



Scottish Borders Council

ANNUAL ACCOUNTS

for the year to 31 March 2025



Scottish Borders Council

Annual Accounts 2024/25

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Management Commentary

Introduction

These accounts provide comprehensive information on the financial performance of Scottish Borders Council during 2024/25 and record of its position as at 31st March 2025. The management commentary provides a summary and describes how this relates to the delivery of the 2024/25 Council Plan, providing both key highlights from the year and specific detailed performance information. The report outlines the financial strategy and identifies challenges in meeting the Council's priorities for the Scottish Borders.

The Council has faced a challenging year however has continued to deliver its key priorities within a difficult financial environment and ended the year with a balanced financial position.

The Council delivered a balanced budget in 2024/25 despite ongoing budget pressures reported throughout the year. To balance the budget, there was a requirement at year end to reduce the carry forward of funding earmarked to support vulnerable children and their families. During 2025/26 Spend plans were agreed for each service and measures, such as new training for budget holders and a review of savings allocations, are intended to strengthen financial management and control moving forward.

Notwithstanding the challenging environment, the Council continued to perform well in several areas.

- The Council's recycling rate of 58% remains well above the Scottish average of 44%
- The continued roll out of digital technology in Adult Services and Infrastructure & Environment improves how we work and increases our efficiency
- Ultra-fast broadband rollout has continued with 95% of households now able to access this service
- Confirmation of £20m of funding from UK government agreed as part of the Community Regeneration Programme to be spent during 2024/25 and 2025/26

A new transformation programme has been launched with 8 Flagship projects underway including the Pathfinder Digital Programme, Digital Commercialisation, Productivity, Out of Area Placements, Live Borders Joint Transformation Programme, the Servitor Replacement Project and Customer Advice Services and Business Support Service Review.

At the beginning of 2024/25, the Council realigned its services, enhancing efficiency and streamlining communication to support the delivery of the Council Plan. The changes foster a collaborative and agile environment, allowing us to respond more effectively to the challenges all Councils continue to face. We believe that this restructure will position us to deliver this and future Council Plan's for our Communities and is part of our work to ensure our organisation continues to be sustainable for the future.

A new [Council Plan](#) was approved on 20 February 2025, setting out the Council's priorities for 2025/26 and highlighting the Council's 2033 Vision for the Scottish Borders.



OUR KEY FACTS		
POPULATION 116,630 [Mid-Year Population Estimates (2023)] • 15.3% aged 0 to 15 years [Scotland = 16.3%] • 57.7% aged 16 to 64 years [Scotland = 63.4%] • 27.0% aged 65 and over [Scotland = 20.3%]	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 55,826 [Mid-2023 Household Estimate for the Scottish Borders] • 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%]

ELECTED MEMBERS			
COUNCILLORS 34 councillors	MULTI-MEMBER WARDS 11 multi-member wards	SERVICE DIRECTORATES 7 service directorates managed Council services during 2024/25	ADMINISTRATION During 2024/25 the Council had a coalition administration which consisted of Conservative and Independent Councillors

EMPLOYEES				
EMPLOYEE NUMBERS 5,184 total FTE: 4,210.43 1,348 male 3,836 female	AGE • 12.89% aged 16 to 29 years • 32.27% aged 30 to 44 years • 41.42% aged 45 to 59 years • 13.43% aged 60 and above	DISABILITY 2.57% of our employees have a disability	ETHNIC MINORITY 1.39% of our employees are from ethnic minority	EMPLOYMENT 2,509 full time 2,675 part time

Strategic Direction

Council Plan

The Council Plan provides the strategic direction for the Council under 'Our Vision for 2033' and 'Our Values' which describes how we will operate. Planned actions for the year ahead are designed around our 6 outcomes also detailing 'Locality Actions' confirming plans for each of our 5 Localities – Berwickshire, Cheviot, Eildon, Teviot & Liddesdale and Tweeddale. The Council Plan is updated annually and approved alongside the budget every February to ensure that it remains responsive to events and is aligned with the Council's Financial Plan. The Plan is monitored through the Council's Performance Management reporting in the following year.



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. To support the delivery of these five outcomes, the Council needs to focus on the sixth outcome and strive to develop a Council that is optimally effective and efficient.



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



•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 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



•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



•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

Financial Strategy

The Financial Strategy objectives have been met during 2024/25 in supporting the delivery of the Council's Priorities and Council Plan. 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 strategically 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 to:

- provide the most effective possible **stimulus to the local economy**
- **protect the environment** of the Scottish Borders
- **protect** those who are **most vulnerable** in society
- seek to **focus spend on prevention** designed to reduce future demand for Council services by stopping problems arising or by proactively addressing problems when they arise.

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](#).

2024/25 represented the second year of the current Administration. The challenging financial landscape across Scottish Local Authorities has been widely acknowledged as highlighted in the most recent Audit Scotland Report: [Local Government Scotland Financial bulletin 2023/24](#), and the long-term impact across the Scottish Borders should not be underestimated. The 2024/25 Financial Plan covering the period of 2024/25 to 2028/29 presented to Council in February 2024, although balanced, relied heavily on one off funding to support the first year of this plan. Since then, a new plan covering the five years from 2025/26 has been approved and can be accessed here [financial-plan-2025-26](#).

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. In addition, it ensures the financial implications of the Council Plan are properly considered, affordable and reflected in future budgets and the Council's Transformation Plans 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 Plan, was approved with the budget papers in February 2025.

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 taxpayers. 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.



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, 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)

How are we are doing?

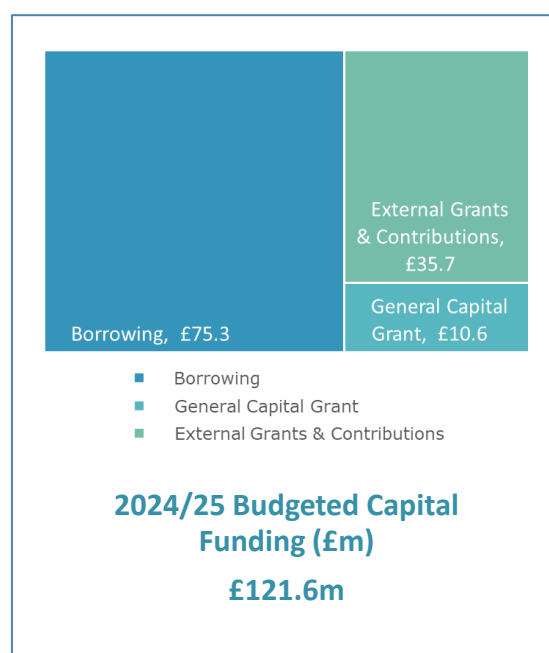
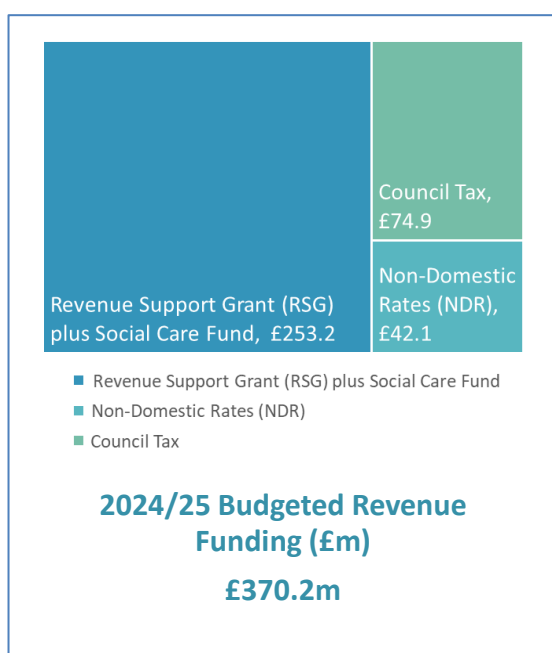
Financial Performance

2024/25 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 has further analysis.

The diagrams below show the budgeted position for 2024/25 which was approved in February 2024.



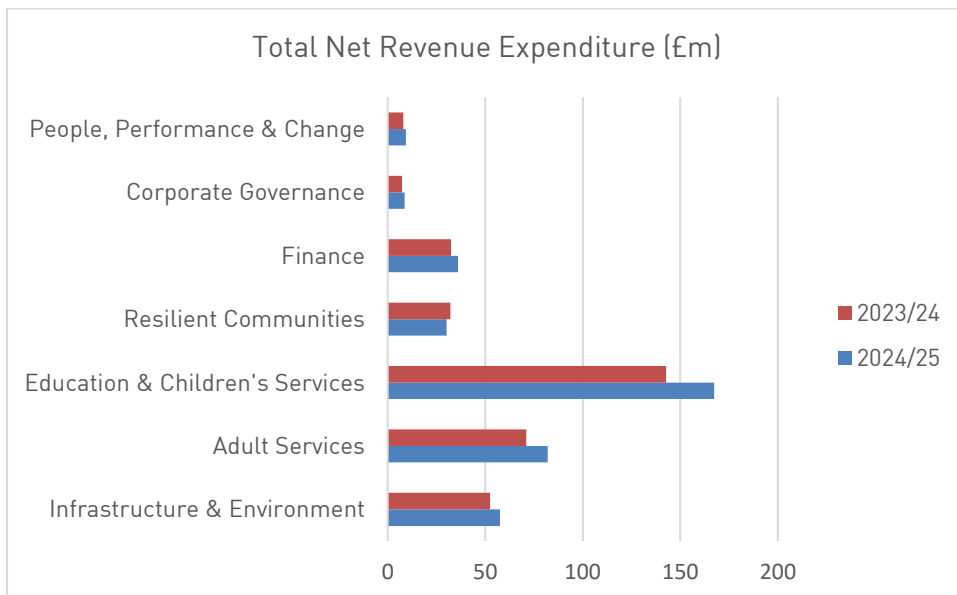
Financial Position at 31 March 2025

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.

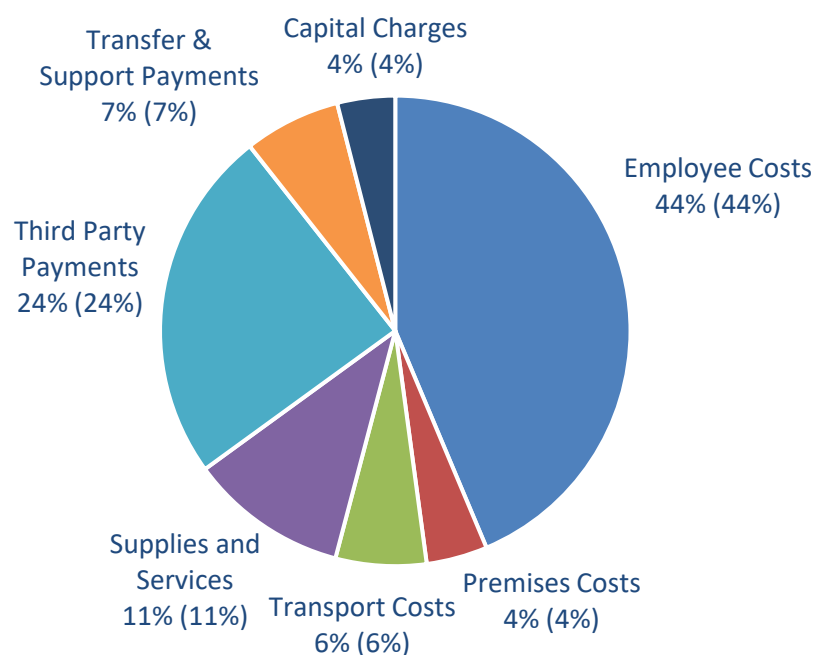
Revenue

The actual outturn [Revenue Outturn 24-25](#) for the financial year as a revenue expenditure of £391.3m representing a balanced year position against the final approved budget.

The following chart analyses the revenue spend across the 7 Council directorates and includes a comparison to 2023/24 spend:



Revenue net expenditure of £391.3m for the year includes income of £138.2m giving gross expenditure of £529.5m. Gross expenditure is analysed in the chart below with last year's percentage provided in brackets for comparison.



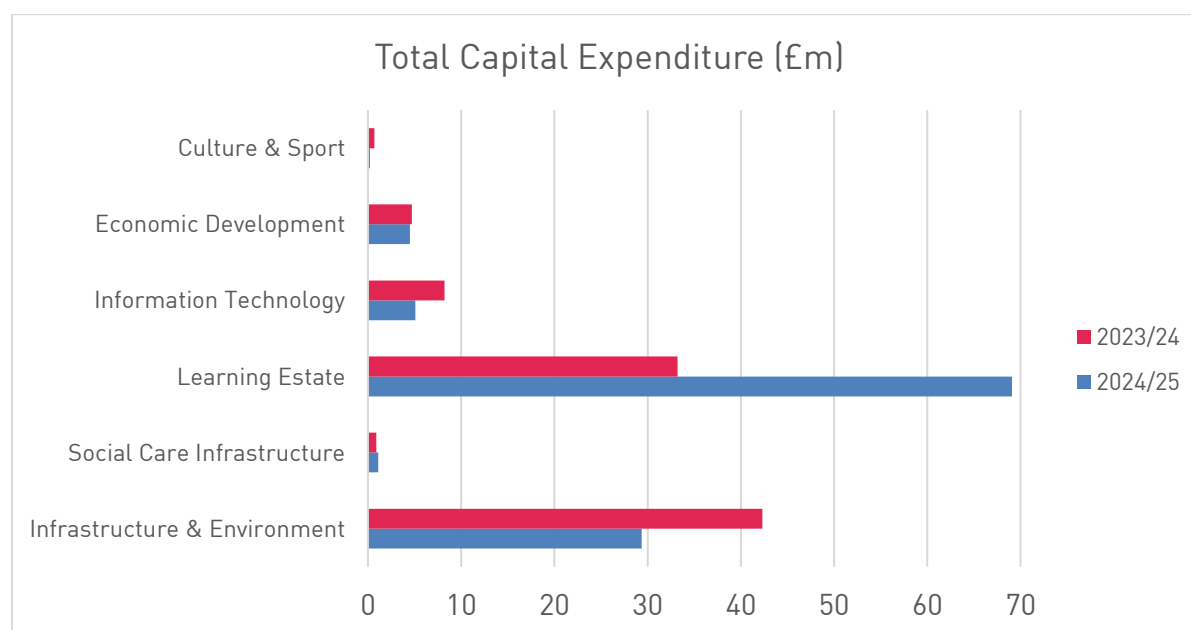
A breakdown of income streams is provided in the table below.

Income Stream	2024/25 £m	2023/24 £m
Internal Recharges*	53.6	52.9
Government Grants	31.9	42.2
Other Grants, Reimbursements	21.1	25.9
Fees & Charges	22.8	22.0
Sales of Products	4.8	4.7
Interest	1.0	2.5
Rents/Rates	3.0	2.8
Total	138.2	153.0

*Internal recharges are used for reporting purposes only and do not generate any income for the organisation.

Capital

The actual outturn for the financial year 2024/25 was capital expenditure of £109.4m with a year end under spend budget variance of £4.3m 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 2024/25 and the following table highlights some of the major projects undertaken:

Infrastructure & Environment

•Flood & Coastal Protection	£13.5m
•Road & Transport Infrastructure	£8.7m
•Land & Property Infrastructure	£3.9m
•Plant & Vehicle	£3.2m

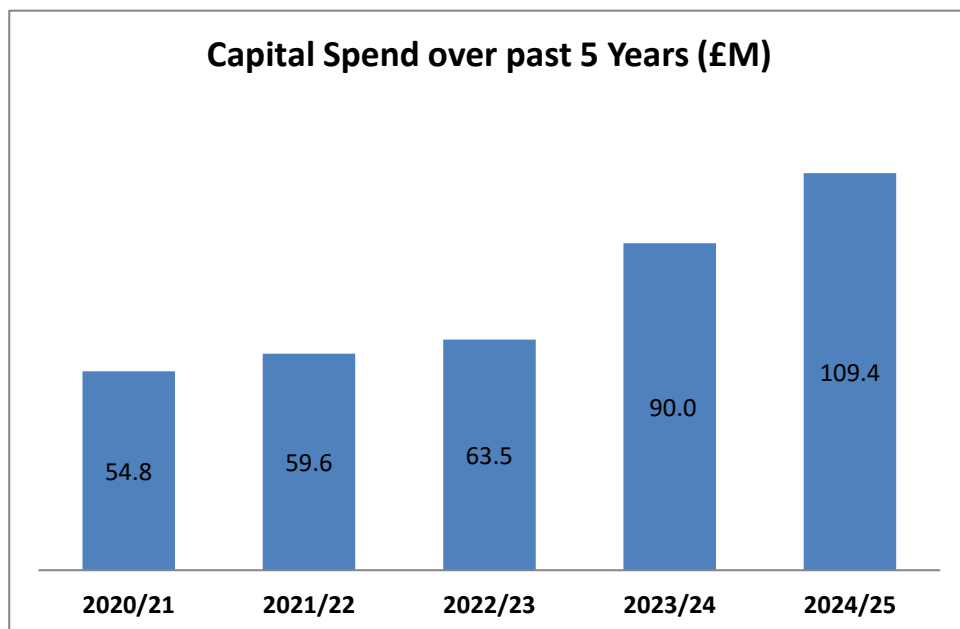
Learning Estate & Social Care

•Hawick High School	£2.4m
•Earlston Primary School	£6.9m
•Galashiels Academy	£28.7m
•Peebles High School	£29.8m
•Care Villages	£1.1m

IT/Economic Development

•Digital Transformation	£3.4m
•Economic Regeneration	£3.8m
•Housing Strategy & Services	£0.7m

Capital Spend during 2024/25 once again represented 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.



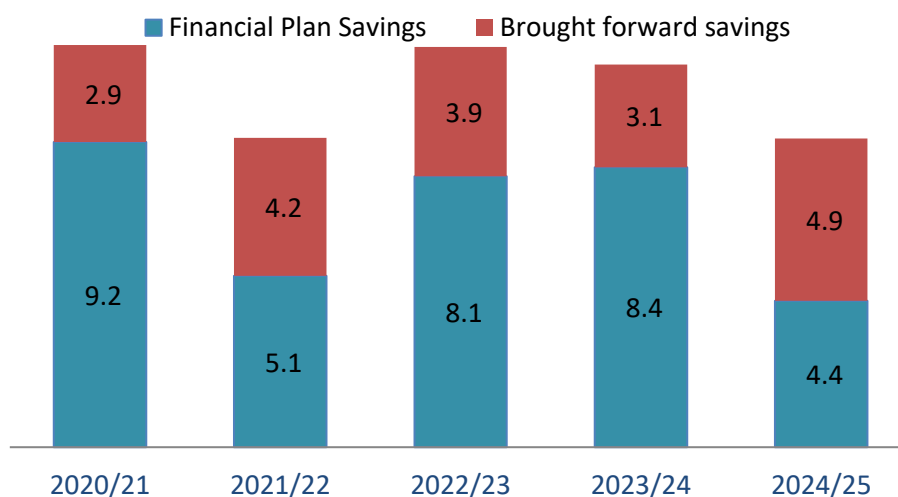
Delivery of Targeted Savings

Overall, Financial Plan savings of £9.3m were delivered during 2024/25 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 £9.3m shown below are made up of £4.4m savings included in the 2024/25 Financial Plan plus £4.9m brought forward from previous years. Of the savings delivered during 2024/25, £3.8m (41%) were delivered permanently (down from 58% last year) leaving a balance of £5.5m (59%) to be carried forward for permanent delivery in 2025/26. The 2025/26 plan includes savings of £2.9m giving a total target of £8.4m in 2025/26. This increasing level of brought forward savings increases the challenge of delivering savings however, management actions are in place to reduce this as far as possible during 2025/26.

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.

5 Year Savings Targets delivered 2020/21 - 2024/25 (£m)



Since 2013/14 the Council's approach to longer term financial planning has delivered **permanent** savings of £90m. Ongoing effort will be required going forward to successfully deliver the Financial Plan due to the scale of further savings required between 2025/26 and 2029/30 including the £5.5m of savings being brought forward from 2024/25.

The Council intends to deliver this large scale change as part of its transformation plan. A new [transformation plan](#) was approved by Council on 22 May 2025 which reported an estimated funding gap of £69m by 2034/35, highlighted in the Council's long term revenue strategy. Several pieces of work have been undertaken during 2024/25 to ensure the organisation is ready to deliver this challenging change programme. These include the creation of the Elected Member Transformation Group, approval of the draft Community Engagement Strategy, permanent allocation of savings brought forward from previous years, the creation of the Staff Charter, the roll out of a benefits identification framework for change, approval of the Change fund process and prioritisation and allocation of Transformation team resource.

Performance

Scottish Borders Council key highlights 2024/25



•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

- Scottish Borders is now ranked 2nd in Scotland for Recycling at 58% and is above both the national (44%) and family group (37%) average.
- Proportion of adults satisfied with refuse collection is 85% which is above the Scotland and Family Group average (78% and 83% respectively).
- Proportion of adults satisfied with Parks and open spaces is 87%, up 2% on last year
- On target to complete works on the £100m Hawick Flood Protection scheme and active travel network in 2025, following some delays in 2024
- Local Heat & Energy Efficiency Strategy (LHEES) 2024 to 2029 and Action Plan were both published in June 2024 and set out how we will decarbonise buildings across the region
- A new Active Travel Strategy has been developed. Extension to the active travel network between Tweedbank and Melrose completed.



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

- Average school attendance remains high at 92% over the year
- P1, P4, P7 Literacy gap has narrowed by 8.2 percentage points to 22.4%. This is our best rate in 7 years and is now narrower than the pre-covid gap.
- P1, P4, P7 Numeracy gap has narrowed by 13.9 percentage points to 17.47%. This is our best rate recorded and better than our family group
- The percentage of Pupils Gaining 5+ Awards at Levels 5 and 6 is lower than in previous years and will require focus moving forward.
- % of Adults Satisfied with Local Schools has increased from 63% to 64%
- Proportion of Pupils Entering Positive Destinations has remained at 97%
- The construction of the new £16m Earlston Primary School was completed and opened in February 2025.



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 remained at 15%.
- Delivering and supporting events held in the Borders, such as the Tour of Britain 2024 with stage 1 held in Kelso.
- Ultra-fast broadband roll out has continued and the proportion of properties receiving superfast broadband has increased from 90% to 95%
- Investment of £11.2m on Roads infrastructure in 2024/25
- The Average time per business and industry planning application (8.2 weeks) is below our family group 12.8 weeks and the Scottish average 10.78 weeks
- Coldstream Business Units were completed, funded by Borderlands Growth Deal, providing new business infrastructure to support business investment and growth.
- The design development of Tweedbank Business Improvement Park 2 which will provide new business accommodation was completed ahead of construction commencing in 2025/26.



Empowered,
vibrant
communities

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

- There has been significant increase in the number of virtual visits to libraries. This increased use has resulted in the cost per visit decreasing.
- A new Community Engagement Strategy was approved by Council in April 2024
- An Anti-poverty Action plan has been developed and is progressing with the actions being monitored by the Anti-Poverty members reference group.
- 5 place plans have been completed and registered in Hawick, Coldstream, Duns, Leitholm, Eccles & Birgham and Peebles with a further 15 in development
- 10 Community Conversations took place in 2024 which influenced the council plan and the budget process.



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

- 39% Growth in the monthly installations of Technology Enabled Care, and transition from analogue to digital alarms for 1,300 people
- New Adult Day Service opened in Hawick and other services are being developed for unpaid carers
- The proportion of children meeting developmental milestones is 89%, higher than both the Family Group (85%) and Scottish (82%) average.



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

- Investment of £1.6m in play parks as part of a wider programme of investment across our play areas and outdoor community spaces. The skatepark in Jedburgh opened as well as the pump track in Walkerburn and play parks in Hawick, Galashiels and Newcastleton were upgraded
- Macmillan Improving the Cancer Journey service launched
- Demand for the Crisis Grants and Community Care Grants remains high, and service continues to be delivered at a satisfactory level.
- % of adults supported at home who agree that they are supported to live as independently as possible has increased to 77% (from 73% previously) higher than both our family group and Scotland
- Delivery and roll out of Digital Transformation continues across services. Phase 1 of the Adult pathfinder project is complete with planning for phase 2 underway
- The percentage of invoices that we pay within 30 days has been 96% during 2024/25- 1% higher than 2023/24.
- A trial of Microsoft Co-pilot was undertaken during 2024
- A new Transformation Programme was approved by Council in May 25
- 127 small and medium businesses attended our Meet the Buyer event in October 2024
- An engagement score of 63% was achieved in the staff survey

The 2023/24 Annual Accounts noted some specific challenges and opportunities being faced in 2024/25. Progress on these is noted, in italics, below.

- Ongoing challenges around the lack of certainty over funding being made available from Scottish Government and ongoing inflationary increases in areas such as transport; *Inflation continues to be an issue across the public sector and the Council continues to work with providers to balance the financial position of the Council with the ongoing sustainability of providers.*
- The opening of the new Earlston Primary School in the autumn of 2024; *The new Earlston Primary School opened its doors to pupils in February 2025*
- The development of a new Transformation Programme for the Council, including IT transformation through the digital strategy; *The strategic plan for the new [Transformation Programme 2025-30](#) was approved by Council on 22nd May 2025.*

- Progressing construction of new High Schools in Galashiels and Peebles ready for handover in 2025; *Construction is nearing its final phase at both sites with handover planned for Autumn 2025.*
- An option review process over the future delivery of our sport, leisure and culture services; *An independent review of the Sport, Culture and Leisure provision of the Borders was presented to Council in April 2025 and discussions with the community will be ongoing during 2025/26.*
- 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. *A new Housing Prospectus has been launched by the Regional Economic Partnership to promote housebuilding opportunities across the South of Scotland - [South of Scotland Housing Prospectus](#). A call for project ideas has been completed with Higher and Further Education partners for a potential £7million investment in skills provision through the Borderlands Growth Deal to support the regional economy - [Call for project ideas launched for skills projects in the south of Scotland | Scottish Borders Council](#) and a major transport milestone has been reached as the Council has received the go ahead from UK Government and Scottish Government to appoint Project Managers to lead the Business Case and Feasibility Work for the extension of the Borders Railway from Tweedbank to Carlisle - [Extension to Borders Railway back on track | Scottish Borders Council](#)*
- Working with UK Government to finalise the business case for investing £20m in local projects via the Levelling Up Partnership. *Renamed the Community Regeneration Programme, £20m of funding has been agreed across 21 projects. Three of the projects commenced works in 2024/25, these are New Industrial Units in Eyemouth, Hawick Brownfield Site Development and 3-5 Exchange Street Jedburgh.*
- 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 Council has agreed a range of measures to reduce external placements, funded by an Early Intervention and prevention fund and overseen by The Out of Area Placement Board, chaired by the Chief Executive*
- 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. *SBC continues to work with The Scottish Borders Health and Social Care partnership to meet the requirements of the Coming Home project. During the year we opened 4 bungalows in Kelso which support individuals with complex learning disabilities.*
- Following the Scottish Government's declaration of a housing Emergency a Scottish Borders Housing emergency was declared by the Council in May 2024. *During the year the Council established the new Strategic Housing Forum which acts as the Housing Emergency Programme Board and prepared and published the local [Housing Emergency Action Plan](#).*

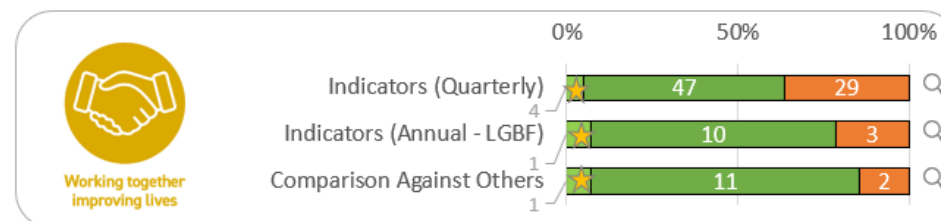
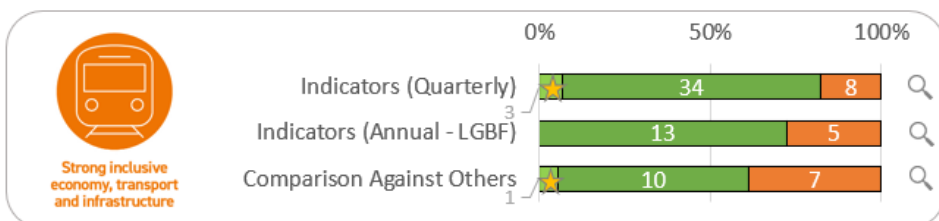
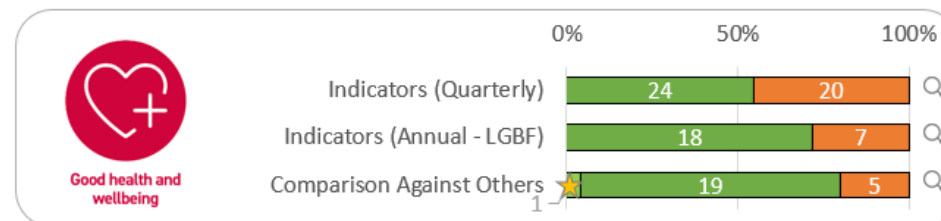
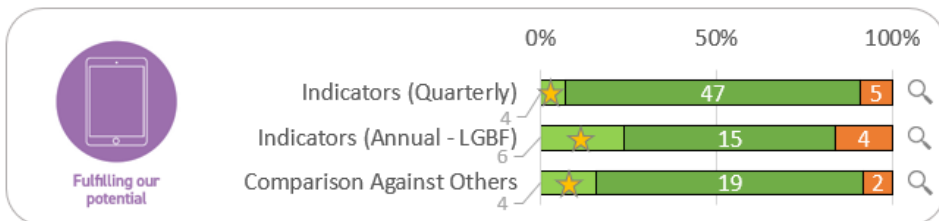
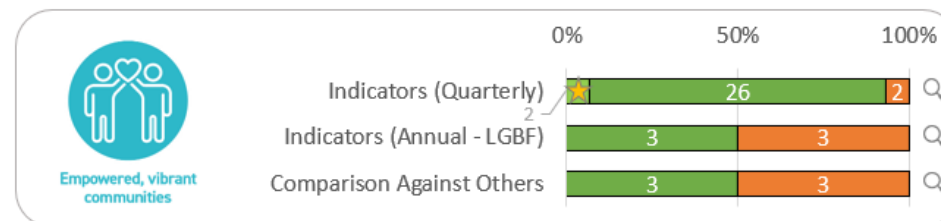
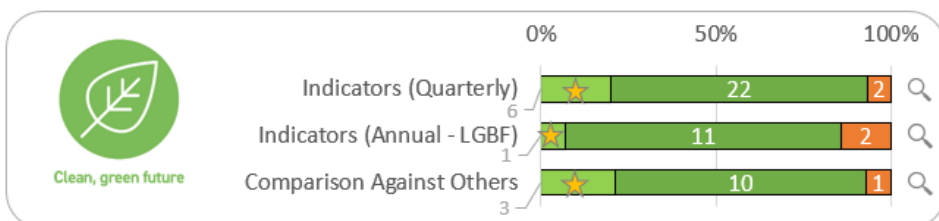
Performance against our corporate priorities

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 2024/25 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 \(scotborders.gov.uk\)](#)

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. Bright green with a star shows areas where performance has been excellent. Green reflects areas that are positive/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

PRIORITY: Accelerate action to adapt to and mitigate the effects of climate change and extreme weather.



Summary of Performance



Milestones

The majority of milestones that were set out for 24/25 have been met. Positive progress has been made on:

- Flood Prevention
- Wildflower sites
- Reduction of greenhouse gasses.
- In-cab technology for the Waste Collection Fleet
- Energy Efficiency Strategy Area Based Schemes (EES:ABS)
- Borderlands Energy Programme.



Indicators



Water Consumption and LPG are both performing at an Excellent Level.



Although the household recycling rate and the rate of household waste sent to landfill were both performing well, they have each had a dip in performance in Q4. This dip was expected due to the introduction of new legislation which requires upholstered domestic seating to be sent for incineration instead of being recycled. The decrease can also be attributed to operational issues at the treatment facility which the municipal residual waste is sent to



The percentage of adults satisfied with street cleaning remained consistent between 22/23 and 23/24 as did the street cleanliness score of 94%.



Comparison with Others



Scottish Borders is now ranked 2nd in Scotland for Recycling at 58% and is both above the national (44%) and family group (37%) average.



Proportion of adults satisfied with refuse collection well above the Scotland and Family Group average.



The cost of parks & open spaces per 1,000 population is higher in the Borders than in our Family Group and in Scotland. Work continues better understand the differences.



Satisfaction with Parks & Open Spaces in the Scottish Borders, which is slightly better than Scotland and Family Group



CO2 emissions within the scope of the Local Authority were the same as the average for our Family Group.



FULFILLING OUR POTENTIAL

PRIORITY: Empower schools and their communities to deliver a high-quality education focused on excellence, equity, wellbeing and improved outcomes for children, young people, and families.



Summary of Performance



Milestones

The majority of the milestones were met or partially met in the specified quarter. This includes:

- Targeting additional resources where the poverty related attainment gap is greatest
- Increasing the proportion of 16-19 year olds participating in education, employment or training
- Sustaining the percentage of school leavers entering a positive destination
- Improving outcomes for children and young people with Additional Support Needs

Milestones not achieved and work will continue in areas including:

- Increasing the number of qualifications available to senior phase pupils
- Increasing the proportion of Care Experience school leavers attaining 5 or more SCQF awards



Indicators



The number of Modern Apprentices currently employed by SBC remains high and is positive.



The average school attendance across primary schools is now showing as an Excellent level.



The number of exclusion incidents and pupils excluded for the total of Primary and Secondary Schools are reducing but still above the target and are a focus of improvement



Both the Numeracy and Literacy Attainment Gap has narrowed between 22/23 and 23/24.



The participation rate for 16-19 year olds has improved between 22/23 and 23/24 which is positive.



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.



The Scottish Borders P1, P4, P7 Literacy Gap reduced to 22.4%, slightly better than the family group (22.93%) but higher than the national average (20.4%)



The Scottish Borders P1, P4, P7 Numeracy Gap has reduced significantly to 17.47%, lower (better) than the family group (19.98%) and in line with the national average (17.41%).



Proportion of pupils entering positive destinations and Participation rate for 16-19-year-olds (%) in the Scottish Borders is slightly higher than Scotland and Family Group.



STRONG INCLUSIVE ECONOMY, TRANSPORT AND INFRASTRUCTURE

PRIORITY: Deliver the key economic development programmes for our region - the **South of Scotland Regional Economic Strategy**, **Borderlands Inclusive Growth Deal** and the **Edinburgh and South East Scotland City Region Deal** and **Regional Prosperity Framework** – making our economy stronger, greener and more sustainable.



Summary of Performance



Milestones

The majority of milestones set out for 24/25 have been met or partially met. These have included:

- Completion of a Bus Network Review
- A new Events and Tourism strategy has been delivered
- Funding secured for a Business Case and Feasibility study on the extension to the Borders Railway
- Developing the Levelling Up partnership

Milestones not achieved include:

- A Regional Intelligence Hub remaining as an aspirational proposal
- The electrification of the Borders Railway has been postponed by the Scottish Government



Indicators

 The Occupancy Rates of Industrial and Commercial Units has remained at a consistent level throughout the financial year.

 There has been an Excellent performance in the monetary gain for financial cases closed in year and a significant increase since the previous year.

 There has been an increase throughout the year of Capital Projects with an Amber RAG status. Steps are being taken to address this.

 Proportion of properties receiving superfast broadband has increased between 22/23 and 23/24.

 The percentage of Class A & B roads that should be considered for maintenance treatment has increased by 2% since the previous measurement period.



Comparison with Others

 Scottish Borders has lower average time to process business and industry planning applications than our Family Group and the Scottish average.

 Scottish Borders consistently has a lower GVA compared to the family group and Scotland. SBC has limited influence on this indicator, although SBC and partners are supporting growth through the Regional Economic Strategy.

 Claimant Count as a % of Working Age Population and % of 16-24 Population is similar to Scotland and Family Group.

 SBC spent less on road network compared to this previous year. This has been compounded by the inflationary impact on the cost of works. These two factors are impacting overall condition of the network.



EMPOWERED VIBRANT COMMUNITIES

PRIORITY: Support communities and empower people to achieve strong, active, resilient and sustainable communities and to realise opportunities for improving people's lives.



Summary of Performance



Milestones

All milestones were either met or partially met with the majority being complete. Positive progress has been made on:

- Refreshing the Anti-Poverty Strategy
- Updating the Child Poverty Report
- Supporting Communities with developing place plans, community-led plans, associated investment plans and asset transfers
- Supporting the process of electing Members of the Scottish Youth Parliament
- Supporting the elected Members of the Scottish Youth Parliament in their roles
- Reviewing the Council's estate



Indicators

-  The number of both Active and Progressing Resilience Plans have remained consistent over 24/25 which is Excellent.
-  The number of people carrying out volunteer work with SBC has been at a good level for all of 24/25.
-  The cost per attendance at sports facilities has reduced between the previous reporting period of 22/23 and 23/24.
-  However, the percentage of adults satisfied with leisure facilities has also reduced.



Comparison with Others

-  The cost to attend at 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

PRIORITY: Ensure 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

All milestones were either met or partially met and positive progress can be seen in the following areas:

- Supporting the MacMillan Improving Cancer Journey joint partnership venture
- Developing Social Prescribing across the Borders
- Development of Early Intervention/ Intensive Family Support Teams
- Commissioning of an independent advocacy service for all children and young people aged up to 26 years of age
- The use of Technology Enabled Care has increased



Indicators

 There has been a consistently positive number of domestic abuse cases at a Multi Agency Risk Assessment Case Conference.

 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 22/23 and 23/24 in the percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life



Comparison with Others

 Scottish Borders continue to have a higher proportion of adults choosing a direct payment or a mixed package of care compared to family group and Scotland.

 % of SWF Crisis Grant decisions within 1 day and % of SWF Community Care Grant decisions within 15 days in the Scottish Borders continues to be higher than Scotland despite high demand.

 Scottish Borders Council has a lower proportion of children being looked after in the community compared to Scotland and their Family Group. It is expected that the Out of Authority Placement Project will align SBC with the Family Group and Scotland.



WORKING TOGETHER, IMPROVING LIVES

PRIORITY: Ensure that Scottish Borders Council is effective, sustainable, responsive and aligned to the needs and priorities of our communities.



Summary of Performance



Milestones

The majority of milestones set out in 24/25 have been met. Positive progress includes:

- The implementation of new Career Pathways across SBC Services
- A strategy is being developed along with clear policies for the use of AI
- An ongoing programme for upskilling SBC staff in digital skills has been developed
- An Integrated Workforce Plan to enhance joint staff development arrangements with NHS Borders has been developed and implemented

Milestones not achieved and work will continue in areas including:

- Developing a blueprint for a 'Smart Rural Region'



Indicators

 The percentage of invoices that we pay with 30 days had been consistently Excellent over 24/25.

 Our staff turnover rate has remained consistent over the 24/25 and is within usual boundaries.

 The time taken to respond to complaints is higher than we would like. This is a focus for improvement with steps being taken to make improvements.

 We continue to look at streamlining the FOI process to ensure we can answer more FOIs on time.



 The gender pay gap has decreased from 22/23 to 23/24.

 The percentage of operational buildings that are suitable for their current use has decreased again from 22/23 to 23/24.



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 and Sickness absence days for non-teachers is similar to our Family Group and Scotland.

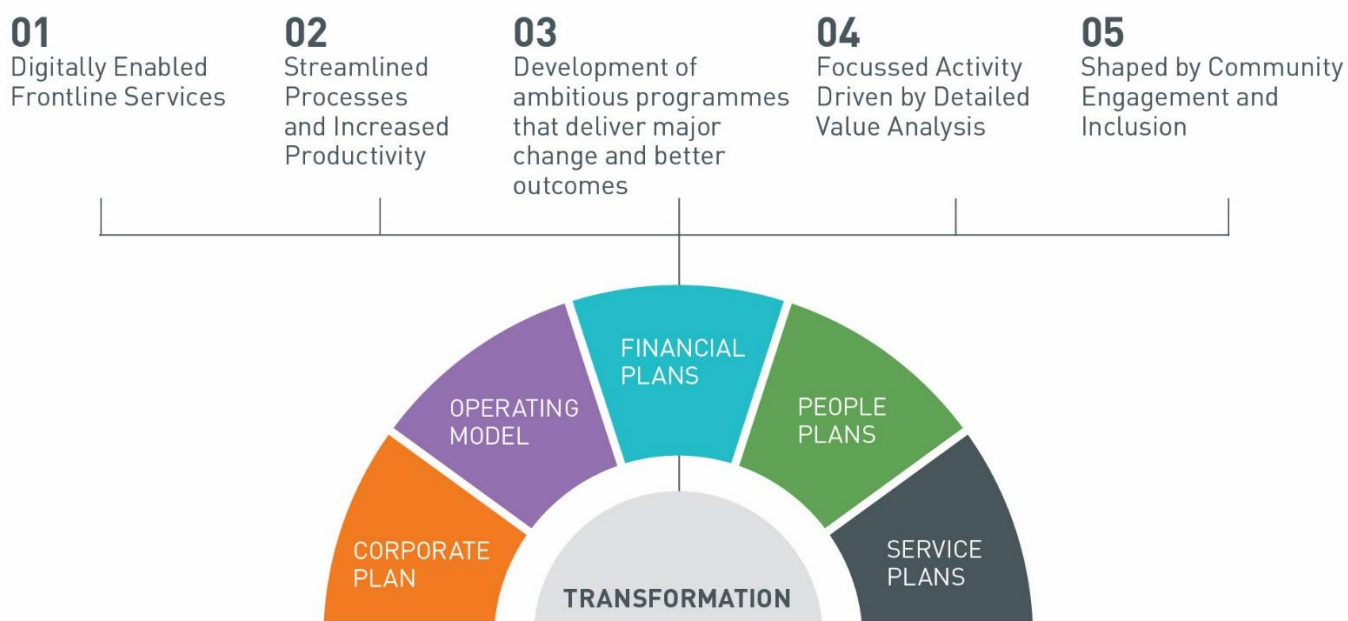
 The Council remains financially stable, broadly inline with the Scottish average. The Family Group includes Island Councils which hold large reserves linked to Oil production and therefore are not considered to be comparable with SBC.



Vision for Transformation

SBC's Transformation Programme supports the delivery of the Council Plan and Financial Plan by delivering positive organisational change that fosters innovation, enhances services, and achieves efficiencies and savings to ensure financial sustainability for the long term. SBC aspires to be recognised for innovation and digital excellence by delivering a Transformation Programme which facilitates high-quality, accessible, and efficient services, delivered with transparency and accountability, ensuring the best outcomes for our community.

The Council has successfully delivered £90m of savings over the past 10 years through its Corporate Transformation Programmes. 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 holistic, permanent and sustainable way. A new [Transformation Programme](#) was approved in May 2025 which focuses on 5 Key areas shown below:



The Revenue and Capital Financial Plans from 2025/26 onwards can be found on the Council's webpages at [Scottish Borders Council Financial Plan 2025/26](#)

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

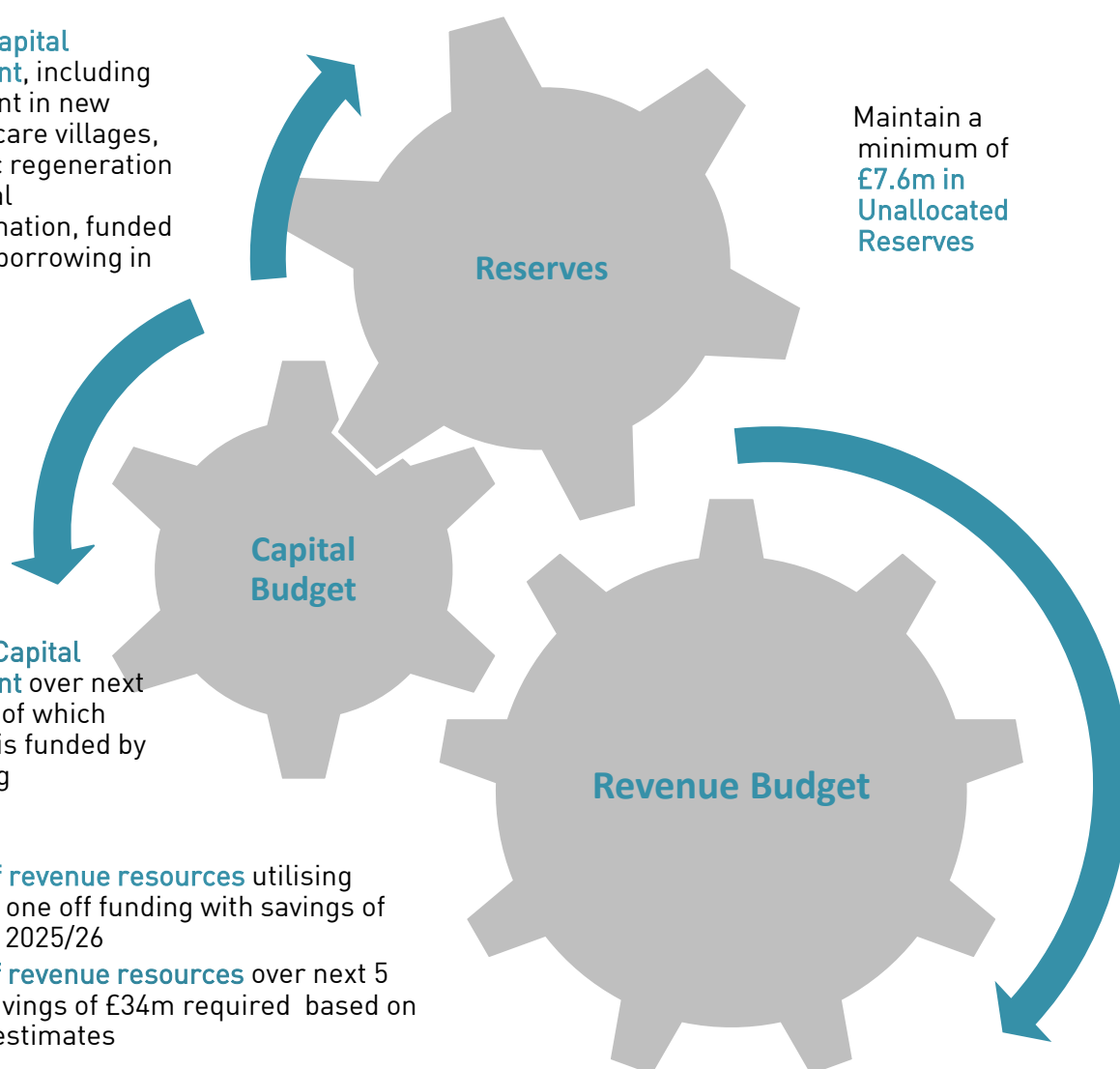
- Challenges around the lack of confirmed funding from Scottish Government in relation to the increased Employers NI contributions required for both directly employed staff and our commissioned service providers.
- The opening of 2 new high schools in Galashiels and Peebles will improve the educational experience for secondary school pupils in those areas.
- The ongoing planning of a new High School in Hawick and a new Primary School in Eyemouth present exciting opportunities to provide modern learning environments for our young people.
- Starting construction of the Care Village in Tweedbank which is planned to deliver 10 flats, each with their own front door, living and dining spaces. Each flat has 6 bedrooms and this with amenity facilities will support independent and small-group living for our older people and promote social inclusion.
- The ongoing development of the new Transformation Programme for the Council and the delivery of the flagship projects, utilising the Change Fund to deliver significant change for the Borders.
- Live Borders continues to require additional financial support but following the report in April 2025 a Transformation Programme will be progressed jointly by Live Borders and Council officers to determine the future delivery of our sport, leisure and culture services within an agreed management fee. The report identified significant savings opportunities which are being consulted on with local communities. Following this consultation process a delivery plan will be approved by Live Borders Board and SBC. Given the Council is the single member of the Trust any timing issue in delivery of related savings past 1st April 2026 will require further financial support from the Council on a temporary basis.
- Continued 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.
- Delivering the £20m Community Regeneration programme to generate economic growth in our local communities through 21 projects.
- Enacting plans to support the reduction in the number of children who require placements out with their families and improve the support available to families.
- The ongoing 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.
- The increased cost of completing the Hawick Flood protection scheme will put pressure on our capital programme during 2025/26 with reductions to block funding required.
- Additional funding is anticipated as a result of the national extended producer responsibility (EPR) scheme for waste management but it has not yet been confirmed if restrictions will apply.
- The announcement of Scotland's first Center Parcs holiday village with a proposed location near Hawick presents unique tourism and employment opportunities to the Borders.
- The Strategic Housing Forum will continue to work together to identify ways to improve the quantity and quality of housing available in the Borders.

£98.8m capital investment, including investment in new schools, care villages, economic regeneration and digital transformation, funded by £55m borrowing in 2025/26

£393.5m Capital investment over next 10 years, of which £181.7m is funded by borrowing

£400m of revenue resources utilising £4.9m of one off funding with savings of £2.9m in 2025/26

£2.0bn of revenue resources over next 5 years, savings of £34m required based on current estimates



Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement 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. 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 2025.

Further statutory adjustments are then made and 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 £56.7m.

This position needs to be finally adjusted to reflect Actuarial (Gains)/losses on the Pension Fund Net Assets/Liabilities £102.0m calculated on an IAS19 basis and Revaluations of Non-Current Assets (£23.9m) at the balance sheet date of 31 March 2025. This revises the £56.7m deficit position on the Provision of Council Services to a Net Comprehensive Expenditure deficit of £135.2m (surplus of £45.1m 23/24).

Movement in Net Surplus

	£m
Net Surplus on Revenue outturn	0
Net Statutory Adjustments to Net Cost of Services (inc. Depreciation/ Impairment on Revaluation/Loan Charges/PPP/Non Distributed Costs)	71.3
Other Asset (Gains)/Losses	(23.5)
Net Interest Costs	17.9
Net Changes on Pension Assets/Liabilities (IAS19 at 31 st March 2025)	97.9
Capital Grants & Contributions Applied (exc.Reserves used)	(28.4)
Net Deficit - Total Comprehensive Income & Expenditure	135.2

Balance Sheet

During 2024/25 the Net Asset position decreased by £135.2m to £395.1m (£530.3m 2023/24). The table below details the movement during the year.

Balance Sheet Movement in year

	31-Mar-24 £m	31-Mar-25 £m	Movement £m
Long Term Assets	900.2	881.7	(18.5)
Current Assets	54.2	54.6	0.4
Current Liabilities	(111.6)	(162.2)	(50.6)
Long Term Liabilities	(312.5)	(379.0)	(66.5)
Net Assets	530.3	395.1	(135.2)

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

The net position does not include the net pension asset. The actuarial valuation for the accounts is calculated in accordance with IAS19 and uses a number of high level assumptions including pension increases, salary increases and discount rate. As a result of a change in market conditions, the accounting cost of future benefits has reduced to such an extent that they are smaller than the contributions expected for the Fund to pay (ie the Fund would build up a surplus rather than using it up under these accounting conditions) and so there is no economic benefit accessible to the employer, meaning that no pension asset can be recognised on the Balance Sheet.

International Financial Reporting Standard 16 (IFRS16 Leases)

The 2024/25 Code introduced IFRS16 Leases with effect from 1 April 2024. The main impact being that whilst finance leases were previously recognised as an asset on the Balance Sheet along with an equal lease liability, IFRS16 now requires operating leases to be accounted for in the same way, with right-of-use assets and lease liabilities to be included on the Balance Sheet. IFRS16 defines a lease as being 'a contract, or part of a contract, that conveys the right to use an asset for a period of time'.

IFRS16 also applies to service concession arrangements i.e. Public-Private Partnerships (PPP) and similar schemes. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability, is recalculated based on the revised level of payments. The effect of this has been to increase finance lease liabilities by £31.2m, with £29.1m recognised on IFRS16 transition at 1 April 2024 and an increase of £2.1m following remeasurement as at 31 March 2025, with an equal increase in Balance Sheet assets recognised prior to revaluation considerations.

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 Treasury Management Strategy.

Debt Management

As detailed in the 2025/26 Treasury Management Strategy the Council continues to maintain its' under-borrowed position. This means that historically the Council's capital financing need has not been fully funded by external loan debt and instead internal cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. During 2024/25 significant capital investment was incurred including of the completion of Earlston Primary School and progress towards completion of the 2 new High schools and the Council's borrowing need has increased accordingly.

Net borrowing of £105m was undertaken in year to support capital spend, in line with our Treasury Strategy loans were taken for between 1 and 5 years in anticipation of interest rates reducing over time.

External Debt

The Council's outstanding external debt excluding accrued interest as at 31 March 2025 was £349m. The average rate of interest paid on outstanding external debt was 4.68%.

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.

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 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:

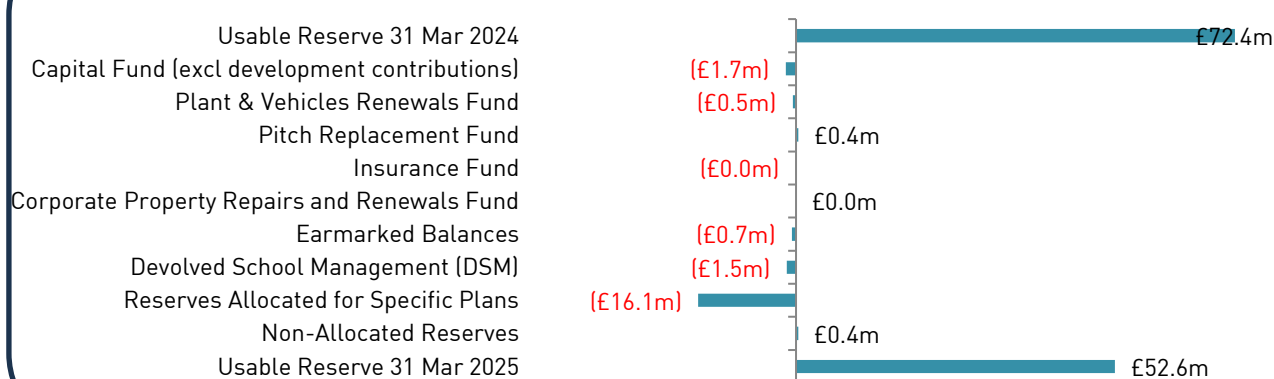
- A working balance to provide financial resilience to the Council
- A contingency to cushion the impact of unexpected events or emergencies; and
- Earmarked balances to meet known or predicted liabilities.

As at 31 March 2025 the total Usable Reserves Balance is £52.6m (£72.4m at 31 March 2024) a net decrease of £19.8m during the year.

The net decrease, as can be seen from the chart below, can mainly be attributed to a decrease in allocated balances of £16.1m which were applied to the general fund as approved in the 2024/25 Financial Plan and a £1.7m decrease in specific balances as Capital Fund balances were utilised during the year.

Allocated Reserves include the £20m Change Fund which is being used to support the delivery of the Transformation Programme. The remaining balance relates primarily to the Treasury Reserve. This reserve will be utilised, over the next 5 years of the Financial Plan to smooth borrowing costs and stop spikes in payments resulting from the progression with the new Schools programme as they come to completion.

Movement in Reserves



Risk

Risk Management is one of the foundations of effective Corporate Governance as recognised in the Council's Local Code of Corporate Governance. Compliance with the principles of sound Corporate Governance requires the Council to adopt a coherent approach to the management of risks that it faces every day. Better and more assured risk management will bring many benefits to the Council and the people it serves.

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 2025-2027](#), with enhancements made therein to implement actions contained within the Risk Management Maturity Improvement Plan that was developed in 2023/24. Enhancements within the Risk Management Policy included the addition of Risk and Risk Management definitions and a Vision Statement. Within the Risk Management Strategy 2025-2027, enhancements included referencing the importance of the Risk and Mitigations section of Committee Reports to enable Elected Members to make well-informed decisions along with paragraphs to outline the importance of applying of risk management practices across core business, service redesign, commissioning and partnering arrangements, programmes and projects to reflect the Council's delivery structures and operating environment thus ensuring coverage of the Council's total portfolio of risks. The importance of effective Risk Management is summarised in the Annual Governance Statement 2024/25 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 2024/25](#). It details all the strategic risks facing the Council in the delivery of its Services and Priorities as set out in the Council Plan. These are scored as Red, Amber, Green (RAG) in accordance with the Risk Matrix. During 2024/25, Corporate Risks have been reviewed in accordance with their RAG Status, meaning that Red Risks are reviewed quarterly, Amber Risks bi-annually, and Green Risks at least annually. There are currently no Green Risks on the Corporate Risk Register. A summary of the Corporate Risk Register was presented to Council Management Team (CMT) on a quarterly basis, in accordance with the Risk Management Strategy 2025-2027.

A new round of Director Risk Management Presentations to the Audit Committee commenced in 2024/25 and will conclude during 2025/26. These Presentations have a strong focus on the Council's strategic risks and the internal controls and governance mechanisms in place to manage and mitigate those risks and demonstrates how risk management is embedded at both corporate and service levels. This approach has provided an opportunity for the Members of the Audit Committee, as part of their oversight remit, to gain a fuller understanding of how Management discharge their risk management responsibilities in practice and to assess the adequacy and effectiveness of the Council's risk management arrangements.

The Corporate Risk Officer has facilitated risk reviews for all Service Risk Registers broadly in line with the Risk Management Strategy 2025-2027 in accordance with their RAG status, balancing this with Risk Owner availability and other competing priorities. An update on service risk review activity is also presented to CMT on a quarterly basis in the form of a Risk Tree, supporting greater CMT oversight of risk management activity at an operational level.

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.	16 Major - Likely		
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	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.	6 Moderate - Unlikely		
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 does not implement a comprehensive climate change strategy, including specific actions for mitigation and adaptation and effective working with Partners, the Council may fail to meet its legislative obligations and the targets it has set in relation to climate change.	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		
External Providers of Sport, Leisure and Culture Services	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.	20 Critical - Likely		

Red (score 15-25)  Amber (Score 6-12)  Green (Score 1-5) 

*C&YP – children and young people

A Corporate Financial Risk Register was used as the basis for setting unallocated Reserve levels in 2024/25 and future years. This approach seeks to quantify the risks facing the Council's finances.

A review of the major financial risks facing the Council has been undertaken by senior finance officers, the Chief Officer Audit and Risk and the Corporate Risk Officer and include underlying inflation, over optimistic savings assumptions, over optimistic assumptions regarding future Government grant funding, delays in delivery of transformation plans, unconfirmed future pay and pension cost increases, the failure to enact effective budgetary control, severe weather events, potential legal and contractual claims and unplanned emergencies in approving an appropriate level of unallocated balances.

The level of unallocated Reserves is directly informed by an assessment of the risks facing the Council. This approach, despite being subject to an element of informed judgement, fundamentally reflects the risks inherent in setting the revenue budget, the reasons why Reserves are held in the first place, the scale and complexity of the organisation and provides an appropriate transparent rationale for the level of balances held.

The accumulated financial risk in the Risk Register was assessed to be c£14.8m at the start of the financial year and the unallocated general fund equivalent to c£7.4m in 2024/25, was sufficient to cover 50% of risks identified. The most significant financial risks identified in the Council's Financial Strategy Risk Register 2024/25 are as follows:

- Economy and 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. (Financial Risk - £2.85m based on 1% variation in SG grant; Risk Score - 12 Amber).
- Environment – If there are adverse winter weather conditions (e.g. snow, ice, wind damage or flooding) it may result in a strain on the Winter Maintenance Budget and additional revenue and capital costs. (Financial Risk - £1m allocated reserve held separately; Risk Score - 12 Amber).
- Budgetary Control – If we are unable to deliver budgeted reductions then expenditure may not be contained within approved budgets and there may be negative impacts on service provision. (Financial Risk - £2.5m; Risk Score - 12 Amber).
- Budgetary Control – If we are unable to accurately forecast demographics in relation to vulnerable children/children with complex needs then we may not be able to plan service provision accordingly and expenditure may not be contained within approved budgets, resulting in the potential for reduced service provision. (Financial Risk - £2.0m; Risk Score - 16 Red).
- Supplier Failure - If major contractors/ providers of essential services (e.g. Transport/ Care) go out of business then there will be immediate loss of essential service, negative pressures on budgets, reserves and costs associated with retendering. (Financial Risk - £0.5m; Risk Score - 12 Amber).
- Budgetary Control - Failure of our budgetary control processes due to unexpected cost drivers then there may be negative implications across wider areas of the Council. (Financial Risk - £3.7m based on 1% overspend; Risk Score - 12 Amber).
- Pay – If the pay award exceeds the budgetary provision, then it will create a budgetary pressure for the Council. (Financial Risk - £2.0m based on 1% pay award above budget; Risk Score - 9 Amber).
- Economy and Funding – If there are legal claims and/or financial awards awarded against the Council (e.g. damages from individuals formerly under local authority care), not fully covered by insurance, then the Council will be exposed to potentially significant one-off costs (Financial Risk - £0.75m; Risk Score - 12 Amber).

Sustainable development and climate change

Scottish Borders Council, like all Scottish Local Authorities, continues to develop its' response to the legal requirements set out for public bodies within the Climate Change (Scotland) Act 2009 and subsequent amendments in 2019 and 2024. This legislation requires public bodies to set a pathway to achieve net zero emissions by 2045, to support climate change adaptation plans and act sustainably across their functions

The current priority actions being pursued by Scottish Borders Council are:

1. **Climate Change Route Map:** The Council declared a climate emergency in September 2020 and developed a [Climate Change Route Map](#) in June 2021. Priority actions to deliver on this route map were approved in March 2022. The goal is to set the Scottish Borders on a path to net zero by 2045, ensuring that greenhouse gas emissions produced do not exceed what is absorbed naturally or through technology.
2. **Capital Plan:** The Council has an ambitious Capital Plan that includes key infrastructure projects to improve community facilities, such as roads and bridges maintenance, new primary and secondary schools, and care villages. Following the completion of these new builds, the Council will refocus the Capital Plan on prioritising refurbishment works and energy efficiency projects to support the Council's response to the climate emergency.
3. **Budget Planning Assumptions:** The Council's financial plans for 2025/26 onwards include a focus on transforming Council services, investing in new technology to reduce costs, and prioritising core Council services. This approach supports the Scottish Government's drive to reduce carbon and will follow on from the Estates review and rationalisation work currently underway.

The Scottish Borders Council is committed to achieving net zero emissions by 2045. The Climate Change Route Map outlines the Council's commitment to reducing greenhouse gas emissions, making communities resilient to climate change, and acting sustainably in the delivery of services.

Supplementary information Common good and trust funds

The Council operates Common Good and Trust Fund accounts which record the financial transactions in relation to funds the Council administers. These do not represent charges or income to council tax payers. These are shown at notes 35 and 36.

Scottish Borders Council Group Accounts

Group Accounts have been prepared for the year ending 31 March 2025 with a comparator year ending 31 March 2024. The Group Accounts for 2024/25 includes information on changes to the Group in 2024/25. The Group comprises of the following:

SBC Common Good Funds

SBC Trust Funds of which the following are registered charities:

- SBC Charitable Trusts
- SBC Community Enhancement Trust
- SBC Educational Trusts
- SBC Welfare Trust

A further 40 Trusts that are not registered charities

Live Borders

(SBC/NHS) Health and Social Care partnership & Integration Joint Board (IJB) – **Joint Venture**

Based on materiality the following organisations **have been excluded** from the Group accounts: Lowood Tweedbank Ltd, SB Inspires LLP and Bridge Homes LLP.

Conclusion

The operating environment for the Council continues to be very challenging. The Council is facing 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 which affect the Council's ability to recruit to fill key vacancies.

The resultant budget pressures have been supported through significant management action in year to reduce spend. To ensure the continued financial sustainability of the Council it must reduce spend across services. Spend plans have been agreed for all services to support managers to deliver services within agreed budgets and we will continue to work on this approach through 2025/26. A new Transformation Programme has been developed to support the delivery of savings required to balance the 2025/26-2029/30 Financial Plan.

The Council continues to support communities, and a 'Plan for Engagement' was approved by Council in April 2024. Community conversations will be trialled during 2025/26 as a replacement for area partnerships with the intention to provide a platform for the Council and the community to engage and discuss council services. This model will provide the community with the opportunity to influence Council decisions.

The current operating environment also presents many opportunities for the Scottish Borders, including continued ever closer working with the NHS, South of Scotland Enterprise (SSE), the Edinburgh and South East Scotland Regional City Deal and the Borderlands Inclusive Growth Deal.

Plans for the £20m awarded as part of the **Community Regeneration Programme**, have been agreed and the announcement of Scotland's first Center Parcs with a proposed location near Hawick as well as the ongoing tourism events in the Borders offer unique opportunities for our region. These initiatives combined with the Council's planned investment in infrastructure of the Borders and 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 its' community planning partners and National Government to ensure maximisation of this potential for its' communities.

The Council, despite ongoing challenges, has met the aims of its' Financial Strategy and has again delivered record capital spend during 2024/25 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

25 September 2025



David Robertson CPFA
Chief Executive

25 September 2025



Suzanne Douglas CPFA
Director of Finance

25 September 2025

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 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 25 September 2025.

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 2025.



Euan Jardine
Council Leader

25 September 2025



Suzanne Douglas CPFA
Director of Finance

25 September 2025

Annual Governance Statement 2024/25

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 2025, sets out the Council's governance arrangements and systems of internal control, and reports on their effectiveness. The statement also covers relevant governance matters as they affect those entities included as part of the Council's Group Accounts.

Scope of Responsibility

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.

Annual Governance Statement 2024/25

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:

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. 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 Community Engagement Strategy (April 2024) sets out principles for engagement and the Toolkit (March 2025) shares best practice methods to enable consistency, cost effectiveness and transparency.

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.

Annual Governance Statement 2024/25

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).

The Council's vision, strategic objectives, priorities and outcomes are reflected in the approved Council Plan, underpinned by 5 Locality Plans, 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 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) 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.

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 Transformation Programme and IT Investment 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 2024/25 consisted of the Chief Executive and six Directors plus a Joint Director of Health & Social Care Integration (joint post with NHS) (an additional post was created for a Head of Adult Services with effect from 26 April 2025). 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.

Annual Governance Statement 2024/25

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 Strategy 2025-2027 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 the Risk Management Annual Report 2024/25 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. The Council's Counter Fraud Policy and Strategy 2025-2027 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 the Counter Fraud Annual Report 2024/25 presented to the Audit Committee for assurance purposes.

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.

Annual Governance Statement 2024/25

This opinion is stated within the Internal Audit Annual Assurance Report 2024/25 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 Review 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 2024/25 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 2024/25 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. This conclusion is further substantiated by the Accounts Commission findings in the report on 'Best Value in Scottish Borders Council' that was presented to full Council on 19 December 2024.

Annual Governance Statement 2024/25

Additions have been made to the Integrated Impact Assessment process and templates to encompass requirements of the United Nations Convention of the Rights of the Child (UNCRC) and the Consumer Duty. In respect of the five Improvement Areas of Governance identified by the Council in 2023/24, four have been implemented during the year.

- 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).
- 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.
- Refresh the business cycle of the Council Management Team on a themed basis to enable the strategic focus on significant challenges and opportunities; and
- Commitment to the new Operating Model to implement major Transformation activity through 9 workstreams, the new approach seeks to effect positive change that enables Services to deliver excellence for all customers and communities in a sustainable way.

The improvement area of governance (review and update of the Policy Register) is not fully implemented as there have been challenges identifying a suitable and affordable solution to meet requirements - this therefore continues to be noted in the section below (no. 1), with the addition of new improvement areas of governance identified by the Governance Review Group (nos. 2-5).

Improvement Areas of Governance

The collective review activity outlined above has identified the following areas where further improvement in governance arrangements can be made:

- (1) 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.
- (2) Refresh the Scheme of Delegation to capture officers' delegated authority arising from the corporate management restructure (April 2024) with responsibilities realigned across Directorates and the additional Director post (April 2025).
- (3) Relaunch the appraisal framework to engage those hard-to-reach employees due to the nature of their work activity and to empower all employees across the Council to enhance the leadership and management capacity and capability across the Council.
- (4) Focus on making savings on a permanent basis, recognising the challenges faced to remain financially sustainable in the longer term, through the development of Spend Plans aligned to workforce and service plans (and Council Plan) to deliver services within available resources.
- (5) Embed the principles of the community engagement strategy and associated toolkit into all applicable service and policy development activity to ensure consistent application.

These actions to enhance the governance arrangements in 2025/26 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 2025/26 is designed to test compliance and to independently confirm evidence of improvements.

Annual Governance Statement 2024/25

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

25 September 2025



David Robertson CPFA
Chief Executive

25 September 2025

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
- Senior Councillor Remuneration
- Senior Employee Remuneration
- Exit Packages
- Pension Benefits Information for Senior Councillors
- Pension Benefits Information for Senior Officers

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 2024/25 the salary for the Leader of Scottish Borders Council is £42,698. 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 £373,576. The Council can 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 £373,570. 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 26 May 2022 and 29 August 2024.

Remuneration Report

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	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£50,000 - £54,999	1	-	56	82	35	97	92	179
£55,000 - £59,999	-	-	88	67	25	33	113	100
£60,000 - £64,999	-	-	48	61	15	10	63	71
£65,000 - £69,999	-	1	59	62	16	21	75	84
£70,000 - £74,999	2	1	32	39	1	1	35	41
£75,000 - £79,999	5	2	9	17	-	1	14	20
£80,000 - £84,999	2	2	4	10	-	-	6	12
£85,000 - £89,999	-	1	2	-	-	-	2	1
£90,000 - £94,999	1	3	2	4	-	-	3	7
£95,000 - £99,999	3	1	2	1	-	-	5	2
£100,000 - £104,999	5	3	-	1	-	-	5	4
£105,000 - £109,999	-	4	1	1	-	-	1	5
£110,000 - £114,999	-	-	-	-	-	-	-	-
£115,000 - £119,999	-	-	-	-	-	-	-	-
£120,000 - £124,999	-	-	-	-	-	-	-	-
£125,000 - £129,999	-	-	-	-	-	-	-	-
£130,000 - £134,999	-	-	-	-	-	-	-	-
£135,000 - £139,999	-	-	-	-	-	-	-	-
£140,000 - £144,999	1	-	-	-	-	-	1	-
£150,000 - £154,999	-	1	-	-	-	-	-	1
Total	20	19	303	345	92	163	415	527

Remuneration Report

Remuneration of Senior Councillors

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

Total Remuneration 2023/24 £	Councillor Name	Responsibility	Salaries, fees and allowances £	Taxable Expenses £	Total Remuneration 2024/25 £
40,205	E Jardine	Leader of the Council	42,698	0	42,698
30,427	W McAteer	Convener	32,024	273	32,297
70,632		Leader and Convener Remuneration	74,722	273	74,995
29,013	M Rowley	Portfolio Holder for Service Delivery & Transformation to 31 August 2024	12,724 (FYE 30,538)	108	12,832
26,354	T Weatherston	Portfolio Holder for Social Work & Community Enhancement to 31/08/2024; Portfolio Holder for Social Work & Inclusion from 01/09/2024	29,416 (FYE 27,845) (FYE 30,538)	135	29,551
26,219	C Hamilton	Portfolio Holder for Developing Our Children & Young People to 31/08/2024; Portfolio Holder for Housing & Culture from 01/09/2024	27,845	0	27,845
26,528	S Mountford	Portfolio Holder for Estate Management & Planning to 31/08/2024; Portfolio Holder for Planning & Community Assets from 01/09/2024	27,845	309	28,154
28,917	R Tatler	Portfolio Holder for Communities & Equalities to 31/08/2024; Portfolio Holder for Public Safety & Resilience from 01/09/2024	28,967 (FYE 30,538) (FYE 27,845)	162	29,129
28,875	S Hamilton	Portfolio Holder for Community & Business Development to 31/08/2024; Portfolio Holder for Economic Growth & Developing the Borders from 01/09/2024	30,538	120	30,658
26,481	J Pirone	Portfolio Holder for Community & Culture to 31/08/2024; Portfolio Holder for Education, Youth Development, & Lifelong Learning from 01/09/2024	29,416 (FYE 27,845) (FYE 30,538)	262	29,678
28,755	D Parker	Portfolio Holder for Health & Wellbeing to 31/08/2024; Portfolio Holder for Integrated Care & Support Services from 01/09/2024	30,538	0	30,538
26,528	J Greenwell	Portfolio Holder for Roads Development & Maintenance to 31/08/2024; Portfolio Holder for Roads & Public Space Development from 01/09/2024	27,845	309	28,154
28,755	L Douglas	Portfolio Holder for Education & Lifelong Learning to 31/08/2024; Portfolio Holder for Finance, IT and Corporate Performance from 01/09/2024	30,538	0	30,538
26,397	J Linehan	Portfolio Holder for Environment & transport to 31/08/2024; Portfolio Holder for Environment, Transport & Sustainability from 01/09/2024	27,845	178	28,023
28,984	C Cochrane	Portfolio Holder for Community Engagement to 31/08/2024; Portfolio Holder for Community & Partnership Development from 01/09/2024	30,538	229	30,767
0	J Cox	Portfolio Holder for People, Governance & Change from 01/09/2024	16,243 (FYE 27,845)	0	16,243
21,913	E Thornton-Nicol	Chair of Audit Committee to 31/08/2024; Chair of Audit & Scrutiny from 01/09/2024	23,272	0	23,272
353,719		Total Senior Councillor Remuneration	373,570	1,812	375,382
424,351		Total Remuneration	448,292	2,085	450,377

The total remuneration figures relate to the salary, fees and allowances for 2024-25 as included in the Comprehensive Income and Expenditure Statement. They are only in respect of monies paid to Councillors whilst holding a Senior Councillor position during that year.

Remuneration Report

Total Remuneration paid to Councillors

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

2023/24 £'000		2024/25 £'000
799	Salaries	854
39	Expenses	35
838	Total	889

The draft annual return of Councillors' salaries and expenses for 2024/25 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

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.

2023/24	Name Post Title		2024/25				
Total Remuneration £			Salaries, fees and allowances £	Taxable Expenses £	Compensation for loss of employment £	Benefits other than in cash £	Total Remuneration £
	Senior Employees in post as at 31/03/25						
143,873	KD Robertson	Chief Executive	152,389	0	0	0	152,389
101,229	J Craig	Director - Resilient Communities	105,773	54	0	0	105,827
101,253	C Hepburn	Director - People, Performance & Change	104,873	34	0	0	104,907
103,954	LH Munro	Director - Education & Children's Services	107,293	0	0	0	107,293
100,146	JR Curry	Director - Infrastructure & Environment	104,873	19	0	99	104,991
99,108	SL Douglas	Director - Finance	105,025	0	0	0	105,025
101,032	NB McKinlay	Director - Corporate Governance	105,352	0	0	0	105,352
	J Glen	Head of Adult Services from 24 June 2024	71,309 (FYE 92,676)	0	0	0	71,309
42,542 (FYE 80,541)	GS Lennox	Chief Officer Adult Social Work & Social Care to 8 December 2024	58,591 (FYE 85,032)	0	0	0	58,591
46,040 (FYE 89,456)	J Fyfe	Chief Officer Child & Families Social Work to 28 February 2025	84,953 (FYE 92,676)	0	0	0	84,953
	Senior Employees departed post before 01/04/24						
53,222 (FYE 101,229)	SC Easingwood	Director - Social Work & Practice (Left 1 October 2023)	0	0	0	0	0
98,192 (FYE 101,229)	JM Holland	Director - Strategic Commissioning & Partnerships (Left 13 March 2024)	0	0	0	0	0
990,591	Total		1,000,431	107	0	99	1,000,637

Notes

- (1) KD Robertson figure of £152,389 includes £2,689 Returning Officer fees for the General Election on 4 July 2024.
- (2) J Craig figure of £105,773 includes £900 Depute Returning Officer fees for the General Election on 4 July 2024.
- (3) LH Munro figure of £107,293 includes £2,420 for untaken accrued annual leave.
- (4) SL Douglas figure of £105,025 includes £900 Depute Returning Officer fees for the General Election on 4 July 2024.
- (5) NB McKinlay figure of £105,352 includes £1,800 Depute Returning Officer fees for the General Election on 4 July 2024.
- (6) GS Lennox figure of £58,591 includes £878 Standby and Call Out fees.
- (7) JR Curry figure of £104,991 includes £99 non cash benefit for car salary sacrifice.

C Myers, in his role as Joint Director (SBC/NHS) Health and Social Care partnership & Integration Joint Board (IJB), is also considered to be a senior employee. His annual remuneration is disclosed in Scottish Borders IJB Accounts.

Remuneration Report

Exit Packages

The total cost and numbers of exit packages are set out in the tables below for 2023/24 and 2024/25:

2024/25

Exit Package Cost band (including special payments) 2024/25	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	14,677
£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	14,677

The total costs of £14,677 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.

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

Remuneration Report

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, J Hutchison until 31 May 2024, G Murdoch, 1 June to 30 September, J Franks from 1 October 2024 – see table below. Please note neither J Hutchison or J Franks are members of the pension scheme.

2023/24	NamePost Title		2024/25					In-year pension contributions		Accrued Pension Benefits		
Total Remuneration £			Salaries, fees and allowances £	Taxable Expenses £	Benefits other than in cash £	Total Remuneration £	For year to 31 March 2024 £	For year to 31 March 2025 £	Type	As at 31 March 2025 £'000	Difference from 31 March 2024 £'000	
47,998	J Hutchison	Acting Chief Executive Officer to 31 May 2024	21,800	139	-	21,939	0	n/a	Pension	n/a	n/a	
									Lump Sum	20	20	
-	G Murdoch	Acting Chief Executive Officer to September 2024	22,196	312	-	22,508	8,438	7,918	Pension	15	15	
									Lump Sum			
-	J Franks	Acting Chief Executive Officer from October 2024	68,250	11,863	-	80,113	n/a	n/a	Pension	n/a	n/a	
									Lump Sum			
120,682	E Jackson	Chief Executive Officer to 31 December	-	-	-	-	12,721		Pension			
									Lump Sum			
168,680		TOTAL	112,246	12,314	-	124,560	21,159	7,918				

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.

Remuneration Report

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 2024/25 were as follows:

Whole Time Pay	2024/25
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.

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 2025 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.

Remuneration Report

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 2024 £	In year pension contributions for year to 31 March 2025 £
E Jardine	Leader of the Council	7,438	7,259
W McAteer	Convener	5,578	5,444
D Parker	Portfolio Holder for Health & Wellbeing	5,320	5,191
T Weatherston	Portfolio Holder for Social Work & Community Enhancement	4,851	5,001
C Hamilton	Portfolio Holder for Developing Our Children & Young People.	4,851	4,734
M Rowley	Portfolio Holder for Service Delivery & Transformation	5,320	4,280
J Pirone	Portfolio Holder for Community & Culture	4,851	5,001
R Tatler	Portfolio Holder for Communities & Equalities	5,320	4,924
S Hamilton	Portfolio Holder for Community & Business Development	5,320	5,191
J Cox	Portfolio Holder for People Development & Change from 1 September 2024	-	4,273
L Douglas	Portfolio Holder for Education & Lifelong Learning	5,320	5,191
J Linehan	Portfolio Holder for Environment & transport	4,851	4,734
C Cochrane	Portfolio Holder for Community Engagement	5,320	5,191
E Thornton-Nicol	Chair of Audit Committee	4,054	3,956
Total		68,394	70,370

Remuneration Report

Councillor Name	Pension at 31 March 2025 £'000	Lump Sum at 31 March 2025 £'000	Pension Difference from 31 March 2024 £'000	Lump Sum Difference from 31 March 2024 £'000
E Jardine	5	-	1	-
W McAteer	5	-	1	-
D Parker	12	3	1	-
T Weatherston	15	21	1	1
C Hamilton	4	-	1	-
M Rowley	4	-	1	-
J Pirone	1	-	1	-
R Tatler	4	-	1	-
S Hamilton	4	-	1	-
J Cox	1	-	1	-
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 2025 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 2025.

Remuneration Report

		In year pension contributions for year to 31 March 2024	In year pension contributions for year to 31 March 2025
Name	Post Title		
Senior Employees in post as at 31/03/25		£	£
KD Robertson	Chief Executive	26,616	25,906
J Craig	Director - Resilient Communities	18,727	17,828
C Hepburn	Director - People, Performance & Change	18,727	17,828
J Glen	Head Of Adult Services from 24 June 2024	-	15,259
GS Lennox	Chief Officer Adult Social Work and Social Care to 8 December 2024	14,651	13,578
LH Munro	Director - Education & Children's Services	18,727	17,828
JD Fyfe	Chief Officer Children and Families Social Work	15,463	15,576
JR Curry	Director - Infrastructure & Environment	18,527	17,669
SL Douglas	Acting Chief Financial Officer (until 19 June 2023); Director - Finance from 20 June 2023	18,327	17,701
NB McKinlay	Chief Legal Officer (until 27 June 2023); Director - Corporate Governance from 28 June 2023	18,327	17,604
Senior Employees departed post before 31/03/24			
SC Easingwood	Director - Social Work & Practice (to 1 October 2023)	9,414	-
JM Holland	Director - Strategic Commissioning & Partnerships (to 13 March 2024)	17,821	-
Total		195,327	176,777

No prior year figures are disclosed for J Glen as they did not hold a senior management position in 2023/24.

Senior Employee	Pension at 31 March 2025 £'000	Lump Sum at 31 March 2025 £'000	Pension Difference from 31 March 2024 £'000	Lump Sum Difference from 31 March 2024 £'000
KD Robertson	73	93	5	4
J Craig	58	76	4	3
C Hepburn	33	3	3	-
J Glen	23	10	4	1
GS Lennox	33	31	2	-
LH Munro	58	-	4	-
JD Fyfe	30	13	3	1
JR Curry	8	-	2	-
SL Douglas	43	40	4	2
NB McKinlay	33	12	3	1
Senior Employees departed post before 31/03/24				
SC Easingwood	-	-	-	-
JM Holland	-	-	-	-

Remuneration Report

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.

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 14 employees (the equivalent of 4 FTE) who are TU representatives.

The percentage of working time spent on TU activities by the 14 TU representatives can be broken down as follows:

Percentage of Time	Number of TU Representatives
1% - 50%	11
51% - 99%	1
100%	2
Total	14

The percentage of the total pay bill spent on facility time is 0.078% which equates to a cost of £127,742 against a total pay bill of £163,265,505.

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



Euan Jardine
Council Leader

25 September 2025



David Robertson CPFA
Chief Executive

25 September 2025

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 2025 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and Council only Comprehensive Income and Expenditure Statements, the group and Council only Balance Sheets, the group and Council only Movement in Reserves Statements, the group and Council only Cash Flow Statements, the Council Tax Income Account, and the Non-Domestic Rate Income Account, 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 2024/25 (the 2024/25 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 2025 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

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 Scottish Borders Council 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.

Scottish Borders Council 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 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 FCPFA

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

25 September 2025

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 2023/24				2024/25			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
90,926	(10,953)	79,973	Infrastructure & Environment	99,155	(14,077)	85,078	
29,370	(1,475)	27,895	Finance	27,006	(1,269)	25,737	
158,252	(86,788)	71,464	Adult Services	175,576	(101,511)	74,065	
158,454	(23,665)	134,789	Education & Childrens Services	208,149	(13,426)	194,723	
60,656	(29,566)	31,090	Resilient Communities	62,532	(33,308)	29,224	
13,092	(4,878)	8,214	Corporate Governance	15,353	(5,772)	9,581	
8,835	(347)	8,487	People Performance & Change	9,770	(170)	9,600	
519,585	(157,673)	361,912	Net Cost of Services	597,541	(169,533)	428,008	
2,140	(2,286)	(146)	Roads Trading Operation (Surplus)/Deficit (External)	-	-	-	8
3,761	(3,020)	741	Other Operating Expenditure (Gain)/Loss on Disposal of Assets	2,944	(2,575)	370	
14,617	-	14,617	Financing & Investment Income and Expenditure Interest Payable & Similar Charges	18,946	-	18,946	29
-	(2,592)	(2,592)	Interest Receivable & Similar Income	-	(1,004)	(1,004)	
-	(2,992)	(2,992)	Net Interest Expense on the Net Defined Benefit Liability	-	(4,040)	(4,040)	20
-	(218,189)	(218,189)	Taxation and Non-Specific Grant Income Revenue Support Grant		(245,383)	(245,383)	
-	(37,818)	(37,818)	Non-Domestic Rates Pool for Scotland		(42,222)	(42,222)	
-	(67,308)	(67,308)	Council Tax		(69,499)	(69,499)	
-	(38,662)	(38,662)	Capital Grants and Contributions		(28,426)	(28,426)	28
540,103	(530,539)	9,564	(Surplus)/Deficit on Provision of Services	619,432	(562,682)	56,749	

Comprehensive Income and Expenditure Statement

2023/24				2024/25			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
540,103	(530,539)	9,564	(Surplus)/Deficit on Provision of Services	619,432	(562,682)	56,749	
		(32,811)	(Surplus)/Deficit on revaluation of Non Current Assets			(23,916)	
		-	Any Other (Gains) Or Losses			373	
		(21,886)	Actuarial (gains)/losses on pension assets/liabilities			101,973	
		(54,697)	Other Comprehensive Income and Expenditure			78,430	
		(45,133)	Total Comprehensive (Income)/Expenditure			135,179	

Balance Sheet

The Balance Sheet shows the value as at the 31 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 cannot 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'.

2023/24		2024/25	Notes
£'000		£'000	
474,685	Property Plant and Equipment	493,213	12
32,662	Other Land and Buildings	29,982	
144,706	Vehicle, Plant, Furniture & Equipment	247,687	
6,446	Infrastructure	5,536	
135,405	Surplus Assets	97,952	
1,014	Assets Under Construction	1,014	13
302	Heritage Assets	172	14
-	Intangible Assets	5,058	16
1,185	Right Of Use Assets	1,122	29
103,791	Long Term Debtors	-	20
900,196	Long Term Assets	881,735	
1,473	Inventories	1,124	24
63,307	Short Term Debtors	63,431	30
(13,827)	less Impairment of Receivables	(11,560)	
3,236	Cash and Cash Equivalents	1,573	34
54,189	Current Assets	54,568	
-	Bank Overdrafts	(1,835)	29/34
(49,667)	Short Term Borrowing	(99,867)	29
(61,431)	Short Term Creditors	(57,884)	16/30
(539)	Provisions	(2,628)	25
(111,637)	Current Liabilities	(162,213)	
(201,484)	Long Term Borrowing	(254,129)	29
(75,122)	Other Long Term Liabilities	(100,462)	16
(925)	Due to Trust Funds and Common Good	(703)	
(3,511)	Provisions	(3,548)	25
(13,863)	Capital Grants Receipts in Advance	(4,331)	28
-	Pension Liability - Funded Obligations	-	
(17,529)	Pension Liability - Unfunded Obligations	(15,780)	20
(312,434)	Long Term Liabilities	(378,953)	
530,313	Net Assets	395,137	

Balance Sheet

2023/24 £'000	Financed By:	2024/25 £'000	Notes
	Useable Reserves		
(10,220)	Capital Fund	(8,431)	} 31
(60,862)	General Fund Balance	(42,901)	
-	Property Maintenance Fund	-	
(1,273)	Insurance Fund	(1,226)	
	Unusable Reserves		
(208,164)	Capital Adjustment Account	(185,923)	} 31
5,169	Financial Instruments Adjustment Account	4,549	
(175,674)	Revaluation Reserve	(184,272)	
(86,262)	Pension Reserve	15,780	
6,972	Employee Statutory Adjustment Account	7,287	
(530,313)	Total Reserves	(395,137)	

The unaudited accounts were authorised for issue on 24 June 2025 and the audited accounts were authorised for issue on 25 September 2025.

Suzanne Douglas

Suzanne Douglas CPFA
Director of Finance

25 September 2025

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.

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 31/03/2024 carried forward	(60,862)	(10,220)	0	(1,274)	(72,355)	(457,959)	(530,313)	

Movement in reserves during 2024/25

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 01/04/2024	(60,862)	(10,220)	0	(1,274)	(72,355)	(457,959)	(530,313)

Movement in reserves during 2024/25

Total Comprehensive Income & Expenditure	56,749	-	-	-	56,749	78,430	135,179	C I & E
Depreciation & Impairment charges to Revaluation Reserve	14,802	-	-	-	14,802	(14,802)	-	
Adjustments between accounting basis & Funding basis under regulations	(53,589)	1,789	-	47	(51,753)	51,753	-	31
(Increase) or Decrease In 2024/25	17,962	1,789	-	47	19,798	115,380	135,179	
Balance at 31/03/2025 carried forward	(42,901)	(8,431)	0	(1,226)	(52,558)	(342,579)	(395,137)	

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.

2023/24		2024/25		Notes
£'000		£'000	£'000	
9,564	Net (surplus) or deficit on the provision of services	56,749		
(33,281)	Adjustments to net (surplus) or deficit on the provision of services for non cash movements	(109,847)		32
38,662	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	28,426		32
14,945	Net Cash Flows From Operating Activities		(24,672)	
	Investing Activities			
83,670	Purchase of PP&E, investment property and intangible assets	106,912		
(3,020)	Proceeds from PP&E, investment property and intangible assets	(2,575)		
-	Purchase/(Disposal) of short & long term investments	-		
(37,944)	Other Items which are Investing Activities	13,156		
42,706	Net Cash Flows from Investing Activities		117,493	
	Financing Activities			
(46,381)	Cash received from loans & other borrowing	(114,619)		
4,683	Cash payments for the reduction of the outstanding liabilities relating to right of use assets and on-balance sheet PFI contracts	6,461		
8,953	Repayments of short and long term borrowing	13,000		
-	Other items which are financing activities	5,835		
(32,745)	Net Cash Flows from Financing Activities		(89,323)	
24,906	Net (Increase) or Decrease in Cash and Cash Equivalents		3,498	
28,142	Cash and Cash Equivalents at the beginning of the reporting period		3,236	
3,236	Cash and Cash Equivalents at the end of the reporting period		(262)	34
24,906	Movement		3,498	

Note 1 Accounting Policies

General Principles

The Annual Accounts summarise the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. 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 2024/25, 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.

Note 1 Accounting Policies continued

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 and 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.

Note 1 Accounting Policies continued

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.

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.

Notes to the Core Financial Statements

Note 1 Accounting Policies continued

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.

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.

Note 1 Accounting Policies continued

Heritage Assets

The Council's collections are held within the stores of the Borders Towns Halls and displayed in various museums in the area. These collections reflect different aspects of our culture, identity and history.

Heritage Assets, where the cost or value of the asset are known, are recognised on the balance sheet at valuation and no depreciation is charged on these assets.

Heritage assets will only be revalued where there is specific evidence that a revaluation is required and where the costs of the revaluation do not outweigh the benefit to users of the financial statements.

The carrying amounts of heritage assets are reviewed, where there is evidence of impairment, for example where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

As a result of the cultural and education value of these assets, disposals of heritage assets tend to be rare. The process of such disposals is accounted for in accordance with the Council's general provision relating to the disposal of property plant and equipment and disclosed separately in the Notes to the Accounts.

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.

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.

Note 1 Accounting Policies continued

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.

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.

Notes to the Core Financial Statements

Note 1 Accounting Policies continued

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 or 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.

Note 1 Accounting Policies continued

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.

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 – policy for 2024

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).

Notes to the Core Financial Statements

Note 1 Accounting Policies continued

Operating Leases – (Council as lessor)

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).

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.

Leases -policy for 2025

Right of Use Assets

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024, the main impact being that for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024.

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time'. For leases that were classified as finance leases under IAS17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS17 immediately before that date.

The Council has elected to apply recognition exemptions to low value assets (below £5,000 when new) and to short term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. Payments paid in relation to these are charged to the appropriate service account in the Comprehensive Income and Expenditure Statement as an expense of the Services benefitting from use of the leased item on a straight-line basis over the remaining leaser term.

As noted above, with effect from 1 April 2024 IFRS16 also applies to Service Concession Agreements and recognition of the resultant remeasurement of the lease liability.

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.

Notes to the Core Financial Statements

Note 1 Accounting Policies continued

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.

Service Concession Agreements are accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. The Standard recognises that the Council is in control of services provided under the PFI scheme. As ownership of the long-term assets will pass to the Council at the end of the contract for no additional charge, the Council carries the assets on the Balance Sheet.

With effect from 1 April 2024, IFRS 16 (Leases) also applies to service concession arrangements. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase finance lease liabilities by £31.2m as at 31 March 2025.

Note 1 Accounting Policies continued

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.

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.

Note 1 Accounting Policies continued

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.

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.

Note 1 Accounting Policies continued

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.

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.

Notes to the Core Financial Statements

Note 1 Accounting Policies continued

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 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.

- a) **IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b) **IFRS 17 Insurance Contracts** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of **IAS 16 Property, Plant and Equipment** and **IAS 38 Intangible Assets**. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

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 Right Of Use assets and remain on the Council's balance sheet at a carrying value of £11.418m at 31 March 2025. 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.

Notes to the Core Financial Statements

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

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming year 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 £10.468m. However, the assumptions interact in complex ways.

During 2024/25, the Council's actuaries advised that the net pension asset had increased by £97.498m. As a result of a change in market conditions, the accounting cost of future benefits has reduced to such an extent that they are smaller than the contributions expected for the Fund to pay (ie the Fund would build up a surplus rather than using it up under these accounting conditions) and so there is no economic benefit accessible to the employer, meaning that no pension asset can be recognised on the Balance Sheet.

Arrears

At 31 March 2025, the Council had Accounts Receivable debtors due of £7.232m and Council Tax debtors of £24.898m. Provision for bad debts amounted to £0.989m and £13.511m 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 £0.099m for Accounts Receivable debtors and £1.351m for Council Tax.

Notes to the Core Financial Statements

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.

		Restated				
		2023/24			2024/25	
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
52,402	27,571	79,973	Infrastructure & Environment	57,047	28,031	85,078
32,388	(4,494)	27,895	Finance	36,094	(10,358)	25,737
70,978	485	71,464	Adult Services	81,817	(7,752)	74,065
142,816	(8,027)	134,789	Education & Childrens Services	167,185	27,538	194,723
32,112	(1,022)	31,090	Resilient Communities	29,476	(252)	29,224
7,270	944	8,214	Corporate Governance	8,702	878	9,581
8,534	(47)	8,487	People, Performance & Change	9,380	220	9,600
346,501	15,411	361,912	Net Cost of Services	389,701	38,308	428,008
(328,623)	(23,725)	(352,348)	Other Income and Expenditure	(362,087)	(9,173)	(371,259)
17,878	(8,314)	9,564	(Surplus) or Deficit on Provision of Services	27,614	29,135	56,749
(49,647)			Opening General Fund Balance	(60,862)		
9,564			(Surplus) or Deficit on General Fund	56,749		
(20,779)			Transfer (to)/from reserves	(38,787)		
(60,862)			Closing General Fund as 31 March	(42,901)		

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 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	18,418	1,021	(368)	19,072	8,960	28,031
Finance	(7,845)	115	(12)	(7,742)	(2,615)	(10,358)
Adult Services	258	898	(174)	983	(8,735)	(7,752)
Education & Childrens Services	37,943	1,089	590	39,622	(12,084)	27,538
Resilient Communities	5,341	479	(358)	5,462	(5,714)	(252)
Corporate Governance	531	317	41	889	(11)	878
People, Performance & Change	-	190	(8)	182	39	220
	54,647	4,109	(288)	58,468	(20,160)	38,308
Other income and expenditure from the Expenditure and Funding Analysis	(9,936)	(4,040)	(944)	(14,920)	5,748	(9,173)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	44,711	69	(1,233)	43,547	(14,412)	29,135

Notes to the Core Financial Statements

Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2023/24 - Restated

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	17,209	714	(246)	17,677	9,894	27,571
Finance	(5,128)	73	(166)	(5,221)	727	(4,494)
Adult Services	522	624	(1)	1,145	(660)	485
Education & Childrens Services	1,146	779	(245)	1,681	(9,708)	(8,027)
Resilient Communities	4,387	366	(39)	4,714	(5,736)	(1,022)
Corporate Governance	710	228	7	946	(3)	944
People, Performance & Change	-	129	20	149	(195)	(47)
	19,993	3,692	(913)	22,772	(15,387)	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	(3,682)	700	(3,651)	(6,633)	(9,708)	(8,314)

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 above tables 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	2023/24 £'000	2024/25 £'000
Expenditure		
Employee Benefits Expenses	203,855	220,013
Other Service Expenses	277,429	297,234
Support Services Recharges	318	390
Depreciation, Amortisation, Impairment	40,123	79,965
Interest Payments	14,617	18,885
Loss on Disposal of Assets	3,761	2,944
Total Expenditure	540,103	619,431
Income		
Fees, Charges and Other Service Income	(157,673)	(169,533)
Interest and Investment Income	(7,870)	(5,044)
Gain on Disposal of Assets	(3,020)	(2,575)
Income from Council Tax and Non Domestic Rates	(105,126)	(111,721)
Government Grants and Contributions	(256,851)	(273,809)
Total Income	(530,539)	(562,682)
(Surplus) or Deficit on the Provision of Services	9,564	56,749

Note 6 Acquired and Discontinued Operations

Following a review of services provided by Live Borders it was decided to transfer Active Schools and Sports development back under the control of the Education and Children's Services directorate of Scottish Borders Council from 1 October 2024.

Note 7 Prior Year Adjustments

The Council's financial statements for 2023/24 have been reclassified to reflect changes in the Council's senior management structure with no financial impact for the year.

The Council realigned its services, enhancing efficiency and streamlining communication to support the delivery of the Council Plan. The changes do not change the gross expenditure/income, net expenditure and total cost of services as reported in the prior year.

Note 8 Significant Trading Operation

SBc Contracts was the only 'Significant Trading Operation' at Scottish Borders Council in terms of the Local Government (Scotland) Act 2003 at 31 March 2024, however a reclassification agreed on 10 September 2024 defined SBc Contracts as a Trading Operation and therefore there is no requirement to disclose trading performance separately in 2024/25.

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 2024/25, Scottish Borders Council received £0.449m (2023/24 £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 2025.

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.

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 £271.203m in 2024/25 (2023/24: £264.560m). Amounts due from Scottish Government at 31 March 2025 relating to 2024/25 are £2.114m (2023/24: £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:

	2024/25			
	Income £'000	Expenditure £'000	Net Expenditure £'000	Debtor/(Creditor) £'000
Public Bodies				
Other Local Authorities	329	1,427	1,098	(1,501)
NHS Bodies	15,354	1,442	(13,912)	2,932
Scottish Qualifications Authority	29	552	523	-
Scottish Water	458	21,520	21,062	(26)
Scottish Water Horizons	-	119	119	-
South of Scotland Enterprise Agency	552	477	(75)	(385)
Disclosure Scotland	-	35	35	3
Care Inspectorate	-	24	24	-
Scottish Fire & Rescue Service	2	4	2	-
Historic Environment Scotland	10	-	(10)	(194)
Scottish Police Authority	27	506	479	(3)
Sport Scotland	311	-	(311)	(5)
Transport Scotland	302	-	(302)	306
Business Stream	-	1,865	1,865	79
	17,374	27,971	10,597	1,206

Notes to the Core Financial Statements

Note 10 Related Parties continued

The Council works closely with NHS Borders to provide a range of services across health and social care pathways. 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 (2023/24: £2.699m) was transferred from NHS Borders and utilised as follows:

	2023/24	2024/25
Children's Services	£0.112m	£0.112m
Older People	£1.289m	£1.289m
Adults with Learning Difficulties	£1.033m	£1.033m
People with Mental Health Needs	£0.134m	£0.134m
Support Services	£0.131m	£0.131m

Other funding from NHS Borders in 2024/25 to support services are:

	2023/24	2024/25
Older People	£8.534m	£9.743m
Adults with Learning Difficulties	£1.947m	£2.011m
People with Mental Health Needs	£0.720m	£0.628m
People with Physical Difficulties	£0.257m	£0.264m
Other Support Services	£1.540m	£1.995m

Community Equipment Store:

The Store is run jointly with NHS Borders, with a pooled equipment purchase budget. Gross expenditure (funded by Scottish Government) totalled £1.173m in 2024/25 (2023/24: £1.272m), with a contribution from NHS Borders of £0.714m (2023/24: £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 2024/25 the Council commissioned material works and services totalling £0.480m 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 2024/25 was £0.484m (2023/24: £0.432m). The Remuneration Report shows the total allowances paid to Senior Members in 2024/25. 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 £0.043m between the Council and a 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 £0.074m (2023/24: £0.451m).

Note 10 Related Parties continued

Joint Ventures:

The Scottish Borders Health and Social Care Integration Board was established on 6 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 2024/25 the Council made a payment of £73.743m to the Board (2023/24: £61.313m) with corresponding income of the same value shown within the Comprehensive Income & Expenditure Statement. An additional payment of £8.207m (2023/24: £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 2025 a debtor of £1.346m and creditor figure of £1.329m between the board and Scottish Borders Council was outstanding (2023/24: £1.837m and £1.821m).

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 2024/25 and received no interest during the year. At 31 March 2025 no debtor (2023/24: £0.350m) between Bridge Homes and SBC was outstanding. Bridge Homes LLP has previously been consolidated into the Council's Group Accounts as a subsidiary and was excluded in 2024/25 on the basis of materiality.

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 Sport and Leisure, Arts, Libraries, Archives, Museums and Galleries. Following a review of services provided by the Trust it was decided to transfer Active Schools and Sports development back under the control of the Education and Children's Services directorate of Scottish Borders Council from 1 October 2024. Payments of £7.720m (including management fee of £5.403m) were made to the trust in 2024/25 (2023/24: £7.627m and £5.124m). 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 to ensure the continuation of the tenancy arrangements. Rental income for 2024/25 due to Lowood Tweedbank Limited amounted to £0.049m (2023/24: £0.046m). 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 3 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 £0.133m in 2024/25 (2023/24: £0.122m). SB Inspires LLP is a subsidiary of Scottish Borders Council which has been excluded from the Councils 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 £0.345m for 2024/25 (2023/24 £0.024m) Common Good and Trusts are consolidated into Scottish Borders Council Group Accounts as subsidiaries. Notes 35 and 36 includes detail of transactions administered by Scottish Borders Council on behalf of Common Good and Trusts.

Notes to the Core Financial Statements

Note 10 Related Parties continued

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 2024/25, the Scottish Borders Council Pension Fund had an average balance of £1.1m (2023/24: £1.6m) of cash administered by Scottish Borders Council within separate external banking arrangements. In addition, the Council charged the Pension Fund £0.026m (2023/24: £0.084m) 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:

	2023/24	2024/25
Due to/ (from) the Scottish Borders Council Pension Fund	(£0.216m)	(£0.469m)

Associates:

The Council provided routine material financial assistance (management fee) to other bodies in 2024/25 as follows:

	2023/24	2024/25
Jedburgh Leisure Facilities Trust	£0.115m	£0.125m

Jedburgh Leisure Facilities Trust was recognised as an Associate of Scottish Borders Council and had been excluded from Council's Group Accounts on the basis of materiality.

Jedburgh Leisure Facilities Trust ceased trading on 29th November 2024 and entered insolvency proceedings on 5 December 2024.

Note 11 Audit Remuneration

In 2024/25, the agreed audit fee for the year was £0.349m in respect of services provided by Audit Scotland (2023/24: £0.348m). Within the fee for 2023/24, £0.005m was for services provided by Audit Scotland in relation to the audit of Scottish Borders Council Trust Funds Annual Accounts. During 2023/24 a rebate of £0.004m relating to fees was received from Audit Scotland.

Notes to the Core Financial Statements

Note 12 Property, Plant & Equipment

Movement on Balances

Movements in 2024/25

	Property Plant & Equipment					
	Other Land & Buildings £'000	VPFE * £'000	Assets under Construction £'000	Surplus Assets £'000	Heritage Assets £'000	Total Assets £'000
Gross book value (GBV) at 31 March 2024	479,646	112,924	136,536	6,445	1,014	736,565
Acquisitions & Recognition in the year	34,191	11,085	82,017	423	-	127,716
Revaluation Increase/(Decrease) To Revaluation Reserve	7,494	-	-	(800)	-	6,694
Revaluation Increase/(Decrease) To CIES	(32,681)	-	-	(132)	-	(32,813)
Transfers	17,710	215	(119,454)	696	-	(100,833)
Disposals	(1,600)	(15,700)	-	(675)	-	(17,975)
Gross book value (GBV) at 31 March 2025	504,760	108,524	99,099	5,957	1,014	719,354
Cumulative depreciation at 31 March 2024	(4,961)	(80,262)	(1,131)	1	-	(86,353)
Depreciation for the year	(24,028)	(11,864)	-	(536)	-	(36,428)
Revaluation Written Out To Revaluation Reserve	17,009	-	-	508	-	17,517
Revaluation Written Out To CIES	3,719	-	-	29	-	3,748
Impairment Losses Recognised In Revaluation Reserve	(196)	-	-	(100)	-	(296)
Impairment Losses Recognised In CIES	(4,045)	(492)	(16)	(323)	-	(4,876)
Transfers	-	-	-	-	-	-
Disposals	955	14,076	-	-	-	15,031
Cumulative depreciation at 31 March 2025	(11,547)	(78,542)	(1,147)	(421)	-	(91,657)
Net book value at 31 March 2025	493,213	29,982	97,952	5,536	1,014	627,697
Net book value at 31 March 2024	474,685	32,662	135,405	6,446	1,014	650,212

* VPFE – Vehicles, Plant, Furniture and Equipment

Notes to the Core Financial Statements

Note 12 Property, Plant & Equipment

Movement on Balances

Movements in 2024/25

Right of Use Assets (included in Other Land and Buildings)

The balances shown under Other Land and Buildings include the Council's PPP arrangements for the provision of five secondary schools, as detailed in Note 16 (value of these right of use assets is £142.912m) and Common Good building assets currently used by the council to deliver services, as detailed in Note 12 (the value of these right of use assets is £11.418m).

The IFRS16 remeasurement of PPP lease liability of £31.181m is included in 'Other Land and Buildings', however is considered as part of the valuation of the overall asset and therefore does not necessarily correspond to the net change in asset value.

Comparative Movements in 2023/24

	Property Plant & Equipment				Heritage Assets £'000	Total Assets £'000
	Other Land & Buildings £'000	VPFE £'000	Assets under Construction £'000	Surplus Assets £'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	30,832	79,064	6,738	1,014	577,355

Notes to the Core Financial Statements

Note 12 Property, Plant & Equipment continued

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.

The movements in relation to Infrastructure Assets for 2024/25 and 2023/24 are as follows.

	Infrastructure Assets (£000's)	
	2023/24	2024/25
Opening Net Book Value	141,027	144,706
Acquisitions & Recognition in the year	12,762	12,367
Revaluations	-	-
Transfers	157	100,833
Disposals	-	-
Depreciation for the year	(9,076)	(9,322)
Impairment Losses Recognised In CIES	(164)	(897)
Closing Net Book Value	144,706	247,687

Total Property, Plant and Equipment

	2023/24 £'000	2024/25 £'000
Infrastructure Assets Net Book Value at 31 March	144,706	247,687
Other Property, Plant & Equipment Net Book Value at 31 March	650,212	627,697
Total PPE Net Book Value at 31 March	794,918	875,384

The Council had no investment properties in 2024/25.

Notes to the Core Financial Statements

Note 12 Property, Plant & Equipment continued

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.

Capital Commitments

As at 31 March 2025 the Council has entered into several commitments for the construction or enhancement of Property, Plant and Equipment in future years, this is budgeted to cost £41.362m (2023/24: £69.715m). These commitments can be categorised as follows:

	Capital Commitments as at 31 March 2024 £'000	Capital Commitments as at 31 March 2025 £'000
Infrastructure & Environment		
Hawick Flood Protection Scheme	4,691	2,173
Other Infrastructure & Environment	647	476
Education & Lifelong Learning		
Galashiels Community Campus	42,667	15,017
Peebles High School	2,663	15,092
Earlston Primary School	7,006	516
Other Education & Lifelong Learning	341	299
Strategic Commissioning & Partnerships		
ICT Transformation Project	10,492	7,086
Resilient Communities		
Other Resilient Communities	209	410
Social Work & Practice		
Tweedbank Care Village	869	162
Other Social Work & Practice	131	131
Total	69,715	41,362

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 2024/25 the fixed assets relating to Common Good, Trust Fund and Surplus Properties were re-valued. The valuation is an ongoing process carried out throughout the year to arrive at the final valuation figure.

Notes to the Core Financial Statements

Note 12 Property, Plant & Equipment continued

- 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 2024/25.

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
- 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 2025 – Common Good, Trust and Surplus Properties
- 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

Notes to the Core Financial Statements

Note 12 Property, Plant & Equipment continued

Revaluations

In 2024/25, the Council undertook a review of assets which had not been subject to formal valuation in year to ensure that the carrying value was appropriate.

The Council engaged DM Hall to undertake a desktop-based review of assets valued on a Depreciated Replacement Cost basis and the internal estates team completed a review of the other assets which had not been subject to formal valuation in year

Based on this exercise, certain Depreciated Replacement Cost assets were revalued at 31 March 2025 to reflect material changes identified in their carrying value.

	Property Plant & Equipment					Total Assets £'000
	Other Land & Buildings £'000	VPFE £'000	Assets under Construction £'000	Surplus Assets £'000	Heritage Assets £'000	
Cost	451,419	108,524	99,099	10,077	1,036	670,155
New Certified Valuation						
31st March 2025	(19,725)	-	-	(932)	-	(20,657)
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
Gross book value (GBV) at 31 March 2024	504,760	108,524	99,099	5,957	1,014	719,354

Further downward revaluations of £0.097m 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.

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 Right of Use assets and remain on the Council's balance sheet at a carrying value of £11.418m at 31 March 2025.

Notes to the Core Financial Statements

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 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
Additions	-	-	-	-	-
Revaluation Increase/(Decrease) To Revaluation Reserve	-	-	-	-	-
Cost or Valuation at 31 March 2025	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.

2023/24 £'000		2024/25 £'000
2,044	Gross book value (GBV) at 31 March	2,140
96	Expenditure in the year	20
-	Disposals	(1,687)
2,140	Gross book value (GBV) at 31 March	473
(1,330)	Cumulative amortisation at 31 March	(1,838)
(508)	Amortisation for the year	(150)
-	Disposals	1,687
(1,838)	Cumulative amortisation at 31 March	(301)
302	Net book value at 31 March	172

There were no revaluations of intangible assets in 2023/24 or 2024/25.

Note 15 Assets Held for Sale

The Council had no assets held for sale in 2023/24 or 2024/25.

Note 16 Leases

Council as lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles.

Right-of-use assets

The Council adopted IFRS 16 from 1 April 2024, to recognise right of use assets, which meant that the majority of leases where the Council acts as lessee came onto the balance sheet. With effect from 1 April 2024, IFRS 16 also applied to service concession arrangements i.e. Public Private Partnerships (PPP) and similar schemes. The contractual arrangements continue to be disclosed in Note 17.

Right-of-Use Assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

The Council has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets (less than £5,000).

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

The Council used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024., discounted by the Authority's incremental borrowing rate at that date
- A single discount has been applied to portfolios of leases with reasonably similar characteristics

Notes to the Core Financial Statements

Note 16 Leases continued

- The weighted average of the incremental borrowing rates used to discount liabilities was 5.02%
- Right-of use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet.

2023/24 £'000		2024/25 £'000
	Short Term Creditors	
4,625	Leases - PPP arrangements	8,899
-	Leases - new	1,485
4,625		10,384
	Other Long Term Liabilities	
75,122	Leases - PPP arrangements	96,859
-	Leases - new	3,603
75,122		100,462
79,747		110,846

Right of Use Assets (included in Other Land and Buildings)

The balances shown under Other Land and Buildings relate to the Council's PPP arrangements for the provision of five secondary schools (value of these right of use assets is £142.912m) and Common Good building assets currently used by the council to deliver services, as detailed in Note 12 (the value of these right of use assets is £11.418m) as detailed below.

2023/24 £'000		2024/25 £'000
140,211	Opening Net Book Value	148,199
-	Adjustment for IFRS16 Transition	29,051
140,211	Revised Opening Net Book Value	177,250
-	Remeasurement for IFRS16	2,131
-	Disposals	-
(3,968)	Depreciation charge for the year	(4,797)
11,956	Revaluations in year	(20,254)
7,988		(22,920)
148,199	Closing Net Book Value	154,330

The right of use assets related to common good are treated as donated assets held at fair value on the Balance Sheet with a peppercorn lease liability.

Notes to the Core Financial Statements

Note 16 Leases continued

Application of the Code's adaptation of IFRS16 has resulted in the following additions to the balance sheet as at 1 April 2024:

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total £'000
Balance at 1 April 2024	3,973	1,625	5,598
Additions	41	801	842
Revaluations	-	-	-
Depreciation/Amortisation	(828)	(554)	(1,382)
Disposals	-	-	-
Balance at 31 March 2025	3,186	1,872	5,058

Maturity analysis of lease liabilities

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 minimum lease payments are made up of the following amounts

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected payments):

2023/24 £'000		2024/25 £'000
4,625	Not later than one year	10,384
17,469	Later than one year and not later than five years	34,285
57,653	Later than five years	66,178
79,747	Total	110,846

Amount charged to the Council CIES amounted to £5.8m in 2024/25 (2023/24: £3.5m), related to total interest expense on the lease liabilities.

Low value and short-term leases

Leases that do not meet the definition of a finance lease are accounted for as operating leases. Rental payments, net of benefits received, under operating leases are charged to the relevant service on a straight line basis over the life of the lease

The disclosures below relate to low value (below £5k assets) and leases that have less than 12 months to run.

Maturity Analysis

2023/24 £'000		2024/25 £'000
-	Not later than one year	840
-	Later than one year and not later than five years	1,256
-	Later than five years	-
-	Total	2,097

Notes to the Core Financial Statements

Note 16 Leases continued

Asset classes

2023/24 £'000		2024/25 £'000
	- Other Land and Buildings	46
	- Vehicles, Plant, Furniture and Equipment	2,050
	- Total	2,097

Recognised as expense during the year is £0.8m.

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:

2023/24 £'000		2024/25 £'000
1,996	Not later than one year	1,873
1,191	Later than one year and not later than five years	1,418
3,155	Later than five years	3,193
6,342	Total	6,484

Note 17 Private Finance Initiatives and Similar Contracts

During 2006/07, the Council entered 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.

The agreements are accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. The Standard recognises that the Council is in control of services provided under the PFI scheme. As ownership of the long-term assets will pass to the Council at the end of the contract for no additional charge, the Council carries the assets on the Balance Sheet. The assets classified under these leases are included in Other Land and Buildings.

The Council makes an agreed payment each year, some of 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.

Notes to the Core Financial Statements

Note 17 Private Finance Initiatives and Similar Contracts continued

Contractual payments remaining to be made under the PPP contract at 31 March 2025 are as follows:

	Payments for Services	Reimbursement of Capital Expenditure	Interest	Total
	£'000	£'000	£'000	£'000
Payable in 2025/26	9,116	4,496	3,489	17,102
Payable within two to five years	40,622	17,380	13,852	71,854
Payable within six to ten years	60,277	23,569	14,395	98,240
Payable within eleven to fifteen years	54,839	20,939	10,101	85,879
Payable within sixteen to twenty years	5,493	8,654	7,578	21,725
Payable within twenty one to twenty five years				
Total	170,348	75,038	49,415	294,801

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.

Implementation of PPP Service Concession Flexibilities

The Council has exercised the Service Concessions flexibility made through Financial Circular 10/2022 (Finance Leases and Service Concession Arrangements), with the statutory repayment of principal elements of the lease component of service concession arrangements being made over the estimated asset lives (up to 50 years), as opposed to the period of the contract.

Payments made to operators remain unchanged, with differences between the actual amounts paid to the operator towards liability under the contracts and the principal repayments recognised through the Comprehensive Income and Expenditure Statement being held in the Capital Adjustment Account. Further details are disclosed in Note 31.

The current notional repayments noted above have been compared against an annuity repayment profile based on the estimated useful asset lives for each of the PPP arrangement over the contract period. The most appropriate asset life is considered to be 50 years which replicates the useful asset life of other similar type assets held on the Council's Balance Sheet ie schools. By applying the flexibility, a one-off combined retrospective saving of £29.093m was achieved. In year savings have been realised in the scheduled debt repayment for 2024/2025 is £3.572m. This will be followed by a reduction in the annual charges for a further 14 years and then the continuation of the statutory charges after the PPP and similar contracts have been repaid. Over the full asset life of the arrangement, the total repayment for the debt liability remains the same.

PPP Principal Repayments	Total of PPP Schemes		
	Current Position	Principal Repayments based on simple 50 year annuity	
	Current Repayment	Revised Repayment	(Reduction)/Cost
	£'000	£'000	£'000
pre 2024/25	41,677	9,022	(32,655)
2024/25	4,625	1,053	(3,572)
Years 2-5	21,154	6,090	(15,064)
Years 6-10	22,860	7,737	(15,123)
Years 11-25	28,958	38,215	9,257
Years 26-40	-	49,129	49,129
Years 41-50	-	8,028	8,028
TOTAL	119,274	119,274	

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.

2023/24		2024/25	
£'000		£'000	
348,173	Opening capital financing requirement		411,878
	Capital Investment		
-	- Consent to Borrow	-	
-	- Subordinated Debt	-	
32,655	Service Concession Arrangement	3,572	
89,888	Property, plant and equipment	140,518	
-	- Right of Use Assets	5,058	
96	Intangible assets	20	149,168
	Sources of Finance		
(2,301)	Capital Receipts	(4,031)	
(43,755)	Government grants and other contributions	(32,372)	
-	- NHT Repayment of Principal	-	
(1)	Subordinated Debt Repayment	(2)	
(12,876)	Loans fund repayments	(11,914)	(48,319)
411,878	Closing Capital Financing Requirement		512,727

2023/24		2024/25	
£'000		£'000	
	Explanation of Movements in Year		
	Increase in underlying need to borrow (supported by government financial assistance)		-
63,705	Increase/(Decrease) in underlying need to borrow (not supported by government financial assistance)		100,849
63,705	Increase/(Decrease) in capital financing requirement		100,849

Note 19 Termination Benefits

During 2024/25 the Council terminated, or had agreed to terminate by the Balance Sheet date, the contracts of 3 employees, incurring expenditure of £0.015m - 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

Note 20 Defined Benefit Pension Schemes continued

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.

2023/24 £'000	Comprehensive Income and Expenditure Statement	2024/25 £'000
	Cost of Services	
21,367	Current Service Costs	22,144
4	Past Service Costs, including curtailments	-
	Financing and Investment Income and Expenditure	
(2,992)	Net Interest Expense	(4,040)
18,379	Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services	18,104
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:-	
(23,380)	Return on plan assets (excluding the amount included in the net interest expense)	17,665
(25,082)	Actuarial (gains) and losses arising on changes in financial assumptions	(108,817)
(12,517)	Actuarial (gains) and losses arising on changes in demographic assumptions	(6,970)
39,093	Other	(1,194)
-	Changes in the effect of the asset ceiling	201,289
(21,886)	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	101,973
	Movement in Reserves Statement	
79	Reversal of net charges made for retirement benefits in accordance with the Code	69
	Actual amount charged against the General Fund Balance for pensions in the year	
17,058	Employers' contributions payable to the scheme	16,592
1,400	Retirement benefits payable to pensioners	1,443
-	Effect Of Business Combinations & Disposals	-

Notes to the Core Financial Statements

Note 20 Defined Benefit Pension Schemes continued

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 2024/25 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 been limited to £nil in line with the accounting requirements of IFRIC 14.

Separately the Council has continued to recognise the unfunded element of its pension liabilities as there are no scheme assets to cover the future costs of these liabilities as they are due going forward.

2023/24	Pension Assets and Liabilities Recognised in the Balance Sheet	2024/25
£'000		£'000
719,431	Present value of the defined benefit obligation	636,767
(805,693)	Fair value of plan assets	(822,276)
(86,262)	Sub total	(185,509)
0	Asset Ceiling Adjustment	201,289
(86,262)	Net liability/(asset) arising from defined benefit obligation	15,780

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 calculated as 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 8 years as at the most recent triennial funding valuation. It assumes a discount rate of 5.8% p.a. and salary increase of 3.5% p.a. from the employer's 31 March 2025 accounting report, giving an annuity of 45.

	2024/25
	£'000
Net present value of estimated future service costs	754,965
Net present value of future contributions	884,399
Net Asset Ceiling	0

As the net present value of future contributions are greater than the net present value of estimated future service costs, the asset ceiling is £0.

Notes to the Core Financial Statements

Note 20 Defined Benefit Pension Schemes continued

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

2023/24 £'000	Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	2024/25 £'000
735,270	Opening Fair Value of Scheme Assets	805,693
34,865	Interest Income	38,544
	Remeasurement (gains) and losses:-	
41,257	Return on plan assets, excluding the amount included in the net interest expense	(17,665)
17,058	Employer Contributions including unfunded pensions	16,592
5,392	Contributions by Scheme Participants	5,722
(28,149)	Estimated Benefits Paid	(26,610)
805,693	Closing Fair Value of Scheme Assets	822,276

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

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 2025.

2023/24 £'000	Reconciliation of the Present Value of Scheme Liabilities (Defined Benefit Obligations)	2024/25 £'000
670,973	Opening Defined Benefit Obligation	719,431
21,367	Current Service Cost	22,144
31,873	Interest Cost	34,504
5,392	Contributions by Scheme Participants	5,722
	Effect Of Business Combinations & Disposals	-
	Remeasurement (gains) and losses:-	
(37,599)	Actuarial (gains)/losses arising from changes in financial assumptions	(108,817)
56,970	Other	(8,164)
4	Past Service Cost	
(28,149)	Benefits Paid	(26,610)
(1,400)	Unfunded Pension Payments	(1,443)
719,431	Closing Defined Benefit Obligation	636,767

Notes to the Core Financial Statements

Note 20 Defined Benefit Pension Schemes continued

Local Government Pension Scheme assets comprised:

2023/24 £'000	Local Government Pension Scheme assets comprised:	2024/25 £'000
25,077	Cash and cash equivalents	13,787
	Equity Instruments	
	By industry type	
24,818	Consumer	28,998
15,943	Manufacturing	18,825
15,217	Energy and utilities	21,035
22,795	Financial Institutions	148,559
20,550	Health and Care	12,447
22,256	Information Technology	20,965
898	Other	-
122,477		250,829
	Investment Funds - Quoted in Active Market	
171,663	Managed Fund - UK Equities Passive	-
96,929	Managed Fund - Property	-
154,479	Managed Fund - Bonds	-
122,392	Managed Fund - Infrastructure	-
112,676	Managed Fund - Other	-
658,139		-
	Debt Securities - Unquoted	
-	Corporate Bonds (investment grade)	77,844
-	Corporate Bonds (non-investment grade)	36,312
-	Other	58,182
-		172,338
	Private Equity - Unquoted	
-	All	142,683
	Real Estate	
-	UK property - quoted	2,480
-	UK property - unquoted	82,265
-		84,745
	Investment Funds and Unit Trusts - Unquoted	
-	Equities	88,961
-	Bonds	68,933
-		157,894
805,693	Total Assets	822,276

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

2023/24 £'000	Fair Value of Scheme Assets	2024/25 £'000
	Equity instruments:	
	By company size	
122,477	Large capitalisation	250,829

Notes to the Core Financial Statements

Note 20 Defined Benefit Pension Schemes continued

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 at 31 March 2023.

The principal assumptions used by the actuary are shown below:

2023/24	Basis for Estimating Assets and Liabilities	2024/25
	Mortality assumptions	
	- longevity at 65 for current pensioners (years)	
20.70	Men	20.60
23.30	Women	23.20
	- longevity at 65 for future pensioners (years)	
21.10	Men	21.00
24.90	Women	24.80
2.8%	Rate of inflation - CPI	2.8%
3.5%	Rate of increase in salaries	3.5%
2.8%	Rate of increase in pensions	2.8%
4.8%	Rate for discounting scheme liabilities	5.8%

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

2023/24		Category Analysis of the Scheme Assets as at 31 March	2024/25	
%	£'000		%	£'000
37	294,140	Equities	42	339,790
-	-	Gilts	-	-
19	154,479	Other Bonds	29	241,271
12	96,929	Real Estate	10	84,745
3	25,077	Cash	2	13,787
14	112,676	Multi-Asset Fund	-	-
-	-	Private Equity	17	142,683
15	122,392	Infrastructure	-	-
100	805,693	Total	100	822,276

Notes to the Core Financial Statements

Note 20 Defined Benefit Pension Schemes continued

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.

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 2024/25 the Council paid £15.525m to teachers' pensions in respect of teachers' retirement benefits, representing 26% of pensionable pay for the period 1 April 2024 to 31 March 2025 (£13.290m and 23% in 2023/24). 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 2024/25 these amounted to £0.784m representing 1.3% of pensionable pay (£0.748m and 1.29% in 2023/24). The increase in payments is due to the 6.7% Pensions Increase effective from 8 April 2024.

Notes to the Core Financial Statements

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 2025 there were 13,419 members (2023/24:12,879).

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 Reporting Period

The unaudited annual accounts were issued by the Director of Finance on 24 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025 the financial statements have been adjusted in all material respects.

Note 24 Inventories

2023/24 £'000		2024/25 £'000
1,597	Balance outstanding at start of year	1,473
(124)	Movement during year	(349)
1,473	Balance outstanding at year-end	1,124

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	Hawick Flood Protection £'000	Total £'000
Balance at 1 April 2024	(50)	(8)	(29)	(310)	(3,653)	-	(4,050)
Additional charges to provisions				(120)	(128)	(1,952)	(2,200)
Payments made or released		8		41	25	-	74
Balance at 31 March 2025	(50)	-	(29)	(389)	(3,756)	(1,952)	(6,176)
Within 12 Months	(50)	-	(29)	(389)	(208)	(1,952)	(2,628)
Over 12 months	-	-	-	-	(3,548)	-	(3,548)
Total	(50)	-	(29)	(389)	(3,756)	(1,952)	(6,176)

Notes to the Core Financial Statements

Note 25 Provisions continued

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

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.

Provision for Hawick Flood Protection scheme relates to the anticipated costs required to complete the asset.

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 must 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.
- On 1 November 2024, Scottish Borders Council issued a letter of comfort to provide assurance on its commitment of the provision of ongoing financial support to Live Borders. This remains in place for at least a period of 12 months following the signing of Live Borders Accounts for the year ended 31 March 2024.

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 2024/25.

Restated 2023/24 £'000		2024/25 £'000
	Credited to Taxation and Non Specific Grant Income	
(25,105)	General Capital Grant	(12,450)
(13,002)	Other Grants	(8,626)
(555)	Developer Contributions	(7,350)
(38,662)	Total	(28,426)
	Credited to Services	
(87)	Infrastructure & Environment	(488)
(57)	Finance	(9)
(30)	Adult Services	(16)
(17,528)	Education & Childrens Services	(7,119)
(25,432)	Resilient Communities	(28,627)
(1,364)	Corporate Governance	(1,745)
(17)	People Performance & Change	(61)
(44,515)		(38,065)

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

2023/24 £'000		2024/25 £'000
	Capital Grants Received In Advance	
(74)	Culture and Related Services	(98)
(8,717)	Developer Contributions	(1,548)
-	- Economic Regeneration	-
(2,447)	Education	(1,347)
(1,546)	Environmental Services	(918)
(191)	Other Services	(16)
(850)	Planning & Economic Development	(386)
(38)	Roads and Transport	(18)
(13,863)		(4,331)

Notes to the Core Financial Statements

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.

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 2025				
	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	-	(317,584)	-	(317,584)
Market debt	-	(547)	-	(547)
Other debt	-	(13,823)	-	(13,823)
Total	-	(331,954)	-	(331,954)

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)

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.

Notes to the Core Financial Statements

Note 29 Financial Instruments continued

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.

Financial Instruments - Balances

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

	Long Term		Current	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000
Loans and Receivables				
Cash and Cash Equivalents	-	-	3,236	1,573
Debtors	1,185	1,122	49,480	51,871
Total Loans and Receivables	1,185	1,122	52,716	53,443
Borrowings				
Bank Overdraft	-	-	-	(1,835)
Financial Liabilities (principal amount)	(201,484)	(254,129)	(46,381)	(95,000)
Accrued interest	-	-	(3,286)	(4,867)
Total Borrowings	(201,484)	(254,129)	(49,667)	(101,702)
Other Liabilities				
PPP and Finance Lease Liabilities	(75,122)	(100,462)	(4,625)	(10,383)
Bonds	-	-	(399)	(518)
Total Other Long-Term Liabilities	(75,122)	(100,462)	(5,024)	(10,901)
Creditors				
Creditors at amortised cost (excluding Other Liabilities)	-	-	(56,407)	(47,501)
Total Creditors	-	-	(56,407)	(47,501)

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 2024			31 March 2025		
£'000	%		£'000	%	
(28,129)	11	Bonds and Mortgages	(14,774)	4	
(173,355)	69	Public Works Loan Board	(239,355)	68	
(201,484)	80	Long Term Borrowing (→ 1 year)	(254,129)	72	
(49,667)	20	Short Term Borrowing repayable within 12 months	(99,867)	28	
(251,151)	100	Total Borrowing	(353,996)	100	

Notes to the Core Financial Statements

Note 29 Financial Instruments continued

Analysis of Borrowing by Maturity:

2023/24		2024/25
£'000		£'000
(49,667)	Less than 1 year	(99,867)
-	Between 1 and 2 years	(51,200)
(26,029)	Between 2 and 7 years	(60,474)
(27,500)	Between 7 and 15 years	(7,500)
(147,955)	More than 15 years	(134,954)
(251,151)	Total	(353,996)

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

	2024/25		
	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Total £'000
Interest expense	18,946	-	18,946
Interest payable and similar charges	18,946	-	18,946
Interest Income	-	(1,004)	(1,004)
Interest and investment income	-	(1,004)	(1,004)
Net (gain) / loss for the year	18,946	(1,004)	17,942

	2023/24		
	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Total £'000
Interest Expense	14,617	-	14,617
Interest Payable & Similar Charges	14,617	-	14,617
Interest Income	-	(2,592)	(2,592)
Interest Receivable & Similar Income	-	(2,592)	(2,592)
Net (gain) / loss for the year	14,617	(2,592)	12,026

Note 29 Financial Instruments continued

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 2024		31 March 2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB debt	(216,620)	(212,467)	(334,017)	(317,584)
Other debt	(34,531)	(28,025)	(19,979)	(14,370)
Bank Overdraft	0	0	(1,835)	(1,835)
Total Debt	(251,151)	(240,492)	(355,832)	(333,789)
Creditors	(61,431)	(61,431)	(57,884)	(57,884)
Total Financial Liabilities	(312,582)	(301,923)	(413,715)	(391,673)

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 2024		31 March 2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and Receivables				
Short Term Investments	-	-	-	-
Cash and Cash Equivalents	3,236	3,236	1,573	1,573
Debtors	49,480	49,480	51,871	51,871
Total Loans and Receivables	52,716	52,716	53,443	53,443

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.

Note 29 Financial Instruments continued

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

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.

Notes to the Core Financial Statements

Note 29 Financial Instruments continued

The annual Treasury Management Strategy for 2024/25, which incorporates the prudential indicators, was approved by the Council on 29 February 2024. The key issues within the strategy were:

- The Authorised Limit for 2024/25 was set at £597.3m. This is the maximum limit of external borrowings or other long-term liabilities
- The Operational Boundary was expected to be £497.7m. 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 £497.7m and £174.2m 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%

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 2025 was approved by the Council on 29 February 2024 and is available on the Council's website: [Other financial information | Scottish Borders Council](https://www.scotborders.gov.uk/other-financial-information)
[\[scotborders.gov.uk\]](https://www.scotborders.gov.uk/)

Note 29 Financial Instruments continued

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 recoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2025 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.

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.

Notes to the Core Financial Statements

Note 29 Financial Instruments continued

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 29 February 2024:

	Approved Minimum Limits £'000	Approved Maximum Limits £'000	Actual 31 March 2024 £'000	Approved Minimum Limits £'000	Approved Maximum Limits £'000	Actual 31 March 2025 £'000
Less than 1 year	-	101,320	49,667	-	99,540	99,867
Between 1 and 2 years	-	101,320	-	-	99,540	51,200
Between 2 and 7 years	-	101,320	26,029	-	99,540	60,474
Between 7 and 15 years	-	101,320	27,500	-	99,540	7,500
More than 15 years	101,320	506,600	147,955	99,540	497,700	134,955
Total			251,151			353,996

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.

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.

Notes to the Core Financial Statements

Note 29 Financial Instruments continued

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

	£'000
Increase in interest receivable on variable rate investment	173
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)	15,199

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.

Note 30 Debtor and Creditor Analysis

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

Debtors

2023/24 £'000		2024/25 £'000
16,457	Trade Receivables	19,275
5,365	Prepayments	9,085
41,485	Other Receivable Amounts	35,070
63,307		63,431

Creditors

2023/24 £'000		2024/25 £'000
(23,574)	Trade Payables	(17,623)
(33,232)	Other Payables	(29,877)
(4,625)	Short term lease liabilities	(10,384)
(61,431)		(57,884)

Notes to the Core Financial Statements

Note 30 Debtor and Creditor Analysis continued

Debtors for Local Taxation

Council Tax

Water and sewerage charges are administered and collected by the Council on behalf of Scottish Water under an agency agreement. At 31 March 2025, £7,604,117 of outstanding water and sewage charges, included in the analysis below, have a nil carrying value within these financial statements.

Subject to the above, the past due but not impaired amount for Council Tax can be analysed by age as follows:

2023/24 £'000		2024/25 £'000
513	Less Than 2 Months	637
222	2 To 4 Months	231
290	4 To 6 Months	233
2,816	6 Months To 1 Year	3,080
26,033	More Than 1 Year	28,321
29,874		32,502

For financial year 2024/25 the impairment allowance for Council Tax debtors amounted to £13.510m (2023/24: £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:

2023/24 £'000		2024/25 £'000
420	Less Than 2 Months	238
101	2 To 4 Months	31
297	4 To 6 Months	2
324	6 Months To 1 Year	672
2,515	More Than 1 Year	3,197
3,657		4,140

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.

	Balance as at 31 March 2024 £'000	Transfers between reserves and funds £'000	(Gains) or Losses for the Year £'000	Balance as at 31 March 2025 £'000
Usable Reserves				
General Fund Balances	[60,862]	[38,787]	56,749	[42,901]
Capital Fund	[10,220]	1,789	-	[8,431]
Property Maintenance Fund	-	-	-	-
Insurance Fund	[1,273]	47	-	[1,226]
Unusable Reserves				
Capital Adjustment Account	[208,164]	21,868	373	[185,923]
Financial Instruments Adjustment Account	5,169	[620]	-	4,549
Revaluation Reserve	[175,675]	15,318	[23,916]	[184,272]
Pensions Reserve	[86,262]	69	101,973	15,780
Employee Statutory Adjustment Account	6,972	316	-	7,287
Total	[530,313]	-	135,179	[395,137]

Notes to the Core Financial Statements

Note 31 Movement in Reserves continued

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 2024/25

	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	(62,088)				(62,088)	62,088	-	
Impairment Losses (charged to CI&ES)	(5,772)				(5,772)	5,772	-	
Revaluation Losses	(29,065)				(29,065)	29,065	-	
Capital grants and contributions applied	28,426				28,426	(28,426)	-	28
Employee Statutory Adjustments	(316)				(316)	316	-	
Profit/(Loss) on disposal of assets	(370)	(2,575)			(2,944)	2,944	-	
Revenue Expenditure Funded From Capital under Statute	(435)				(435)	435	-	
Amount by which finance costs charged to the CI&ES are different in accordance with statutory requirements	620				620	(620)	-	
Net retirement charges per IAS 19	(16,661)				(16,661)	16,661	-	
Loans Fund principal repayments and Statutory premia	11,914				11,914	(11,914)	-	
Capital Expenditure charged to General Fund balance	766				766	(766)	-	
Employers contribution payable to Pension Fund	16,592				16,592	(16,592)	-	
Net Transfers to or (from) other reserves	2,801	4,363	-	47	7,212	(7,212)	-	
Total in year adjustments	(53,589)	1,789	-	47	(51,753)	51,753	-	

Notes to the Core Financial Statements

Note 31 Movement in Reserves continued

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	-	28
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)	-	
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

Note 31 Movement in Reserves continued

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:

2023/24 £'000	Analysis as at 31 March	2024/25 £'000
	Earmarked Balances of the General Fund	
(1,163)	Education & Childrens Services - Devolved School Management	(82)
	Specific Departmental Reserves	
(5,397)	Infrastructure & Environment	(318)
(406)	Finance	(160)
-	- Adult Services	-
(498)	Education & Childrens Services	(824)
-	- Resilient Communities	(92)
-	- Corporate Governance	(3,785)
-	- People Performance & Change	-
(46,200)	Allocated Reserves - Financial Plan	(30,075)
(53,664)		(35,336)
(7,198)	Non-Earmarked Balances of the General Fund	(7,564)
(60,862)	Total General Fund Reserve	(42,901)

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:

Notes to the Core Financial Statements

Note 31 Movement in Reserves continued

Unusable Reserves

	Capital Adjustment Account	Financial Instruments Adjustment Account	Revaluation Reserve	Pensions Reserve	Employee Statutory Adjustment Account	Total Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31/03/2024 carried forward	(208,164)	5,169	(175,675)	(86,262)	6,972	(457,960)
Depreciation Charged	32,630		14,506			47,136
Amortisation	150					150
Revaluation (gains)/losses	29,065		(24,210)			4,855
Impairment losses	5,772		295			6,067
Assets written off on de-recognition or sale	2,133		812			2,944
Revenue Expenditure funded from Capital	435					435
Employee Statutory Adjustments					316	316
Capital Receipts Applied						-
Capital Grants and Contributions Applied	(28,426)					(28,426)
Amount by which finance costs charged to the CI&ES are different in accordance with statutory requirements		(620)				(620)
Net retirement charges per IAS 19				16,661		16,661
Loans Fund principal repayments and Statutory premia	(11,914)					(11,914)
Actuarial (gains)/losses on Pensions Assets and Liabilities				101,973		101,973
Employers Pension Contributions and Payments				(16,592)		(16,592)
Capital from Current Revenue	(766)					(766)
Adjustment On The Implementation Of IFRS16	373					373
Transfer Between Reserves	(7,212)					(7,212)
Balance at 31 March 2025	(185,923)	4,549	(184,271)	15,780	7,287	(342,578)

Notes to the Core Financial Statements

Note 31 Movement in Reserves continued

Unusable Reserves

	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)

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.

Notes to the Core Financial Statements

Note 31 Movement in Reserves continued

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.

Note 32 Cash Flow

2023/24		2024/25
£'000	Reconciliation to General Fund Surplus	£'000
9,564	Net (Surplus) or deficit on the provision of services	56,749
	Adjustments to (surplus) or deficit on the provision of services for non cash movements	
(44,132)	Depreciation	(47,134)
2,743	Impairment & Revaluation Loss through CIES	(34,838)
(508)	Amortisation of intangible assets	(150)
79	Movement in pension liability	(69)
(741)	Gain/Loss on carrying amounts of assets disposed	(370)
(124)	Net movement in inventories charged to CIES	(349)
13,401	Net movement in debtors charged to CIES	2,329
(3,518)	Net movement in creditors charged to CIES	(29,093)
(481)	Net movement in provisions charged to CIES	(173)
(33,281)		(109,847)
	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	
38,662	Capital grants received	28,426
-	Any other items received for the financing of capital or to meet principal repayments which have been recognised through the CIES	-
38,662		28,426
14,945	Net Cash Outflow / (Inflow) from Operating Activities	(24,672)

Note 33 Impairment & Revaluation Gain/Losses

During 2024/25, Scottish Borders Council recognised a net impairment and revaluation loss of £34.838m within the Net Cost of Services. This includes a loss of £31.181m as a result of remeasurement adjustments to PPP schools following the introduction of IFRS16.

Notes to the Core Financial Statements

Note 34 Cash and Cash Equivalents

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

2023/24		2024/25
£'000		£'000
11	Cash held by officers	6
2,725	Bank current accounts	567
500	Short term deposits	1,000
3,236	Total	1,573
-	Bank Overdraft	(1,835)
3,236	Total As Per Cash Flow Statement	(262)

Note 35 Common Good Funds

The Council administers the Common Good Funds of the former Burgh Councils of twelve towns within its area. All funds are held for the benefit of the residents of those former burghs and must be used in the first instance to maintain the assets of the Common Good. Thereafter, funds can be used for purposes which are in the interests of the community for which the Common Good Fund was established.

Accounting Policies

The Common Good accounts are prepared in accordance with the accounting policies adopted by the Council as detailed in Note 1 to the financial statements with the exception of the treatment of 'Reserves'. The Reserves policy adopted for the Common Good Fund Accounts follows LASAAC guidance [LASAAC Common Good Fund Guidance \(CIPFA\)](#). This approach requires that assets should be depreciated and set against any surplus in the income and expenditure account. Therefore, statutory adjustments are not applied to the Common Good Fund statements.

The Community Empowerment (Scotland) Act 2015 places new obligations on Councils with regards to the recording and use of Common Good assets. The Council is required to prepare and publish a register of all Common Good properties and make it publicly available. Public consultation on the proposed register closed on 5 June 2019. The Act also requires local authorities to publish any proposals and consult with community bodies before disposing of or changing the use of Common Good assets.

Notes to the Core Financial Statements

Note 35 Common Good Funds

Comprehensive Income and Expenditure Statement for the year ended 31 March 2025

2023/24 £'000		2024/25 £'000
	Income	
(240)	Rents and Other Income	(231)
(240)	Total Income	(231)
	Expenditure	
278	Premises- related Expenditure	53
73	Supplies and Services	95
142	Third Party Grants and Payments	66
-	Bad Debts written off	20
696	Depreciation	834
1,189	Total Expenditure	1,068
949	Cost Of Services	837
-	Gains/(Loss) on the sale of investments	
(193)	Investment income and similar income	(175)
(137)	Changes in fair value of investments	22
619	(Surplus) or Deficit on Provision of Services	684
(771)	Gains on Revaluation of Property	(4,092)
(771)	Other Comprehensive (Income) and Expenditure	(4,092)
(152)	Total Comprehensive (Income) and Expenditure	(3,408)

Balance Sheet as at 31 March 2025

2023/24 £'000		2024/25 £'000
13,734	Property Plant & Equipment	17,552
2,714	Long-Term Investments	2,695
16,448	Long-Term Assets	20,247
157	Sundry Debtors	82
338	Operating Balance Debtor (Scottish Borders Council)	16
495	Current Assets	98
(75)	Short-Term Creditors	(69)
(75)	Current Liabilities	(69)
16,868	Net Assets	20,276
(13,094)	Property Revaluation Reserve	(17,186)
(3,774)	Usable Reserves	(3,090)
(16,868)	Total Reserves	(20,276)

Notes to the Core Financial Statements

Note 35 Common Good Funds continued

The Community Empowerment (Scotland) Act 2015 requires the Council to establish and maintain a list of property which is held as part of the Common Good. The review of property titles to facilitate the publication of the list has been completed, and following a period of public consultation, the findings are now available on the Scottish Borders Council website at [Common Good asset register](#).

Details of the Common Good Funds long term assets are as follows:

2023/24		2024/25
£'000		£'000
13,659	Opening Net Book Value	13,734
-	Additions	560
771	Revaluations	4,092
-	Assets Transferred from General Services (Revaluation Balances)	
(696)	Depreciation	(834)
13,734	Closing Net Book Value	17,552

Notes to the Core Financial Statements

Note 35 Common Good Funds continued

Movement in Common Good Reserves

Usable Reserves	Unusable Reserves	Total Reserves		Usable Reserves	Unusable Reserves	Total Reserves
2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
£'000	£'000	£'000		£'000	£'000	£'000
(3,697)	(13,019)	(16,716)	Opening Balance at 1 April brought forward	(3,774)	(13,094)	(16,868)
619	-	619	Movement in reserves during the period	684	-	684
-	(771)	(771)	(Surplus) or Deficit on provision of services	-	(4,092)	(4,092)
619	(771)	(16,868)	Other Comprehensive Expenditure and (Income)	(3,090)	(17,186)	(20,276)
(696)	696	-	Total Comprehensive Expenditure and Income	-	-	-
(696)	696	-	Adjustments between usable and unusable reserves	-	-	-
(77)	(75)	(152)	Depreciation charged to the Revaluation Reserve	(3,090)	(17,186)	(20,276)
(3,774)	(13,094)	(16,868)	Total adjustments between useable and unusable reserves	(3,090)	(17,186)	(20,276)
			(Increase)/Decrease in year			
			Balance at 31 March 2025 carried forward	(3,090)	(17,186)	(20,276)

Notes to the Core Financial Statements

Note 35 Common Good Funds continued

Common Good Fund Analysis	Coldstream £'000	Duns £'000	Eymouth £'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 2024	(123)	(21)	(6)	(327)	(643)	(135)	(1,028)	(325)	(226)	(39)	(531)	(370)	(3,774)
(Surplus)/Deficit in the Year	14	-	-	76	126	44	(21)	75	116	6	80	168	684
Depreciation charged to the Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance at 31 March 2025	(109)	(21)	(6)	(251)	(517)	(91)	(1,049)	(250)	(110)	(33)	(451)	(202)	(3,090)
Property Revaluation Reserve	(130)		(48)	(817)	(4,891)	(457)	(1,082)	(1,129)	(2,238)	(49)	(1,246)	(5,099)	(17,186)
Total Reserves	(239)	(21)	(54)	(1,068)	(5,408)	(548)	(2,131)	(1,379)	(2,348)	(82)	(1,697)	(5,301)	(20,276)

Note 36 Charitable, Educational and Other Trust Funds Accounts

Scottish Borders Council administers numerous charitable trusts and bequests.

Those registered with the Office of the Scottish Charity Regulator (OSCR) at 31 March 2025 are detailed below:

- SBC Educational Trust (SC044762)
- SBC Community Enhancement Trust (SC044764)
- SBC Welfare Trust (SC044765)
- Scottish Borders Council Charitable Trusts (SC043896)

These charities each contains funds that are restricted by purpose and geographical area.

All OSCR registered charities are subject to OSCR requirements and a full set of financial statements compliant with those requirements are published separately.

Scottish Borders Council Ormiston Trust for Institute was deregistered from OSCR prior to 31 March 2025 and is now included within non-registered charities with a further 39 non-registered charities.

None of these funds represent assets of the Council and as a result are not included in the Council's Balance Sheet.

Notes to the Core Financial Statements

Note 36 Charitable, Educational and Other Trust Funds Accounts continued

The Trust Fund accounts are prepared in accordance with the accounting policies adopted by the Scottish Borders Council as detailed in Note 1 to the financial statements.

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.

Income & Expenditure Account for the year ended 31 March 2025

2023/24 £'000		2024/25 £'000
	Income	
(61)	Rents and Other Income	(37)
(61)	Total Income	(37)
	Expenditure	
172	Premises- related Expenditure	27
7	Supplies and Services	8
91	Third Party Grants and Payments	72
137	Depreciation	177
407	Total Expenditure	284
346	Cost Of Services	247
-	Gains/(Loss) on the sale of investments	-
(179)	Investment income and similar income	(170)
(588)	Changes in fair value of investments	1
(421)	(Surplus) or Deficit on Provision of Services	78
(414)	Gains on Revaluation of Property	(580)
(414)	Other Comprehensive (Income) and Expenditure	(580)
(835)	Total Comprehensive (Income) and Expenditure	(502)

Balance Sheet as at 31 March 2025

2023/24		2024/25
£'000		£'000
2,341	Property Plant & Equipment	2,744
2,480	Long-Term Investments	2,486
4,821	Long-Term Assets	5,230
35	Sundry Debtors	23
587	Operating Balance Debtor (Scottish Borders Council)	687
622	Current Assets	710
(23)	Short Term Creditors	(18)
(23)	Current Liabilities	(18)
5,420	Net Assets	5,922
(2,272)	Property Revaluation Reserve	(2,852)
(3,148)	Usable Reserves	(3,070)
(5,420)	Total Reserves	(5,922)

Notes to the Core Financial Statements

Note 36 Charitable, Educational and Other Trust Funds Accounts continued

2023/24		2024/25
£'000		£'000
2,064	Opening Net Book Value	2,341
-	Additions	-
414	Revaluations	580
-	Assets Transferred from General Services (Revaluation Balances)	-
(137)	Depreciation	(177)
2,341	Closing Net Book Value	2,744

Movement in Trusts reserves

Usable Reserves	Unusable Reserves	Total Reserves		Usable Reserves	Unusable Reserves	Total Reserves
2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
£'000	£'000	£'000		£'000	£'000	£'000
(2,590)	(1,995)	(4,585)	Opening Balance at 1 April brought forward	(3,148)	(2,272)	(5,420)
(421)	-	(421)	Movement in reserves during the period	78	-	78
-	(414)	(414)	(Surplus) or Deficit on provision of services	-	(580)	(580)
(421)	(414)	(835)	Other Comprehensive Expenditure and (Income)	78	(580)	(502)
(137)	137	-	Total Comprehensive Expenditure and (Income)	-	-	-
(137)	137	-	Adjustments between usable and unusable reserves	-	-	-
(558)	(277)	(835)	Depreciation charged to the Revaluation Reserve	-	-	-
(3,148)	(2,272)	(5,420)	Total adjustments between usable and unusable reserves	78	(580)	(502)
			(Increase)/Decrease in year	(3,070)	(2,852)	(5,922)
			Balance at 31 March 2025 carried forward			

Notes to the Core Financial Statements

Note 36 Charitable, Educational and Other Trust Funds Accounts continued

Trust Funds Analysis	Education £'000	Charitable £'000	Welfare £'000	Community Enhancement £'000	Total Registered Charities £'000	Ormiston £'000	Non Registered Charities £'000	Total Non Registered Trusts £'000	Total Charities and Trusts £'000
Balance Brought forward at 1 April 2024	(16)	(792)	(807)	(211)	(1,826)	(61)	(1,261)	(1,322)	(3,148)
(Surplus)/Deficit in the Year	(1)	(51)	(14)	(4)	(70)	27	121	148	78
Depreciation charged to the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Fund Balance at 31 March 2025	(17)	(843)	(821)	(215)	(1,896)	(34)	(1,140)	(1,174)	(3,070)
Property Revaluation Reserve	-	-	-	-	-	(635)	(2,217)	(2,852)	(2,852)
Total Reserves	(17)	(843)	(821)	(215)	(1,896)	(669)	(3,357)	(4,026)	(5,922)

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.

2023/24			2024/25	
£'000	£'000		£'000	£'000
	(83,096)	Gross Charges Levied		(85,097)
5,680		Less: Council Tax reduction Scheme	5,744	
5,680			5,744	
9,216		Discounts and Exemptions	8,934	
892		Allowance for Impairment	920	
-		Miscellaneous		
	15,788			15,598
	(67,308)			(69,499)
	(67,308)	Total Income Credited to the Comprehensive Income & Expenditure Statement		(69,499)

Notes to the Council Tax Income Account

Note 1 Calculation of Council Tax base at 1 April 2024

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 2023/24	Number of Properties 2024/25	Proportion	2023/24 £	2024/25 £
A	16,533	16,580	240/360	904.07	904.07
B	12,842	12,790	280/360	1,054.75	1,054.75
C	7,360	7,441	320/360	1,205.43	1,205.43
D	6,301	6,357	360/360	1,356.11	1,356.11
E	6,628	6,649	473/360	1,781.78	1,781.78
F	5,082	5,121	585/360	2,203.68	2,203.68
G	4,717	4,771	705/360	2,655.72	2,655.72
H	494	499	882/360	3,322.47	3,322.47
Total	59,957	60,208			
Provision for Non Collection	(719)	(722)			
TOTAL	59,238	59,486			

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 2024/25 the Band D charges were £252.90 for water and £293.49 for waste water.

Supplementary Financial Statements

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.

2023/24			2024/25	
£'000	£'000		£'000	£'000
	(59,866)	Gross Rates Levied & Contribution in Lieu		(61,117)
	854	Prior Year Adjustments		1,592
17,257		Less: Reliefs and Other Deductions	16,400	
629		Write-offs of uncollectable debts & allowance for impairment	587	
-		Interest paid on overpaid rates	-	
	17,886			16,987
	(41,126)			(42,538)
	(41,126)	Net Non-Domestic Rate Income		(42,538)
	-	- Adjustment to Previous Years National Non-Domestic Rates		-
	(41,126)	Contribution to National Pool		(42,538)
	37,818	Distribution received from National Pool		42,222
	(37,818)	Income Credited to the Comprehensive Income & Expenditure Statement		(42,222)

Supplementary Financial Statements

Notes to the Non-Domestic Rate Income Account

Note 1 Rateable Subjects at 1 April 2024

Classification	Number	Rateable Value £'000
Advertising	7	21
Care Facilities	79	2,159
Communications (non-Formula)	3	3
Cultural	50	799
Education and Training	95	11,963
Garages and Petrol Stations	210	2,730
Health Medical	92	4,227
Hotels,etc	112	3,747
Industrial Factories,Warehouses & Stores	2,346	32,876
Leisure Entertainment,Caravans & Hol.Sites	1,286	8,279
Offices including Banks	967	8,452
Other	573	2,391
Petrochemical	5	1,585
Public Houses	78	1,116
Public Service Subjects	430	6,281
Quarries, Mines, etc	11	385
Religious	285	1,603
Shops	1,236	20,588
Sporting Subjects	1,159	2,741
Undertakings	35	6,225
Total	9,059	118,171

Note 2 Non-Domestic Rates

The Non-Domestic rate is fixed by the Scottish Government and for 2024/25 was:49.8p for properties with a rateable value up to £51,000 with supplements of 4.7p for properties with a rateable value between £51,000 and £100,000 and 6.1p for properties with a rateable value in excess of £100,000.

Group Accounts

Introduction to the Group Accounts

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (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 follow.

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 in notes 35 and 36. 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. Following a review of services provided by the Trust it was decided to transfer Active Schools and Sports development back under the control of the Education and Children's Services directorate of Scottish Borders Council from 1 October 2024.

Bridge Homes LLP, Lowood Tweedbank Limited and SB Inspires LLP have been excluded from the Group accounts in 2024/25 on the basis of materiality.

Associates

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

Jedburgh Leisure Facilities Trust which ceased trading on 29 November 2024, and entered insolvency proceedings on 5 December 2024, had previously been excluded from the Group accounts on the basis of materiality.

Group Accounts

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 £261.038m and income of £263.243m of which £1.102m net surplus have been consolidated into SBC Group Accounts on a 50% joint equity basis. Both the Balance Sheet and Movement in Reserves Statement show a net position of £9.051m and £4.526m was consolidated into the SBC Group Accounts.

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 2023/24				2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
90,926	(10,953)	79,973	Infrastructure & Environment	99,155	(14,077)	85,078
29,370	(1,475)	27,895	Finance	27,006	(1,269)	25,737
158,252	(86,788)	71,464	Adult Services	175,576	(101,511)	74,065
158,454	(23,665)	134,789	Education & Childrens Services	208,149	(13,426)	194,723
66,517	(33,975)	32,542	Resilient Communities	67,883	(38,706)	29,177
13,092	(4,878)	8,214	Corporate Governance	15,353	(5,772)	9,581
8,835	(347)	8,487	People, Performance & Change	9,770	(170)	9,600
1,051	(240)	811	Common Good	1,068	(231)	837
407	(61)	346	Trust Funds	273	(40)	233
962	-	962	Share of Operating Results Of Associates & Joint Ventures	-	(1,102)	(1,102)
527,866	(162,383)	365,483	Services provided by the Council	604,233	(176,304)	427,929
527,866	(162,383)	365,483	Net Cost of Services	604,233	(176,304)	427,929
2,141	(2,285)	(144)	Roads Trading Operation (Surplus)/Deficit (External)	-	-	-
			Other Operating Expenditure			
3,761	(3,020)	741	(Gain)/Loss on Disposal of Assets	2,944	(2,575)	370
			Financing & Investment Income and Expenditure			
14,617	-	14,617	Interest Payable & Similar Charges	18,946	-	18,946
-	(2,977)	(2,977)	Interest Receivable & Similar Income	-	(1,364)	(1,364)
-	(2,992)	(2,992)	Net Interest Expense on the Net Defined Benefit Liability	-	(4,040)	(4,040)
-	-	-	Share Of Associates & Joint Ventures Interest Payable	-	-	-
			Taxation and Non-Specific Grant Income			
-	(218,189)	(218,189)	Revenue Support Grant	-	(245,383)	(245,383)
-	(37,818)	(37,818)	Non-Domestic Rates Pool for Scotland	-	(42,222)	(42,222)
-	(67,308)	(67,308)	Council Tax	-	(69,499)	(69,499)
-	(38,662)	(38,662)	Capital Grants and Contributions	-	(28,426)	(28,426)
		12,751	(Surplus)/Deficit on Provision of Services			56,310

Group Comprehensive Income and Expenditure Statement

2023/24				2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
		12,751		(Surplus)/Deficit on Provision of Services		56,310
		(33,996)	(Surplus)/Deficit on revaluation of Non Current Assets		(23,916)	
		(239)	Any Other (Gains) Or Losses		(4,287)	
		(18,294)	Actuarial (gains)/losses on pension assets/liabilities		98,297	
		(52,529)	Other Comprehensive Income and Expenditure		70,094	
		(39,779)	Total Comprehensive (Income)/Expenditure		126,404	

Group Balance Sheet

2023/24 £'000		2024/25 £'000
493,103	Property Plant and Equipment	515,662
32,690	Other Land and Buildings	30,010
144,706	Vehicle, Plant, Furniture & Equipment	247,687
6,446	Infrastructure	5,536
135,405	Surplus Assets	97,952
1,039	Assets Under Construction	1,039
302	Heritage Assets	172
-	Intangible Assets	5,058
5,194	Right Of Use Assets	5,180
3,423	Long Term Investments	4,526
1,185	Investments In Associates & Joint Ventures	1,122
104,616	Long Term Debtors	4,607
	Pension Asset	
928,109	Long Term Assets	918,551
1,573	Inventories	1,232
63,918	Short Term Debtors	63,762
(13,827)	less Impairment of Receivables	(11,560)
5,366	Cash and Cash Equivalents	3,801
57,030	Current Assets	57,234
-	Bank Overdrafts	(1,835)
(49,667)	Short Term Borrowing	(99,867)
(64,853)	Short Term Creditors	(61,038)
(539)	Provisions	(2,628)
(115,058)	Current Liabilities	(165,367)
(201,484)	Long Term Borrowing	(254,129)
(75,122)	Deferred Liabilities	(100,462)
(3,511)	Provisions	(3,548)
(13,863)	Capital Grants Receipts in Advance	(4,331)
-	Pension Liability - Funded Obligations	-
(17,529)	Pension Liability - Unfunded Obligations	(15,780)
(311,509)	Long Term Liabilities	(378,250)
558,571	Net Assets	432,168
558,571	Net Assets/(Liabilities) including Pension Liability	432,168

Group Balance Sheet

2023/24 £'000	Financed By:	2024/25 £'000
	Useable Reserves	
(10,220)	Capital Fund	(8,431)
(60,862)	General Fund Balance	(42,901)
-	Property Maintenance Fund	0
(1,273)	Insurance Fund	(1,226)
(12,067)	Share of Group Entities Usable Reserves	(12,386)
	Unusable Reserves	
(208,164)	Capital Adjustment Account	(185,923)
5,169	Financial Instruments Adjustment Account	4,549
(175,674)	Revaluation Reserve	(184,272)
(86,262)	Pension Reserve	15,780
6,972	Employee Statutory Adjustment Account	7,287
(16,190)	Share of Group Entities Unusable Reserves	(24,645)
(558,571)	Total Reserves	(432,168)

The unaudited accounts were authorised for issue on 24 June 2025 and the audited accounts were authorised for issue on 25 September 2025.

Suzanne Douglas

Suzanne Douglas CPFA
Director of Finance

25 September 2025

Group Movement in Reserves Statement

Movement In Reserves during 2024/25

	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 01/04/2024	(72,354)	(12,067)	(84,419)	(457,960)	(16,190)	(474,150)	(558,571)

Movement In Reserves during 2024/25

Total Comprehensive Income & Expenditure	56,749	(440)	56,310	78,430	(8,335)	70,095	126,404
Adjustments between accounting basis & funding basis under regulations	(36,951)	121	(36,830)	36,951	(121)	36,830	-
Increase or Decrease in 2024/25	19,798	(319)	19,480	115,381	(8,456)	106,925	126,403
Balance at 31/03/2025 carried forward	(52,557)	(12,386)	(64,942)	(342,579)	(24,645)	(367,226)	(432,168)

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 2022/23

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

2023/24 £'000		2024/25 £'000 £'000	
12,751	Net (Surplus) or Deficit on the provision of services		56,310
[963]	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	1,102	
[36,343]	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	[111,278]	
38,662	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	28,426	
14,107	Net Cash Flows From Operating Activities		(81,750)
	Investing Activities		
84,354	Purchase of PP&E, Investment Property and Intangible Assets	107,805	
[3,020]	Proceeds from PP&E, investment Property and Intangible assets	[2,575]	
19	Purchase/(Disposal) of Short & Long-Term investments	[223]	
[37,944]	Other Items which are Investing Activities	13,156	
43,409	Net Cash Flows from Investing Activities		118,163
	Financing Activities		
[46,381]	Cash received from loans & other borrowing	[114,619]	
4,683	Cash payments for the reduction of the outstanding liabilities relating to right of use assets and on-balance sheet PFI contracts	6,461	
8,953	Repayments of Short and Long-Term borrowing	13,000	
-	Other items which are financing activities	5,835	
[32,745]	Net Cash Flows from Financing Activities		(89,323)
24,771	Net (Increase) or Decrease in Cash and Cash Equivalents		3,400
30,137	Cash and Cash Equivalents at the beginning of the reporting period		5,366
5,366	Cash and Cash Equivalents at the end of the reporting period		1,966
24,771	Movement		3,400

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 Note 1.

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:

2023/24 £'000	Reconciliation to General Fund Surplus	2024/25 £'000
12,751	Net (Surplus) or Deficit on the provision of services	56,310
(963)	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	1,102
	Adjustments to (surplus) or deficit on the provision of services for non cash movements	
(45,325)	Depreciation	(48,528)
2,743	Impairment & Revaluation Loss through CIES	(34,838)
(508)	Amortisation of intangible assets	(150)
79	Movement in pension liability	(69)
(741)	Gain/Loss on carrying amounts of assets disposed	(370)
(113)	Net movement in inventories charged to CIES	(341)
14,172	Net movement in debtors charged to CIES	1,758
(6,169)	Net movement in creditors charged to CIES	(28,567)
(481)	Net movement in provisions charged to CIES	(173)
(36,343)		(111,278)
	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	
38,662	Capital grants received	28,426
-	Any other items received for the financing of capital or to meet principal repayments which have been recognised through the CIES	-
38,662		28,426
14,107	Net Cash Outflow / (Inflow) from Operating Activities	(25,440)

Notes to the Group Accounts

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 £135.179m on the Council's single entity Comprehensive Income and Expenditure Statement becomes a group deficit of £126.404m. The net asset position of the Council's single entity Balance Sheet of £395.137m becomes £432.168m on group consolidation. Overall, the Group Balance Sheet position has decreased by £126.403m from 2023/24 largely as a result of the application of the asset ceiling to the net pension asset, resulting in no recognition of the net pension asset on the Balance Sheet.

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 £'000	Subsidiaries £'000			£'000	2024/25 £'000
	SBC	HSCIJB	Common Good	Trust Funds	Live Borders	Inter Company	
Long Term Assets	881,735	5,199	20,247	5,230	2,206	-	914,617
Current Assets	54,567	-	98	710	2,725	(866)	57,234
Current Liabilities	(162,213)	-	(69)	(18)	(3,230)	163	(165,367)
Long Term Liabilities	(363,173)	(673)	-	-	-	703	(363,143)
Net Assets/(Liabilities) excluding Pension Asset/Liability	410,916	4,526	20,276	5,922	1,701	0	443,341
Pension Asset/(Liability)	(15,780)	-	-	-	4,607	-	(11,173)
Net Assets/(Liabilities) including Pension Asset/ Liability	395,136	4,526	20,276	5,922	6,308	0	432,168

Financed By:

	£'000	Joint Ventures £'000	Subsidiaries £'000			£'000	2024/25 £'000
	SBC	HSCIJB	Common Good	Trust Funds	Live Borders	Inter Company	
Useable Reserves	(52,557)	(4,526)	(3,090)	(3,070)	(1,701)	-	(64,944)
Unusable Reserves	(342,579)	-	(17,186)	(2,852)	(4,607)	-	(367,224)
Total Reserves	(395,136)	(4,526)	(20,276)	(5,922)	(6,308)	-	(432,168)



Notes to the Group Accounts

Note 4 Material Movements on Consolidation

Live Borders Financial Accounts are prepared in accordance with FRS102 and as such the pension reserves are included in those accounts as unrestricted reserves.

These have been consolidated into SBC Group Accounts Unusable Reserves which include the pension reserve for Scottish Borders Council.

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 exclusion being 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.

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.

Glossary of Terms

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.

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.



Glossary of Terms

Trust Funds: The Council administers 111 trust funds and bequests, held for the benefit of specific functions or groups or beneficiaries, 76 of which have charitable status and have been reorganised into 4 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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