Good assets in the Scottish Borders, a number of assets were transferred from Scottish Borders Council's Balance Sheet to the Common Goods in financial year 2021/22. Common Good building assets currently used by the Council to deliver services have been treated as finance lease assets and remain on the Council's balance sheet at a carrying value of £11.781m at 31 March 2024. This is based on continued Council use of the assets and formal lease agreements have been put in place in August 2024 for £11.415m. If this process requires further asset transfers the necessary adjustments will be made following agreement.

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

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

The items in the Authority's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming year is as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending in repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. The main area of risk in PPE relates to Land and Buildings valued on a Depreciated Replacement Cost basis due to the volatility of inflation rates. More information on the valuations process can be found in Note 12.

Fair Value Measurements

When the fair values of financial assets and financial liabilities cannot be measured based on quoted process in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Significant changes in any of the unobservable inputs would result in a significant lower or higher fair value measurement for both surplus and financial assets.

Information about the valuations techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 12 and 29.

Pensions Liability/Asset

Estimation of the liability/asset depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the liability/asset of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £12.342m. However, the assumptions interact in complex ways.

During 2023/24, the authority's actuaries advised that the net pension asset had increased by £21.965m as a result of estimates being revised and updating assumptions.

Notes to the Core Financial Statements

Arrears

At 31 March 2024, the Council had Accounts Receivable debtors due of £5.713m and Council Tax debtors of £29.874m. Provision for bad debts amounted to £1.034m and £12.793m respectively. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate, an increase in bad debts of 10% would require an additional £0.103m for Accounts Receivable debtors and £1.279m for Council Tax.

Note 5 Expenditure and Funding Analysis

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

			2022/23			2023/24		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement				Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000				£'000	£'000	£'000
49,173	30,235	79,409	Infrastructure & Environment			53,677	28,302	81,980
27,798	9,879	37,676	Strategic Commissioning & Partnerships			33,648	8,325	41,973
67,195	3,273	70,468	Social Work & Practice			78,449	44	78,493
108,474	(17,136)	91,338	Education & Lifelong Learning			118,044	(8,265)	109,779
35,212	2,921	38,133	Resilient Communities			29,730	(1,383)	28,346
27,405	(11,326)	16,079	Finance & Corporate Governance			24,967	(11,869)	13,098
7,413	1,222	8,636	People, Performance & Change			7,986	257	8,243
322,671	19,068	341,739	Net Cost of Services			346,501	15,411	361,912
(320,328)	(19,600)	(339,928)	Other Income and Expenditure			(328,623)	(23,725)	(352,348)
2,344	(532)	1,812	(Surplus) or Deficit on Provision of Services			17,878	(8,314)	9,564
(51,991)			Opening General Fund Balance			(49,647)		
2,344			(Surplus) or Deficit on General Fund			9,564		
			Transfer (to)/from reserves			(20,779)		
(49,647)			Closing General Fund as 31 March			(60,862)		

Notes to the Core Financial Statements

Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis. This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Adjustments between Funding and Accounting Basis 2023/24

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Statutory Adjustments £'000	Other (Non-Statutory) Adjustments (Note 4) £'000	Total Adjustments £'000
Infrastructure & Environment	17,891	793	(254)	18,430	9,872	28,302
Strategic Commissioning & Partnerships	8,476	405	(293)	8,589	(264)	8,325
Social Work & Practice	(29)	441	6	419	(375)	44
Education & Lifelong Learning	1,126	612	(260)	1,478	(9,743)	(8,265)
Resilient Communities	4,344	309	(27)	4,626	(6,009)	(1,383)
Finance & Corporate Governance	(13,976)	229	139	(13,608)	1,739	(11,869)
People, Performance & Change	-	124	20	144	113	257
	17,833	2,913	(669)	20,077	(4,667)	15,411
Other income and expenditure from the Expenditure and Funding Analysis	(23,675)	(2,992)	(2,738)	(29,405)	5,680	(23,725)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(5,842)	(79)	(3,406)	(9,327)	1,013	(8,314)

Adjustments between Funding and Accounting Basis 2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Statutory Adjustments £'000	Other (Non-Statutory) Adjustments (Note 4) £'000	Total Adjustments £'000
Infrastructure & Environment	14,746	6,619	(365)	21,000	9,235	30,235
Strategic Commissioning & Partnerships	6,822	3,476	(92)	10,206	(328)	9,879
Social Work & Practice	(148)	3,513	66	3,431	(158)	3,273
Education & Lifelong Learning	(14,392)	5,070	429	(8,894)	(8,242)	(17,136)
Resilient Communities	6,727	2,482	37	9,246	(6,325)	2,921
Finance & Corporate Governance	(17,779)	1,950	247	(15,581)	4,255	(11,326)
People, Performance & Change	-	942	14	957	266	1,222
	(4,023)	24,051	338	20,366	(1,298)	19,068
Other income and expenditure from the Expenditure and Funding Analysis	(28,451)	4,626	(1,349)	(25,175)	5,574	(19,600)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(32,474)	28,677	(1,012)	(4,809)	4,277	(532)

Notes to the Core Financial Statements

(Note 1) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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

(Note 2) Changes for Pension Adjustments

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

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

(Note 3) Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** – the other statutory adjustments column recognises adjustment to the General Fund for the timing differences for premiums and discounts.

(Note 4) Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- **For financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, eg for interest income and expenditure and changes in the fair values of investment properties.
- **For taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, eg for non ring-fenced government grants.

It should be noted that the tables on page 78 are analysed as per the Council's management reporting structure.

Notes to the Core Financial Statements

Note 5 Expenditure and Funding Analysis

The Council's expenditure and income is analysed as follows:-

Expenditure/Income	2022/23 £'000	2023/24 £'000
Expenditure		
Employee Benefits Expenses	195,337	203,855
Other Service Expenses	304,113	277,429
Support Services Recharges	352	318
Depreciation, Amortisation, Impairment	21,659	40,123
Interest Payments	16,454	14,617
Loss on Disposal of Assets	860	3,761
Total Expenditure	538,775	540,103
Income		
Fees, Charges and Other Service Income	(151,450)	(157,673)
Interest and Investment Income	(24,996)	(7,870)
Gain on Disposal of Assets	(803)	(3,020)
Income from Council Tax and Non Domestic Rates	(98,885)	(105,126)
Government Grants and Contributions	(260,829)	(256,851)
Total Income	(536,963)	(530,539)
(Surplus) or Deficit on the Provision of Services	1,812	9,564

Note 6 Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2023/24.

Note 7 Prior Year Adjustments

The Council's financial statements for 2022/23 have been updated to reflect a change in the treatment of unfunded pension liabilities. Following the publication of the annual accounts in 2022/23, the actuary reported that unfunded liabilities should be separately identified on the Balance Sheet. As the unfunded obligations in 2022/23 had been included in the asset ceiling calculation, the Council requested an updated asset ceiling calculation from the actuary for 31 March 2023.

The Council's pension actuaries had revised their methodology for calculating the pension asset ceiling (moving to a perpetuity methodology) as Local Government Pension Scheme practitioner views had evolved significantly since the publication of the annual accounts in 2022/23. The revised net asset ceiling calculation was in excess of the pension asset for 2022/23 and therefore the entire pension asset for 2022/23 can now be recognised. The 2022/23 comparator figures in these accounts have been updated to reflect this revised position due to the amounts being material to the accounts. This has had the effect of increasing the net pension asset in 2022/23 from £32.666m to £64.297m. This is made up of a pension asset including funded obligations of £82.306m and the unfunded obligations creating a liability of £18.009m. Within the CI&ES, the actuarial gains on the pension asset have been adjusted from £220.824m to £252.455m accordingly.

Note 8 Significant Trading Operation

SBc Contracts is the only 'Significant Trading Operation' at Scottish Borders Council in terms of the Local Government (Scotland) Act 2003. The financial performance for external works is summarised below:

2022/23 £'000		2023/24 £'000	3 Year Cumulative £'000
(2,672)	External Turnover for the Year	(2,286)	(10,128)
(60)	(Surplus) / Deficit Excluding IAS 19	(160)	(269)
135	IAS 19 Adjustments Service Cost	14	458
75	(Surplus) / Deficit Including IAS 19	(146)	189

Notes to the Core Financial Statements

The financial objective set by the Local Government in Scotland Act (2003) determines that each Significant Trading Operation must break even over a rolling three year period. This objective is measured after adjusting for IAS 19 pension costs. However, due to the notional nature of IAS 19 adjustments, the significant impact they have on the trading surplus and the fact that they are wholly outwith the control of SBc Contracts, trading surpluses/(deficits) have been disclosed above both inclusive of and excluding IAS 19 adjustments. Over the three year period 2021/22 to 2023/24 the financial objective has not been achieved, with a deficit of £189k after applying IAS 19 adjustments. However, the measure of the operational trading performance is the three year surplus of £269k excluding IAS 19 adjustments as shown above.

SBc Contracts undertakes a wide range of activities including:

- Revenue and Capital works for Council Services including
 - Highway and Bridge construction
 - Planned and reactive maintenance
 - Flood Prevention and Repair works
 - Public Realm and Cycleway works
 - Construction and Maintenance works to Council Buildings and Property
- External contracts for other local authorities and the Scottish Government.
- Sub-contractor on a number of public contracts.
- A wide range of external contracts for the private sector.

SBc Contracts employs 142 manual workers and 23 management and support staff and utilises a wide range of vehicles and items of plant to carry out its work. The organisation continued to contribute strongly to Council resources both directly and indirectly through:

- Supporting additional high added-value jobs in the Vehicle Maintenance trading operation.
- Maintaining very competitive charge-out rates to offer “Best Value” for Council Revenue and Capital projects.

In 2023/24 SBc Contracts recorded an annual operating surplus of £1.069m against a revised budget target of a £0.588m surplus. After technical adjustments for pension (IAS 19) and Employee benefits accrual the net final position for the external trading operation was £0.146m surplus.

In 2023/24 the turnover achieved was £26.3m. Of the total, £2.3m (8.7%) was generated by external work.

2023/24 was a successful and extremely busy year for SBc Contracts with a particular strong final quarter performance due to milder than average Winter and additional externally funded projects being awarded. Inflationary pressure on material prices have eased over the last 12 months however they are still potentially vulnerable to national and global events. These continue to be managed through closer engagement with suppliers and seeking to explore further market opportunities

Works were carried out on a number of major projects including Tweed Trails, Eddleston to Waterheads Multi-use Path, Advance works on Earlston Campus and Galashiels Academy, Active Travel projects as part of Hawick Flood Prevention Scheme and the new Easter Langlee Roundabout. Works commenced and are progressing at Lowood Estate and Coldstream Workshops and work continues on a number of projects related to Hawick Flood Prevention Scheme and ATN.

Looking ahead to 2024/25 the order book remains positive. Works will continue on the Lowood Estate, Coldstream Workshops and Tweed Trails project as well as continuation of the Active Travel Network in Hawick including completion of the Weensland Footbridge. Other contracts within the Public and Private sector are being pursued.

We have been successful in being awarded a 5 year framework with South Lanarkshire Council to deliver surface dressing which complements and supports our own internal surface dressing and road maintenance operation.

SBc Contracts continues to contribute strongly to the local economy by providing sub-contracted work and plant/vehicle hires to the value of £7.2 million during 2023/24.

Notes to the Core Financial Statements

Note 9 Agency Work

The Council acts as an intermediary for Scottish Water, collecting money on their behalf. In 2023/24, Scottish Borders Council received £0.433m in commission from Scottish Water as part of the agency agreement. This amount is set in legislation by the new Water Order which came into force in April 2014 covering the period April 2014 to March 2024.

The Council collects National Non-Domestic Rates Income under an agency arrangement, which is then remitted to the Scottish Government, where it is pooled nationally and re-distributed back to Councils along with the General Revenue Grant. Further details can be found in the NDR Income Account on p121.

Note 10 Related Parties

The Council is required under IAS 24 to disclose material transactions with related parties, that is bodies and individuals that have the potential to control or influence the Council or be controlled and influenced by the Council.

Entities with Significant Influence:

Central Government ie the Scottish Government has effective control over the general operations of the Council by providing the statutory framework in which the Council operates, the majority of the Council's funding by providing grants and prescribes the nature of many of the transactions the Council has with third parties. Income from Scottish Government amounted to £264.560m in 2023/24. Amounts due from Scottish Government at 31 March 2024 relating to 2023/24 are £3.030m.

Other Public Bodies:

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

	2023/24			
	Income £'000	Expenditure £'000	Net Expenditure £'000	Debtor/(Creditor) £'000
Public Bodies				
Other Local Authorities	2,039	1,199	(840)	533
NHS Bodies	16,362	1,477	(14,885)	(2,604)
Scottish Qualifications Authority	26	548	522	-
Scottish Water	1,249	19,526	18,277	(26)
Scottish Water Horizons	-	209	209	-
South of Scotland Enterprise Agency	466	609	143	-
Disclosure Scotland	-	33	33	2
Care Inspectorate	-	42	42	-
Scottish Fire & Rescue Service	2	-	(2)	-
Historic Environment Scotland	3	-	(3)	(523)
Scottish Police Authority	-	703	703	(3)
Business Stream	-	643	643	79
	20,147	24,989	4,842	(2,542)

The Council works closely with NHS Borders in order to provide a range of services across health and social care pathways.

Notes to the Core Financial Statements

In terms of social care specifically, NHS Borders contributes towards the cost of the services provided in four main ways.

Resource Transfer – a total of £2.699m (2022/23: £2.645m) was transferred from NHS Borders and utilised as follows:

	2022/23	2023/24
Children's Services	£0.110m	£0.112m
Older People	£1.263m	£1.289m
Adults with Learning Difficulties	£1.013m	£1.033m
People with Mental Health Needs	£0.131m	£0.134m
Support Services	£0.128m	£0.131m

Other funding from NHS Borders in 2023/24 to support services are:

	2022/23	2023/24
Older People	£8.255m	£8.534m
Adults with Learning Difficulties	£1.705m	£1.947m
People with Mental Health Needs	£0.629m	£0.720m
People with Physical Difficulties	£0.256m	£0.257m
Other Support Services	£0.231m	£1.540m

Community Equipment Store

The Store is run jointly with NHS Borders, with a pooled equipment purchase budget. Gross expenditure (funded by Scottish Government) totalled £1.272m in 2023/24, with a contribution from NHS Borders of £0.666m.

Key Management Personnel:

Members of the Council have direct control over the financial and operating policies of the Council. A review of the interests declared in the Members' Register of Interests highlighted that during 2023/24 the Council commissioned material works and services totalling £0.187m from a business in which a Councillor declared an interest. Contracts were entered into in full compliance with the Council's standing orders and the Councillors Code of Conduct. The total value of transactions between the Council and companies in which members have an interest in 2023/24 was £0.432m (2022/23: £0.486m). The Remuneration Report shows the total allowances paid to Senior Members in 2023/24. The Members' Register of Interests can be inspected and is available on the Council's web site at www.scotborders.gov.uk

A review by departments of their registers of interests confirmed that there were material transactions of £0.405m between the Council and any company in which any officer had an interest. The total value of transactions between the Council and companies in which Officers have an interest is £0.451m (2022/23: £0.054m).

Joint Ventures:

The Scottish Borders Health and Social Care Integration Board was established on 6th February 2016. This is a partnership between Scottish Borders Council and NHS Borders which has been established to bring about change in the way health and social care services are planned, commissioned and delivered and is shown within Scottish Borders Council Group Accounts as a Joint Venture. In 2023/24 the Council made a payment of £61.313m to the Board (2022/23 £63.857m) with corresponding income of the same value shown within the Comprehensive Income & Expenditure Statement. An additional payment of £8.047m was made for the provision of services relating to the Social Care Fund with income directly funded by NHS Borders. At 31 March 2024 a debtor of £1.837m and creditor figure of £1.821m between the board and Scottish Borders Council was outstanding (2022/23 £2.452m and £3.506m).

Notes to the Core Financial Statements

Subsidiaries:

Scottish Borders Council is a corporate member of Bridge Homes LLP, which has been established to assist in the delivery of affordable housing, in accordance with the Scottish Government's National Housing Trust (NHT) initiative. The Council has consent to borrow (from the Scottish Government) to finance loans to Bridge Homes LLP in respect of housing units.

The Council made no further advances to Bridge Homes LLP during 2023/24 and received no interest during the year. At 31 March 2024 a debtor of £350k (£0 in 2022/23) between Bridge Homes and SBC was outstanding. Bridge Homes LLP has been consolidated into the Council's Group Accounts as a Subsidiary.

Live Borders, an integrated trust providing culture and leisure services on behalf of Scottish Borders Council was established on 1st April 2016. Services provided by the trust include Sport and Leisure, Arts, Libraries, Archives, Museums and Galleries. Payments of £7.627m (including management fee of £5.124m) were made to the trust in 2023/24 (£5.580m and £5.265m in 2022/23). Live Borders is consolidated into Scottish Borders Council as a Subsidiary.

Lowood Tweedbank Limited was established on 30 November 2018 to act as mid-landlord of the residential properties at Lowood Estate in order to ensure the continuation of the tenancy arrangements. Rental income for 2023/24 due to Lowood Tweedbank Limited amounted to £46k (£47k in 2022/23). Lowood Tweedbank is a subsidiary of Scottish Borders Council which has been excluded from the Council's Group Accounts on the basis of materiality.

SB Inspires LLP was established on 3rd November 2021. The principal activity of SB Inspires is delivering professional development training and digital education consultancy to educators in Scotland as an accredited Apple Professional Learning Provider (APLP). SB Inspires had a turnover of £122k in 2023/24 (£56k in 2022/23). SB Inspires LLP is a Subsidiary of Scottish Borders Council which has been excluded from the Council's Group Accounts on the basis of materiality.

Common Good and Trusts

Interest payable to Common Good and Trust Funds in relation to investments in SBC Loans Fund was £24k for 2023/24. Common Good and Trusts are consolidated into Scottish Borders Council Group Accounts as subsidiaries (see pages 123-128 for further information and detail of transactions administered by Scottish Borders Council on behalf of Common Good and Trusts).

Other Related Parties:

The Council is the administering authority for the Scottish Borders Council Pension Fund. As administrator for the fund the Council is considered to have direct control over the fund, and the fund is therefore deemed to be a related party. During 2023/24, the Scottish Borders Council Pension Fund had an average balance of £1.6m (2022/23: £0.7m) of cash administered by Scottish Borders Council within separate external banking arrangements. In addition the Council charged the Pension Fund £0.084m (2022/23: £0.320m) in respect of expenses incurred in administering the Fund. There are no additional related party transactions that require to be disclosed. The Pension Fund balance due from Scottish Borders Council to the Pension Fund at the balance sheet date and disclosed in the net assets statement is as follows:

	2022/23	2023/24
Due to/ (from) the Scottish Borders Council Pension Fund	(£0.253m)	(£0.216m)

Associates:

The Council provided routine material financial assistance (management fee) to other bodies in 2022/23 as follows:

	2022/23	2023/24
• Jedburgh Leisure Facilities Trust	£0.126m	£0.115m

Jedburgh Leisure Facilities Trust is recognised as an Associate of Scottish Borders Council, however it has been excluded from Council's Group Accounts on the basis of materiality.

Notes to the Core Financial Statements

Note 11 Audit Remuneration

In 2023/24, the agreed audit fee for the year was £0.348m in respect of services provided by Audit Scotland (2022/23 £0.328m). Within this fee, £5.25k is in respect of services provided by Audit Scotland in relation to the audit of Scottish Borders Council Trust Funds Annual Accounts (£5k in 2022/23). During 2023/24 a rebate of £4k relating to fees was received from Audit Scotland.

Note 12 Property, Plant & Equipment

Movement on Balances

Movements in 2023/24

	Property Plant & Equipment				Heritage Assets	Total Assets £'000
	Other Land & Buildings	VPFE *	Assets under Construction	Surplus Assets		
	£'000	£'000	£'000	£'000		
Gross book value (GBV) at 31 March 2023	464,239	101,444	80,194	6,738	1,014	653,629
Acquisitions & Recognition in the year	3,636	15,978	56,499	-	-	76,113
Revaluation Increase/(Decrease) To Revaluation Reserve	11,781	-	-	1	-	11,782
Revaluation Increase/(Decrease) To CIES	1,861	-	-	17	-	1,878
Transfers	(280)	-	(157)	280	-	(157)
Disposals	(1,591)	(4,498)	-	(591)	-	(6,680)
Gross book value (GBV) at 31 March 2024	479,646	112,924	136,536	6,445	1,014	736,565
Cumulative depreciation at 31 March 2023	(4,632)	(70,512)	(1,130)	-	-	(76,274)
Depreciation for the year	(22,729)	(12,159)	-	(169)	-	(35,057)
Revaluation Written Out To Revaluation Reserve	20,854	-	-	176	-	21,030
Revaluation Written Out To CIES	1,506	-	-	10	-	1,516
Impairment Losses Recognised In Revaluation Reserve	-	-	-	-	-	-
Impairment Losses Recognised In CIES	(63)	(423)	(1)	-	-	(487)
Transfers	48	-	-	(48)	-	-
Disposals	55	2,832	-	32	-	2,919
Cumulative depreciation at 31 March 2024	(4,961)	(80,262)	(1,131)	1	-	(86,353)
Net book value at 31 March 2024	474,685	32,662	135,405	6,446	1,014	650,212
Net book value at 31 March 2023	459,607	30,932	79,064	6,738	1,014	577,355

* VPFE – Vehicles, Plant, Furniture and Equipment

Notes to the Core Financial Statements

Comparative Movements in 2022/23

	Property Plant & Equipment - Restated				Heritage Assets	Total Assets
	Other Land & Buildings	VPFE	Assets under Construction	Surplus Assets		
	£'000	£'000	£'000	£'000		
Gross book value (GBV) at 31 March 2022	454,863	93,324	54,174	6,741	1,014	610,116
Acquisitions & Recognition in the year	7,205	11,429	26,570	21	-	45,225
Revaluation Increase/(Decrease) To Revaluation Reserve	3,075	-	-	493	-	3,568
Revaluation Increase/(Decrease) To CIES	(877)	-	-	29	-	(848)
Transfers	445	-	(550)	(54)	-	(159)
Disposals	(472)	(3,309)	-	(492)	-	(4,273)
Gross book value (GBV) at 31 March 2023	464,239	101,444	80,194	6,738	1,014	653,629
Cumulative depreciation at 31 March 2022	(3,334)	(62,510)	(927)	(16)	-	(66,787)
Depreciation for the year	(19,034)	(10,881)	-	(89)	-	(30,004)
Revaluation Written Out To Revaluation Reserve	-	-	-	93	-	93
Revaluation Written Out To CIES	18,717	-	-	-	-	18,717
Impairment Losses Recognised In Revaluation Reserve	-	-	-	-	-	0
Impairment Losses Recognised In CIES	(1,043)	(430)	(203)	-	-	(1,676)
Transfers	(30)	-	-	-	-	(30)
Disposals	92	3,309	-	12	-	3,413
Cumulative depreciation at 31 March 2023	(4,632)	(70,512)	(1,130)	-	-	(76,274)
Net book value at 31 March 2023	459,607	30,932	79,064	6,738	1,014	577,355
Net book value at 31 March 2022	451,529	30,814	53,247	6,725	1,014	543,329

Infrastructure Assets

Due to practical difficulties in applying the Code of Practice on Local Authority Accounting in the United Kingdom's requirements in relation to the measurement of infrastructure assets and the application of component accounting for the recognition and derecognition of replaced components of infrastructure assets, the Scottish Government has issued Local Government Finance Circular 09/2022 Statutory Override – Accounting for Infrastructure Assets. In accordance with this, the Council has applied the permitted statutory overrides to exclude the reporting of gross cost and accumulated depreciation in relation to this class of asset and to account for the derecognition of any replaced part of an infrastructure asset at nil value.

Notes to the Core Financial Statements

The movements in relation to Infrastructure Assets for 2023/24 and 2022/23 are as follows.

	Infrastructure Assets (000's)	
	2022/23	2023/24
Opening Net Book Value	136,316	141,027
Acquisitions & Recognition in the year	13,775	12,762
Revaluations	-	-
Transfers	189	157
Disposals	-	-
Depreciation for the year	(8,818)	(9,076)
Impairment Losses Recognised In CIES	(435)	(164)
Closing Net Book Value	141,027	144,706

Total Property, Plant and Equipment

	2022/23 £'000	2023/24 £'000
Infrastructure Assets Net Book Value at 31 March	141,027	144,706
Other Property, Plant & Equipment Net Book Value at 31 March	577,355	650,212
Total PPE Net Book Value at 31 March	718,382	794,918

The Council had no investment properties in 2023/24.

Community assets are valued on a historical cost basis at nil value as per the Code and include assets such as parks, playing fields, cemeteries, etc. Such assets are all included in Other Land & Buildings.

In accordance with IFRS13 Fair Value Measurement, all Surplus Assets are now valued at highest and best use from market participants perspective. All revaluations fall under Level 1 of the fair value hierarchy.

Notes to the Core Financial Statements

Capital Commitments

As at 31 March 2024 the Council has entered into a number of commitments for the construction or enhancement of Property, Plant and Equipment in future years, this is budgeted to cost £69.715m. These commitments can be categorised as follows:-

	Capital Commitments as at 31 March 2024 £'000
Infrastructure & Environment	
Hawick Flood Protection Scheme	4,691
Other Infrastructure & Environment	647
Education & Lifelong Learning	
Galashiels Community Campus	42,667
Earlston Primary School	7,006
Peebles High School	2,663
Other Education & Lifelong Learning	341
Strategic Commissioning & Partnerships	
ICT Transformation Project	10,492
Resilient Communities	
Other Resilient Communities	209
Social Work & Practice	
Tweedbank Care Village	869
Other Social Work & Practice	131
Total	69,715

Valuation and Depreciation

Land and Buildings

- The Council has adopted a 5-year rolling programme of revaluations whereby each individual asset will be examined during that term in line with events and planned Capital expenditure. During 2023/24 the fixed assets relating to Planning, Economic Development and Surplus Properties were re-valued. The valuation is an ongoing process carried out throughout the year to arrive at the final valuation figure.
- Operational properties of a specialised nature were valued on the basis of what it would cost to reinstate the asset or to acquire a modern equivalent, adjusted to reflect the age, wear and tear and obsolescence of the existing asset. Operational properties of a non-specialised nature were valued by reference to the open market value of equivalent assets of a similar type and condition, as evidenced by recent market transactions, and on the assumption that they would continue in their existing use. In accordance with IFRS13 Fair Value measurement, Surplus assets are now valued at highest and best use. Properties were valued by both the Council's Estates Surveyor, J.Stewart MRICS, and D.M Hall, Chartered Surveyors during 2023/24.

Vehicles, Plant, Furniture and Equipment

- All Vehicles and Plant were valued at depreciated historic cost.

Infrastructure

- Infrastructure was valued at depreciated historic cost.

Depreciation

- Land has not been depreciated
- Buildings and Surplus Properties have been depreciated, using the straight-line method, over the remaining life of the asset as assessed by the valuer
- Vehicles, Plant, etc. have been depreciated, using the straight-line method, over the remaining life of the asset as assessed by the Transport Manager
- Furniture & Fittings are depreciated over 5 years
- IT equipment is depreciated between 3 and 5 years

Notes to the Core Financial Statements

- Roads infrastructure has been depreciated, using the straight-line method, over 25 years
- Infrastructure flood works have been depreciated over 40 years
- IT infrastructure has been depreciated over 5 years

Depreciation has been directly charged to services.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations are carried out internally with some contracted to DM Hall, Chartered Surveyors and reviewed by the internal Estates Team. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Revaluation Cycle

The groups of land and buildings revalued in each of the last five years were:

- 31 March 2024 – Planning, Economic Development, and Surplus Properties
- 31 March 2023 – Education & Lifelong Learning and Surplus Properties
- 1 April 2021 – Social Work, Resources and Surplus Properties
- 1 April 2020 – Technical Services and Surplus Properties
- 1 April 2019 – Common Good, Trust and Surplus Properties

Due to the potential effect of unprecedented economic pressures on valuations of buildings, the Council undertook an exercise to revalue its assets as at 31 March 2022. An additional indexation linked revaluation of properties was carried out at 31 March 2024 to reflect changes identified within the year. Common Good, Trust Fund and Surplus Properties will be revalued as at 31 March 2025 with the resulting adjustments incorporated into the 2024/25 accounts of the Council.

	Property Plant & Equipment					Total Assets £'000
	Other Land & Buildings £'000	VPFE £'000	Assets under Construction £'000	Surplus Assets £'000	Heritage Assets £'000	
Carried at Historical Cost	405,899	112,924	136,536	10,788	1,036	667,183
New Certified Valuation						
31st March 2024	13,642	-	-	18	-	13,660
31st March 2023	2,198	-	-	522	-	2,720
31st March 2022	57,449	-	-	(4,140)	-	53,309
1st April 2020	(223)	-	-	412	(22)	167
1st April 2019	681	-	-	(1,155)	-	(474)
Gross book value (GBV) at 31 March 2024	479,646	112,924	136,536	6,445	1,014	736,565

Further downward revaluations of £97k over the periods above were recognised in relation to Infrastructure Assets but as per Local Government Finance Circular 09/2022 Statutory Override – Accounting for Infrastructure Assets, have not been included in the table above at Gross Book Value.

Notes to the Core Financial Statements

Common Good Assets Judicial Review

Following a judicial review decision and the issue of a public consultation on the identification of Common Good assets in the Scottish Borders, a number of assets were transferred from Scottish Borders Council's Balance Sheet to the Common Goods in financial year 2021/22. Common Good building assets currently used by the Council to deliver services have been treated as finance lease assets and remain on the Council's balance sheet at a carrying value of £11.781m at 31 March 2024. This is based on continued Council use of the assets and formal lease agreements have been put in place in August 2024 for £11.415m. If this process requires further asset transfers the necessary adjustments will be made following agreement.

Note 13 Heritage Assets

	Museum Collection £'000	Fine Arts Collection £'000	Monuments, Memorials & Statues £'000	Totals Tangible Fixed Assets £'000	Total Heritage Assets £'000
Cost or Valuation at 31 March 2022	161	771	82	1,014	1,014
Additions	-	-	-	-	-
Revaluation Increase/(Decrease) To Revaluation Reserve	-	-	-	-	-
Cost or Valuation at 31 March 2023	161	771	82	1,014	1,014
Additions	-	-	-	-	-
Revaluation Increase/(Decrease) To Revaluation Reserve	-	-	-	-	-
Cost or Valuation at 31 March 2024	161	771	82	1,014	1,014

The Council accepts the general principle that it is its responsibility to ensure to the best of its ability that all of the Collections in its care are adequately housed, professionally cared for, conserved and documented in line with their cultural and historic importance to the Communities of the Scottish Borders. The Collection Policy approved in September 2010 can be obtained from the Education & Lifelong Learning Department of the Council.

Museum Collection

This collection is held for display in the various Museum Service venues throughout the Scottish Borders. Those items not on display are held in secure store in various locations.

Fine Arts Collection

This collection is on display at a number of Council owned locations in the Scottish Borders and through loan at other locations containing National Collections. It comprises pictures by leading Borders artists including Tom Scott and Anne Redpath and pictures of Borders subjects.

Archive Centre Collection

The collecting policy for the papers and recordings in these growing collections is set out on the Heritage Hub website and a full index of papers held is available at the Archive Centre. All of the material is available for public access and relates to Scottish Borders families, locations and institutions.

Monuments, Memorials and Statues Collection

This collection is recorded in the Property Services of the Infrastructure & Environment Department and includes the numerous War Memorials throughout the Borders, the monuments on Council land and the statues located in the parks and streets of the villages and towns of the Borders.

Notes to the Core Financial Statements

Note 14 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. Intangible assets in the form of purchased software are amortised on a straight line basis over the estimated useful life of the asset, which is estimated at 3 to 5 years.

2022/23 £'000		2023/24 £'000
2,689	Gross book value (GBV) at 31 March	2,044
257	Expenditure in the year	96
(902)	Disposals	-
2,044	Gross book value (GBV) at 31 March	2,140
(1,807)	Cumulative amortisation at 31 March	(1,330)
(425)	Amortisation for the year	(508)
902	Disposals	-
(1,330)	Cumulative amortisation at 31 March	(1,838)
715	Net book value at 31 March	302

There were no revaluations of intangible assets in 2022/23 or 2023/24.

Note 15 Assets Held for Sale

The Council had no assets held for sale in 2022/23 or 2023/24.

Note 16 Private Finance Initiatives and Similar Contracts

During 2006/07, the Council entered into a Public Private Partnership (PPP) for the provision of new secondary schools in Earlston, Duns and Eyemouth. Since then, agreements have been entered into for Kelso High School and Jedburgh Intergenerational Community Campus. These schools have been recognised as net assets on the Balance Sheet.

The Council makes an agreed payment each year, which is increased each year by inflation, and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PPP contract at 31 March 2024 are as follows:

	Payments for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable in 2024/25	8,600	4,625	3,468	16,694
Payable within two to five years	38,703	17,469	13,942	70,115
Payable within six to ten years	57,372	23,153	15,285	95,810
Payable within eleven to fifteen years	65,491	24,159	10,783	100,433
Payable within sixteen to twenty years	6,881	8,964	8,243	24,089
Payable within twenty one to twenty five years	569	1,378	1,077	3,023
Total	177,616	79,747	52,799	310,163
Short Term Creditor	8,600	4,625	3,468	16,694
Other Long Term Liabilities	169,016	75,122	49,331	293,469

Notes to the Core Financial Statements

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure they incurred and interest payable.

Further details of the arrangements under Private Finance Initiatives can be found in our Accounting Policies on page 71.

Application of Service Concession Arrangement Flexibilities

In 2022 the Scottish Government issued statutory guidance (Local Government Finance Circular 10/2022) which allowed Councils temporary flexibility in accounting for Service Concession Arrangements entered into prior to April 2022, which include the Council's PPP.

The guidance sets out the accounting requirements and options for recognising the capital repayment element of these arrangements and permits councils to undertake internal accounting changes to reprofile the repayment charged to General Fund over an extended period of time.

The Council applied the permitted flexibility in financial year 2023-24 on a retrospective annuity basis over 50 years. This approach is consistent with current Council Loans Fund policy and is considered prudent, sustainable, and affordable over the useful life of the asset. The annuity period used is 50 years as this replicates the useful asset life of other similar type assets held on the Council's balance sheet i.e. schools.

The current unitary charge repayments to contractors will continue until the end of each PPP & NPD contract, however, the use of this flexibility results in a one-off credit to the General Fund and ongoing annual savings for a period of time. At the end of each of the PPP contracts, the unitary charge is no longer paid but reprofiled debt repayments continue to be charged to General Fund until the debt liability has been extinguished.

The calculation of the repayment charges, using the asset life annuity basis, is compared to the current charges which are made over the contract period. By applying the flexibility, a one-off combined pre 2022-23 retrospective saving of £29.093m (as detailed in the table below) will be achieved.

PPP Principal Repayments	Total of PPP Schemes		
	Current Position	Principal Repayments based on simple 50 year annuity	
	Current Repayment £'000	Revised Repayment £'000	(Reduction)/Cost £'000
pre 2023/24	37,111	8,018	(29,093)
2023/24	4,566	1,004	(3,562)
Years 2-5	17,321	4,531	(12,790)
Years 6-10	21,923	7,031	(14,892)
Years 11-25	38,353	34,718	(3,635)
Years 26-40	0	51,416	51,416
Years 41-50	0	12,556	12,556
TOTAL	119,274	119,274	

In addition to the one-off retrospective element, an in-year saving occurs in scheduled debt repayments in 2023-24, of £3.562m. This will be followed by a reduction in the annual charges for a further 10 years and then the statutory charges will continue until the end of the reprofiled debt repayment period. Over the full asset lives the total repayment for the debt liability remains the same. The reprofiling of the debt liability repayments increases the Capital Financing Requirement (CFR) by £32.665m as at 31 March 2024. The increase in the CFR will continue to be reduced by the revised repayments after each PPP contract has expired until the end of the revised period. Being a cumulative statutory adjustment there is no prior year restatement of statutory adjustments in the Annual Accounts. The statutory adjustment up to 31 March 2024 has the following impact on the 2023-24 Balance sheet (Capital Adjustment Account) and Movement in Reserves statement:

Notes to the Core Financial Statements

Impact on Balance Sheet and Movement in Reserves Statement	Pre- 2023/24 £m	2023/24 £m	TOTAL £m
Capital Adjustment Account	29.093	3.562	32.655
Movement in Reserves Statement	(29.093)	(3.562)	(32.655)

Note 17 Leases

Council as Lessee

Finance Leases

The net book value of assets held under finance leases at the Balance Sheet date is as follows:

2022/23 £'000		2023/24 £'000
128,947	Net Asset Value Land and buildings	136,418
128,947		136,418

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The balances shown under Land and Buildings relate to the Council's PPP arrangement for the provision of five secondary schools, as detailed in Note 16. The minimum lease payments are made up of the following amounts:

Land & Buildings 2022/23 £'000		Land & Buildings 2023/24 £'000
	Finance Lease Liabilities	
4,674	Not later than 1 year	4,625
17,791	Later than 1 year and not later than 5 years	17,469
61,966	Later than 5 years	57,653
	Finance Costs Payable in Future Years	
3,417	Not later than 1 year	3,468
13,948	Later than 1 year and not later than 5 years	13,943
38,842	Later than 5 years	35,388
140,637	Minimum Lease Payments	132,546

The contingent rental figure, recognised as an expense in 2023/24 in respect of the Council's PPP arrangements, was £3.580m (2022/23 £3.101m).

Notes to the Core Financial Statements

Operating Leases

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

2022/23 £'000		2023/24 £'000
308	Not later than 1 year	1,021
1,592	Later than 1 year and not later than 5 years	3,694
488	Later than 5 Years	1,323
2,388	Total	6,038

Council as Lessor

Finance Leases

The Council has no finance leases as lessor.

Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

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

2022/23 £'000		2023/24 £'000
1,792	Not later than one year	1,996
1,348	Later than one year and not later than five years	1,191
3,446	Later than five years	3,155
6,586	Total	6,342

Notes to the Core Financial Statements

Note 18 Capital Expenditure and Capital Financing

The total amount of Capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

Restated 2022/23		2023/24	
£'000		£'000	
342,781	Opening capital financing requirement		348,173
	Capital Investment		
	- Consent to Borrow	-	
	- Subordinated Debt	-	
	- Service Concession Arrangement	32,655	
63,277	Property, plant and equipment	89,888	
257	Intangible assets	96	122,639
	Sources of Finance		
(688)	Capital Receipts	(2,301)	
(47,322)	Government grants and other contributions	(43,755)	
	- NHT Repayment of Principal	-	
(1)	Subordinated Debt Repayment	(1)	
(10,131)	Loans fund repayments	(12,876)	(58,933)
348,173	Closing Capital Financing Requirement		411,878

2022/23		2023/24
£'000		£'000
	Explanation of Movements in Year	
	Increase in underlying need to borrow (supported by government financial assistance)	-
5,392	Increase/(Decrease) in underlying need to borrow (not supported by government financial assistance)	63,705
5,392	Increase/(Decrease) in capital financing requirement	63,705

The figure for 2022/23 has been restated to account for the acquisition of infrastructure assets.

Note 19 Termination Benefits

During 2023/24 the Council terminated, or had agreed to terminate by the Balance Sheet date, the contracts of 3 employees, incurring expenditure of £0.007m - see the Remuneration Report for further detail on the exit packages granted and total cost per band. These packages are attributable to various areas throughout the Council.

Note 20 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post-retirement 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.

Notes to the Core Financial Statements

The Council participates in two formal pension schemes:

The Local Government Pension Scheme is a funded defined benefit career average salary pension 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. It is administered by the Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 2018, as amended. The Pension Fund is subject to a triennial valuation by an independent, qualified Actuary, whose report indicates the required future employer's contributions.

The Teachers' Pension Scheme is a defined benefit scheme. However it is accounted for as a defined contribution scheme. Further details can be found at Note 21.

Transactions relating to retirement benefits

The Council recognise 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 we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2022/23 £'000	Comprehensive Income and Expenditure Statement	2023/24 £'000
	<i>Cost of Services</i>	
40,515	Current Service Costs	21,367
98	Past Service Costs, including curtailments	4
	<i>Financing and Investment Income and Expenditure</i>	
4,626	Net Interest Expense	(2,992)
45,239	Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services	18,379
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:-	
57,693	Return on plan assets (excluding the amount included in the net interest expense)	(23,380)
(349,425)	Actuarial (gains) and losses arising on changes in financial assumptions	(25,082)
(6,475)	Actuarial (gains) and losses arising on changes in demographic assumptions	(12,517)
45,752	Other	39,093
(252,455)	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(21,886)
	<i>Movement in Reserves Statement</i>	
28,677	Reversal of net charges made for retirement benefits in accordance with the Code	79
	Actual amount charged against the General Fund Balance for pensions in the year	
15,237	Employers' contributions payable to the scheme	17,058
1,325	Retirement benefits payable to pensioners	1,400
	- Effect Of Business Combinations & Disposals	-

Notes to the Core Financial Statements

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is normally the net liability represented by the present value of the defined benefit obligation and the fair value of the plan assets. For both 2022/23 and 2023/24, the actuarial gains have resulted in a net asset position.

IAS 19 Employee Benefits requires that the net defined benefit asset recognised in the Balance Sheet is measured at the lower of the net asset position in the defined benefit fund and the asset ceiling, which is defined as 'the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Following advice from the Council's actuary, the net pension asset recognised in the balance sheet has not been adjusted due to a change in methodology for calculating the asset ceiling.

2022/23 Restated £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	2023/24 £'000
670,973	Present value of the defined benefit obligation	719,431
(735,270)	Fair value of plan assets	(805,693)
(64,297)	Sub total	(86,262)
0	Asset Ceiling Adjustment	0
(64,297)	Net liability/(asset) arising from defined benefit obligation	(86,262)

IFRIC 14 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. In accordance with IFRIC 14, the pension asset derived through IAS 19 valuation should be capped at the pension asset ceiling. This represents the economic benefit available as a reduction in future contributions. This is to be calculated the Present value of IAS 19 future service costs (calculated based on IAS 19 assumptions as at the balance sheet date) less the Present value of future service contributions if these are classed as a minimum funding requirement.

The pension asset ceiling has been calculated in accordance with IFRIC 14 by the council's appointed actuaries. The calculation assumes the future working lifetime of the employer as 7.6 years as at the most recent triennial funding valuation. It assumes a discount rate of 4.8% p.a. and salary increase of 3.5% p.a. from the employer's 31 March 2024 accounting report, giving an annuity of 76.9.

	2023/24 £'000
Net present value of estimated future service costs	1,608,287
Net present value of future contributions	1,466,189
Net Asset Ceiling	142,098

Following the publication of the annual accounts in 2022/23, the actuary reported that unfunded liabilities should be separately identified on the Balance Sheet. As the unfunded obligations in 2022/23 had been included in the asset ceiling calculation, the Council requested an updated asset ceiling calculation from the actuary for 31 March 2023. The Council's pension actuaries had revised their methodology for calculating the pension asset ceiling (moving to a perpetuity methodology) as Local Government Pension Scheme practitioner views had evolved significantly since the publication of the annual accounts in 2022/23. The revised net asset ceiling calculation was in excess of the pension asset for 2022/23 and therefore the entire pension asset for 2022/23 can now be recognised. The 2022/23 comparator figures in these accounts have been updated to reflect this revised position due to the amounts being material to the accounts. This has had the effect of increasing the net pension asset in 2022/23 from £32.666m to £64.297m. This is made up of a pension asset including funded obligations of £82.306m and the unfunded obligations creating a liability of £18.009m. Within the CI&ES, the actuarial gains on the pension asset have been adjusted from £220.824m to £252.455m accordingly.

Notes to the Core Financial Statements

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

2022/23 £'000	Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	2023/24 £'000
777,080	Opening Fair Value of Scheme Assets	735,270
20,899	Interest Income	34,865
	Remeasurement (gains) and losses:-	
(57,693)	Return on plan assets, excluding the amount included in the net interest expense	41,257
15,237	Employer Contributions including unfunded pensions	17,058
4,965	Contributions by Scheme Participants	5,392
(25,218)	Estimated Benefits Paid	(28,149)
735,270	Closing Fair Value of Scheme Assets	805,693

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

2022/23 £'000	Reconciliation of the Present Value of Scheme Liabilities (Defined Benefit Obligations)	2023/24 £'000
936,561	Opening Defined Benefit Obligation	670,973
40,515	Current Service Cost	21,367
25,525	Interest Cost	31,873
4,965	Contributions by Scheme Participants	5,392
	Effect Of Business Combinations & Disposals	
	Remeasurement (gains) and losses:-	
(355,900)	Actuarial (gains)/losses arising from changes in financial assumptions	(37,599)
45,752	Other	56,970
98	Past Service Cost	4
(25,218)	Benefits Paid	(28,149)
(1,325)	Unfunded Pension Payments	(1,400)
670,973	Closing Defined Benefit Obligation	719,431

The pension liability represents the best estimate of the current value of pension benefits that will have to be funded by the Council. The liability relates to benefits earned by existing or previous employees up to 31 March 2024.

Notes to the Core Financial Statements

Local Government Pension Scheme assets comprised:-

All scheme assets have quoted prices in active markets other than the managed fund - Multi Assets, which is unquoted.

2022/23		2023/24
£'000	Local Government Pension Scheme assets comprised:	£'000
22,886	Cash and cash equivalents	25,077
	Equity Instruments	
	<i>By industry type</i>	
22,649	Consumer	24,818
14,549	Manufacturing	15,943
13,887	Energy and utilities	15,217
20,803	Financial Institutions	22,795
18,753	Health and Care	20,550
20,310	Information Technology	22,256
820	Other	898
111,771		122,477
	Investment Funds - Quoted in Active Market	
156,658	Managed Fund - UK Equities Passive	171,663
88,457	Managed Fund - Property	96,929
140,976	Managed Fund - Bonds	154,479
0	Managed Fund - Infrastructure	122,392
0	Managed Fund - Other	112,676
386,091		658,139
214,522	Investment Funds - Not Quoted	0
735,270	Total Assets	805,693

The risks relating to direct equity instruments in the scheme are also analysed by company size below:

2022/23		2023/24
£'000	Fair Value of Scheme Assets	£'000
	Equity instruments:	
	<i>By company size</i>	
111,771	Large capitalisation	122,477

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2023.

Notes to the Core Financial Statements

The principal assumptions used by the actuary are shown below:

2022/23	Basis for Estimating Assets and Liabilities	2023/24
	Mortality assumptions	
	- longevity at 65 for current pensioners (years)	
20.30	Men	20.70
23.00	Women	23.30
	- longevity at 65 for future pensioners (years)	
21.10	Men	21.10
24.90	Women	24.90
3.8%	Rate of inflation - RPI	3.6%
3.0%	Rate of inflation - CPI	2.8%
3.7%	Rate of increase in salaries	3.5%
3.0%	Rate of increase in pensions	2.8%
4.8%	Rate for discounting scheme liabilities	4.8%

The Scheme assets consist of the following categories by proportion and the value of assets held:

2022/23		Category Analysis of the Scheme Assets as at 31 March	2023/24	
%	£'000		%	£'000
37	268,429	Equities	37	294,140
-	-	Gilts	-	-
19	140,976	Other Bonds	19	154,479
12	88,457	Property	12	96,929
3	22,886	Cash	3	25,077
14	102,828	Multi-Asset Fund	14	112,676
-	-	Private Credit	-	-
15	111,694	Infrastructure	15	122,392
100	735,270	Total	100	805,693

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 reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Notes to the Core Financial Statements

Impact on the Defined Benefit Obligation in the Scheme	Approximate % increase to Employers Liability
Adjustment to real discount rate - 0.1% decrease	2%
Adjustment to long term salary increase - 0.1% increase	0%
Adjustment to pension increase rate - 0.1% increase	2%
Adjustment to mortality rating assumption - 1 year increase	4%

Note 21 Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Scottish Public Pensions Agency, an Executive Agency of the Scottish Government. It provides teachers with defined benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. In 2023/24 the Council paid £13.290m to teachers' pensions in respect of teachers' retirement benefits, representing 23% of pensionable pay for the period 1 April 2023 to 31 March 2024 (£12.467m and 23% in 2022/23). There were no contributions remaining payable at the year-end.

The scheme is a defined benefit scheme. Although the scheme is unfunded, teachers' pensions use a notional fund as the basis for calculating the employer's contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of these Annual Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. The Council is responsible for the costs of any additional benefits awarded upon early retirement and added years it has awarded outside of the terms of the teachers' Scheme. In 2023/24 these amounted to £0.748m representing 1.29% of pensionable pay (£0.702m and 1.30% in 2022/23). The increase in payments is due to the 10.1% Pensions Increase effective from 10 April 2023.

Note 22 Scottish Borders Council Pension Fund

Scottish Borders Council manages and administers this Fund which provides pensions and other benefits to its employees and a further 16 employers in the Scottish Borders. As at 31 March 2024 there were 12,879 members.

The Local Government Pension Scheme Amendment (Scotland) Regulations 2010 (SSI 2010/234) require an administering authority to publish a separate pension fund annual report. This report will include a Fund Account, Net Asset Statement with supporting notes and disclosures prepared in accordance with proper practices.

A copy of this report is available by contacting Scottish Borders Council, Finance Team, Council Headquarters, Newtown St Boswells, TD6 0SA.

Note 23 Events After the Balance Sheet Date

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

Notes to the Core Financial Statements

Note 24 Inventories

2022/23 £'000		2023/24 £'000
1,445	Balance outstanding at start of year	1,597
152	Movement during year	(124)
1,597	Balance outstanding at year-end	1,473

Note 25 Provisions

Provisions are recognised in the accounts when:

- The Council has a present obligation (legal or constructive) as a result of a past event;
- It is probable that a transfer of economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Where it is estimated that a provision will be utilised within 12 months of the Balance Sheet date it is included within current liabilities.

	Contractual Claims £'000	Equal Pay £'000	Historical Legal Claims £'000	Municipal Mutual Insurance £'000	Asset Decommissioning £'000	Total £'000
Balance at 1 April 2023	(50)	(8)	(29)	-	(3,483)	(3,570)
Additional charges to provisions	-	-	-	(310)	(213)	(523)
Payments made or released	-	-	-	-	43	43
Balance at 31 March 2024	(50)	(8)	(29)	(310)	(3,653)	(4,050)
Within 12 Months	(50)	(8)	(29)	(310)	(142)	(539)
Over 12 months	-	-	-	-	(3,511)	(3,511)
Total	(50)	(8)	(29)	(310)	(3,653)	(4,050)

Provision for contractual claims is the anticipated cost for remedial works relating to SBc Contracts.

Equal Pay Provision - Employment Tribunal proceedings have been raised against the Council by a number of staff relating to Equal Pay.

Historical Legal Claims Provision relates to civil claims raised against the Council in relation to historical child abuse.

Municipal Mutual Insurance – estimate of outstanding claims relating to the Council following Municipal Mutual Insurance Ltd ceasing operations in 1992.

Provision for asset decommissioning reflect the Council's liability for restoration and ongoing maintenance in respect of the Langlee landfill site. This has been provided for based on the net present value of estimated future costs.

Notes to the Core Financial Statements

Note 26 Contingent Liabilities

The following contingent liabilities are noted:

- On 26 October 2018, The High Court ruled that Guaranteed Minimum Pensions (GMP) should be equalised between men and women to address the discrepancies in members' benefits arising from the contracting out of the additional state pension between 17 May 1990 and 6 April 1997. However due to ongoing legal appeals and clarification of what has to be included it is not possible to quantify the impact this will have on Scottish Borders Council at this time.
- There has been a legal case regarding pension obligations relating to Civil Partnerships, it is too early to assess what the financial implications of this will be on Local Government Pension Schemes.
- Following a judicial review decision and the issue of a public consultation on the identification of Common Good assets in the Scottish Borders, a number of assets were transferred from Scottish Borders Council's Balance Sheet to the Common Goods in financial year 2021/22. Common Good building assets currently used by the Council to deliver services have been treated as finance lease assets and remain on the Council's balance sheet at a carrying value of £11.781m at 31 March 2024. This is based on continued Council use of the assets and formal lease agreements have been put in place in August 2024 for £11.415m. If this process requires further asset transfers the necessary adjustments will be made following agreement. Consequently the Council considers any potential remaining transfers to be a contingent liability

Note 27 Contingent Assets

The following Contingent Assets are noted:

- The European Commission issued a decision which found that European truck manufacturers had engaged in price fixing and other cartel activities over a 14 year period between 1997 and 2011 in relation to trucks over six tonnes. Scottish Borders Council has joined with other Scottish Local Authorities and public bodies to raise legal actions seeking compensation for losses it has suffered as a result of this illegal activity.

Notes to the Core Financial Statements

Note 28 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Account in 2023/24.

2022/23 £'000		2023/24 £'000
	Credited to Taxation and Non Specific Grant Income	
(24,568)	General Capital Grant	(25,105)
(19,691)	Other Grants	(13,002)
(273)	Developer Contributions	(555)
(44,532)	Total	(38,662)
	Credited to Services	
(1,887)	Infrastructure & Environment	(1,317)
(75)	Strategic Commissioning & Partnerships	-
(6,526)	Social Work & Practice	(2,865)
(16,928)	Education & Lifelong Learning	(15,686)
(23,927)	Resilient Communities	(24,389)
(67)	Finance & Corporate Governance	(191)
-	People Performance & Change	(67)
(49,410)		(44,515)

The table below shows grant income received in advance and the services where these grants will be applied in future years.

2022/23 £'000		2023/24 £'000
	Capital Grants Received In Advance	
(85)	Culture and Related Services	(74)
(8,541)	Developer Contributions	(8,717)
(750)	Economic Regeneration	-
(3,146)	Education	(2,447)
(4,053)	Environmental Services	(1,546)
(141)	Other Services	(191)
(578)	Planning & Economic Development	(850)
(98)	Roads and Transport	(38)
(17,392)		(13,863)

Note 29 Financial Instruments

Scottish Borders Council have taken into consideration the requirements of IFRS 9 – Financial Instruments and, based on the financial instruments held, do not consider there to be any impact on these Financial Statements or prior year figures.

A financial instrument is any contract which gives rise to a financial asset within one entity and a financial liability within another. The term 'financial instrument' covers both financial liabilities and financial assets.

Notes to the Core Financial Statements

Fair Value Hierarchy

Under IFRS 13 (Fair Value Measurement), the Council is required to maximise the use of relevant observable inputs and minimise the use of unobservable inputs. To achieve this objective, local authorities are required to follow the fair value hierarchy, which categorises the inputs to valuation techniques used to measure fair value into the three levels as listed below.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

Fair Value Hierarchy For Financial Assets And Liabilities That Are Not Measured At Fair Value

	31st March 2024			
	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Financial Liabilities				
Financial Liabilities held at amortised cost:				
PWLB debt	-	(212,467)	-	(212,467)
Market debt	-	(519)	-	(519)
Other debt	-	(27,506)	-	(27,506)
Total	-	(240,492)	-	(240,492)

	31st March 2023			
	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Financial Liabilities				
Financial Liabilities held at amortised cost:				
PWLB debt	-	(184,022)	-	(184,022)
Market debt	-	(442)	-	(442)
Other debt	-	(33,136)	-	(33,136)
Total	-	(217,600)	-	(217,600)

The fair value for financial assets and financial liabilities that are not measured at fair value included in levels 2 and 3 in the table above, have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial assets and financial liabilities that are not measured at fair value are shown at their carrying value since this is a reasonable approximation of their value. These are short term assets and liabilities such as accounts payables and receivables.

Notes to the Core Financial Statements

Financial Instruments - Balances

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

	Long Term		Current	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£'000	£'000	£'000	£'000
Loans and Receivables				
Cash and Cash Equivalents	-	-	28,142	3,236
Debtors	1,114	1,185	38,842	49,480
Total Loans and Receivables	1,114	1,185	66,984	52,716
Borrowings				
Bank Overdraft	-	-	-	-
Financial Liabilities (principal amount)	(209,912)	(201,484)	(571)	(46,381)
Accrued interest	-	-	(3,002)	(3,286)
Total Borrowings	(209,912)	(201,484)	(3,573)	(49,667)
Other Liabilities				
PPP and Finance Lease Liabilities	(79,757)	(75,122)	(4,674)	(4,625)
Bonds	-	-	(485)	(399)
Total Other Long-Term Liabilities	(79,757)	(75,122)	(5,159)	(5,024)
Creditors				
Short term creditors at amortised cost (excluding Other Liabilities)	-	-	(47,504)	(56,407)
Total Creditors	-	-	(47,504)	(56,407)

Borrowing is taken principally from the Public Works Loans Board (PWLB), but is also taken from the money market, to meet the Council's overall capital financing requirements.

The following table shows a breakdown of borrowing:

31 March 2023			31 March 2024		
£'000	%		£'000	%	
(36,175)	17	Bonds and Mortgages	(28,129)	11	
(173,737)	81	Public Works Loan Board	(173,355)	69	
(209,912)	98	Long Term Borrowing (> 1 year)	(201,484)	80	
(3,573)	2	Short Term Borrowing repayable within 12 months	(49,667)	20	
(213,485)	100	Total Borrowing	(251,151)	100	

Notes to the Core Financial Statements

Analysis of Borrowing by Maturity:

2022/23		2023/24	
£'000		£'000	
(3,573)	Less than 1 year	(49,667)	
(381)	Between 1 and 2 years	-	
(26,075)	Between 2 and 7 years	(26,029)	
(29,500)	Between 7 and 15 years	(27,500)	
(153,956)	More than 15 years	(147,955)	
(213,485)	Total	(251,151)	

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows:

	2023/24		
	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost	Loans and receivables	Total
	£'000	£'000	£'000
Interest expense	14,617	-	14,617
Interest payable and similar charges	14,617	-	14,617
Interest Income	-	(2,592)	(2,592)
Interest and investment income	-	(2,592)	(2,592)
Net (gain) / loss for the year	14,617	(2,592)	12,026

	2022/23		
	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost	Loans and receivables	Total
	£'000	£'000	£'000
Interest Expense	16,454	-	16,454
Interest Payable & Similar Charges	16,454	-	16,454
Interest Income	-	(1,425)	(1,425)
Interest Receivable & Similar Income	-	(1,425)	(1,425)
Net (gain) / loss for the year	16,454	(1,425)	15,029

Notes to the Core Financial Statements

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated are as follows:

	31 March 2023		31 March 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB debt	(173,737)	(184,022)	(216,620)	(212,467)
Other debt	(39,748)	(33,578)	(34,531)	(28,025)
Total Debt	(213,484)	(217,600)	(251,151)	(240,492)
Creditors	(52,663)	(52,663)	(61,431)	(61,431)
Total Financial Liabilities	(266,147)	(270,263)	(312,582)	(301,923)

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 March 2023		31 March 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Restated £'000	Restated £'000	£'000	£'000
Loans and Receivables				
Short Term Investments	-	-	-	-
Cash and Cash Equivalents	28,142	28,142	3,236	3,236
Debtors	38,842	38,842	49,480	49,480
Total Loans and Receivables	66,984	66,984	52,716	52,716

All of the financial assets were of less than one year duration and therefore the fair value equates to the amortised cost on the balance sheet.

Nature and Extent of Risks Arising from Financial Instruments

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

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

Notes to the Core Financial Statements

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are determined through a legal framework based on the Local Government in Scotland Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment regulations issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations
- By approving annually, in advance, prudential indicators for the following three years limiting:
 - the Council's overall borrowing
 - its maximum and minimum exposures to fixed and variable rates
 - its maximum and minimum exposures to the maturity structure of its debt
 - its maximum annual exposures to investments maturing beyond a year
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government regulations

These are required to be reported and approved at or before setting the Council's annual Council Tax budget or before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each financial year, as is a mid-year update.

These policies are implemented by a central treasury team. The Council maintains a strategy for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

The annual Treasury Management Strategy for 2023/24, which incorporates the prudential indicators, was approved by the Council on 23rd February 2023. The key issues within the strategy were:

- The Authorised Limit for 2023/24 was set at £608.0m. This is the maximum limit of external borrowings or other long-term liabilities
- The Operational Boundary was expected to be £506.6m. This is the expected level of debt and other long-term liabilities during the year
- The maximum amounts of fixed and variable interest rate exposure were set at £506.6m and £177.3m based on the Council's net debt
- The maximum and minimum exposures to the maturity structure of debt were as follows:

Period	Minimum	Maximum
Under 12 months	0%	20%
1 to 2 years	0%	20%
2 to 5 years	0%	20%
5 to 10 years	0%	20%
Over 10 years	20%	100%

Notes to the Core Financial Statements

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution located in each category.

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

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2023/24 was approved by the Council on 23rd February 2023 and is available on the Council's website: [Other financial information | Scottish Borders Council \(scotborders.gov.uk\)](https://www.scotborders.gov.uk/other-financial-information)

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2024 that this was likely to crystallise.

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

Liquidity Risk

Liquidity risk is the risk that the Council may not have sufficient cash available to meet its day-to-day obligation to make payments.

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

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

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

Notes to the Core Financial Statements

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day -to-day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer- term cash flow needs.

The maturity analysis of financial liabilities is as follows, together with the maximum and minimum limits for fixed interest rate borrowing maturing in each period, as approved by the Council in the Treasury Management Strategy on 23 February 2023:

	Approved Minimum Limits £'000	Approved Maximum Limits £'000	Actual 31 March 2023 £'000	Approved Minimum Limits £'000	Approved Maximum Limits £'000	Actual 31 March 2024 £'000
Less than 1 year		91,340	3,573	0	101,320	49,667
Between 1 and 2 years		91,340	381	0	101,320	-
Between 2 and 7 years		91,340	26,075	0	101,320	26,029
Between 7 and 15 years		91,340	29,500	0	101,320	27,500
More than 15 years	91,340	456,700	153,956	101,320	506,600	147,955
Total			213,485			251,151

Market Risk

There are three main market risks to which the Council is exposed:

- (i) **Interest Rate Risk** - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:
- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
 - Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances)
 - Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise, and
 - Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances)

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

Notes to the Core Financial Statements

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate borrowing exposure. The Central Treasury Team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate

investments may be taken for longer periods to secure better long term returns. Similarly the drawing of longer term fixed rates borrowing would be postponed.

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

	£'000
Increase in interest receivable on variable rate investment	377
Decrease in fair value of fixed rate borrowing liabilities (No impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	19,048

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

- (ii) **Price Risk** - The Council, excluding the Pension Fund, does not generally invest in equity shares or marketable bonds.
- (iii) **Foreign Exchange Risk** - The Council has no financial assets or liabilities denominated in foreign currencies at the Balance Sheet date. It therefore has no exposure to loss arising from movements in exchange rates.

Notes to the Core Financial Statements

Note 30 Debtor and Creditor Analysis

The Council's short term debtor and creditor balances can be categorised as follows:

Debtors

2022/23 £'000		2023/24 £'000
16,203	Trade Receivables	16,457
2,780	Prepayments	5,365
33,041	Other Receivable Amounts	41,485
52,024		63,307

Creditors

2022/23 £'000		2023/24 £'000
(16,954)	Trade Payables	(23,574)
(35,709)	Other Payables	(37,857)
(52,663)		(61,431)

Debtors for Local Taxation

Council Tax

The past due but not impaired amount for Council Tax can be analysed by age as follows:

2022/23 £'000		2023/24 £'000
652	Less Than 2 Months	513
283	2 To 4 Months	222
291	4 To 6 Months	290
1,822	6 Months To 1 Year	2,816
24,344	More Than 1 Year	26,033
27,392		29,874

For financial year 2023/24 the impairment allowance for Council Tax debtors amounted to £12.792m.

Non-Domestic Rates

Non-Domestic Rates are administered and collected by the Council on behalf of the Scottish Government under an agency agreement and as such have a nil carrying value within these financial statements.

Subject to the above, the past due but not impaired amount for Non-Domestic Rates can be analysed by age as follows:

2022/23 £'000		2023/24 £'000
451	Less Than 2 Months	420
147	2 To 4 Months	101
200	4 To 6 Months	297
223	6 Months To 1 Year	324
2,636	More Than 1 Year	2,515
3,657		3,657

Notes to the Core Financial Statements

Note 31 Movement in Reserves

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Balances of the General Fund line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked Balances of the General Fund undertaken by the Council.

	Restated Balance as at 31 March 2023 £'000	Transfers between reserves and funds £'000	Adjustment to the statutory repayment of debt for service concession arrangements £'000	(Gains) or Losses for the Year £'000	Balance as at 31 March 2024 £'000
Usable Reserves					
General Fund Balances	(49,647)	11,875	(32,655)	9,564	(60,862)
Capital Fund	(11,210)	990		-	(10,220)
Property Maintenance Fund	-	-		-	-
Insurance Fund	(1,386)	113		-	(1,273)
Unusable Reserves - Restated					
Capital Adjustment Account	(214,626)	(26,193)	32,655	-	(208,164)
Financial Instruments Adjustment Account	5,511	(342)		-	5,169
Revaluation Reserve	(156,797)	13,933		(32,811)	(175,675)
Pensions Reserve	(64,297)	(79)		(21,886)	(86,262)
Employee Statutory Adjustment Account	7,269	(298)		-	6,972
Total	(485,182)	(0)	-	(45,133)	(530,313)

Explanatory Note

The Scottish Government issued statutory guidance in 2022-23 (Finance circular 10/2022) which permitted the reprofiling of debt repayments charged to the General Fund for Service Concession arrangements. By applying this guidance a benefit of £32.655m was released which resulted in a positive contribution to General Fund balances for prior years. Following approval this has been earmarked for funding for the Financial Plan and to support the creation of a Change Fund targeting new technology, service changes and cost reductions. Details of the revised accounting treatment are provided at Note 16 of these accounts.

Notes to the Core Financial Statements

Adjustments Between Accounting Basis And Capital Funding Basis Under Regulations

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

A summary of all reserves movements are shown below:

Adjustments between accounting basis & funding basis under regulations 2022/23 - restated

	General Fund Balance	Capital Fund	Property Maintenance Fund	Insurance Fund	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Charges for depreciation & amortisation of non-current assets	(29,665)	-	-	-	(29,665)	29,665	-	
Impairment losses (charged to CI&ES)	240	-	-	-	240	(240)	-	
Revaluation Losses	15,518	-	-	-	15,518	(15,518)	-	
Capital grants and contributions applied	44,532	-	-	-	44,532	(44,532)	-	28
Employee Statutory Adjustments	(717)	-	-	-	(717)	717	-	
Profit/(Loss) on disposal of assets	(57)	(803)	-	-	(860)	860	-	
Revenue Expenditure Funded From Capital under Statute	(4,277)	-	-	-	(4,277)	4,277	-	
Amount by which finance costs charged to the CI&ES are different in accordance with statutory requirements	303	-	-	-	303	(303)	-	
Net retirement charges per IAS 19	(43,914)	-	-	-	(43,914)	43,914	-	
Loans Fund principal repayments and Statutory premia	10,131	-	-	-	10,131	(10,131)	-	
Capital Expenditure charged to General Fund balance	430	-	-	-	430	(430)	-	
Employers contribution payable to Pension Fund	15,237	-	-	-	15,237	(15,237)	-	
Net Transfers to or (from) other reserves	2,350	409	51	237	3,048	(3,048)	-	
Total in year adjustments	10,111	(394)	51	237	10,066	(10,066)	-	

Notes to the Core Financial Statements

Adjustments between accounting basis & funding basis under regulations 2023/24

	General Fund Balance	Capital Fund	Property Maintenance Fund	Insurance Fund	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Charges for depreciation & amortisation of non-current assets	(57,615)				(57,615)	57,615	-	
Impairment Losses (charged to CI&ES)	(651)				(651)	651	-	
Revaluation Losses	3,394				3,394	(3,394)	-	
Capital grants and contributions applied	38,662				38,662	(38,662)	-	28
Employee Statutory Adjustments	298				298	(298)	-	
Profit/(Loss) on disposal of assets	(741)	(3,020)			(3,761)	3,761	-	
Revenue Expenditure Funded From Capital under Statute	(1,013)				(1,013)	1,013	-	
Amount by which finance costs charged to the CI&ES are different in accordance with statutory requirements	342				342	(342)	-	
Net retirement charges per IAS 19	(16,979)				(16,979)	16,979	-	
Loans Fund principal repayments and Statutory premia	12,876				12,876	(12,876)	-	
Capital Expenditure charged to General Fund balance	372				372	(372)	-	
Employers contribution payable to Pension Fund	17,058				17,058	(17,058)	-	
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	(32,655)				(32,655)	32,655	-	31
Net Transfers to or (from) other reserves	2,899	4,011	-	113	7,022	(7,022)	-	
Total in year adjustments	(33,755)	990	-	113	(32,652)	32,652	-	

Notes to the Core Financial Statements

Usable Reserves

Usable reserves are those that can be applied to fund expenditure or reduce the requirement to raise local taxation.

The General Fund Balances are further analysed as follows:

2022/23 £'000	Analysis as at 31 March	2023/24 £'000
	Earmarked Balances of the General Fund	
(3,589)	Education & Lifelong Learning - Devolved School Management	(1,163)
	Specific Departmental Reserves	
(5,264)	Infrastructure & Environment	(5,397)
(3,927)	Strategic Commissioning & Partnerships	-
(5,790)	Social Work & Practice	-
(5,323)	Education & Lifelong Learning	(498)
(3,187)	Resilient Communities	-
(3,862)	Finance & Corporate Governance	(406)
(200)	People Performance & Change	-
(8,525)	Allocated Reserves - Financial Plan	(46,200)
(39,667)		(53,664)
(9,980)	Non-Earmarked Balances of the General Fund	(7,198)
(49,647)	Total General Fund Reserve	(60,862)

Unusable Reserves

Unusable reserves are those that the Council is not able to use to provide services. The movements in these reserves are analysed below as follows:

	Capital Adjustment Account	Financial Instruments Adjustment Account	Revaluation Reserve	Restated Pensions Reserve	Employee Statutory Adjustment Account	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31/03/2023 carried forward	(214,626)	5,511	(156,796)	(64,297)	7,269	(422,938)
Depreciation Charged	31,157	-	12,975	-	-	44,132
Amortisation	508	-	-	-	-	508
Revaluation (gains)/losses	(3,394)	-	(32,811)	-	-	(36,205)
Impairment losses	651	-	-	-	-	651
Assets written off on de-recognition or sale	2,803	-	958	-	-	3,761
Revenue Expenditure funded from Capital	1,013	-	-	-	-	1,013
Employee Statutory Adjustments	-	-	-	-	(298)	(298)
Capital Receipts Applied	(2,301)	-	-	-	-	(2,301)
Capital Grants and Contributions Applied	(38,662)	-	-	-	-	(38,662)
Amount by which finance costs charged to the CI&ES are different in accordance with statutory requirements	-	(342)	-	-	-	(342)
Net retirement charges per IAS 19	-	-	-	16,979	-	16,979
Loans Fund principal repayments and Statutory premia	(12,876)	-	-	-	-	(12,876)
Actuarial (gains)/losses on Pensions Assets and Liabilities	-	-	-	(21,886)	-	(21,886)
Employers Pension Contributions and Payments	-	-	-	(17,058)	-	(17,058)
Capital from Current Revenue	(372)	-	-	-	-	(372)
Adjustment to the statutory repayment of debt for service concession arrangements - permitted flexibility	32,655	-	-	-	-	32,655
Transfer Between Reserves	(4,722)	-	-	-	-	(4,722)
Balance at 31 March 2024	(208,164)	5,169	(175,675)	(86,262)	6,972	(457,959)

Notes to the Core Financial Statements

	Capital Adjustment Account	Financial Instruments Adjustment Account	Revaluation Reserve	Restated Pensions Reserve	Employee Statutory Adjustment Account	Total Unusable Reserves
	Restated					
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31/03/2022 carried forward	(174,125)	5,814	(164,118)	159,481	6,552	(166,396)
Depreciation Charged	29,240	-	9,579	-	-	38,819
Amortisation	425	-	-	-	-	425
Revaluation (gains)/losses	(15,518)	-	(3,660)	-	-	(19,178)
Impairment losses	(240)	-	-	-	-	(240)
Assets written off on de-recognition or sale	534	-	326	-	-	860
Revenue Expenditure funded from Capital	4,277	-	-	-	-	4,277
Employee Statutory Adjustments	-	-	-	-	717	717
Capital Receipts Applied	(3,048)	-	-	-	-	(3,048)
Capital Grants and Contributions Applied	(44,532)	-	-	-	-	(44,532)
Amount by which finance costs charged to the Cl&ES are different in accordance with statutory requirements	-	(303)	-	-	-	(303)
Net retirement charges per IAS 19	-	-	-	43,914	-	43,914
Loans Fund principal repayments and Statutory premia	(10,131)	-	-	-	-	(10,131)
Actuarial (gains)/losses on Pensions Assets and Liabilities	-	-	-	(252,455)	-	(252,455)
Employers Pension Contributions and Payments	-	-	-	(15,237)	-	(15,237)
Capital from Current Revenue	(430)	-	-	-	-	(430)
Transfer Between Reserves	(1,077)	-	1,077	-	-	-
Balance at 31 March 2023	(214,626)	5,511	(156,796)	(64,297)	7,269	(422,939)

Capital Adjustment Account

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

Financial Instruments Adjustment Account

This 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.

Revaluation Reserve

The Revaluation Reserve contains the gains made by a Council arising from increases in the value of its Property Plant and Equipment. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Pension Reserve

The Pension 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.

Employee Statutory Adjustment Account

This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in 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.

Notes to the Core Financial Statements

Note 32 Cash Flow

2022/23		2023/24	
£'000	Reconciliation to General Fund Surplus	£'000	
1,812	Net (Surplus) or deficit on the provision of services	9,564	
	Adjustments to (surplus) or deficit on the provision of services for non cash movements		
(38,822)	Depreciation	(44,132)	
15,758	Impairment & Revaluation Loss through CIES	2,743	
(425)	Amortisation of intangible assets	(508)	
(28,677)	Movement in pension liability	79	
(57)	Gain/Loss on carrying amounts of assets disposed	(741)	
153	Net movement in inventories charged to CIES	(124)	
(12,090)	Net movement in debtors charged to CIES	13,401	
9,047	Net movement in creditors charged to CIES	(3,518)	
(36)	Net movement in provisions charged to CIES	(481)	
(55,148)		(33,281)	
	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities		
44,532	Capital grants received	38,662	
-	Any other items received for the financing of capital or to meet principal repayments which have been recognised through the CIES	-	
44,532		38,662	
(8,804)	Net Cash Outflow / (Inflow) from Operating Activities	14,945	

Note 33

Impairment & Revaluation Gain/Losses

During 2023/24, Scottish Borders Council recognised a net impairment and revaluation gain of £2.743m within the Net Cost of Services. This includes a reversal of £11.665m against losses in previous years.

Note 34

Cash and Cash Equivalents

The balance of the cash and cash equivalents is made up of the following elements:

2022/23		2023/24	
£'000		£'000	
14	Cash held by officers	11	
1,128	Bank current accounts	2,725	
27,000	Short term deposits	500	
28,142	Total	3,236	

Supplementary Financial Statements

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 of the Council.

2022/23			2023/24	
£'000	£'000		£'000	£'000
	(78,660)	Gross Charges Levied		(83,096)
5,574		Less: Council Tax Reduction Scheme	5,680	
5,574			5,680	
8,652		Discounts and Exemptions	9,216	
843		Allowance for Impairment	892	
-		Miscellaneous	-	
	15,069			15,788
	(63,591)			(67,308)
	(63,591)	Total Income Credited to the Comprehensive Income & Expenditure Statement		(67,308)

Notes to the Council Tax Income Account

Note 1 Calculation of Council Tax base at 1 April 2023

The calculation of the council tax base, ie the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) after providing for non-payment, as an equivalent number of band D dwellings and the level of non-payment provided for.

Band	Number of Properties 2022/23	Number of Properties 2023/24	Proportion	2022/23 £	2023/24 £
A	16,478	16,533	240/360	861.02	904.07
B	12,795	12,842	280/360	1,004.52	1,054.75
C	7,289	7,360	320/360	1,148.03	1,205.43
D	6,271	6,301	360/360	1,291.53	1,356.11
E	6,605	6,628	473/360	1,696.93	1,781.78
F	5,057	5,082	585/360	2,098.74	2,203.68
G	4,673	4,717	705/360	2,529.25	2,655.72
H	489	494	882/360	3,164.25	3,322.47
Total	59,657	59,957			
Provision for Non Collection	(716)	(719)			
TOTAL	58,941	59,238			

Supplementary Financial Statements

Council Tax Income Account

Note 2 Water and Waste Water Charges

The Council is required to bill and collect water and waste water charges on domestic properties along with Council Tax as part of an agency agreement. These charges were determined by Scottish Water and for 2023/24 the Band D charges were £232.47 for water and £269.82 for waste water.

Non-Domestic Rate Income Account

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

2022/23			2023/24	
£'000	£'000		£'000	£'000
	(52,606)	Gross Rates Levied & Contribution in Lieu		(59,866)
	742	Prior Year Adjustments		854
16,358		Less: Reliefs and Other Deductions	17,257	
283		Write-offs of uncollectable debts & allowance for impairment	629	
-		Interest paid on overpaid rates	-	
	16,641			17,886
	(35,223)			(41,126)
	(35,223)	Net Non-Domestic Rate Income		(41,126)
	-	- Adjustment to Previous Years National Non-Domestic Rates		-
	(35,223)	Contribution to National Pool		(41,126)
	35,294	Distribution received from National Pool		37,818
	(35,294)	Income Credited to the Comprehensive Income & Expenditure Statement		(37,818)

Supplementary Financial Statements

Notes to the Non-Domestic Rate Income Account

Note 1 Rateable Subjects at 1 April 2023

Classification	Number	Rateable Value £'000
Advertising	8	25
Care Facilities	78	2,252
Communications (non-Formula)	3	17
Cultural	51	791
Education and Training	90	11,749
Garages and Petrol Stations	211	2,581
Health Medical	87	4,235
Hotels,etc	112	3,565
Industrial Factories,Warehouses & Stores	2,304	23,519
Leisure Entertainment,Caravans & Hol.Sites	1,292	8,373
Offices including Banks	975	8,543
Other	583	2,357
Petrochemical	1	1,510
Public Houses	77	1,104
Public Service Subjects	408	6,103
Quarries, Mines, etc	11	257
Religious	285	1,600
Shops	1,245	20,701
Sporting Subjects	1,146	2,643
Undertakings	48	15,071
Total	9,015	116,996

Note 2 Non-Domestic Rates

The Non-Domestic rate is fixed by the Scottish Government and for 2023/24 was:

49.8p for properties with a rateable value up to £51,000 with supplements of 1.3p for properties with a rateable value between £51,000 and £100,000 and 2.6p for properties with a rateable value in excess of £100,000.

Trust Funds

Scottish Borders Council administers numerous charitable trusts and bequests. Elected Members of the Council act as Trustees of these charities. Those registered with the Office of the Scottish Charity Regulator (OSCR) are detailed below:

- **Scottish Borders Council Education Trust**
- **Scottish Borders Council Community Enhancement Trust**
- **Scottish Borders Council Welfare Trust**

These three charities were registered with OSCR on 1 April 2014 and each contains funds that are restricted by purpose and geographical area.

- Following the successful transfer of 7 trusts into the SBC Community and Enhancement Trust and 37 into the SBC Welfare Trust in 2018/19, **The Scottish Borders Council Charitable Trust** continues to administer 32 separate trusts and bequests as at the Balance Sheet date.
- **The Ormiston Trust for Institute** remains as a separately registered trust with OSCR.

All OSCR registered charities are subject to audit, in line with OSCR requirements and a full set of financial statements compliant with those requirements are published separately. The Council also administers a further 39 non-registered charities which are accounted for in Group Accounts.

Trust Funds

A summary Comprehensive Income and Expenditure Statement, Balance Sheet and Movement in Reserves Statement are detailed below, recognising all registered and unregistered charities administered by the Council.

Comprehensive Income & Expenditure Statement

2022/23		2023/24
£'000		£'000
	Income	
(154)	Rents and Other Income	(61)
(154)	Total Income	(61)
	Expenditure	
38	Premises- related Expenditure	172
5	Supplies and Services	7
54	Third Party Grants and Payments	91
360	Depreciation	137
457	Total Expenditure	407
303	Cost Of Services	346
-	Gains/(Loss) on the sale of investments	-
(139)	Investment income and similar income	(179)
255	Changes in fair value of investments	(588)
419	(Surplus) or Deficit on Provision of Services	(421)
-	Gains on Revaluation of Property	(414)
-	Other Comprehensive (Income) and Expenditure	(414)
419	Total Comprehensive (Income) and Expenditure	(835)

Balance Sheet

Trusts Balance Sheet		
2022/23		2023/24
£'000		£'000
2,064	Property Plant & Equipment	2,341
1,895	Long-Term Investments	2,480
3,959	Long-Term Assets	4,821
11	Sundry Debtors	35
618	Operating Balance Debtor (Scottish Borders Council)	587
629	Current Assets	622
(3)	Short Term Creditors	(23)
(3)	Current Liabilities	(23)
4,585	Net Assets	5,420
(1,995)	Property Revaluation Reserve	(2,272)
(2,590)	Useable Reserves	(3,148)
(4,585)	Total Reserves	(5,420)

Trust Funds

Trusts Property Plant & Equipment		
2022/23		2023/24
£'000		£'000
2,424	Opening Net Book Value	2,064
-	Additions	-
-	Revaluations	414
-	Assets Transferred from General Services (Revaluation Balances)	-
(360)	Depreciation	(137)
2,064	Closing Net Book Value	2,341

Movement in Reserves Statement

Usable Reserves			Unusable Reserves			Total Reserves		
2022/23	2022/23	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(2,650)	(2,355)	(5,005)	(2,590)	(1,995)	(4,585)			
419	-	419	(421)	-	(421)			
-	-	-	-	(414)	(414)			
419	-	419	(421)	(414)	(835)			
(360)	360	-	(137)	137	-			
(360)	360	-	(137)	137	-			
59	360	419	(558)	(277)	(835)			
(2,590)	(1,995)	(4,585)	(3,148)	(2,272)	(5,420)			

Movement in Trusts Reserves

Opening Balance at 1 April brought forward

Movement in reserves during the period

(Surplus) or Deficit on provision of services

Other Comprehensive Expenditure and (Income)

Total Comprehensive Expenditure and (Income)

Adjustments between usable and unusable reserves

Depreciation charged to the Revaluation Reserve

Total adjustments between useable and unusable reserves

(Increase)/Decrease in year

Balance at 31 March 2024 carried forward

Trust Funds Analysis	Education	Charitable	Welfare	Community Enhancement	Ormiston	Total Registered Charities	Non Registered Charities	Total Trusts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance Brought forward at 1 April 2023	(8)	(303)	(749)	(196)	(61)	(1,317)	(1,273)	(2,590)
(Surplus)/Deficit in the Year	(8)	(489)	(58)	(15)	22	(548)	127	(421)
Depreciation charged to the Revaluation Reserve	-	-	-	-	(22)	(22)	(115)	(137)
Fund Balance at 31 March 2024	(16)	(792)	(807)	(211)	(61)	(1,887)	(1,261)	(3,148)
Property Revaluation Reserve	-	-	-	-	(550)	(550)	(1,722)	(2,272)
Total Reserves	(16)	(792)	(807)	(211)	(611)	(2,437)	(2,983)	(5,420)

Common Good Funds

The Council administers the Common Good Funds for twelve towns within its area. The purpose of the Common Good Funds are that, subject to their legal responsibilities in terms of any assets held, the funds are operated for the common good of the residents of the towns and may be used to provide enhancement of citizenship or community development.

The statements below give the income and expenditure for the year and the assets and liabilities at 31 March 2024, for each of the funds. The accounting policies applied are those as set out in pages 64 to 74.

All funds are invested in the Aegon Asset Management diversified income fund.

Following deregistration of Common Good Funds as a charity with OSCR, separate annual accounts are no longer prepared as a requirement.

Comprehensive Income and Expenditure Statement

2022/23		2023/24
£'000		£'000
	Income	
(421)	Rents and Other Income	(240)
(421)	Total Income	(240)
	Expenditure	
445	Premises- related Expenditure	278
90	Supplies and Services	73
66	Third Party Grants and Payments	142
696	Depreciation	696
1,297	Total Expenditure	1,189
876	Cost Of Services	949
-	Gains/(Loss) on the sale of investments	-
(213)	Investment income and similar income	(193)
357	Changes in fair value of investments	(137)
1,020	(Surplus) or Deficit on Provision of Services	619
-	Gains on Revaluation of Property	(771)
-	Other Comprehensive (Income) and Expenditure	(771)
1,020	Total Comprehensive (Income) and Expenditure	(152)

Common Good Funds

Balance Sheet

Common Good Balance Sheet		
2022/23		2023/24
£'000		£'000
13,659	Property Plant & Equipment	13,734
2,575	Long-Term Investments	2,714
16,234	Long-Term Assets	16,448
73	Sundry Debtors	157
424	Operating Balance Debtor (Scottish Borders Council)	338
497	Current Assets	495
(15)	Short-Term Creditors	(75)
(15)	Current Liabilities	(75)
16,716	Net Assets	16,868
(13,019)	Property Revaluation Reserve	(13,094)
(3,697)	Useable Reserves	(3,774)
(16,716)	Total Reserves	(16,868)

Common Good Property Plant & Equipment		
2022/23		2023/24
£'000		£'000
14,355	Opening Net Book Value	13,659
-	Additions	-
-	Revaluations	771
-	Assets Transferred from General Services (Revaluation Balances)	-
(696)	Depreciation	(696)
13,659	Closing Net Book Value	13,734

Useable Reserves	Unusable Reserves	Total Reserves		Useable Reserves	Unusable Reserves	Total Reserves
2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
£'000	£'000	£'000		£'000	£'000	£'000
(4,021)	(13,715)	(17,736)	Opening Balance at 1 April brought forward	(3,697)	(13,019)	(16,716)
1,020	-	1,020	Movement in reserves during the period	619	-	619
-	-	-	(Surplus) or Deficit on provision of services	-	(771)	(771)
1,020	-	(16,716)	Other Comprehensive Expenditure and (Income)	619	(771)	(16,868)
(696)	696	-	Total Comprehensive Expenditure and Income	(696)	696	-
(696)	696	-	Adjustments between usable and unusable reserves	(696)	696	-
324	696	1,020	Depreciation charged to the Revaluation Reserve	(77)	(75)	(152)
(3,697)	(13,019)	(16,716)	Total adjustments between useable and unusable reserves	(3,774)	(13,094)	(16,868)
			(Increase)/Decrease in year			
			Balance at 31 March 2024 carried forward			

Common Good Funds

Common Good Fund Analysis	Coldstream £'000	Duns £'000	Eyemouth £'000	Galashiels £'000	Hawick £'000	Innerleithen £'000	Jedburgh £'000	Kelso £'000	Lauder £'000	Melrose £'000	Peebles £'000	Selkirk £'000	Total £'000
Balance Brought forward at 1 April 2023	(122)	(19)	(6)	(313)	(672)	(135)	(979)	(298)	(221)	(37)	(548)	(347)	(3,697)
(Surplus)/Deficit in the Year	11	(2)	-	61	109	40	(36)	51	67	4	198	116	619
Depreciation charged to the Revaluation Reserve	(12)	-	-	(75)	(80)	(40)	(13)	(78)	(72)	(6)	(181)	(139)	(696)
Fund Balance at 31 March 2024	(123)	(21)	(6)	(327)	(643)	(135)	(1,028)	(325)	(226)	(39)	(531)	(370)	(3,774)
Property Revaluation Reserve	(163)	-	(0)	(479)	(4,221)	(364)	(556)	(919)	(1,632)	(11)	(849)	(3,900)	(13,094)
Total Reserves	(286)	(21)	(6)	(806)	(4,864)	(499)	(1,584)	(1,244)	(1,858)	(50)	(1,380)	(4,270)	(16,868)

Group Accounts

Introduction to the Group Accounts

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and relevant accounting standards, require local authorities to consider all their interests in other organisations and to prepare a full set of group financial statements where they have material interests in subsidiary and associated entities and joint arrangements. The Local Authority group is defined as the Local Authority and its interests in entities which would be regarded as its subsidiaries or associates or joint arrangements were it subject to the Companies Act. The Code requires that group financial statements include the following statements along with the appropriate notes:

- a Group Movement in Reserves Statement
- a Group Comprehensive Income and Expenditure Statement
- a Group Balance Sheet
- a Group Cash Flow Statement

The Group Accounts and Notes are set out on pages 129 to 138.

For the purposes of consolidation and incorporation within the Local Authority Group, the Council has consolidated the following entities:

Subsidiaries

Subsidiary entities are those over which the Council has been deemed to have control. The following bodies have been recognised as subsidiaries of Scottish Borders Council:

- Common Good Funds
- Charitable Trust Funds
- Bridge Homes LLP
- Live Borders
- Lowood Tweedbank
- SB Inspires LLP

The Council is the sole trustee of the Common Good Funds and the Charitable Trust Funds and summary financial results for these entities appear on pages 123 to 128. Bridge Homes LLP, a partnership between the Council and Scottish Futures Trust Investments Ltd, created to invest in residential property and in which the Council is entitled to 99.999% of the profits and equally exposed to 99.999% of the losses, is also treated as a subsidiary body.

Live Borders, an integrated trust providing culture and leisure services on behalf of Scottish Borders Council was established on 1 April 2016. Services provided by the trust include Arts, Libraries, Archives, Museums, and Galleries, Sport and Leisure facilities.

Lowood Tweedbank Limited, has been excluded from the Group accounts in 2022/23 and 2023/24 on the basis of materiality.

SB Inspires LLP has also been excluded from the Group accounts in 2023/24 on the basis of materiality.

Group Accounts

Associates

Associate entities are those over which the Council has been deemed to exercise significant influence. The following body has been recognised as an associate of Scottish Borders Council:

Jedburgh Leisure Facilities Trust, has been excluded from the Group accounts in 2022/23 and 2023/24 on the basis of materiality.

Joint Arrangements

Joint arrangements can be either joint operations or joint ventures. Joint operations are joint arrangements where the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The following body has been recognised as a Joint Venture.

- Scottish Borders Health and Social Care Partnership

The Council commenced a joint arrangement with NHS Borders to establish The Scottish Borders Health and Social Care Partnership on 6 February 2016. This is a partnership set up to bring about change in the way health and social care services are planned, commissioned and delivered from 1 April 2016.

The Board's Comprehensive Income & Expenditure Statement showed gross expenditure of £243.411m and income of £240.414m of which £91.049m and £89.550m have been consolidated into SBC Group Accounts on a 50% joint equity basis. An additional adjustment of £806k was consolidated to reflect the movement in the Board's position from draft to finalised accounts in 2022-23. Both the Balance Sheet and Movement In Reserves Statement show a net position of £6.846m

The financial statements for the Scottish Borders Health and Social Care Partnership are available from the Council Headquarters.

Group Comprehensive Income and Expenditure Statement

Restated 2022/23				2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
92,601	(13,192)	79,409	Infrastructure & Environment	96,849	(14,869)	81,980
46,335	(7,206)	39,129	Strategic Commissioning & Partnerships	50,305	(6,882)	43,423
156,671	(86,202)	70,468	Social Work & Practice	168,144	(89,651)	78,493
112,338	(21,000)	91,338	Education & Lifelong Learning	130,549	(20,769)	109,779
63,756	(25,623)	38,133	Resilient Communities	55,424	(27,078)	28,346
19,603	(3,522)	16,082	Finance & Corporate Governance	15,572	(2,473)	13,098
8,798	(163)	8,636	People, Performance & Change	8,603	(360)	8,243
1,300	(421)	879	Common Good	1,051	(240)	811
458	(159)	299	Trust Funds	407	(61)	346
8,912	-	8,912	Share of Operating Results Of Associates & Joint Ventures	962	-	962
510,772	(157,488)	353,285	Services provided by the Council	527,865	(162,384)	365,483
510,772	(157,488)	353,285	Net Cost of Services	527,865	(162,384)	365,483
2,747	(2,672)	75	Roads Trading Operation (Surplus)/Deficit (External)	2,141	(2,285)	(144)
860	(803)	57	Other Operating Expenditure (Gain)/Loss on Disposal of Assets	3,761	(3,020)	741
16,454	-	16,454	Financing & Investment Income and Expenditure Interest Payable & Similar Charges	14,617	-	14,617
-	(1,781)	(1,781)	Interest Receivable & Similar Income	-	(2,977)	(2,977)
25,525	(20,899)	4,626	Net Interest Expense on the Net Defined Benefit Liability	-	(2,992)	(2,992)
-	-	-	Share Of Associates & Joint Ventures Interest Payable	-	-	-
-	(216,297)	(216,297)	Taxation and Non-Specific Grant Income Revenue Support Grant	-	(218,189)	(218,189)
-	(35,294)	(35,294)	Non-Domestic Rates Pool for Scotland	-	(37,818)	(37,818)
-	(63,591)	(63,591)	Council Tax	-	(67,308)	(67,308)
-	(44,532)	(44,532)	Capital Grants and Contributions	-	(38,662)	(38,662)
		13,002	(Surplus)/Deficit on Provision of Services			12,751

Group Comprehensive Income and Expenditure Statement

Restated 2022/23				2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
		13,002	(Surplus)/Deficit on Provision of Services			12,751
		(3,660)	(Surplus)/Deficit on revaluation of Non Current Assets			(33,996)
		612	Any Other (Gains) Or Losses			(239)
		(261,096)	Actuarial (gains)/losses on pension assets/liabilities			(18,294)
		(264,144)	Other Comprehensive Income and Expenditure			(52,529)
		(251,142)	Total Comprehensive (Income)/Expenditure			(39,779)

Group Balance Sheet

Restated 2022/23 £'000		2023/24 £'000
477,290	Property Plant and Equipment	493,103
30,956	Other Land and Buildings	32,690
141,027	Vehicle, Plant, Furniture & Equipment	144,706
6,738	Infrastructure	6,446
79,064	Surplus Assets	135,405
1,039	Assets Under Construction	1,039
715	Heritage Assets	302
4,469	Intangible Assets	5,194
4,386	Long Term Investments	3,423
1,114	Investments In Associates & Joint Ventures	1,185
86,722	Long Term Debtors	104,616
	Pension Asset	
833,520	Long Term Assets	928,109
1,686	Inventories	1,573
52,371	Short Term Debtors	63,918
(13,182)	less Impairment of Receivables	(13,827)
30,137	Cash and Cash Equivalents	5,366
71,013	Current Assets	57,030
(3,573)	Short Term Borrowing	(49,667)
(53,528)	Short Term Creditors	(64,853)
(203)	Provisions	(539)
(57,303)	Current Liabilities	(115,058)
(209,912)	Long Term Borrowing	(201,484)
(79,757)	Deferred Liabilities	(75,122)
(3,367)	Provisions	(3,511)
(17,392)	Capital Grants Receipts in Advance	(13,863)
0	Pension Liability - Funded Obligations	0
(18,009)	Pension Liability - Unfunded Obligations	(17,529)
(328,436)	Long Term Liabilities	(311,509)
518,792	Net Assets	558,571
518,792	Net Assets/(Liabilities) including Pension Liability	558,571

Group Balance Sheet

Restated 2022/23 £'000	Financed By:	2023/24 £'000
	Useable Reserves	
(11,210)	Capital Fund	(10,220)
(49,647)	General Fund Balance	(60,862)
-	Property Maintenance Fund	0
(1,386)	Insurance Fund	(1,273)
(14,182)	Share of Group Entities Usable Reserves	(12,067)
	Unusable Reserves	
(214,626)	Capital Adjustment Account	(208,164)
5,511	Financial Instruments Adjustment Account	5,169
(156,796)	Revaluation Reserve	(175,674)
(64,297)	Pension Reserve	(86,262)
7,269	Employee Statutory Adjustment Account	6,972
(19,430)	Share of Group Entities Unusable Reserves	(16,190)
(518,792)	Total Reserves	(558,571)

The unaudited accounts were authorised for issue on 25 June 2024 and the audited accounts were authorised for issue on 26 September 2024.

Suzanne Douglas

Suzanne Douglas CPFA
Director of Finance

26 September 2024

Group Movement in Reserves Statement

Movement In Reserves during 2022/23 - Restated

	Scottish Borders Council Usable Reserves	Group Entities Usable Reserves	Total Group Usable Reserves	Scottish Borders Council Unusable Reserves	Group Entities Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 01/04/2022	(64,482)	(24,253)	(88,735)	(166,395)	(12,520)	(178,915)	(267,650)

Movement In Reserves during 2022/23

Total Comprehensive Income & Expenditure	1,812	11,077	12,889	(256,115)	(7,916)	(264,031)	(251,142)
Adjustments between accounting basis & funding basis under regulations	428	(1,006)	(578)	(428)	1,006	578	-
Increase or Decrease in 2022/23	2,240	10,071	12,311	(256,543)	(6,910)	(263,453)	(251,142)
Balance at 31/03/2023 carried forward	(62,242)	(14,181)	(76,424)	(422,939)	(19,430)	(442,369)	(518,792)

Movement In Reserves during 2023/24

	Scottish Borders Council Usable Reserves	Group Entities Usable Reserves	Total Group Usable Reserves	Scottish Borders Council Unusable Reserves	Group Entities Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 01/04/2023	(62,242)	(14,181)	(76,424)	(422,939)	(19,430)	(442,369)	(518,792)

Movement In Reserves during 2023/24

Total Comprehensive Income & Expenditure	9,564	2,949	12,513	(54,697)	2,407	(52,290)	(39,779)
Adjustments between accounting basis & funding basis under regulations	(19,676)	(833)	(20,509)	19,676	833	20,509	-
Increase or Decrease in 2023/24	(10,112)	2,116	(7,996)	(35,021)	3,240	(31,781)	(39,779)
Balance at 31/03/2024 carried forward	(72,354)	(12,067)	(84,419)	(457,960)	(16,190)	(474,150)	(558,571)

Group Cash Flow Statement

2022/23 £'000		2023/24	
		£'000	£'000
13,002	Net (Surplus) or Deficit on the provision of services	12,751	
(8,912)	Adjustments for associate entities included in the net (surplus) or deficit on the provision of services that are excluded from the group cash flow statement	(963)	
(57,244)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(36,343)	
44,532	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	38,662	
(8,622)	Net Cash Flows From Operating Activities		14,107
	Investing Activities		
57,878	Purchase of PP&E, Investment Property and Intangible Assets	84,354	
(803)	Proceeds from PP&E, investment Property and Intangible assets	(3,020)	
131	Purchase/(Disposal) of Short & Long-Term investments	19	
(34,405)	Other Items which are Investing Activities	(37,944)	
22,801	Net Cash Flows from Investing Activities		43,409
	Financing Activities		
-	Cash received from loans & other borrowing	(46,381)	
2,507	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	4,683	
1,778	Repayments of Short and Long-Term borrowing	8,953	
-	Other items which are financing activities	-	
4,285	Net Cash Flows from Financing Activities		(32,745)
18,464	Net (Increase) or Decrease in Cash and Cash Equivalents		24,771
48,601	Cash and Cash Equivalents at the beginning of the reporting period		30,137
30,137	Cash and Cash Equivalents at the end of the reporting period		5,366
18,464	Movement		24,771

Notes to the Group Accounts

Note 1 Group Accounting Policies

The Financial Statements in the Group Accounts have been prepared in accordance with the Council's accounting policies set out in pages 64 to 74.

The Council has accounted for its interest in each subsidiary using the acquisition method of accounting. The Council's interests in associates and joint ventures have been accounted for using the equity method of accounting. Where applicable, consolidation adjustments have been made to eliminate inter-group transactions.

Note 2 Group Cash Flow

A reconciliation between the Group Comprehensive Income and Expenditure Statement and the revenue activities in the Group Cash Flow Statement is provided in the table below:

2022/23 £'000		2023/24 £'000
	Reconciliation to General Fund Surplus	
13,002	Net (Surplus) or Deficit on the provision of services	12,751
(8,912)	Adjustments for associate entities included in the net (surplus) or deficit on the provision of services that are excluded from the group cash flow statement	(963)
	Adjustments to (surplus) or deficit on the provision of services for non cash movements	
(40,186)	Depreciation	(45,325)
15,758	Impairment & Revaluation Loss through CIES	2,743
(425)	Amortisation of intangible assets	(508)
(29,402)	Movement in pension liability	79
(57)	Gain/Loss on carrying amounts of assets disposed	(741)
181	Net movement in inventories charged to CIES	(113)
(12,380)	Net movement in debtors charged to CIES	14,172
9,303	Net movement in creditors charged to CIES	(6,169)
(36)	Net movement in provisions charged to CIES	(481)
(57,244)		(36,343)
	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	
44,532	Capital grants received	-
-	Any other items received for the financing of capital or to meet principal repayments which have been recognised through the CIES	38,662
44,532		38,662
(8,622)	Net Cash Outflow / (Inflow) from Operating Activities	14,107

Note 3 Financial Impact of Group Consolidation

The inclusion of the group entities has an impact on the Council's single entity position on provision of services. The deficit of £9.654m on the Council's single entity Comprehensive Income and Expenditure Statement becomes a group deficit of £12.751m. The net asset position of the Council's single entity Balance Sheet of £530.313m becomes £558.571m on group consolidation. Overall, the Group Balance Sheet position has increased by £39.779m from 2022/23 largely as a result of the increase in pension asset and PPE Land & Buildings revaluations.

Notes to the Group Accounts

Note 4 Material Movements on Consolidation

The material movements between the Council's and the Group entities financial statements are summarised as follows:-

	£'000	Joint Ventures	Subsidiaries				£'000	2023/24
		£'000	£'000					£'000
	SBC	HSCIJB	Common Good	Trust Funds	Bridge Homes	Live Borders	Inter Company	
Long Term Assets	796,405	3,423	16,448	4,821	-	2,395	-	823,492
Current Assets	54,189	-	495	622	350	3,071	(1,697)	57,030
Current Liabilities	(111,636)	-	(75)	(23)	(350)	(3,745)	772	(115,056)
Long Term Liabilities	(294,906)	-	-	-	-	-	925	(293,981)
Net Assets/(Liabilities) excluding Pension Asset/Liability	444,051	3,423	16,868	5,420	-	1,721	0	471,484
Pension Asset/(Liability)	86,262	-	-	-	-	825	-	87,087
Net Assets/(Liabilities) including Pension Asset/ Liability	530,313	3,423	16,868	5,420	-	2,546	0	558,571

Financed By:

	£'000	Joint Ventures	Subsidiaries				£'000	2023/24
		£'000	£'000					£'000
	SBC	HSCIJB	Common Good	Trust Funds	Bridge Homes	Live Borders	Inter Company	
Useable Reserves	(72,355)	(3,423)	(3,774)	(3,148)	-	(1,722)	-	(84,422)
Unusable Reserves	(457,958)	-	(13,094)	(2,272)	-	(824)	-	(474,149)
Total Reserves	(530,313)	(3,423)	(16,868)	(5,420)	-	(2,546)	-	(558,571)

Glossary of Terms

We recognise that financial statements by their nature need to include some technical terms and the purpose of this section is to explain some of the more important ones.

Aggregate External Finance (AEF): this is the term given to the total of funding provided by the Scottish Government. It comprises three parts, which are explained below;

- **Revenue Support Grant (RSG):** this is the largest part of AEF. It is a block grant which helps finance the overall cost of Council services.
- **Non-Domestic Rate Income (NDRI):** local businesses pay rates based on a rateable value determined by the Assessor and a rate poundage determined by the Scottish Government. The Council pays rates levied into a national pool and receives income from the pool based on a formula.
- **Specific Grants:** the final part of AEF. As the name suggests, these grants are paid to support specific services/activities and can enable the Scottish Government to more directly influence service provision than with a block grant.

Amortisation: similar to depreciation but applied to intangible assets i.e. the measurement of the value of an asset used during the year.

Budget: the budget sets out what the Council intends to spend and how it will be paid for. Budgets are prepared and approved before the start of a financial year for both revenue and capital expenditure. Each financial year budget is part of a 5 year Revenue or a 10 year Capital Financial Plan.

Capital Adjustment Account: provides a balancing mechanism between the different rates at which assets are depreciated and financed.

Capital Borrowing: this is the element of the Capital Programme not financed by capital and revenue resources (i.e. capital receipts, capital grants and revenue contributions). The capital expenditure will give rise to a borrowing need; however it is important to note that the need may not result in actual external borrowing, and the decision may be taken to finance borrowing from within the Council.

Capital Expenditure: spending on assets of lasting value, whose useful life exceeds the current year. Examples are schools, major road works, improving social work and leisure facilities. Capital expenditure is financed principally from borrowing but can also be funded by capital receipts, grants and revenue contributions (CFCR).

Capital Financed From Current Revenue (CFCR): this is expenditure on capital assets that is financed from the revenue account in the current financial year.

Capital Fund: Established under the Local Government (Scotland) Act 1975. This fund is credited with the receipts of property sales and developer contributions. It can be used to fund capital expenditure or make payments of loan principal.

Capital Grants: grants from bodies such as the Scottish Government can fund capital projects as can contributions from other organisations.

Capital Receipt: a capital receipt arises when the Council sells a surplus asset, e.g. a piece of land or a building and this can be used to finance further capital expenditure or repay existing debt.

Carrying Amount: the value at which an asset or liability is shown on the Balance Sheet.

Glossary of Terms

Common Good Funds: have been accumulated by former burghs since their foundation from the 12th Century onwards. They are held by the Council as custodian for the benefit of residents of the 12 former burghs, Coldstream, Duns, Eyemouth, Innerleithen, Galashiels, Hawick, Jedburgh, Kelso, Lauder, Melrose, Peebles and Selkirk. They are administered by the Council to have regard to the interest of the inhabitants of the area to which the Common Good formally related.

Component Accounting: where fixed assets are valued and depreciated on the basis of individual components i.e. roof, heating system etc, opposed to one overall value.

Contingent Liability: a possible future financial obligation which is reported as a specific note to the annual accounts because it cannot be judged as probable enough to warrant a provision.

Council Tax: the major part of locally raised revenue income, based on a property being classified into one of eight bands. In the interests of consistency all Councils determine their Council Tax at the Band D level and the charges for properties in all other bands are expressed as a proportion of Band D.

Council Tax Reduction Scheme (CTRS): Replaced Council Tax Benefit which stopped on 1 April 2013 as part of the welfare reform programme. CTRS is a reduction on your Council Tax that you may be entitled to if you are on a low income. Responsibility for assisting those who need help to pay their Council Tax in Scotland now sits with the Scottish Government and Scottish Local Authorities.

Current Assets: assets of a short-term nature, e.g. short term investments, inventories, short term debtors and cash and cash equivalents.

Current Liabilities: liabilities expected to be due within the next year, e.g. short term creditors, short-term borrowing and provisions.

Depreciation: the measure of the value of a fixed asset used during the year.

Fair Value: is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Instruments Adjustment Account: an account that enables the effects of accounting for financial instruments to be neutral in terms of Council Tax.

General Fund: the principal usable reserve of the Council that covers most areas of activity, the main exclusions being SBc Contracts and the Pension Fund.

Group Accounts: statements that reflect the Council's interest in any subsidiaries, associates and joint ventures.

Heritage Assets: assets preserved in trust for future generations because of their cultural, environmental or historical association. It applies to assets held and maintained by the Council principally for the contribution to knowledge and culture.

IAS19: the International Accounting Standard (IAS) which lays down the disclosure and reporting requirements for Retirement Benefits paid from our Pension Fund.

IFRS: The Council's accounts are governed by International Financial Reporting Standards.

Impairment: an asset is impaired when its carrying amount exceeds its recoverable amount.

Infrastructure: assets of a general and supporting nature, e.g. the roads and bridges network, car parks, pathways, sea defences and water/drainage systems.

Glossary of Terms

Insurance Fund: a fund that meets the costs of premiums for a range of external insurance cover, meets the cost of claims not covered by external insurance, and receives contributions from Council services.

Interest on Revenue Balances: the Council's loans fund acts as an internal banker and pays interest where it has utilised any internal credit balances, e.g. the General Fund Reserves.

Inventories: materials, etc. that have been purchased but not yet consumed in the delivery of Council services.

Loan Charges: sometimes called debt charges, these are the annual repayments of principal, interest and expenses in respect of loans taken to finance capital expenditure.

Loans Fund: established as part of the Local Government (Scotland) Act 1975, the Council's Loans Fund acts as an internal banker and makes use of internal funds as well as controlling the Council's external borrowing needs. These balances represent the sums held in the Loans Fund on behalf of various funds. The Local Government (Scotland) Act 1975 has been replaced by The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016.

Long-Term Borrowing: are sums borrowed to finance capital expenditure and not yet repaid, nor due to be repaid within one year. The majority of this is borrowed from the Public Works Loan Board and can be for periods of up to 60 years.

Pension Fund: under relevant legislation the Council administers a Pension Fund for its employees (other than teachers, who are members of a national scheme) and employees of certain other 'Admitted Bodies'. It is what is known as a 'funded scheme' whereby all monies not immediately required to pay pensions and benefits are invested.

Provision: a liability of uncertain timing or extent for which an estimate must be included in our annual accounts.

Ratios: financial analysis tools to support the evaluation of the financial health of the organisation.

Rents, Fees and Charges: add in charges for specific service; examples include home care charges, commercial rents, hall lets and library fines.

Reserves: sometimes referred to as 'Balances' they are the accumulated surpluses/deficits generated by the various funds. They are split between 'usable' and 'unusable' reserves.

Usable Reserves: Capital Fund, General Fund Balance, Property Maintenance Fund and Insurance Fund.

Unusable Reserves: Capital Adjustment Account, Financial Instruments Adjustment Account, Revaluation Reserve, Pension Reserve and Employee Statutory Adjustment Account.

Revaluation Reserve: the balance represents the difference between the depreciated revalued amount and the depreciated historic cost of fixed assets at 1 April 2007. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Revenue Expenditure: the day to day recurring costs of providing services. It includes wages and salaries, property costs such as power and light, transport costs and supplies and services. It also includes the annual repayment of loans which have financed capital expenditure. Revenue expenditure is always paid for in full as and when it happens either from Council Tax, rents, fees, charges, grants and Revenue Support Grant (RSG) and distributions from the national Non-Domestic Rates Pool from the Scottish Government.

Glossary of Terms

Significant Trading Operations: services provided in a competitive environment and which are charged for on a basis other than a straightforward recharge of costs, e.g. quoted lump sums, fixed rates, etc.

Trust Funds: The Council administers 111 trust funds and bequests, held for the benefit of specific functions or groups or beneficiaries, 77 of which have charitable status and have been reorganised into 5 charities registered with the Office of the Scottish Charity Regulator (OSCR).

Virement: because circumstances change, budgets need to remain flexible. A virement is the approved transfer of resources from one area of the budget to another, the creation of new budgets to reflect additional income and related expenditure or the transfer of budget from one financial year to the next.

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